

Creating Greater Value Through



Environmental
Initiatives



Social
Efforts



Good
Governance

Condensed Interim Financial Statements
for the Half Year Ended
June 30, 2018 (Un-Audited)

Table of Contents

Company Information	02
Directors' Report to the Members	03
ڈائریکٹرز رپورٹ برائے ممبران	10
Auditors' Report to the Members on Review of Unconsolidated Condensed Interim Financial Information	11
Unconsolidated Condensed Interim Statement of Financial Position	12
Unconsolidated Condensed Interim Profit and Loss Account	13
Unconsolidated Condensed Interim Statement of Comprehensive Income	14
Unconsolidated Condensed Interim Statement of Changes in Equity	15
Unconsolidated Condensed Interim Cash Flow Statement	16
Notes to the Unconsolidated Condensed Interim Financial Statement	17
Auditors' Report to the Members on Review of Consolidated Condensed Interim Financial Information	37
Consolidated Condensed Interim Statement of Financial Position	38
Consolidated Condensed Interim Profit and Loss Account	39
Consolidated Condensed Interim Statement of Comprehensive Income	40
Consolidated Condensed Interim Statement of Changes in Equity	41
Consolidated Condensed Interim Cash Flow Statement	42
Notes to the Consolidated Condensed Interim Financial Statement	43

Company Information

*Board of Directors

Mr. Adil Matcheswala

Non-Executive Director

Mr. Ashraf Nawabi

Non-Executive Director

Mr. G.M. Sikander

Independent Non-Executive Director

Mr. Kalim-ur-Rahman

Non-Executive Director

Mr. Munawar Alam Siddiqui

Non-Executive Director

Ms. Nargis Ghaloo

Independent Non-Executive Director

Mr. Shahab Anwar Khawaja

Independent Non-Executive Director

**Mr. Basir Shamsie

President & CEO

Audit Committee

Mr. Shahab Anwar Khawaja Chairman

Mr. Adil Matcheswala Member

Mr. G.M. Sikander Member

Chief Financial Officer

Mr. Muhammad Yousuf Amanullah

Company Secretary

Mr. Ashraf Shahzad

Auditors

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

Legal Advisors

Bawaney & Partners

Haidermota BNR

Liaquat Merchant Associates

Share Registrar

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

Registered office

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

*Mr. Ali Jehangir Siddiqui resigned as Director & Chairmen w.e.f. May 28, 2018 and Mr. Suleman Lalani has been proposed as Director subject to approval from State Bank of Pakistan which is awaited.

**Mr. Basir Shamsie is appointed as President & CEO in place of Mr. Khalid Imran w.e.f. July 16, 2018.

Directors' Report To The Members

We are pleased to present the reviewed financial statements of JS Bank Limited ("JSBL") along with the reviewed consolidated financial statements of its subsidiaries JS Global Capital Limited and JS Investments Limited for the half year ended June 30, 2018.

The Economy

As the year progresses, economic growth has slowed down. Almost all major macro indicators such as the consumer price index (CPI), fiscal debt-to-GDP ratio and local interest rates show worrisome signs. On the macroeconomic front, the twin deficits (current account deficit and budget deficit) continue to grow at a challenging rate.

Inflation has started to inch up with the average for the second quarter of the calendar year (2QCY18) standing at 4.36% (3.82% in 1QCY18) with higher increases expected going forward due to a rise in international crude oil prices and the substantial devaluation of the Pakistani Rupee (PKR). Without any meaningful inflows in the country's financial accounts, the country's foreign exchange reserves have depleted over the year. By the end of the second quarter (2QCY18), the foreign exchange reserves held by the State Bank of Pakistan (SBP) fell to a low of USD 16.4 billion.

During financial year 2018 (FY18), trade deficit continued to increase (+16% Year-on-Year (YoY) to USD 37,670 million) as growth in imports (+15% YoY to USD 60,898 million) outpaced exports growth (+14% YoY to USD 23,228 million). Apart from an increasing deficit, growth in foreign remittances was below expectations settling at USD 18,028 million during the year (up 3% YoY only). This resulted in a massive current account deficit of USD 15,961 million (up +43% YoY) or 5.5% of GDP during the first 11 month of FY18 (11MFY18) as compared to 4.0% recorded in the corresponding period of the previous year. The resulting consequences have had an impact on the currency exchange rate as the PKR continued to slide against the USD in the interbank market, depreciating by ~15% during FY18.

Banking sector review

In the first half of calendar year 2018, SBP increased the policy rate by a cumulative 75 basis points (bps), taking it to 6.50% and continuing the monetary tightening cycle. However, banking spreads during the first five months of CY2018 (5MCY18) further dropped to an average of 4.78%, marking a 15 bps YoY decline. As per SBP, banking deposits touched PKR 13,063 billion during the same period, registering a growth of 9% YoY by the end of the quarter. Advances also continued their upward trajectory with 19% YoY growth to PKR 7,362 billion owing to a steady increase in project financing and consumer loan demand while growth in private sector credit was 17% YoY by the end of June 2018. As a result, the Advances-to-Deposit Ratio (ADR) for the industry increased to 56%. The non-performing loans (NPLs) for the industry declined to PKR 600 billion (as of March 2018), while the infection ratio for the industry improved to 9%. Overall investments remained at PKR 8,179 billion similar to the period last year. As a result, the Investment-to-Deposit Ratio (IDR) decreased to 63%.

Directors' Report To The Members

Financial Performance

During the period under review, the Bank earned profit before tax of PKR 1,109 million (profit after tax of PKR 684 million) for the half year ended June 30, 2018 as compared to profit before tax of PKR 621 million (profit after tax of PKR 284 million) in the corresponding period last year. The increase in profit was mainly due to healthy growth in advances and an increase in business of advisory services and trade volumes. However, the administrative expenses increased due to expansion of the branch network and embarking on new initiatives as compared to the corresponding period of last year.

Deposits and advances increased from PKR 290.1 billion and PKR 184.5 billion to PKR 310.9 billion and PKR 228.5 billion respectively during the half year, which reflects continued focus of the Bank on core business activities.

Business Overview

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

The Bank remained focused on core deposit mobilization, particularly targeting growth in low cost deposits (Current and Savings Accounts – CASA). Significant growth in the CASA deposit base has been augmented by establishment of sales channels and segments dedicated to deposit growth, providing greater stability and strength to the Bank.

The Bank has embarked on several initiatives to strengthen its product line including variants of value-added current accounts to expand its deposit relationships in several segments including business accounts, employee banking, private banking, cash management relationships, corporate deposits and technology-based solutions.

On the assets side, there was increased focus on prudent expansion in advances with a holistic product range designed around customer needs with diversified growth in public sector lending (GoP backed), corporate, commercial, Small and Medium Enterprises (SME) and consumer banking. In addition to traditional lending segments, the Bank enhanced its focus on the SME landscape through a relationship lending model, operating through several SME hub branches. Furthermore, the secured consumer lending volumes picked up substantially through 2018. The leasing business has also developed a healthy portfolio catering to most industrial sectors of the economy. The Bank grew its Prime Minister's Youth Business Loans (PMYBL) portfolio by forming multiple alliances with Pakistan's leading businesses in order to promote self-employment within their value chains. JS Bank exceeded its SBP-assigned Agriculture Credit targets with a clean portfolio, paving the way for sustainable expansion in the coming years. The Bank continued to develop its gold finance portfolio and extended the proposition to its agri-based customers.

Directors' Report To The Members

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

Credit Ratings

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

Subsidiary Companies

JS Global Capital Limited

JS Global Capital Limited ("JS Global") is one of the largest securities brokerage and investment banking firms in Pakistan with a leadership position in the domestic capital markets.

JS Global has shareholders' equity of PKR 2,614.8 million as at June 30, 2018. It is listed on the Pakistan Stock Exchange. JS Bank has 67.16% ownership of the company

The Pakistan Credit Rating Agency (PACRA) has assigned long-term and short-term entity ratings to JS Global of "AA" (Double A) and "A1+" (A One plus), respectively. The ratings denote a very low expectation of credit risk emanating from very strong capacity for timely payment of financial commitments.

Summarized results of JS Global are set out below:

Particulars	PKR Million	
	For the Six Months ended June 30, 2018 (Un Audited)	For the Six Months ended June 30, 2017 (Un Audited)
Profit before tax	86.2	172.1
Profit after tax	19.0	116.7
EPS - Rupee(s)	0.50	3.07

Decrease in profits is mainly due to lower trading volume at the equity market.

JS Investments Limited

JS Investments is an Investment Adviser and Asset Management Company 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, JS Investments is also a licensed Pension Fund Manager under the Voluntary Pension System Rules, 2005, to manage voluntary pension schemes.

Directors' Report To The Members

JS Investments had shareholders' equity of PKR 2,365.6 million as at June 30, 2018. It is listed on the Pakistan Stock Exchange. JS Bank has 65.16% ownership of the company.

JS Investments has a Management Quality Rating of "AM2, with stable outlook" assigned by JCR-VIS and long and short-term credit ratings of "A+" (A Plus) and A1 (A One) assigned by PACRA.

Summarized results of JS Investments are set out below:

Particulars	PKR Million	
	For the Six Months ended June 30, 2018 (Un Audited)	For the Six Months ended June 30, 2017 (Un Audited)
Profit before tax	15.6	67.2
Profit after tax	15.4	31.3
EPS - Rupee	0.19	0.39

Decrease in profits is mainly due to diminution in remuneration from funds under management and dividend income.

Acknowledgments

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

On behalf of the Board

Basir Shamsie
President & CEO

Adil Matcheswala
Director

Karachi: August 27, 2018

جے ایس او بیسٹنس لمیٹڈ

JS انویسٹمنٹس ٹرانس ایکٹو (ایف سی ریگولیشن) اور انویسٹمنٹس ٹرانس ایکٹو ریگولیشنز، 2008 (این بی ایف سی ریگولیشن) کے تحت انویسٹمنٹ ایڈوائزر اور لیسٹ میجمنٹ کمپنی کی حیثیت کی حامل ہے۔ مزید یہ کہ بیٹیشن اسکیمز کے رضا کارانہ انتظام کے لئے کمپنی کو والینٹری بیٹیشن سسٹم رولز، 2005 کے تحت بیٹیشن فنانسنگ کے لئے بھی حاصل ہے۔

جے ایس او بیسٹنس 30 جون 2018 کے نتائج کے مطابق 2,356.6 ملین روپے کے سرمایہ کی ملکیت رکھنے کے ساتھ پاکستان اسٹاک ایکسچینج میں لسٹڈ فرم کی حیثیت بھی رکھتی ہے۔ جے ایس بیٹنگ کمپنی میں 65.16 فیصد ملکیت رکھتی ہے۔

کمپنی کے پاس JCR-VIS کی جانب سے جاری کردہ بیٹمنٹ کوائٹی کی ریٹنگ AM-2 اور PACRA کی جانب سے جاری کی گئی "A" اور "A1" (طویل المدت/تقلیل المدت) ریٹنگ موجود ہے۔

JS انویسٹمنٹس کے نتائج کا خلاصہ درج ذیل ہے:

ملین روپے	30 جون 2017 کو ختم ہونے والی ششماہی	30 جون 2018 کو ختم ہونے والی ششماہی	مندرجات
	کے مطابق (فیروز آڈٹ شدہ)	کے مطابق (فیروز آڈٹ شدہ)	منافع قبل از ٹیکس
	67.2	15.6	منافع بعد از ٹیکس
	31.3	15.4	ای بی ایس (روپے)
	0.39	0.19	

زیر انتظام فنڈز سے حاصل ہونے والے معاوضے اور منافع حصص کی آمدنی میں کمی منافع میں کمی کا اصل سبب ہے۔

اظہار تشکر

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

منجانب بورڈ

عادل ماچس والا
ڈائریکٹر

باصر شی
پریزیڈنٹ اور ای ای او

کراچی: 27 اگست، 2018

ساتھ اپنے زراعت سے وابستہ کسٹمرز سے متعلق نئی تجاویز میں بھی مزید اضافہ کر رہا ہے۔

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

کرڈٹ ریٹنگ

پاکستان کرڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے بینک کو "AA" (ڈبل اے اے) کی طویل المدتی ریٹنگ اور سب سے بہتر کمائی قلیل المدتی ریٹنگ "A1+" (اے ون پلس) تفویض کی ہے۔

ذیلی کمپنیز

جے ایس گلوبل کیپیٹل لمیٹڈ

جے ایس گلوبل کیپیٹل لمیٹڈ پاکستان کے متاثرہ سیکورٹی بروکرینج اور انویسٹمنٹ بینکنگ فرمز میں سے ایک ہے اور ڈیویڈنڈ کیپیٹل مارکیٹس میں سرفہرست ہے۔

30 جون 2018 کے نتائج کے مطابق جے ایس گلوبل 2,614.8 ملین روپے کے سرمایہ کی ملکیت رکھنے کے ساتھ پاکستان اسٹاک ایکسچینج میں اسٹڈ فرم کی حیثیت بھی رکھتی ہے۔ جے ایس بینک کمپنی میں 67.16 کی ملکیت رکھتی ہے۔

پاکستان کرڈٹ ریٹنگ ایجنسی (PACRA) نے جے ایس گلوبل کو طویل المدتی اور قلیل مدت ادارتی ریٹنگز "اے اے" (ڈبل اے) اور "A1+" (اے ون پلس) بالترتیب جاری کیں۔ یہ ریٹنگ مالیاتی وعدوں کی بروقت تکمیل کی مستحکم استعداد اور کرڈٹ رسک کے کم سے کم امکانات ظاہر کرتی ہیں۔

کمپنی کے نتائج کا خلاصہ درج ذیل ہے:

مندرجات	30 جون 2018 کو ختم ہونے والی ششماہی	30 جون 2017 کو ختم ہونے والی ششماہی
منافع قبل از ٹیکس	86.2	172.1
منافع بعد از ٹیکس	19.0	116.7
ای بی ایس (روپے)	0.50	3.07

ایکویٹی مارکیٹ میں تجارتی واہم میں بھی منافع میں کمی کی بنیادی وجہ ہے۔

روپے کی سطح پر رہی جس کے نتیجے میں سرمایہ کاری اور ڈپازٹ کی شرح (IDR) میں 63 فیصد کمی ہوئی۔

مالیاتی کارکردگی

زیر جائزہ مدت کے دوران بینک نے 30 جون 2018 کو ختم ہونے والی ششماہی میں 1,109 ملین روپے (بعد از ٹیکس منافع 684 ملین روپے) کا قبل از ٹیکس منافع حاصل کیا جبکہ گزشتہ سال اسی مدت کے دوران قبل از ٹیکس منافع 621.0 ملین روپے (284 ملین روپے کا بعد از ٹیکس منافع) تھا۔ منافع میں اضافے کی اہم وجہ قرضوں کے اجراء میں خاطر خواہ اضافہ اور ایڈوائزی سروسز کے کاروبار اور تجارتی واپس میں اضافہ ہے۔ تاہم، گزشتہ سال اسی مدت کے مقابلے میں برانچ نیٹ ورک میں توسیع اور نئے کاروباری اقدامات کے آغاز کی وجہ سے انتظامی اخراجات میں اضافہ ہوا۔

دوران ششماہی ڈپازٹس اور قرضوں میں 290.1 بلین روپے اور 184.5 بلین روپے سے 310.9 بلین روپے اور 228.5 بلین روپے کا بالترتیب اضافہ ہوا جو اہم کاروباری سرگرمیوں پر بینک کی مسلسل مرکوزیت کو ظاہر کرتا ہے۔

کاروباری جائزہ

JS بینک نے زبردست ڈپازٹ موہا سٹریٹجی کے ذریعے بیننس شیٹ میں غیر معمولی اضافہ جاری رکھا۔ پروڈکٹ کی جدت، اشتراک اور خود کار ریسٹی سروس کے ذریعے کسٹمری ضروریات کو پہنچانا اور انہیں پورا کرنا بینک کی صحت عملی کی بنیاد ہے۔ کسٹمر کو بینکنگ کا موثر اور اطمینان بخش تجربہ فراہم کرنے کیلئے برانچ نیٹ ورک میں اضافے، ڈیجیٹل چینلز اور برانچ لیس بینکنگ ایجنٹس کے ذریعے کسٹمر کی رسائی کو مزید آسان اور بہتر بنایا گیا ہے۔ JS بینک کا 161 شہروں میں 323 برانچوں اور 294 آئی ایگزیکٹو ایک مینجمنٹ ورک ہے، جس میں ایک ہیرو ملک ہول بینکنگ برانچ مانانہ۔ بحرین بھی شامل ہے۔

اہم ڈپازٹ موہا سٹریٹجی پر بینک کی خصوصی توجہ مرکوز رہی بالخصوص اسکا بنیادی ہدف کم قیمت ڈپازٹس (کرنٹ اور سیونگ اکاؤنٹس۔ CASA) میں اضافہ ہے۔ CASA ڈپازٹس میں زبردست اضافے کی سبب سے جیولڈر اور سیکٹرز کی تشکیل ہے جو ڈپازٹس میں اضافے کیلئے متنوع ہیں اور بینک کو استحکام اور مضبوطی کی جانب گامزن کر رہے ہیں۔

بینک نے اپنی پروڈکٹ لائن کو مزید مستحکم کرنے کیلئے کئی اقدامات کیے ہیں جن میں اضافی سہولیات یعنی کرنٹ اکاؤنٹس ہیں تاکہ متعدد شعبوں میں اسی کے ڈپازٹ ریلیشن شپ میں توسیع ممکن ہو جو بزنس اکاؤنٹس، ایچ ایچ ای بینکنگ، پرائیویٹ بینکنگ، کیٹس مینجمنٹ ریلیشن شپس، کارپوریٹ ڈپازٹس اور ٹیکنالوجی پر مبنی سولوشنز پر مشتمل ہیں۔

انٹاؤں کے حوالے سے کسٹمری ضروریات کو مد نظر رکھتے ہوئے تیار کی گئی پروڈکٹس کی جامع رینج کے ذریعے ایڈوائسز میں بھرپور توسیع پر خاص توجہ دی گئی ہے جن میں پبلک سیکٹر کے قرضہ جات (حکومت پاکستان کے)، کارپوریٹ، کمرشل، چھوٹی اور درمیانی انٹرنیشنل (SME) اور کنزومر بینکنگ میں متنوع توسیع شامل ہیں۔ اس کے علاوہ روایتی قرضہ جات کے شعبوں میں بینک نے کئی مخصوص ایس ایم ای (SME) برانچز کی مدد سے قرضوں کے مثالی تعلقات کے ذریعے ایس ایم ای (SME) کے دائرہ کار پر اپنی توجہ میں مزید اضافہ کیا ہے۔ مزید برآں سال 2018 میں سیکورڈ کنزومر قرضوں کے حجم میں خاطر خواہ اضافہ ہوا۔ صحت کے تمام شعبے قرضہ جات کی ضروریات پوری کرنے کیلئے لیونگ بزنس کا بھی ایک زبردست پورٹ فولیو تیار کیا گیا ہے۔ بینک نے اپنی ویلیو چین کے اندر ذاتی کاروبار کے فروغ کیلئے پاکستان کے ممتاز کاروبار کے ساتھ متعدد اشتراک کے ذریعے پرائم منسٹر لیونگ بزنس لون (PMYBL) کی پورٹ فولیو میں توسیع کی ہے۔ JS بینک اسٹیٹ بینک آف پاکستان کی جانب سے تفویض کئے جانے والے زراعت سے متعلق کریڈٹ اہداف سے شفاف پورٹ فولیو کے ساتھ تیار وڈر چکا ہے جس سے آنے والے سالوں میں ایک مستحکم اضافہ ہوگا۔ بینک اپنے گولڈ فنانس پورٹ فولیو میں مسلسل اضافے کے ساتھ

ڈائریکٹرز رپورٹ

ہم انتہائی مسرت کے ساتھ 30 جون 2018 کو ختم ہونے والی ششماہی کیلئے JS بینک لمیٹڈ (JSBL) کی نظر ثانی شدہ مالیاتی تفصیلات مع اس کی ذیلی کمپنیز JS گلوبل کیپٹل لمیٹڈ اور JS انوسٹمنٹ لمیٹڈ کی مجموعی مالیاتی تفصیلات پیش کر رہے ہیں۔

معاشی جائزہ

سال گزرنے کے ساتھ ساتھ معاشی صورتحال سست روی کا شکار ہو رہی ہے۔ مجموعی طور پر معاشی حوالے سے نشاندہی کرنے والے بنیادی عناصر جیسا کہ گزریوں پر انڈیکس (CPI)، ملک کی مجموعی پیداوار اور قرضوں کی شرح اور ملکی سطح پر انٹرسٹ کی شرح تشویش ناک صورتحال ظاہر کرتے ہیں۔ معاشی حوالے سے دوہرے خسارے (کرنٹ اکاؤنٹ اور بجٹ کا خسارہ) میں اضافہ جاری ہے۔

مالی سال 2018 کی دوسری سہ ماہی (2QCY18) کے دوران افراط زر میں اوسط معمولی اضافے کا آغاز ہوا جو عالمی سطح پر ختم آنکلی کی قیمتوں میں اضافے اور پاکستانی روپے کی قدر میں غیر معمولی کمی کے باعث 4.36 فیصد (سال 2018 کی پہلی سہ ماہی میں 3.82 فیصد) کے ساتھ زائد اضافے کی توقع کی جا رہی ہے۔ ملک کے مالیاتی اکاؤنٹس میں خاطر خواہ اضافے کے بغیر غیر ملکی زرمبادلہ کے ذخائر کا استعمال سال گزرنے کے ساتھ تشویش ناک صورتحال اختیار کر چکا ہے۔ سال 2018 کی دوسری سہ ماہی (2QCY18) کے اختتام تک اسٹیٹ بینک آف پاکستان میں زرمبادلہ کے ذخائر 16.4 بلین امریکی ڈالرز کی کم سطح پر آگئے۔

مالی سال 2018 کے دوران (FY18) تجارتی خسارہ مسلسل جاری رہا (یعنی سال بسال 16+ فیصد جو 37,670 بلین امریکی ڈالرز ہیں) جس کی وجہ درآمدات میں اضافے کی شرح (سال بسال 15 فیصد جو 60,898 بلین امریکی ڈالرز ہیں) برآمداتی شرح (سال بسال 14 فیصد جو 23,228 بلین امریکی ڈالرز ہیں) سے تجاوز کر چکی ہے۔ بڑھتے ہوئے خسارے کے علاوہ غیر ملکی ترسیلات زر میں بھی اضافے کی شرح بہتر نہیں رہی جو دوران سال 1,028 بلین امریکی ڈالرز رہے (یعنی سال بسال صرف 3 فیصد اضافہ)۔ اس کے نتیجے میں مالی سال 2018 کے پہلے 11 ماہ کے دوران (11MFY18) کرنٹ اکاؤنٹ کا خسارہ 15,961 بلین امریکی ڈالرز (سال بسال 43 فیصد اضافہ) یا ملک کی مجموعی پیداوار کا 5.5 فیصد کا خسارہ ہوا جو گزشتہ سال اسی مدت کے دوران 4.0 فیصد بیکارڈ ہوا۔ اس کے تمام اثرات کرنی کے چاؤ لے کی شرح پر ہے، کیونکہ انٹرنیشنل مارکیٹ میں امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی جاری رہی جو مالی سال 2018 کے دوران 15 فیصد تک پہنچ گئی۔

شعبہ بینکاری کا جائزہ

کلینڈر سال 2018 کی اوّل ششماہی میں اسٹیٹ بینک آف پاکستان نے پالیسی کی شرح میں مجموعی طور پر 75 بیس پوائنٹس (bps) کا اضافہ کیا جو 6.50 فیصد تک پہنچ گئی اور مانیٹری سائیکل میں سختی برقرار رہی۔ تاہم شعبہ بینکاری میں مالی سال 2018 کے پہلے پانچ ماہ (5MCY18) میں توسیع کی شرح میں مزید کمی ہوئی جو اوسط 4.78 فیصد ہوئی یعنی سال بسال 15 میں پوائنٹس کی کمی واقع ہوئی۔ اسٹیٹ بینک آف پاکستان کے تحت بینکنگ ڈپازٹس اسی مدت کے دوران 13,063 بلین روپے کی سطح پر پہنچ گئے جو سہ ماہی کے اختتام تک سال بسال 9 فیصد اضافے کو ظاہر کرتی ہے۔ پروجیکٹ فنڈنگ اور گزیومرٹون ڈیمانڈ میں بتدریج اضافے کے باعث قرضہ جات بھی اضافہ ہوا جو سال بسال 19 فیصد اضافے کے ساتھ 7,362 بلین روپے رہے جبکہ نجی شعبہ جات کے حوالے سے جون 2018 کے اختتام تک اضافے کی شرح سال بسال 17 فیصد تک رہی، جس کے نتیجے میں بینکنگ شعبہ جات میں قرضوں اور ڈپازٹس کی شرح میں 56 فیصد اضافہ ہوا۔ قرضوں کی عدم ادائیگی میں 600 بلین روپے (مارچ 2018 کے مطابق) کی کمی واقع ہوئی جبکہ شعبہ بینکاری میں انفلیکشن کی شرح (غیر ادائیگی قرضوں اور کل قرضوں کی شرح) میں 9 فیصد اضافہ ہوا۔ گزشتہ سال کی طرح اس سال بھی مجموعی سرمایہ کاری 17,179 بلین



Building a better
working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of JS Bank Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **JS Bank Limited** as at **30 June 2018**, the related unconsolidated condensed interim statement of profit and loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months ended 30 June 2018 and 30 June 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2018.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's review report is Shaikh Ahmed Salman.

Chartered Accountants
Place: Karachi
Date: 27 August 2018

Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2018

		(Un-audited) June 30, 2018	(Audited) December 31, 2017
	Note	----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks		21,775,238	17,333,788
Balances with other banks - net		492,809	1,034,266
Lendings to financial institutions - net	7	1,648,157	3,116,199
Investments - net	8	145,574,166	169,611,558
Advances - net	9	228,478,689	184,139,582
Operating fixed assets	10	8,129,453	7,112,821
Deferred tax assets		-	-
Other assets - net		7,880,256	5,960,662
		<u>413,978,768</u>	<u>388,308,876</u>
LIABILITIES			
Bills payable		4,399,606	3,824,278
Borrowings		67,606,161	64,557,043
Deposits and other accounts	11	310,954,019	290,077,566
Sub-ordinated loans		4,997,800	4,998,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	441,963	796,803
Other liabilities		8,902,641	7,385,057
		<u>397,302,190</u>	<u>371,639,547</u>
NET ASSETS		<u>16,676,578</u>	<u>16,669,329</u>
REPRESENTED BY:			
Share capital	13	12,974,643	10,724,643
Discount on issue of shares	13	(2,855,401)	(2,105,401)
Preference shares	13	-	1,500,000
Reserves		1,709,145	1,540,988
Unappropriated profit		4,891,077	4,518,820
		<u>16,719,464</u>	<u>16,179,050</u>
(Deficit) / surplus on revaluation of assets - net of tax	14	(42,886)	490,279
		<u>16,676,578</u>	<u>16,669,329</u>
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes from 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

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

For the half year ended June 30, 2018

	Half year ended		Quarter ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Note	----- Rupees in '000 -----			
Mark-up / return / interest earned	14,010,364	8,484,385	7,141,446	4,567,261
Mark-up / return / interest expensed	9,632,196	5,783,411	4,841,895	3,104,518
Net mark-up / interest income	4,378,168	2,700,974	2,299,551	1,462,743
Provision against non-performing loans and advances - net	(123,867)	(78,638)	(73,837)	(19,739)
Reversal against diminution in the value of investments	31,653	-	31,653	-
Bad debts written off directly	-	-	-	-
	(92,214)	(78,638)	(42,184)	(19,739)
Net mark-up / return / interest income after provisions	4,285,954	2,622,336	2,257,367	1,443,004
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	1,451,874	1,104,472	592,343	642,418
Dividend income	65,031	91,890	57,501	91,890
Income from dealing in foreign currencies	240,012	133,174	156,762	70,652
(Loss) / gain on sale of securities - net	(42,375)	359,178	(60,388)	185,630
Unrealised (loss) / gain on revaluation of investments classified as held-for-trading - net	(891)	1,948	(817)	(504,992)
Other income - net	142,066	63,369	42,250	25,216
Total non-mark-up / interest income	1,855,717	1,754,031	787,651	510,814
	6,141,671	4,376,367	3,045,018	1,953,818
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	4,944,093	3,729,974	2,357,472	1,726,103
Other provision - net	65,718	-	108,086	-
Other charges	22,715	25,422	11,483	17,213
Total non mark-up / interest expenses	5,032,526	3,755,396	2,477,041	1,743,316
	1,109,145	620,971	567,977	210,502
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	1,109,145	620,971	567,977	210,502
Taxation				
- Current	(432,107)	(218,083)	(259,817)	(173,731)
- Prior years	-	(115,944)	-	(115,944)
- Deferred	7,257	(2,799)	23,893	95,738
	(424,850)	(336,826)	(235,924)	(193,937)
PROFIT AFTER TAXATION	684,295	284,145	332,053	16,565
	----- Rupee -----			
Basic and diluted earnings per share	18	0.41	0.10	0.26
				0.02

The annexed notes from 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

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

For the half year ended June 30, 2018

	Half year ended		Quarter ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	----- Rupees in '000 -----			
Profit after taxation	684,295	284,145	332,053	16,565
Other comprehensive income				
Items that will not be reclassified to profit and loss	-	-	-	-
Items that are or may be reclassified to profit or loss in subsequent periods				
Effect of translation of net investment in foreign branch	31,298	21	18,670	(347)
Comprehensive income transferred to equity	715,593	284,166	350,723	16,218
Components of comprehensive income not reflected in equity				
Items that are or may be reclassified to profit or loss in subsequent periods				
Deficit on revaluation of available-for-sale securities	(1,404,026)	(514,445)	(1,032,225)	(443,500)
Related deferred tax asset	491,409	180,056	361,279	155,225
	(912,617)	(334,389)	(670,946)	(288,275)
Total comprehensive loss for the period - net of tax	(197,024)	(50,223)	(320,223)	(272,057)

Surplus on revaluation of 'operating fixed assets - net of tax' and 'non-banking assets - net of tax' is presented under a separate head below equity as 'surplus on revaluation of assets - net of tax' in accordance with the disclosure format for quarterly/ interim financial statements of banks as prescribed by SBP vide BSD Circular Letter No. 2 of May 12, 2004 and Regulation for Debt Property Swap issued vide BPRD Circular No. 1 dated January 01, 2016.

The annexed notes from 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Unconsolidated Condensed Interim Statement of Changes in Equity

For the half year ended June 30, 2018

	Share capital	Discount on issue of shares	Preference shares	Reserves		Unappropriated profit	Total
				Statutory *	Exchange translation		
Rupees in '000							
Balance as at January 01, 2017 (Audited)	10,724,643	(2,105,401)	1,500,000	1,334,139	(17)	3,973,341	15,426,705
Total comprehensive income for the half year ended June 30, 2017							
Profit after taxation	-	-	-	-	-	284,145	284,145
Other comprehensive income	-	-	-	-	21	-	21
	-	-	-	-	21	284,145	284,166
Transfer from surplus on revaluation of non-banking assets on account of incremental depreciation for the period - net	-	-	-	-	-	107	107
Transaction with owners recorded directly in equity							
Preference dividend paid for the year ended December 31, 2016 @ 12% p.a	-	-	-	-	-	(180,000)	(180,000)
Transfers							
Transfer to statutory reserve	-	-	-	56,829	-	(56,829)	-
Balance as at June 30, 2017 (Un-audited)	10,724,643	(2,105,401)	1,500,000	1,390,968	4	4,020,764	15,530,978
Total comprehensive income for the period ended December 31, 2017							
Profit after taxation	-	-	-	-	-	689,004	689,004
Other comprehensive income / (loss)	-	-	-	-	12,215	(55,602)	(43,387)
	-	-	-	-	12,215	633,402	645,617
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation for the period - net	-	-	-	-	-	2,348	2,348
Transfer from surplus on revaluation of non-banking assets on account of incremental depreciation for the period - net	-	-	-	-	-	107	107
Transfers							
Transfer to statutory reserve	-	-	-	137,801	-	(137,801)	-
Balance as at December 31, 2017 (Audited)	10,724,643	(2,105,401)	1,500,000	1,528,769	12,219	4,518,820	16,179,050
Total comprehensive income for the half year ended June 30, 2018							
Profit after taxation	-	-	-	-	-	684,295	684,295
Other comprehensive income	-	-	-	-	31,298	-	31,298
	-	-	-	-	31,298	684,295	715,593
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation for the period - net	-	-	-	-	-	4,714	4,714
Transfer from surplus on revaluation of non-banking assets on account of incremental depreciation for the period - net	-	-	-	-	-	107	107
Transaction with owners recorded directly in equity							
Preference dividend paid for the year ended December 31, 2017 @ 12% p.a.	-	-	-	-	-	(180,000)	(180,000)
Preference shares cancelled on conversion into ordinary shares during the period (note13)	-	-	(1,500,000)	-	-	-	(1,500,000)
Issuance of ordinary shares on conversion of preference shares during the period (note13)	2,250,000	-	-	-	-	-	2,250,000
Discount on issue of ordinary shares during the period (note13)	-	(750,000)	-	-	-	-	(750,000)
	2,250,000	(750,000)	-	-	-	-	1,500,000
Transfers							
Transfer to statutory reserve	-	-	-	136,859	-	(136,859)	-
Balance as at June 30, 2018 (Un-audited)	12,974,643	(2,855,401)	-	1,665,628	43,517	4,891,077	16,719,464

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

The annexed notes from 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended June 30, 2018

	June 30, 2018	June 30, 2017
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,109,145	620,971
Less: Dividend income	(65,031)	(91,890)
	1,044,114	529,081
Adjustments:		
Depreciation	329,237	288,917
Depreciation on non-banking assets	650	650
Amortisation of intangibles	33,641	28,382
Charge for defined benefit plan	84,109	84,563
Unrealised loss / (gain) on revaluation of investments classified as held-for-trading - net	891	(1,948)
Provision against non-performing loans and advances - net	123,867	78,638
Reversal against diminution in the value of investments	(31,653)	-
Other provision - net	65,718	-
Unrealised gain on revaluation of derivative instruments	(152,072)	(20,257)
Gain on sale of operating fixed assets	(51,820)	(19,744)
Provision for Sindh Workers' Welfare Fund	22,183	12,419
	424,751	451,620
	1,468,865	980,701
(Increase) / decrease in operating assets		
Lendings to financial institutions	1,459,376	8,373,886
Held-for-trading securities	3,798,298	42,909,549
Advances	(44,476,815)	(33,436,214)
Other assets (excluding advance taxation)	(1,078,284)	(1,416,444)
	(40,297,425)	16,430,777
Increase in operating liabilities		
Bills payable	575,328	2,201,649
Borrowings	3,124,520	36,481,020
Deposits and other accounts	20,876,453	36,291,941
Other liabilities	1,586,409	1,389,131
	26,162,710	76,363,741
	(12,665,850)	93,775,219
Income tax paid	(1,063,981)	(388,041)
Gratuity paid	(175,118)	(118,308)
Net cash (used in) / flows from operating activities	(13,904,949)	93,268,870
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	18,750,707	(73,855,197)
Net investment in held-to maturity securities	209,556	(14,307,432)
Investment in associated company	(180,000)	-
Dividend received	49,385	75,432
Investments in operating fixed assets	(875,782)	(651,224)
Proceeds from sale of operating fixed assets	76,192	32,935
Net cash flows from / (used in) investing activities	18,030,058	(88,705,486)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid on preference shares	(180,000)	(180,000)
Sub-ordinated loans	(1,000)	(600)
Net cash used in financing activities	(181,000)	(180,600)
Effect of translation of net investment in foreign branches	31,298	21
Increase in cash and cash equivalents	3,975,407	4,382,805
Cash and cash equivalents at beginning of the period	18,169,058	16,221,150
Cash and cash equivalents at end of the period	22,144,465	20,603,955

The annexed notes from 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

1. STATUS AND NATURE OF BUSINESS

- 1.1 JS Bank Limited (the Bank / JSBL), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank's ordinary shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank is a subsidiary of Jahangir Siddiqui & Co. Ltd. (JSCL). The registered office of the Bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi. The Bank operates with 322 (December 31, 2017: 322) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2017: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to 'AA-' (Double A Minus) and short-term entity rating at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.
- 1.2 Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by JSCL on February 01, 1999), and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited - Pakistan Branches, (AEBL). Consequently, a new banking company, JSBL was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.
- 1.3 A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL in their respective extra ordinary general meetings held on July 31, 2006 approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

2. STATEMENT OF COMPLIANCE

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

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

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

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

- 2.2 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 2.3 IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 01, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP's requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these unconsolidated condensed interim financial statements is based on the requirements laid down by the SBP.
- 2.4 IFRS10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed that the requirements of consolidation under section 237 of the Companies Ordinance 1984 and IFRS-10 "Consolidated Financial Statements" are not applicable in case of investment by companies in mutual funds established under trust structure, through S.R.O 56(I) /2016 dated January 28, 2016. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.
- 2.5 The disclosures made in this unconsolidated condensed interim financial information have been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, 'Interim Financial Reporting' and do not include all the disclosures required in the annual financial statements. Accordingly, these unconsolidated condensed interim financial statements should be read in conjunction with the annual audited financial statements of the Bank for the year ended December 31, 2017.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

3. BASIS OF MEASUREMENT

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

4. ACCOUNTING ESTIMATES AND JUDGMENTS

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Surplus / Deficit on Revaluation of Operating Fixed Assets

The Companies Ordinance, 1984 (the repealed Ordinance) was repealed through the enactment of the Companies Act, 2017 on May 30, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide circular number 23 dated Oct 4, 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from January 1, 2018.

The repealed Ordinance specified the accounting treatment for the surplus on revaluation on fixed assets, wherein, a deficit arising on revaluation of a particular property was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss account as an impairment of the asset. However, the Companies Act, 2017 removed the specific provisions allowing the above treatment and hence, a deficit arising on revaluation of a particular property is now to be accounted for in accordance with applicable financial reporting standards, which requires that such deficit is to be taken to the profit and loss account as an impairment.

Consequently, the Bank has changed its policy for accounting for a deficit arising on revaluation of fixed assets and accordingly, any surplus/deficit arising on revaluation of owned property and non-banking assets acquired in satisfaction of claims is accounted for at individual assets level. The above change in accounting policy did not have any effect on these unconsolidated condensed interim financial statements.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

5.2 Adoption of IFRS 9 by foreign operations (Bahrain Branch)

During the current period, the Bank's Bahrain Operations, in line with their locally applicable regulatory framework, has adopted IFRS 9 'Financial Instruments'. As permitted by the transitional provisions of IFRS 9, the Branch elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the profit and loss account of the current period.

The financial effects due to the adoption of IFRS 9 by the Bahrain branch on these interim condensed financial statements are as follows:

	(Un-audited) June 30, 2018 Rupees in '000
General provision - under IFRS-9	
Balances with other banks - net	12
Lendings to financial institutions - net	8,666
Investments - net	85,567
Advances - net	13,841
Decrease in profit before tax	108,086
Related deferred tax asset	(37,830)
Decrease in profit after tax	<u>70,256</u>

5.3 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards and interpretations that are mandatory for the banks accounting periods beginning on or after January 1, 2018 but are considered not to be relevant on the Bank operations and therefore not detailed in these unconsolidated condensed interim financial statements.

6. FINANCIAL RISK MANAGEMENT

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

		(Un-audited) June 30, 2018	(Audited) December 31 2017
	Note	-----Rupees in '000 -----	
7. LENDINGS TO FINANCIAL INSTITUTIONS - NET			
Call money lendings - net of provision	7.1	1,648,157	3,003,443
Due against bills re-discounting		-	112,756
		<u>1,648,157</u>	<u>3,116,199</u>

7.1 The amount is net of general provision of Rs.8.666 million resulted from adoption of IFRS 9 by Bahrain Branch (see note 5.2).

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

8. INVESTMENTS - net

	(Unaudited)			(Audited)		
	June 30, 2018			December 31, 2017		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total

Note

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

8.1 INVESTMENTS BY TYPES:

Held-for-trading securities

Market treasury bills	4,670,853	-	4,670,853	6,835,735	926,032	7,761,767
Pakistan investment bonds	-	-	-	709,872	-	709,872
	4,670,853	-	4,670,853	7,545,607	926,032	8,471,639

Available-for-sale securities

Market treasury bills	825,877	-	825,877	11,501,193	2,991,504	14,492,697
Pakistan investment bonds	37,162,031	48,616,601	85,778,632	54,600,373	39,372,049	93,972,422
Ordinary shares of listed companies	3,788,744	-	3,788,744	3,681,463	-	3,681,463
Ordinary shares of unlisted companies	13,406	-	13,406	13,406	-	13,406
Preference shares of listed companies	136,589	-	136,589	136,589	-	136,589
Term finance certificates - listed	182,322	-	182,322	182,322	-	182,322
Term finance certificates - unlisted	614,882	-	614,882	575,596	-	575,596
Sukuk certificates - unlisted	899,333	-	899,333	1,631,000	-	1,631,000
Foreign currency bonds	3,708,080	4,318,557	8,026,637	1,899,702	2,431,932	4,331,634
	47,331,264	52,935,158	100,266,422	74,221,644	44,795,485	119,017,129

Held-to-maturity securities

Pakistan investment bonds	41,188,929	-	41,188,929	41,398,485	-	41,398,485
---------------------------	------------	---	------------	------------	---	------------

Investments in subsidiaries

	1,919,121	-	1,919,121	1,919,121	-	1,919,121
--	-----------	---	-----------	-----------	---	-----------

Investments in associate

	180,000	-	180,000	-	-	-
--	---------	---	---------	---	---	---

Total investments at cost

	95,290,167	52,935,158	148,225,325	125,084,857	45,721,517	170,806,374
--	------------	------------	-------------	-------------	------------	-------------

Less: Provision for diminution in the value of investments

	(1,040,198)	-	(1,040,198)	(1,071,851)	-	(1,071,851)
--	-------------	---	-------------	-------------	---	-------------

Less: General provision - under IFRS-9

	(85,567)	-	(85,567)	-	-	-
--	----------	---	----------	---	---	---

Investments (net of provision)

	94,164,402	52,935,158	147,099,560	124,013,006	45,721,517	169,734,523
--	------------	------------	-------------	-------------	------------	-------------

Unrealised loss on revaluation of investments classified as held-for-trading

	(891)	-	(891)	(2,474)	(14)	(2,488)
--	-------	---	-------	---------	------	---------

(Deficit) / surplus on revaluation of available-for-sale securities

	(421,529)	(1,102,974)	(1,524,503)	75,006	(195,483)	(120,477)
--	-----------	-------------	-------------	--------	-----------	-----------

Total investments at market value

	93,741,982	51,832,184	145,574,166	124,085,538	45,526,020	169,611,558
--	------------	------------	-------------	-------------	------------	-------------

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

- 8.1.1** Included herein are the investments in related parties amounting to Rs.1,806.637 million (December 31, 2017: Rs.1,763.581 million) having market value of Rs.2,465.320 million (December 31, 2017: Rs.2,296.841 million).
- 8.1.2** Included herein is the investment of Rs. 65.022 million (December 31, 2017: Rs.65.022 million) in a related party at the rate of 6 months KIBOR + 1.75% maturing on December 04, 2017. Due to weak financial position of the investee the Bank has recognised full impairment loss on these Term Finance Certificates.
- 8.1.3** During the period, the Bank has invested in the shares of Omer Jibran Engineering Industries Limited, a public unlisted company (9.6% shareholding). The Bank has classified the investment as associate on account of it's significant influence over the investee company.

		(Un-audited) June 30, 2018	(Audited) December 31, 2017
	Note	----- Rupees in '000 -----	
9. ADVANCES - net			
Loans, cash credits, running finances, etc.			
In Pakistan		200,468,413	160,635,485
Outside Pakistan		1,541,643	702,934
		<u>202,010,056</u>	<u>161,338,419</u>
Net investment in finance lease in Pakistan		17,281,529	13,781,334
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		7,178,298	6,174,461
Payable outside Pakistan		4,885,827	5,584,681
		<u>12,064,125</u>	<u>11,759,142</u>
Advances - gross		<u>231,355,710</u>	<u>186,878,895</u>
Provision against non-performing advances - specific	9.1	(2,722,959)	(2,638,960)
Provision against advances - general		(140,221)	(100,353)
General provision - under IFRS-9	5.2	(13,841)	-
		<u>(2,877,021)</u>	<u>(2,739,313)</u>
Advances - net of provision		<u>228,478,689</u>	<u>184,139,582</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

- 9.1 Advances include Rs. 3,642.861 million (December 31, 2017: Rs.3,257.997 million) which have been placed under non-performing status as detailed below:

June 30, 2018 (Un-audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
----- Rupees in '000 -----					
Other assets especially mentioned	300,985	-	300,985	1,279	1,279
Substandard	227,744	-	227,744	47,261	47,261
Doubtful	305,892	-	305,892	55,381	55,381
Loss	2,808,240	-	2,808,240	2,619,038	2,619,038
	<u>3,642,861</u>	<u>-</u>	<u>3,642,861</u>	<u>2,722,959</u>	<u>2,722,959</u>
December 31, 2017 (Audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
----- Rupees in '000 -----					
Other assets especially mentioned	5,222	-	5,222	-	-
Substandard	336,818	-	336,818	44,307	44,307
Doubtful	131,328	-	131,328	7,333	7,333
Loss	2,784,629	-	2,784,629	2,587,320	2,587,320
	<u>3,257,997</u>	<u>-</u>	<u>3,257,997</u>	<u>2,638,960</u>	<u>2,638,960</u>

10. OPERATING FIXED ASSETS

During the period, the Bank has made additions of Rs.875.782 million including capital work in process of Rs.325.908 million (June 30, 2017: Rs.651.224 million) and deletions of Rs.192.567 million (June 30, 2017: Rs.48.313 million) having written down value of Rs. 24.372 million (June 30, 2017: Rs.13.191 million).

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
11. DEPOSITS AND OTHER ACCOUNTS		
	Note	----- Rupees in '000 -----
Customers		
Fixed deposits	128,569,643	131,902,422
Savings deposits	58,239,309	47,266,416
Current accounts - non-remunerative	73,300,179	70,197,106
Margin accounts	4,396,048	3,967,204
	<u>264,505,179</u>	<u>253,333,148</u>
Financial institutions		
Remunerative deposits	45,298,614	35,724,471
Non-remunerative deposits	1,150,226	1,019,947
	46,448,840	36,744,418
11.1	<u>310,954,019</u>	<u>290,077,566</u>
11.1 Particulars of deposits		
In local currency	296,084,339	276,922,230
In foreign currencies	14,869,680	13,155,336
	<u>310,954,019</u>	<u>290,077,566</u>
12. DEFERRED TAX LIABILITIES - net		
Deferred tax debits arising from:		
Provision against investments	(57,149)	(57,149)
Provision against loans and advances	(16,988)	(3,523)
Provision against other assets	(853)	(15,682)
General provision - under IFRS-9	(37,830)	-
Unrealised loss on revaluation of investments classified as held-for-trading	(312)	(871)
Provision for Sindh Workers' Welfare Fund	(26,145)	(26,145)
Surplus on revaluation of investments classified as available-for-sale	(533,576)	(42,167)
	<u>(672,853)</u>	<u>(145,537)</u>
Deferred tax credits arising due to:		
Operating fixed assets	214,093	214,793
Goodwill	512,268	512,268
Unrealised gain on revaluation of derivative instruments	57,172	25,227
Surplus on revaluation of operating fixed assets	329,149	187,861
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,134	2,191
	<u>1,114,816</u>	<u>942,340</u>
	<u>441,963</u>	<u>796,803</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

- 13.1 During the period, after having SBP approval vide its letter No. 'BPRD/LD-01/602-AM&AoA/16933/2018-8446', the shareholders of the Bank in their Annual General Meeting held on March 07, 2018 increased its authorised capital by Rs.5 billion, divided into 500 million ordinary shares of Rs.10 each.

On February 19, 2018, issued, subscribed and paid-up capital of the Bank has also increased by Rs. 2,250 million divided into 225 million ordinary shares of Rs. 10 each. The increase was on account of conversion of unlisted preference shares of Rs. 1,500 million divided into 150 million shares of Rs. 10 each at a conversion ratio of 1:1.5 (i.e. for every one preference share one and half ordinary shares were issued). The ordinary shares are issued at Rs. 6.67 per share i.e. at a discount of Rs. 3.33 per share as per the approvals of Securities and Exchange Commission of Pakistan vide its letter No. EMD/CI/102/2010 dated December 19, 2013 and State Bank of Pakistan vide its letter No. BPRD/BA&CA/649/19755/2013 dated December 30, 2013.

- 13.2 As at June 30, 2018, Jahangir Siddiqui & Co. Ltd. (the parent company) held 973,307,324 (December 31, 2017: 755,245,007) ordinary shares of Rs.10 each and controls 75.02% holding (December 31, 2017: 70.42%).

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
Note	-----	Rupees in '000 -----

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

Available-for-sale securities	(990,927)	(78,310)
Operating fixed assets	14.1 853,098	473,539
Non-banking assets acquired in satisfaction of claims	94,943	95,050
	<u>(42,886)</u>	<u>490,279</u>

- 14.1 During the period the Bank has carried out the revaluation exercise by an independent valuer, which has resulted in additional surplus on leasehold lands and buildings of Rs.117.166 million and Rs.410.933 million over their existing written down value of Rs. 1,088.960 million and Rs.1,331.119 million, respectively.

The fair values were determined with reference to market based evidence, based on active market prices and relevant enquiries and information as considered necessary, and adjusted for any difference in nature, location or condition of the specific properties.

Had there been no revaluation, the carrying value of leasehold lands and buildings would have been lower by Rs.241.820 million and Rs. 940.426 million respectively, and net surplus on revaluation of fixed assets, deferred tax liability and incremental depreciation would have been lower by Rs.853.097 million, Rs. 329.149 million and Rs. 7.252 million respectively.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
Note	-----	Rupees in '000 -----
15. CONTINGENCIES AND COMMITMENTS		
15.1 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions		
i) Government	30,721,495	31,008,823
ii) Banking companies and other financial institutions	6,305,043	5,532,988
iii) Others	4,073,271	8,477,789
15.1.1	<u>41,099,809</u>	<u>45,019,600</u>
15.1.1 Included herein the outstanding guarantees of Rs.13.201 million (December 31, 2017: Rs.31.454 million) of related parties.		
15.2 Trade-related contingent liabilities		
Documentary credits	15.2.1 <u>21,483,396</u>	<u>21,558,098</u>
15.2.1 Included herein is an outstanding amount of Rs.63.808 million (December 31, 2017: Rs.44.016 million) of related parties.		
15.3 Commitments in respect of forward lending		
Forward commitment to extend credit	<u>1,357,014</u>	<u>21,398,301</u>
15.4 Commitments in respect of capital expenditures	<u>229,650</u>	<u>94,975</u>
15.5 Commitments in respect of derivative instruments		
15.5.1 Forward exchange contracts		
Purchase	<u>15,104,657</u>	<u>6,689,099</u>
Sale	<u>12,289,466</u>	<u>4,960,361</u>
15.5.2 Forward investment securities		
15.5.2.1 Government securities		
Purchase	<u>258,005</u>	<u>1,496,072</u>
Sale	<u>-</u>	<u>115,811</u>
15.5.3 Cross currency swaps (notional principal)	<u>4,940,680</u>	<u>4,223,400</u>
15.5.4 Options (notional principal)	<u>2,988,506</u>	<u>2,421,402</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

16. Other provision - net

This includes additional provision made during the period on account of adoption of IFRS 9 by Bahrain branch of the Bank (see note 5.2), and reversal of provision against other assets of Rs. 42.368 million.

17. Taxation

During the period, the Additional Commissioner Inland Revenue (ACIR) has allowed the appeal effects of tax years 2008-2013, in the light of appeal orders given by Commissioner Inland Revenue – Appeals (the CIRA), as a result thereof effect of certain significant issues have been allowed (i.e. accrued markup income, repair and maintenance expense, provision against advances under Rule 1(c) of seventh schedule of the Income Tax Ordinance, 2001, dividend income and partial reliefs given in reversal of provision against advances and contract wages). Appeal effect of certain issues (amortisation of Goodwill and withholding tax on contract wages) for which appeals of the tax department are pending at higher appellate forums are kept pending and will be decided on outcome of such department appeals. Appeal effect order is pending in respect of tax year 2014 and 2015

For tax year 2008, ACIR has allowed the appeal effect after consideration of the CIRA decision that assessment in the year had become barred by time limitation and hence additions or disallowances made through the first amendment order had not legal effect. As a result of passing of appeal effect order, the income and tax liability have been reverted to position as per the return filed.

For tax year 2010-2013, the Bank has not accepted the appeal effects in which benefits are not allowed on the direction of the CIRA and filed further appeals with CIRA and ACIR is directed to re-examine the issues in the light of directions of predecessor CIRA's decision and issue revise appeal effect orders after duly adjudicating as per law ensuring adequate opportunity of being heard to the Bank.

The management of Bank is confident that the appeals filed above and which are already pending at Appellate Tribunal on matters where relief has not been allowed at CIRA level will be decided in the Bank's favor and accordingly no demand for payment would arise.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

Note	Half year ended		Quarter ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	----- Rupees in '000 -----			
18. EARNINGS PER SHARE				
Profit after taxation for the period - attributable to ordinary equity holders of the Bank for diluted earnings	684,295	284,145	332,053	16,565
Preference dividend paid for the year ended December 31, 2017 @ 12% p.a. (December 31, 2016: 12% p.a)	(180,000)	(180,000)	-	-
Profit attributable to ordinary equity holders of the Bank for basic earnings	504,295	104,145	332,053	16,565
Weighted average number of outstanding ordinary shares during the period for basic and diluted earnings	1,236,552,660	1,072,464,262	1,297,464,262	1,072,464,262
	----- Rupee -----			
Basic and diluted earnings per share	0.41	0.10	0.26	0.02

18.1 The diluted earnings per share increased for the half year ended when taking the convertible preference shares into account, therefore the convertible preference shares are anti-dilutive and are excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share. Further, no impact of dilution has been taken for the quarter ended June 30, 2018, due to conversions of preference shares as disclosed in note 13 of these unconsolidated condensed interim financial statements.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 6.9 to the annual audited financial statements for the year ended December 31, 2017

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

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

Fair value hierarchy

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

- Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3:** Unobservable inputs for the asset or liability.

19.1 Valuation techniques used in determination of fair values

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

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

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

	June 30, 2018 (Un-audited)			
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets classified as 'held-for-trading' securities				
Market treasury bills	-	4,669,962	-	4,669,962
Financial assets classified as 'available-for-sale' securities				
Market treasury bills	-	825,791	-	825,791
Pakistan investment bonds	-	84,304,268	-	84,304,268
Ordinary shares of listed companies	3,774,996	-	-	3,774,996
Foreign currency bonds	-	7,483,927	-	7,483,927
	<u>3,774,996</u>	<u>92,613,986</u>	<u>-</u>	<u>96,388,982</u>
	<u>3,774,996</u>	<u>97,283,948</u>	<u>-</u>	<u>101,058,944</u>
Non-Financial Assets				
Revalued operating fixed assets	-	-	2,948,179	2,948,179
Non-banking assets acquired in satisfaction of claims	-	-	202,688	202,688
	<u>-</u>	<u>-</u>	<u>3,150,867</u>	<u>3,150,867</u>
	<u>3,774,996</u>	<u>97,283,948</u>	<u>3,150,867</u>	<u>104,209,811</u>
Off balance sheet financial instruments				
Forward government securities				
Purchase	-	258,417	-	258,417
Forward exchange contracts				
Purchase	-	15,450,873	-	15,450,873
Sale	-	12,509,974	-	12,509,974
	<u>-</u>	<u>5,690,832</u>	<u>-</u>	<u>5,690,832</u>
	<u>-</u>	<u>3,002,639</u>	<u>-</u>	<u>3,002,639</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

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

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

20. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	2018						Total
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others	
	Rupees in '000						
June 30, 2018 (Un-audited)							
Total income - external	317,437	5,491,963	3,498,659	6,381,647	124,554	51,821	15,866,081
Inter-segment revenues - net	-	(2,733,386)	4,553,866	(1,820,480)	-	-	-
Total income	317,437	2,758,577	8,052,525	4,561,167	124,554	51,821	15,866,081
Total expenses	(53,866)	(2,896,846)	(7,138,210)	(3,980,601)	(59,058)	(470,423)	(14,599,004)
(Provisions) / (impairments) / reversals	-	(62,591)	(46,513)	(91,196)	-	42,368	(157,932)
Current taxation	-	-	-	-	-	(432,107)	(432,107)
Deferred taxation	-	-	-	-	-	7,257	7,257
Net income / (loss)	263,571	(200,860)	867,802	489,370	65,496	(801,084)	684,295
June 30, 2018 (Un-audited)							
Segment assets (gross)	-	165,158,858	70,213,225	166,621,752	-	16,001,018	417,994,853
Segment non performing assets	-	1,040,198	926,813	2,716,048	-	13,299	4,696,358
Segment provision required	-	(1,125,765)	(453,114)	(2,423,907)	-	(13,299)	(4,016,085)
Segment liabilities	-	58,947,653	226,384,926	98,225,401	4,399,606	9,344,604	397,302,190
	2017						Total
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others	
	Rupees in '000						
June 30, 2017 (Un-audited)							
Total income - external	302,726	4,985,466	1,847,833	2,998,388	83,921	20,082	10,238,416
Inter-segment revenues - net	-	(4,387,136)	3,957,858	429,278	-	-	-
Total income	302,726	598,330	5,805,691	3,427,666	83,921	20,082	10,238,416
Total expenses	(46,574)	(374,396)	(5,602,482)	(3,323,033)	(45,480)	(146,842)	(9,538,807)
Provisions / impairments	-	-	(33,904)	(44,734)	-	-	(78,638)
Current taxation	-	-	-	-	-	(218,083)	(218,083)
Prior year taxation	-	-	-	-	-	(115,944)	(115,944)
Deferred taxation	-	-	-	-	-	(2,799)	(2,799)
Net income / (loss)	256,152	223,934	169,305	59,899	38,441	(463,586)	284,145
December 31, 2017 (Audited)							
Segment assets (gross)	-	187,440,326	82,645,783	108,870,958	-	13,118,287	392,075,354
Segment non-performing assets	-	1,622,691	613,448	2,644,549	-	10,861	4,891,549
Segment provision required	-	(1,071,851)	(283,887)	(2,355,075)	-	(55,665)	(3,766,478)
Segment liabilities	-	57,126,105	219,370,286	83,137,017	3,824,278	8,181,861	371,639,547

RELATED PARTY TRANSACTIONS

The Bank has related party relationships 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 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 investments in subsidiaries and associates are stated in note 6.1.3 to these unconsolidated condensed interim financial statements.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	Key management personnel		Subsidiary companies		Companies in which parent company holds 20% or more		Companies having common directorship		Other related parties	
	(Un-audited) June 30, 2018	(Audited) December 31, 2017	(Un-audited) June 30, 2018	(Audited) December 31, 2017	(Un-audited) June 30, 2018	(Audited) December 31, 2017	(Un-audited) June 30, 2018	(Audited) December 31, 2017	(Un-audited) June 30, 2018	(Audited) December 31, 2017
Advances										
Opening balance	708,367	478,664	-	-	179,675	457,564	3,397	5,673	1,937,126	1,300,223
Disbursements	374,146	426,791	-	1,600,000	1,421,561	1,230,400	-	-	1,724,111	4,120,420
Repayments	(214,647)	(196,168)	-	(1,600,000)	(1,204,029)	(1,462,269)	(655)	(2,279)	(1,366,034)	(3,443,919)
Closing balance	867,866	708,367	-	-	397,203	179,675	2,742	3,397	253,3205	1,937,728
Disbursements made during the half year ended June 30, 2017		236,459		1,600,000		443,864		-		1,681,336
Repayments made during the half year ended June 30, 2017		(91,816)		(1,600,000)		(442,559)		602		(1,624,971)
Markup / return / interest earned for the half year ended June 30, (Un-audited)	17,798	12,622	-	989	29,515	14,234	64	68	125,222	48,603
Deposits										
Opening balance	1,506,578	767,243	56,383	1,712,553	3,634,300	3,617,357	4,673,999	956,255	2,793,991	3,438,466
Deposits during the period	5,811,878	6,103,040	1,235,286	633,823,678	38,753,061	69,236,284	6,826,871	361,889,984	13,883,515	30,187,288
Withdrawals during the period	(5,372,833)	(5,273,705)	(1,182,241)	(241,741,121)	(39,427,059)	(69,119,986)	(9,659,281)	(82,472,240)	(14,089,423)	(30,831,763)
Closing balance	1,941,623	1,502,578	67,407	1,072,895	3,160,392	3,834,300	1,841,589	4,673,999	2,288,085	2,793,991
Deposits during the half year ended June 30, 2017		3,535,998		216,450,019		42,135,712		11,636,540		18,609,275
Withdrawals made during the half year ended June 30, 2017		(9,049,388)		(215,022,346)		(42,831,069)		(10,162,633)		(19,094,642)
Markup / return / interest earned for the half year ended June 30, (Un-audited)	64,990	18,831	1,321	46,308	99,481	102,708	65,709	38,591	74,791	104,943

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

Lendings to financial institutions		Borrowings	
(Un-audited) June 30, 2018	(Audited) December 31, 2017	(Un-audited) June 30, 2018	(Audited) December 31, 2017

(Rupees in '000)

Companies in which parent company holds 20% or more

Opening balance	-	-	4,000,000	-
Disbursements	1,100,000	-	93,600,000	110,840,000
Repayments	(1,100,000)	-	(97,600,000)	(106,840,000)
Closing balance	-	-	-	4,000,000
Disbursements made during the half year ended June 30, 2017	-	-	-	23,500,000
Repayments made during the half year ended June 30, 2017	-	-	-	(23,500,000)
Mark-up / return / interest earned for the half year ended June 30, (Un-audited)	191	-	40,962	15,464

(Un-audited)

Subsidiary companies		Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties	
2018	2017	2018	2017	2018	2017	2018	2017

(Rupees in '000)

Nature of transactions

Sale of government securities	21,621	-	-	-	108,549,165	14,077,302	3,515,681	670,098
Purchase of government securities	-	-	-	-	12,555,449	520,213	257,031	317,319
Sale of Sukuk	-	-	-	-	112,576	-	-	-
Investment made in associate company	-	-	-	-	-	-	180,000	-
Sale of forward foreign exchange contracts	-	-	-	-	1,769,526	6,500,073	-	-
Purchase of forward foreign exchange contracts	-	-	-	-	1,416,821	4,819,673	-	-
Rent received / receivable	1,837	1,657	-	-	-	-	-	-
Rent expense paid / accrued	3,444	3,131	-	-	-	-	-	-
Letter of credits	-	-	52,071	33,470	-	-	57,562	70,283
Letter of guarantees	-	-	-	-	-	-	15,000	-
Reimbursement of expenses	694	-	-	-	-	-	292	2,651
Payment to staff benefit plan	-	-	-	-	-	-	175,118	118,308
Payment to staff contribution plan	-	-	-	-	-	-	88,387	65,908
Remuneration to key management personnel	-	-	-	-	-	-	320,028	275,927
Director fees and allowances	-	-	-	-	-	-	6,900	6,050
Insurance claim received	-	-	-	-	7,789	12,806	-	-
Insurance premium paid	-	-	-	-	174,071	125,489	69,178	49,821
Expenses incurred on behalf of	536	442	-	-	-	-	-	-
Services rendered	2,100	1,800	-	-	-	-	-	-
Commission paid / accrued	714	1,687	-	-	-	-	-	-
Commission income	-	4,057	104	23,408	75,172	44,052	84,856	70
Dividend Income	-	26,118	-	-	6,158	45,549	-	-
Advisory fee	21,000	-	-	-	-	-	26,483	24,500
Trustee fee	-	-	-	-	1,500	-	-	-
Issuance of ordinary shares	-	-	-	-	-	-	18,491	-
Preference dividend paid	-	-	-	-	-	-	1,479	1,479
Services received	-	-	-	-	-	-	389	196

Un-audited Parent company	
2018	2017

(Rupees in '000)

Nature of transactions

Issuance of ordinary shares	2,180,623	-
Rent expense paid / accrued	838	756
Reimbursement of expenses	2,806	3,162
Preference dividend paid	174,450	174,450

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

22. GENERAL

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

23. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on August 27, 2018.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Consolidated Condensed Interim Financial Statements

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of JS Bank Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of **JS Bank Limited** as at **30 June 2018**, the related consolidated condensed interim statement of profit and loss and other comprehensive income, consolidated condensed interim statement of changes in equity, and consolidated condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (herein-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on the financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months ended 30 June 2018 and 30 June 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2018.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's review report is Shaikh Ahmed Salman.



Chartered Accountants
Place: Karachi
Date: 27 August 2018

Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2018

		(Un-audited) June 30, 2018	(Audited) December 31, 2017
	Note	----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks		21,775,615	17,334,111
Balances with other banks - net		502,404	1,049,496
Lendings to financial institutions - net	8	1,648,157	3,116,199
Investments - net	9	146,873,499	170,288,835
Advances - net	10	228,760,908	184,161,175
Operating fixed assets	11	8,713,940	7,589,702
Deferred tax assets - net		-	-
Other assets - net		9,561,145	7,414,358
		<u>417,835,668</u>	<u>390,953,876</u>
LIABILITIES			
Bills payable		4,399,606	3,824,278
Borrowings		67,606,161	64,557,043
Deposits and other accounts	12	309,881,415	288,365,014
Sub-ordinated loans		4,997,800	4,998,800
Liabilities against assets subject to finance lease		48,737	5,032
Deferred tax liabilities-net	13	320,013	686,941
Other liabilities		10,867,412	8,848,854
		<u>398,121,144</u>	<u>371,285,962</u>
NET ASSETS			
		<u>19,714,524</u>	<u>19,667,914</u>
REPRESENTED BY:			
Share capital	14	12,974,643	10,724,643
Discount on issue of shares	14	(2,855,401)	(2,105,401)
Preference shares	14	-	1,500,000
Reserves		1,709,144	1,540,987
Unappropriated profit		5,866,297	5,463,357
		<u>17,694,683</u>	<u>17,123,586</u>
Non-controlling interest		1,477,040	1,463,454
		<u>19,171,723</u>	<u>18,587,040</u>
Surplus on revaluation of assets - net of tax	15	542,801	1,080,874
		<u>19,714,524</u>	<u>19,667,914</u>
CONTINGENCIES AND COMMITMENTS			
	16		

The annexed notes from 1 to 24 form an integral part of these consolidated condensed interim financial statements.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

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

For the half year ended June 30, 2018

	Half year ended		Quarter ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Note	----- Rupees in '000 -----			
Mark-up / return / interest earned	14,045,657	8,551,899	7,161,169	4,609,336
Mark-up / return / interest expensed	9,583,026	5,766,512	4,812,217	3,105,670
Net mark-up / interest income	4,462,631	2,785,387	2,348,952	1,503,666
Provision against non-performing loans and advances - net	(123,867)	(78,638)	(73,837)	(19,739)
Reversal against diminution in the value of investments - net	57,848	8,505	42,142	6,709
Bad debts written off directly	-	-	-	-
	(66,019)	(70,133)	(31,695)	(13,030)
Net mark-up / return / interest income after provisions	4,396,612	2,715,254	2,317,257	1,490,636
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	1,812,236	1,557,086	726,501	884,964
Dividend income	97,007	129,558	80,689	125,323
Income from dealing in foreign currencies	240,038	133,174	156,762	70,652
Gain / (loss) on sale of securities - net	33,511	454,798	(28,012)	224,271
Unrealised gain / (loss) on revaluation of investments classified as held-for-trading - net	11,212	(8,428)	3,664	(515,547)
Share of profit from associate	4,186	-	4,186	-
Other income - net	155,301	90,685	45,856	40,546
Total non-mark-up / interest income	2,353,491	2,356,873	989,646	830,209
	6,750,103	5,072,127	3,306,903	2,320,845
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	5,442,946	4,200,416	2,584,666	1,978,594
Other provision - net	65,718	-	108,086	-
Other charges	24,823	30,394	12,093	20,002
Total non-mark-up / interest expenses	5,533,487	4,230,810	2,704,845	1,998,596
	1,216,616	841,317	602,058	322,249
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	1,216,616	841,317	602,058	322,249
Taxation				
- Current	(497,763)	(313,594)	(277,238)	(233,601)
- Prior years	(14,883)	(115,944)	(14,883)	(115,944)
- Deferred	20,010	(514)	25,849	96,292
	(492,636)	(430,052)	(266,272)	(253,253)
PROFIT AFTER TAXATION	723,980	411,265	335,786	68,996
Attributable to:				
Equity holders of the Bank	711,991	360,210	335,948	42,485
Non-controlling interest	11,989	51,055	(162)	26,511
	723,980	411,265	335,786	68,996
	----- Rupee -----			
Basic and diluted earnings per share	0.43	0.17	0.26	0.04

The annexed notes from 1 to 24 form an integral part of these consolidated condensed interim financial statements.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

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

For the half year ended June 30, 2018

	Half year ended		Quarter ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	----- Rupees in '000 -----			
Profit after taxation	723,980	411,265	335,786	68,996
Other comprehensive income				
Items that will not be reclassified to profit and loss	-	-	-	-
Items that are or may be reclassified to profit or loss in subsequent periods				
Effect of translation of net investment in foreign branch	31,298	21	18,670	(347)
Comprehensive income transferred to equity	755,278	411,286	354,456	68,649
Components of comprehensive income not reflected in equity				
Items that are or may be reclassified to profit or loss in subsequent periods				
Deficit on revaluation of available-for-sale securities	(1,403,684)	(519,487)	(1,157,255)	(507,663)
Related deferred tax liability	490,481	193,153	367,379	169,612
	(913,203)	(326,334)	(789,876)	(338,051)
Total comprehensive (loss) / income for the the period - net of tax	(157,925)	84,952	(435,420)	(269,402)
Attributable to:				
Equity holders of the Bank	(97,190)	31,792	(393,323)	(277,870)
Non-controlling interest	(60,735)	53,160	(42,097)	8,468
	(157,925)	84,952	(435,420)	(269,402)

Surplus on revaluation of 'operating fixed assets - net of tax' and 'non-banking assets - net of tax' is presented under a separate head below equity as 'surplus on revaluation of assets - net of tax' in accordance with the disclosure format for quarterly/ interim financial statements of banks as prescribed by SBP vide BSD Circular Letter No. 2 of May 12, 2004 and Regulation for Debt Property Swap issued vide BPRD Circular No. 1 dated January 01, 2016.

The annexed notes from 1 to 24 form an integral part of these consolidated condensed interim financial statements.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Consolidated Condensed Interim Statement of Changes In Equity

For the half year ended June 30, 2018

	Attributable to shareholders of the Bank							Non-controlling interest	Total
	Share capital	Discount on issue of shares	Preference Shares	Reserves		Unappropriated profit	Sub total		
				Statutory *	Exchange translation				
	Rupees in '000								
Balance as at January 01, 2017 (Audited)	10,724,643	(2,105,401)	1,500,000	1,334,138	(17)	4,858,613	16,311,976	1,434,391	17,746,367
Total comprehensive income for the half year ended June 30, 2017									
Profit after taxation	-	-	-	-	21	360,210	360,210	51,055	411,265
Other comprehensive income	-	-	-	-	21	(360,210)	360,231	51,055	411,286
Transfer from surplus on revaluation of non-banking assets on account of incremental depreciation for the period - net	-	-	-	-	-	107	107	-	107
Transaction with owners recorded directly in equity									
Preference dividend for the period ended December 31, 2016 @ 12% p.a	-	-	-	-	-	(180,000)	(180,000)	-	(180,000)
Dividend paid to non controlling interest for the year ended December 31, 2016 @ Rs.0.5	-	-	-	-	-	-	-	(13,965)	(13,965)
Transfers									
Transfer to statutory reserve	-	-	-	56,829	-	(56,829)	-	-	-
Balance as at June 30, 2017 (Un-audited)	10,724,643	(2,105,401)	1,500,000	1,390,967	4	4,982,101	16,492,314	1,471,481	17,963,795
Total comprehensive income for the period ended December 31, 2017									
Profit after taxation	-	-	-	-	-	666,629	666,629	(11,008)	655,621
Other comprehensive income / (loss)	-	-	-	-	12,215	(55,602)	(43,387)	-	(43,387)
	-	-	-	-	12,215	611,027	623,242	(11,008)	612,234
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation for the period - net	-	-	-	-	-	7,923	7,923	2,981	10,904
Transfer from surplus on revaluation of non-banking assets on account of incremental depreciation for the period - net	-	-	-	-	-	107	107	-	107
Transfers									
Transfer to statutory reserve	-	-	-	137,801	-	(137,801)	-	-	-
Balance as at December 31, 2017 (Audited)	10,724,643	(2,105,401)	1,500,000	1,528,768	12,219	5,463,357	17,123,586	1,463,454	18,587,040
Total comprehensive income for the half year ended June 30, 2018									
Profit after taxation	-	-	-	-	-	711,991	711,991	11,989	723,980
Other comprehensive income	-	-	-	-	31,298	(55,602)	31,298	-	31,298
	-	-	-	-	31,298	711,991	743,289	11,989	755,278
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation for the period - net	-	-	-	-	-	7,701	7,701	1,597	9,298
Transfer from surplus on revaluation of non-banking assets on account of incremental depreciation for the period - net	-	-	-	-	-	107	107	-	107
Transaction with owners recorded directly in equity									
Preference dividend paid for the year ended December 31, 2017 @ 12% p.a.	-	-	-	-	-	(180,000)	(180,000)	-	(180,000)
Preference shares cancelled on conversion into ordinary shares during the period (note14)	-	-	(1,500,000)	-	-	-	(1,500,000)	-	(1,500,000)
Issuance of ordinary shares on conversion of preference shares during the period (note14)	2,250,000	-	-	-	-	-	2,250,000	-	2,250,000
Discount on issue of ordinary shares during the period (note14)	-	(750,000)	-	-	-	-	(750,000)	-	(750,000)
	2,250,000	(750,000)	-	-	-	-	1,500,000	-	1,500,000
Transfers									
Transfer to statutory reserve	-	-	-	136,859	-	(136,859)	-	-	-
Balance as at June 30, 2018 (Un-audited)	12,974,643	(2,855,401)	-	1,665,627	43,517	5,866,297	17,694,683	1,477,040	19,171,723

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

The annexed notes from 1 to 24 form an integral part of these consolidated condensed interim financial statements.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended June 30, 2018

	June 30, 2018	June 30, 2017
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,216,616	841,317
Less: Dividend income	(97,007)	(129,558)
Share of profit from associate	(4,186)	-
	1,115,423	711,759
Adjustments:		
Depreciation	359,696	310,628
Depreciation on non-banking assets	650	650
Amortisation of intangibles	35,071	30,210
Charge for defined benefit plan	84,109	84,563
Unrealised loss on revaluation of investments classified as held-for-trading	891	8,428
Provision against non-performing loans and advances - net	123,867	78,638
Reversal for diminution in the value of investments - net	(31,653)	(8,505)
Other provisions	65,718	-
Unrealised gain on revaluation of derivative instruments	(142,582)	(20,257)
Gain on disposal of operating fixed assets	(58,550)	(20,446)
Finance cost	3,992	-
Provision for Sindh Workers' Welfare Fund	24,291	17,391
	465,500	481,300
	1,580,923	1,193,059
(Increase) / decrease in operating assets		
Lendings to financial institutions	1,459,376	8,373,886
Investment in held-for-trading securities - net	3,231,558	42,732,601
Advances	(44,737,441)	(33,439,794)
Other assets (excluding advance taxation)	(1,310,312)	(1,664,987)
	(41,356,819)	16,001,706
Increase in operating liabilities		
Bills payable	575,328	2,201,649
Borrowings	3,124,520	37,454,067
Deposits and other accounts	21,516,401	34,844,822
Other liabilities	2,085,274	2,338,376
	27,301,523	76,838,914
	(12,474,373)	94,033,679
Income tax paid	(1,143,117)	(493,370)
Gratuity paid	(175,118)	(118,308)
Finance cost paid	(3,992)	-
Net cash flows (used in) / from operating activities	(13,796,600)	93,422,001
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	18,699,919	(73,819,295)
Net investment in held-to maturity securities	209,556	(14,307,432)
Investment in associated company	(180,000)	-
Dividend received	75,303	105,873
Investment in operating fixed assets	(969,517)	(690,142)
Sale proceeds from disposal of operating fixed assets	85,019	34,814
Net cash flows from / (used in) investing activities	17,920,280	(88,676,182)
CASH FLOW FROM FINANCING ACTIVITIES		
Sub-ordinated loans	(1,000)	(600)
Preference dividend paid	(180,000)	(180,000)
Dividend paid to non-controlling interest	-	(13,965)
Capital repayment of finance lease obligations	(4,152)	-
Net cash used in financing activities	(185,152)	(194,565)
Effect of translation of net investment in foreign branches	31,298	21
Increase in cash and cash equivalents	3,969,826	4,551,275
Cash and cash equivalents at beginning of the period	18,184,611	16,236,482
Cash and cash equivalents at end of the period	22,154,437	20,787,757

The annexed notes from 1 to 24 form an integral part of these consolidated condensed interim financial statements.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

1. STATUS AND NATURE OF BUSINESS

1.1 The “Group” consists of:

1.1.1 Holding Company

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

Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by JSCL on February 01, 1999), and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited - Pakistan Branches, (AEBL). Consequently, a new banking company, JSBL was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

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

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

1.1.2 Subsidiary companies

JS Global Capital Limited (JSGCL)

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

JS Investments Limited (JSIL)

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

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

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

Open ended funds:

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

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

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

Pension fund

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

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

JS ABAMCO Commodities Limited (JSACL)

JS Bank owns JS ABAMCO Commodities Limited, JSACL, indirectly through its subsidiary JS Investment Limited (JSIL) which has 100% holding in JSACL. JSACL was incorporated on September 25, 2007 as a public unlisted company under the Companies Act, 2017 and is a wholly owned subsidiary company of JSIL (a subsidiary of Holding Company). The principal activities of JSACL are to deal and effectuate commodity contracts; to become member of commodity exchange including National Commodity Exchange Limited (NCEL) and to carry on the business as brokers, advisory and consultancy services, dealers and representative of all kinds of commodity contracts and commodity backed securities. The registered office of the Company is situated at 7th Floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The Company has not commenced its commercial operations up to the balance sheet date.

2. BASIS OF CONSOLIDATION

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

3. STATEMENT OF COMPLIANCE

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

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP)

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

- 3.2** The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, the IFRS - 7 “Financial Instruments: Disclosures” has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 3.3** IFRS 8, ‘Operating Segments’ is effective for the Bank’s accounting period beginning on or after January 01, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, ‘Revised Forms of Annual Financial Statements’, effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP’s requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these consolidated condensed interim financial statements is based on the requirements laid down by the SBP.
- 3.4** IFRS10 “Consolidated Financial Statements” was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed that the requirements of consolidation under section 228 of the Companies Act, 2017 and IFRS-10 “Consolidated Financial Statements” are not applicable in case of investment by companies in mutual funds established under trust structure, through S.R.O 56(I) /2016 dated January 28, 2016. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements.
- 3.5** The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, ‘Interim Financial Reporting’ and do not include all the disclosures required in the annual financial statements. Accordingly, these consolidated condensed interim financial statements should be read in conjunction with the consolidated annual audited financial statements of the Group for the year ended December 31, 2017.

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

4. BASIS OF MEASUREMENT

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

5. ACCOUNTING ESTIMATES AND JUDGMENTS

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

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Surplus / Deficit on Revaluation of Operating Fixed Assets

The Companies Ordinance, 1984 (the repealed Ordinance) was repealed through the enactment of the Companies Act, 2017 on May 30, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide circular number 23 dated Oct 4, 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from January 1, 2018.

The repealed Ordinance specified the accounting treatment for the surplus on revaluation on fixed assets, wherein, a deficit arising on revaluation of a particular property was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss account as an impairment of the asset. However, the Companies Act, 2017 removed the specific provisions allowing the above treatment and hence, a deficit arising on revaluation of a particular property is now to be accounted for in accordance with applicable financial reporting standards, which requires that such deficit is to be taken to the profit and loss account as an impairment.

Consequently, the Group has changed its policy for accounting for a deficit arising on revaluation of fixed assets and accordingly, any surplus/deficit arising on revaluation of owned property and non-banking assets acquired in satisfaction of claims is accounted for at individual assets level. The above change in accounting policy did not have any effect on these consolidated condensed interim financial statements.

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

6.2 Adoption of IFRS 9 by Foreign Operations (Bahrain branch)

During the current period, the Bank's Bahrain Operations, in line with their locally applicable regulatory framework, has adopted IFRS 9 'Financial Instruments'. As permitted by the transitional provisions of IFRS 9, the Branch elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the profit and loss account of the current period.

The financial effects due to the adoption of IFRS 9 by the Bahrain branch on these consolidated condensed interim financial statements are as follows:

	(Un-audited) June 30, 2018 Rupees in '000
General provision - under IFRS 9	
Balances with other banks - net	12
Lendings to financial institutions - net	8,666
Investments - net	85,567
Advances - net	13,841
Decrease in profit before tax	108,086
Related deferred tax asset	(37,830)
Decrease in profit after tax	<u>70,256</u>

6.3 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2018 but are considered not to be relevant on the Group operations and therefore not detailed in these consolidated condensed interim financial statements.

7. FINANCIAL RISK MANAGEMENT

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

		(Un-audited) June 30, 2018	(Audited) December 31, 2017
8. LENDINGS TO FINANCIAL INSTITUTIONS -NET	Note	----- Rupees in '000 -----	
Call money lendings - net of provision	8.1	1,648,157	3,003,443
Due against bills re-discounting		-	112,756
		<u>1,648,157</u>	<u>3,116,199</u>

8.1 The amount is net of general provision of Rs.8.666 million resulted from adoption of IFRS 9 by Bahrain (see note 6.2).

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

9. INVESTMENTS - net

(Un-audited) June 30, 2018			(Audited) December 31, 2017		
Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total

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

9.1 INVESTMENTS BY TYPES:

Held-for-trading securities

Market treasury bills	4,670,853	-	4,670,853	6,835,735	926,032	7,761,767
Pakistan investment bonds	-	-	-	709,872	-	709,872
Ordinary shares of listed companies	1,082,057	-	1,082,057	326,570	-	326,570
Term finance certificates - listed	25,557	-	25,557	14,263	-	14,263
Sukuk certificates - listed	116,371	-	116,371	55,512	-	55,512
Open ended mutual funds	126,228	-	126,228	423,465	-	423,465
	6,021,066	-	6,021,066	8,365,417	926,032	9,291,449

Available-for-sale securities

Market treasury bills	825,877	-	825,877	11,501,193	2,991,504	14,492,697
Pakistan investment bonds	37,162,031	48,616,601	85,778,632	54,600,373	39,372,049	93,972,422
Ordinary shares of listed companies	3,811,805	-	3,811,805	3,704,524	-	3,704,524
Ordinary shares of unlisted companies	13,406	-	13,406	13,406	-	13,406
Preference shares of listed companies	136,589	-	136,589	136,589	-	136,589
Term finance certificates - listed	182,322	-	182,322	182,322	-	182,322
Term finance certificates - unlisted	941,338	-	941,338	902,052	-	902,052
Sukuk certificates - unlisted	899,333	-	899,333	1,631,000	-	1,631,000
Open end mutual funds	1,428,895	-	1,428,895	1,378,107	-	1,378,107
Foreign currency bonds	3,708,080	4,318,557	8,026,637	1,899,702	2,431,932	4,331,634
	49,109,676	52,935,158	102,044,834	75,949,268	44,795,485	120,744,753

Held-to maturity securities

Pakistan investment bonds	41,188,929	-	41,188,929	41,398,485	-	41,398,485
---------------------------	------------	---	------------	------------	---	------------

Investments in associate

	184,186	-	184,186	-	-	-
--	---------	---	---------	---	---	---

Total investments at cost

	96,503,857	52,935,158	149,439,015	125,713,170	45,721,517	171,434,687
--	------------	------------	-------------	-------------	------------	-------------

Less: Provision for diminution
in the value of investments

	(1,446,972)	-	(1,446,972)	(1,504,819)	-	(1,504,819)
--	-------------	---	-------------	-------------	---	-------------

Less: General provision - under IFRS-9

	(85,567)	-	(85,567)	-	-	-
--	----------	---	----------	---	---	---

Investments (net of provision)

	94,971,318	52,935,158	147,906,476	124,208,351	45,721,517	169,929,868
--	------------	------------	-------------	-------------	------------	-------------

Unrealised gain / (loss) gain on revaluation
of investments classified as held-for-
trading

	7,782	-	7,782	(3,944)	(14)	(3,958)
--	-------	---	-------	---------	------	---------

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

	62,215	(1,102,974)	(1,040,759)	558,408	(195,483)	362,925
--	--------	-------------	-------------	---------	-----------	---------

Total investments at market value

	95,041,315	51,832,184	146,873,499	124,762,815	45,526,020	170,288,835
--	------------	------------	-------------	-------------	------------	-------------

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

- 9.1.1** This represents investment in a related party amounting to Rs. 25.557 million (December 31, 2017: Rs.14.263 million) having a market value of Rs. 25.678 million (December 31, 2017: Rs.14.307 million).
- 9.1.2** This represents investment in a related party amounting to Rs. 126.228 million (December 31, 2017: Rs.198.465 million) having a market value of Rs. 125.683 million (December 31, 2017: Rs.201.250 million).
- 9.1.3** Included herein are the investments in related parties amounting to Rs. 1,806.637 million (December 31, 2017: Rs.1,763.581 million) and having market value of Rs. 2,465.320 million (December 31, 2017: Rs.2,296.841 million)
- 9.1.4** Included herein are the investments in a related party, of Rs. 391.478 million (December 31, 2017: Rs.391.478 million) at the rate of 6 months KIBOR + 1.75% to 11% p.a maturing between December 04, 2017 to October 19, 2020. Due to weak financial position of the company the Group has recognised full impairment loss on these term finance certificates.
- 9.1.5** Included herein is an investment in a related party amounting to Rs. 1,428.895 million (December 31, 2017: Rs.1,378.107 million) having a market value of Rs. 1,892.192 million (December 31, 2017: Rs.1,728.710 million).
- 9.1.6** During the period, the Bank has invested in the shares of Omer Jibran Engineering Industries Limited, a public unlisted company (9.6% shareholding). The Bank has classified the investment as associate on account of it's significant influence over the investee company.
- 9.1.7** This includes surplus on revaluation of available for sale investments of subsidiaries amounting to Rs.80.378 million (December 31, 2017: Rs.80.378 million) which represents the pre-acquisition surplus and has been included here only for meeting with requirement of the prescribed format of Banks / DFIs issued by the State Bank of Pakistan.

10. ADVANCES - net

		(Un-audited) June 30, 2018	(Audited) December 31, 2017
Loans, cash credits, running finances, etc.	Note	----- Rupees in '000 -----	
In Pakistan		200,750,632	160,657,078
Outside Pakistan		1,541,643	702,934
		202,292,275	161,360,012
Net investment in finance lease in Pakistan		17,281,529	13,781,334
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		7,178,298	6,174,461
Payable outside Pakistan		4,885,827	5,584,681
		12,064,125	11,759,142
Advances - gross		231,637,929	186,900,488
Provision against non-performing advances - specific	10.1	(2,722,959)	(2,638,960)
Provision against advances - general		(140,221)	(100,353)
General provision - under IFRS-9	6.2	(13,841)	-
		(2,877,021)	(2,739,313)
Advances - net of provision		228,760,908	184,161,175

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

- 10.1 Advances include Rs. 3,642.861 million (December 31, 2017: Rs.3,257.997 million) which have been placed under non-performing status as detailed below:

June 30, 2018 (Un-audited)				
Domestic	Overseas	Total	Provision required	Provision held
----- Rupees in '000 -----				
Category of classification				
Other assets especially mentioned	300,985	-	300,985	1,279
Substandard	227,744	-	227,744	47,261
Doubtful	305,892	-	305,892	55,381
Loss	2,808,240	-	2,808,240	2,619,038
	<u>3,642,861</u>	<u>-</u>	<u>3,642,861</u>	<u>2,722,959</u>

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

11. OPERATING FIXED ASSETS

- 11.1 During the period, the Group made additions of Rs.969.517 million including capital work in process of Rs.393.437 million (June 30, 2017: Rs.690.142 million) and deletions of Rs.215.602 million (June 30, 2017: Rs.50.358 million) having written down value of Rs. 26.469 million (June 30, 2017: Rs. 14.368 million).

12. DEPOSITS AND OTHER ACCOUNTS	Note	(Un-audited)	(Audited)
		June 30, 2018	December 31, 2017
----- Rupees in '000 -----			
Customers			
Fixed deposits		128,569,643	131,902,422
Savings deposits		58,239,309	47,266,416
Current accounts - non-remunerative		73,300,179	70,197,106
Margin accounts		4,396,048	3,967,204
		<u>264,505,179</u>	<u>253,333,148</u>
Financial institutions			
Remunerative deposits		44,226,254	34,012,154
Non-remunerative deposits		1,149,982	1,019,712
		<u>45,376,236</u>	<u>35,031,866</u>
12.1		<u>309,881,415</u>	<u>288,365,014</u>

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

(Un-audited) June 30, 2018	(Audited) December 31, 2017
----------------------------------	-----------------------------------

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

12.1 Particulars of deposits

In local currency	295,011,735	275,209,678
In foreign currencies	14,869,680	13,155,336
	<u>309,881,415</u>	<u>288,365,014</u>

13. DEFERRED TAX LIABILITIES - net

Deferred tax (debits) arising from:

Unused tax losses	(51,217)	(48,043)
Provision against investments	(57,149)	(57,149)
Provision against loans, advances and trade debts	(133,950)	(124,518)
Provision against other assets	(853)	(15,682)
General provision - under IFRS-9	(37,830)	-
Provision for donation	(79)	(197)
Surplus on revaluation of investment classified as available-for-sale	(537,422)	(46,941)
Provision for Sindh Workers' Welfare Fund	(43,049)	(46,332)
	<u>(861,549)</u>	<u>(338,862)</u>

Deferred tax credits arising due to:

Operating fixed assets	216,999	220,463
Goodwill	512,268	512,268
Unrealized gain / (loss) on revaluation of investment classified as held-for-trading	-	(620)
Unrealised gain / (loss) on revaluation of derivative instruments	57,172	25,227
Surplus on revaluation of operating fixed assets	392,989	266,274
Surplus on revaluation of non-banking assets acquired In satisfaction of claims	2,134	2,191
	<u>1,181,562</u>	<u>1,025,803</u>
	<u>320,013</u>	<u>686,941</u>

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

- 14.1 During the period, after having SBP approval vide its letter No. 'BPRD/LD-01/602-AM&AoA/16933/2018-8446', the shareholders of the Bank in their Annual General Meeting held on March 07, 2018 increased its authorised capital by Rs.5 billion, divided into 500 million ordinary shares of Rs.10 each.

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

On February 19, 2018, issued, subscribed and paid-up capital of the Bank has also increased by Rs. 2,250 million divided into 225 million ordinary shares of Rs. 10 each. The increase was on account of conversion of unlisted preference shares of Rs. 1,500 million divided into 150 million shares of Rs. 10 each at a conversion ratio of 1:1.5 (i.e. for every one preference share one and half ordinary shares were issued). The ordinary shares are issued at Rs. 6.67 per share i.e. at a discount of Rs. 3.33 per share as per the approvals of Securities and Exchange Commission of Pakistan vide its letter No. EMD/CI/102/2010 dated December 19, 2013 and State Bank of Pakistan vide its letter No. BPRD/BA&CA/649/19755/2013 dated December 30, 2013.

- 14.2 As at June 30, 2018, Jahangir Siddiqui & Co. Ltd. (the parent company) held 973,307,324 (December 31, 2017: 755,245,007) ordinary shares of Rs.10 each and controls 75.02% holding (December 31, 2017: 70.42%).

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
Note	-----	-----
----- Rupees in '000 -----		
15. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - net of tax		
Available-for-sale securities	(583,715)	329,226
Operating fixed assets	1,031,573	656,598
Non-banking assets acquired in satisfaction of claims	94,943	95,050
	542,801	1,080,874
Group's share	339,172	804,521
Non-controlling interest	203,629	276,353
	542,801	1,080,874

- 15.1 At the reporting date the Bank has carried out the revaluation exercise by an independent valuer, which has resulted in additional surplus on leasehold lands and buildings of Rs.117.166 million and Rs.410.933 million over their existing written down value of Rs. 1,088.960 million and Rs.1,627.694 million, respectively.

The fair values were determined with reference to market based evidence, based on active market prices and relevant enquiries and information as considered necessary, and adjusted for any difference in nature, location or condition of the specific properties.

Had there been no revaluation, the carrying value of leasehold lands and buildings would have been lower by Rs.241.820 million and Rs. 1,195.785 million respectively, and net surplus on revaluation of fixed assets, deferred tax liability and incremental depreciation would have been lower by Rs.1,031.572 million, Rs. 406.033 million and Rs. 13.363 million respectively.

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
Note	----- Rupees in '000 -----	
16. CONTINGENCIES AND COMMITMENTS		
16.1 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions.		
i) Government	30,721,495	31,008,823
ii) Banking companies and other financial institutions	6,305,043	5,532,988
iii) Others	4,073,271	8,477,789
16.1.1	<u>41,099,809</u>	<u>45,019,600</u>
16.1.1	Included herein the outstanding guarantees of Rs.13.201 million (December 31, 2017: Rs.31.454 million) of related parties.	
16.2 Trade-related contingent liabilities		
Documentary credits	21,483,396	21,558,098
16.2.1	<u>21,483,396</u>	<u>21,558,098</u>
16.2.1	Included herein is an outstanding amount of Rs.63.808 million (December 31, 2017: Rs.44.016 million) of related parties.	
16.3 Commitments in respect of forward lending		
Forward commitment to extend credit	1,357,014	21,398,301
16.4	<u>229,650</u>	<u>94,975</u>
16.5 Commitments in respect of derivatives instruments		
16.5.1 Forward exchange contracts		
Purchase	15,104,657	6,689,099
Sale	12,289,466	4,960,361
16.5.2	<u>15,104,657</u>	<u>6,689,099</u>
16.5.2 Forward investment securities		
16.5.2.1 Government and equity securities		
Purchase	258,005	1,496,072
Sale	1,098,222	439,443
16.5.2.1	<u>258,005</u>	<u>1,496,072</u>
16.5.2.1	<u>1,098,222</u>	<u>439,443</u>

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
	----- Rupees in '000 -----	
16.5.2.2 Foreign currency bonds		
Purchase	-	1,496,072
Sale	-	439,443
16.5.3 Cross currency swaps (notional principal)	4,940,680	4,223,400
16.5.4 Options (notional principal)	2,988,506	2,421,402
16.6 Bank Guarantee from a commercial Bank in favor of National Clearing Company of Pakistan Limited	400,000	400,000
16.7 Outstanding (purchase) / sale against margin financing contracts - net	(47,977)	4,529
17. Other provision - net		

This includes additional provision made during the period on account of adoption of IFRS 9 by Bahrain branch of the Bank (see note 6.2), and reversal of provision against other assets of Rs. 42.368 million.

18 Taxation

18.1 JS Bank Limited

During the period, the Additional Commissioner Inland Revenue (ACIR) has allowed the appeal effects of tax years 2008-2013, in the light of appeal orders given by Commissioner Inland Revenue – Appeals (the CIRA), as a result thereof effect of certain significant issues have been allowed (i.e. accrued markup income, repair and maintenance expense, provision against advances under Rule 1(c) of seventh schedule of the Income Tax Ordinance, 2001, dividend income and partial reliefs given in reversal of provision against advances and contract wages). Appeal effect of certain issues (amortisation of Goodwill and withholding tax monitoring on contract wages) for which appeals of the tax department are pending at higher appellate forums are kept pending and will be decided on outcome of such department appeals. Appeal effect order is pending in respect of tax year 2014 and 2015

For tax year 2008, ACIR has allowed the appeal effect after consideration of the CIRA decision that assessment in the year had become barred by time limitation and hence additions or disallowances made through the first amendment order had not legal effect. As a result of passing of appeal effect order, the income and tax liability have been reverted to position as per the return filed

For tax year 2010-2013, the Bank has not accepted the appeal effects in which benefits are not allowed on the direction of the CIRA and filed further appeals with CIRA and ACIR is directed to re-examine the issues in the light of directions of predecessor CIRA's decision and issue revise appeal effect orders after duly adjudicating as per law ensuring adequate opportunity of being heard to the Bank.

The management of Bank is confident that the appeals filed above and which are already pending at Appellate Tribunal on matters where relief has not been allowed at CIRA level will be decided in the Bank's favor and accordingly no demand for payment would arise.

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

	Half year ended		Quarter ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
19. EARNINGS PER SHARE				
Profit after taxation for the period - attributable to ordinary equity holders of the Holding Company for diluted earnings	711,991	360,210	335,948	42,485
Preference dividend paid for the year ended December 31, 2017@ 12% p.a. (December 31, 2016: 12% p.a)	(180,000)	(180,000)	-	-
Profit attributable to ordinary equity holders of the Holding Company for basic earnings	531,991	180,210	335,948	42,485
	----- Numbers -----			
Weighted average number of outstanding ordinary shares during the period for basic and diluted earnings	1,236,552,660	1,072,464,262	1,297,464,262	1,072,464,262
	----- Rupee -----			
Basic and diluted earnings per share	19.1 0.43	0.17	0.26	0.04

19.1 The diluted earnings per share increased for the half year ended when taking the convertible preference shares into account, therefore the convertible preference shares are anti-dilutive and are excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share. Further, no impact of dilution has been taken for the quarter ended June 30, 2018, due to conversions of preference shares as disclosed in note 14 of these consolidated condensed interim financial statements.

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

Fair value hierarchy

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

- Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3:** Unobservable inputs for the asset or liability.

20.1 Valuation techniques used in determination of fair values

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

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

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

	June 30, 2018 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
On balance sheet financial instruments				
Financial assets classified as 'held-for-trading securities'				
Market treasury bills	-	4,669,962	-	4,669,962
Ordinary shares of listed companies	1,091,060	-	-	1,091,060
Open end mutual funds	-	125,683	-	125,683
Sukuk certificates - listed	-	116,464	-	116,464
Term finance certificates - listed	-	25,678	-	25,678
	<u>1,091,060</u>	<u>4,937,787</u>	<u>-</u>	<u>6,028,847</u>
Financial assets classified as 'available-for-sale securities'				
Market treasury bills	-	825,791	-	825,791
Pakistan investment bonds	-	84,304,268	-	84,304,268
Ordinary shares of listed companies	3,818,504	-	-	3,818,504
Open end mutual funds	-	1,811,874	-	1,811,874
Foreign currency bonds	-	7,483,927	-	7,483,927
	<u>3,818,504</u>	<u>94,425,860</u>	<u>-</u>	<u>98,244,364</u>
	<u>4,909,564</u>	<u>99,363,647</u>	<u>-</u>	<u>104,273,211</u>
Non-Financial Assets				
Operating fixed assets (Lease hold lands and buildings)	-	-	3,244,754	3,244,754
Non banking asset under satisfaction of claims	-	-	202,688	202,688
	<u>-</u>	<u>-</u>	<u>3,447,442</u>	<u>3,447,442</u>
	<u>4,909,564</u>	<u>99,363,647</u>	<u>3,447,442</u>	<u>107,720,653</u>
Off balance sheet financial instruments				
Forward exchange contracts				
Purchase	-	15,450,873	-	15,450,873
Sale	-	12,509,974	-	12,509,974
Forward government and equity securities				
Purchase	-	258,417	-	258,417
Sale	1,107,712	-	-	1,107,712
Cross currency swaps (notional principal)	-	5,690,832	-	5,690,832
Options (notional principal)	-	3,002,639	-	3,002,639

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

As at December 31, 2017 (Audited)

	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
On balance sheet financial instruments				
Financial assets classified as held-for-trading securities				
Market treasury bills	-	7,761,553	-	7,761,553
Pakistan investment bonds	-	707,598	-	707,598
Ordinary shares of listed companies	322,414	-	-	322,414
Sukuk certificates - listed	-	69,678	-	69,678
Open end mutual funds	-	426,249	-	426,249
	322,414	8,965,078	-	9,287,492

Financial assets classified as available-for-sale securities

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

Non-Financial Assets

Operating fixed assets (Lease hold lands and buildings)	-	-	2,745,141	2,745,141
Non banking asset under satisfaction of claims	-	-	203,339	203,339
	-	-	2,948,480	2,948,480
	3,918,332	122,966,898	2,948,480	129,833,710

Off balance sheet financial instruments

Forward exchange contracts

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

Forward government and equity securities

Purchase	-	1,495,823	-	1,495,823
Sale	323,632	116,000	-	439,632

Cross currency swaps (notional principal)

	-	4,489,958	-	4,489,958
--	---	-----------	---	-----------

Options (notional principal)

	-	2,426,276	-	2,426,276
--	---	-----------	---	-----------

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

21. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	2018								
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Brokerage	Asset Management	Others	Total
	Rupees in '000								
June 30, 2018 (un-audited)									
Total income -external	317,437	5,491,963	3,498,659	6,381,647	124,554	355,750	173,131	56,007	16,399,148
Inter-segment revenues - net	-	(2,733,386)	4,553,866	(1,820,480)	-	-	-	-	-
Total income	317,437	2,758,577	8,052,525	4,561,167	124,554	355,750	173,131	56,007	16,399,148
Total expenses	(53,866)	(2,896,846)	(7,063,639)	(3,960,601)	(59,058)	(339,800)	(186,562)	(470,423)	(15,050,795)
(Impairment) / (Provisions) / reversal	-	(62,591)	(46,513)	(91,196)	-	-	26,195	42,368	(131,737)
Current taxation	-	-	-	-	-	-	-	(497,763)	(497,763)
Prior year taxation	-	-	-	-	-	-	-	(14,883)	(14,883)
Deferred taxation	-	-	-	-	-	-	-	20,010	20,010
Net income / (loss)	263,571	(200,860)	942,373	489,370	65,496	15,950	12,764	(864,684)	723,980
Attributable to:									711,991
Equity holders of the Bank									11,989
Non-controlling interest									723,980
June 30, 2018 (un-audited)									
Segment assets (gross)	-	163,239,737	70,213,225	166,621,752	-	3,866,900	2,731,037	16,005,204	422,677,855
Segment non performing assets	-	1,040,198	926,813	2,716,048	-	745,784	80,318	13,299	5,522,460
Segment provision required	-	(1,125,765)	(453,114)	(2,423,907)	-	(745,784)	(80,318)	(13,299)	(4,842,187)
Segment liabilities	-	58,947,653	226,434,428	98,225,401	4,399,606	506,343	263,104	9,344,609	398,121,144
	2017								
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Brokerage	Asset Management	Others	Total
	Rupees in '000								
June 30, 2017 (un-audited)									
Total income -external	302,726	4,985,466	1,847,833	2,998,388	83,921	494,146	178,573	20,082	10,911,135
Inter-segment revenues - net	-	(4,387,136)	3,957,858	429,278	-	-	-	-	-
Total income	302,726	598,330	5,805,691	3,427,666	83,921	494,146	178,573	20,082	10,911,135
Total expenses	(46,574)	(336,541)	(5,602,482)	(3,323,033)	(45,480)	(358,545)	(140,188)	(146,842)	(9,999,685)
(Impairment) / (Provisions) / reversal	-	-	(33,904)	(44,734)	-	-	8,505	-	(70,133)
Current taxation	-	-	-	-	-	-	-	(313,594)	(313,594)
Prior year taxation	-	-	-	-	-	-	-	(115,944)	(115,944)
Deferred taxation	-	-	-	-	-	-	-	(514)	(514)
Net income / (loss)	256,152	261,789	169,305	59,899	38,441	135,601	46,890	(556,812)	411,265
Attributable to:									360,210
Equity holders of the Bank									51,055
Non-controlling interest									411,265
December 31, 2017 (audited)									
Segment assets (gross)	-	186,483,705	82,645,783	108,870,958	-	2,710,777	2,743,142	13,118,285	395,572,650
Segment non performing loans and Impaired Investments	-	1,622,691	613,448	2,644,549	-	745,784	106,512	10,861	5,743,845
Segment provision required	-	(1,071,851)	(283,887)	(2,355,075)	-	(745,784)	(106,512)	(55,665)	(4,618,774)
Segment liabilities	-	57,126,105	219,370,286	83,137,017	3,824,278	(636,426)	233,340	8,231,362	371,285,962

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

RELATED PARTY TRANSACTIONS

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

Contributions to the accounts 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		Companies in which parent company holds 20% or more		Companies having common directorship		Other related parties	
	(Un-audited) June 30, 2018	(Audited) December 31, 2017	(Un-audited) June 30, 2018	(Audited) December 31, 2017	(Un-audited) June 30, 2018	(Audited) December 31, 2017	(Un-audited) June 30, 2018	(Audited) December 31, 2017	(Un-audited) June 30, 2018	(Audited) December 31, 2017
Advances										
Opening balance	1,502,578	767,243	710,331	479,860	179,675	437,564	3,397	5,673	1,989,259	1,303,405
Disbursements	5,811,878	6,109,040	382,635	676,092	1,417,595	1,230,400	-	-	1,772,111	3,502,947
Repayments	(5,372,833)	(5,373,705)	(225,472)	(445,611)	(1,204,023)	(1,486,289)	(625)	(2,276)	(1,396,034)	(2,817,093)
Closing balance	1,941,623	1,502,578	867,494	710,331	393,247	179,675	2,772	3,397	2,365,336	1,989,259
Disbursements made during half year ended June 30, 2017				241,147		443,864				1,681,356
Repayment made during half year ended June 30, 2017				(92,914)		(442,559)		(602)		(1,624,971)
Mark-up / return / interest earned for the half year ended June 30 (un-audited)			17,798	12,622	29,515	14,294	64	68	125,222	49,603
Deposits										
Opening balance	1,502,578	767,243	36,632	56,583	3,834,390	3,617,557	4,673,999	966,255	2,756,991	3,438,466
Deposits during the period / year	5,811,878	6,109,040	1,211,040	1,213,860	38,753,061	69,326,794	6,826,871	36,189,984	13,563,515	30,187,288
Withdrawals during the period / year	(5,372,833)	(5,373,705)	(1,182,968)	(1,233,811)	(39,427,059)	(69,109,961)	(9,659,281)	(32,472,240)	(14,089,968)	(30,831,763)
Closing balance	1,941,623	1,502,578	64,704	36,632	3,160,392	3,834,390	1,841,589	4,673,999	2,287,538	2,793,991
Deposits during half year ended June 30, 2017				699,436		42,135,712		11,636,540		18,609,275
Withdrawals made during half year ended June 30, 2017				(666,351)		(42,831,069)		(10,162,633)		(19,094,642)
Mark-up / return / interest expensed for the half year ended June 30 (un-audited)	64,990	18,531	1,321	1,039	99,481	102,708	65,709	38,591	74,791	104,943

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

	Lendings to financial institutions		Borrowings	
	(Un-audited) June 30, 2018	(Audited) December 31, 2017	(Un-audited) June 30, 2018	(Audited) December 31, 2017
Opening balance	-	-	4,000,000	-
Disbursements	1,100,000	-	93,600,000	110,840,000
Repayments	(1,100,000)	-	(97,600,000)	(106,840,000)
Closing balance	-	-	-	4,000,000
Disbursements made during the half year ended June 30, 2017		-		23,500,000
Repayments made during the half year ended June 30, 2017		-		(23,500,000)
Mark-up / return / interest earned / expensed for the half year ended June 30, (Un-audited)	191	-	40,962	15,464

Material transactions with related parties are given below:

	Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties	
	June 30, 2018	2017	2018	June 30, 2017	2018	June 30, 2017
	----- (Unaudited) ----- ----- (Rupees in '000) -----					
Nature of transactions						
Sale of Government Securities	-	-	108,549,165	14,077,302	3,515,681	670,098
Purchase of Government Securities	-	-	12,555,449	520,213	257,031	317,319
Purchase of Term Finance Certificate	-	-	-	-	15,000	-
Investment made in associate company	-	-	-	-	180,000	-
Sale of Sukuk / Ijara Sukuk	-	-	112,576	-	-	-
Sale of shares / units	-	-	-	-	531,638	419,708
Purchase of shares / units	-	-	-	-	451,638	352,512
Purchase of forward foreign exchange contracts	-	-	1,416,821	4,819,673	-	-
Sale of forward foreign exchange contracts	-	-	1,769,526	6,500,073	-	-
Letter of credits	52,071	33,470	-	-	57,562	70,283
Letter of guarantees	-	-	-	-	15,000	-
Payment to staff contribution plan	-	-	-	-	100,125	75,706
Payment to staff benefit plan	-	-	-	-	175,118	118,308
Remuneration of key management personnel	-	-	-	-	370,891	315,411
Director fees and allowances	-	-	-	-	8,175	7,250
Insurance claim received	-	-	7,789	12,806	-	-
Insurance premium paid	-	-	178,370	129,640	75,640	49,821
Rent income received / receivable	662	854	-	-	7,244	6,900
Expenses incurred on behalf	359	434	239	-	23,628	2,759
Reimbursement of expenses	367	499	-	-	17,509	13,064
Commission income	104	23,408	84,855	51,276	89,848	9,229
Dividend income	-	-	6,158	45,549	632	40,746
Advisory fee	-	-	-	-	26,483	24,500
Trustee fee	-	-	1,500	-	-	-
Royalty expenses	-	-	-	-	6,250	5,000
Remunerative income	-	-	-	-	95,019	104,011
Issuance of ordinary shares	-	-	-	-	18,491	-
Preference dividend paid	-	-	-	-	1,479	1,479
Services received	-	-	-	-	389	196
Parent company						
	----- (Unaudited) ----- ----- (Rupees in '000) -----					
Nature of transactions						
Issuance of ordinary shares	2,180,623	-	-	-	-	-
Preference dividend	174,450	174,450	-	-	-	-
Principal received on term finance certificates	3,750	-	-	-	-	-
Markup Received on term finance certificates	563	-	-	-	-	-
Rent and utilities expense paid / accrued	26,617	30,833	-	-	-	-
Reimbursement of expenses	863	3,212	-	-	-	-
Advisory fee	11,180	-	-	-	-	-
Commission income	496	2,096	-	-	-	-
Expenses incurred on behalf	30	31	-	-	-	-

Notes to the Consolidated Condensed Interim Financial Statements

For the half year ended June 30, 2018

23. GENERAL

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

24. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on August 27, 2018.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer



Shaheen Commercial Complex,
Dr. Ziauddin Ahmed Road, P.O. Box 4847,
Karachi-74200, Pakistan.
UAN: +92 21 111 JS BANK (572-265)