Annual Report

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360 Branches in 180 Cities

JS BANK

Annual Report **2019**

JS Bank is one of the fastest growing banks in Pakistan, with 360 branches in 180 cities including one international branch. The Bank is a leader in the digital banking space and in distribution of insurance solutions.

JS Bank has been recognized on multiple international and national forums including the prestigious AsiaMoney, Asian Banking and Finance, DIGI and Pakistan Banking Awards. The Bank is part of JS Group, one of Pakistan's most diversified and progressive financial services groups.

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Organizational Overview

Performance & Position

Vision

To be the most innovative, customer centric and responsible bank in Pakistan.

Mission

Our mission is to be a world class bank providing innovative financial services to our customers through a motivated team of professionals, supported by the latest technology, whilst maintaining high ethical standards, creating value for all our stakeholders, and contributing to the society through responsible and sustainable development.

Corporate Values

WINNING IS GREAT. WINNING 5 IN A ROW IS GREATER.

We have been recognized for our commitment to excellence at Asiamoney Best Banks' Awards, DIGI Awards and Asian Banking & Finance Awards in the year 2019.

Best Payment Technology/Solution Provider
DIGI Awards 2019

Pakistan's Best Mid-Sized Retail Bank
Asian Banking & Finance Awards 2019

Pakistan's Best Consumer Finance Product
Asian Banking & Finance Awards 2019

Pakistan's Best Small & Medium Enterprises (SMEs) Bank
Asian Banking & Finance Awards 2019

Pakistan's Best Bank for Small & Medium Enterprises (SMEs)
Asiamoney Best Banks' Awards 2019

Products and Services

JS Current Deposit Products

For complete day-to-day banking needs, JS Current Deposit menu is designed to provide our valued customers with transactional convenience and flexibility for all their financial dealings.

JS Savings Deposit Products

JS Bank offers a wide array of savings products that cater to short term investment and transactional needs.

JS Term Deposit Products

JS Term Deposits offer attractive short and medium to long-term investment options with flexibility, convenience and security. With various tenor options, customers can choose the one that suits their needs.

JS Private Banking

JS Private Banking takes our customers on a journey of rewarding experiences and a diverse product suite of deposits, lending and investment solutions.

JS Agri Financing Products

Agriculture finance business of the Bank has embraced a new & progressive outlook as a result of various initiatives. A well-equipped, trained & experienced team has been put in place to facilitate customers on their door steps.

JS Consumer Lending Products

JS Consumer Banking offers a full suite of consumer lending products to its valued customers. The Bank's current product portfolio consists of credit cards, auto loans, home loans and personal loans.

JS Call Centre

JS Bank offers customers a 24/7 call centre designed to enhance service delivery and support across multiple channels. JS Call Center is equipped with trained professionals who offer a wide array of information and problem resolution support around the clock. The customers are further facilitated through self-service modes like Interactive Voice Response (IVR) and Telephonic Personal Identification Number (TPIN).

JS SMS Alerts

JS Bank continually updates its valued customers with financial transaction and information alerts via SMS.

JS Digital Banking Products and Services

JS Mobile and Internet Banking solutions offer customers unprecedented control over their transactions. Customers can make real time payments, set up standing instructions and even find their favorite discounts with a few clicks.

JS Debit Card offers customers the latest dynamic chip-based Debit Cards which allow customers to have unmatched convenience, enhanced security and round-the-clock accessibility to their funds. JS Debit Cards are accepted at ATMs and merchants worldwide.

As part of its drive to digitize Public to Government (P2G) payments, JS Bank partnered with KPK & Islamabad Traffic Police for issuance and payment of Digital challan. JS Bank facilitates over 6 million annual traffic violations through instant fine payment and real-time SMS-based notifications. JS Bank has also digitized the driving license fee process for all districts of KPK.

JS Mobile Wallet

JS Mobile wallet allows users to open instant mobile wallet by downloading the J-Cash wallet app. The wallet offers customers state of the services including funds transfers, bill payments, mobile recharge, online payments and e-commerce opportunities. The wallet can be topped up via multiple channels including physical locations (JCash Agents/JS Bank branches) or digital means (IBFT).

JS Bank is one of the leading players in Government to Public (G2P) payments. From remote areas of Baluchistan to Interior Sindh and from Gilgit Baltistan to along the Line of Control, JSBL agents have serviced BISP, Ehsas Kifalat, EOBI Pension and Khidmat Card Program beneficiaries in all provinces and territories of Pakistan.

JS ATMs

JS Bank has a widespread ATM network placed at both Bank branches and commercial locations for consumers' convenience. JS ATMs provide customers with 24-hour convenience to withdraw cash, view mini-statement, make fund transfers and much more.

Home Remittances

JS Bank offers customers a multitude of Home Remittance offerings and is committed to contribute towards the national interest of promoting remittances through legal channels. In 2019, JS Bank continued to increase its market share and facilitated Pakistanis across the world.

JS Bank is the first bank in Pakistan which allows remittances to be sent to any cell number domestically in alliance with international remittance partners. Remittances can be collected from any JCash agent or through ATM/Debit Card.

Foreign Currency Accounts

JS Bank customers can save in any foreign currency accounts and enjoy attractive returns. A wide range of account types are offered for personal and business clients.

Safe Deposit Lockers

We pride ourselves in offering our customers ease of mind and this is yet another service that highlights our commitment in providing everything necessary to accommodate their needs. We offer various types of lockers depending on customer requirement to protect their documents, jewellery or any other valuables.

Corporate Banking

The JS Corporate Banking team is focused on providing a range of diverse financial services (including tailor made solutions) to corporate clients (including multinational and public entities) by partnering with them and build long-term sustainable relationships.

SME Banking

JS Bank is one of the leading banks in the SME lending space, with a variety of loans available geared towards development and expansion of SMEs across the country. The bank offers a diverse portfolio of lending facilities, including SBP initiatives offering rebated loans to specific target segments.

JS Green Financing

JS Bank offers Solar Panel financing solutions to individuals and businessmen for residential, agriculture and commercial needs. As one of Pakistan's leading Banks in green financing, JS Bank ensures end to end comprehensive installation of solar solutions through a network of over 40 AEDB-certified partners across Pakistan.

Employee Banking and Cash Management

JS Bank offers superior payroll and Cash Management solutions to corporate across Pakistan. In addition to the best set of product features, our payroll customers enjoy unmatched rates on consumer loans and facilities such as Advance Salary & Charge Cards.

JS GoldFinance

JS Bank is one of the leading banks offering loans against gold ornaments for business and agricultural requirements. The Bank provides one of the most swift turnaround times, with loans being processed as quick as 100 minutes from the time of application.


JS BANK

Company Information

Board of Directors

Mr. Kalim-ur-Rahman
Non-Executive Director - Chairman

Mr. Adil Matcheswala
Non-Executive Director

Mr. Ashraf Nawabi
Non-Executive Director

Mr. G.M. Sikander
Independent Director

Mr. Hassan Afzal
Non-Executive Director

Mr. Munawar Alam Siddiqui
Non-Executive Director

Ms. Nargis Ghaloo
Independent Director

Mr. Sohail Aman
Independent Director

Mr. Basir Shamsie
President & CEO

Audit Committee

Ms. Nargis Ghaloo	Chairperson
Mr. Adil Matcheswala	Member
Mr. G.M. Sikander	Member
Mr. Munawar Alam Siddiqui	Member

Human Resource, Remuneration & Nomination Committee

Mr. Sohail Aman	Chairman
Mr. Adil Matcheswala	Member
Mr. G.M. Sikander	Member
Mr. Kalim-ur-Rahman	Member

Risk Management Committee

Mr. Ashraf Nawabi	Chairman
Mr. Munawar Alam Siddiqui	Member
Ms. Nargis Ghaloo	Member
Mr. Basir Shamsie	Member

Board IT Committee

Mr. Hassan Afzal	Chairman
Mr. Kalim-ur-Rahman	Member
Mr. Sohail Aman	Member
Mr. Basir Shamsie	Member

Chief Financial Officer

Mr. Muhammad Yousuf Amanullah

Company Secretary

Mr. Ashraf Shahzad

Auditors

EY Ford Rhodes, Chartered Accountants

(Member firm of Ernst & Young
Global Limited)

Legal Advisors

Bawaney & Partners
Haidermota BNR
Liaquat Merchant Associates

Share Registrar

CDC Share Registrar Services 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)
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Profile of the Board of Directors

Mr. Kalim-ur-Rahman

Non-Executive Director - Chairman

Mr. Kalim-ur-Rahman was formerly President & CEO of JS Bank Limited from 2010 to 2013, and has been a Director of the Bank since then. He was elected Chairman of the Board of Directors in August 2019.

He is a seasoned banker with 50 years of experience in both international and domestic banking. He started his banking career with National & Grindlays Bank in 1963 as a Management trainee. After nearly three years of banking training in Pakistan and London, he was appointed a covenanted officer of the Bank in 1966, and served in Karachi, Peshawar and London in senior positions till 1978, when he resigned and joined Middle East Bank, Dubai as Chief Manager, and subsequently promoted as Assistant General Manager - UAE Operations.

During his tenure with Middle East Bank in Dubai, he conceived and implemented the online computerization of the UAE branches in 1980, being one of the first in UAE banking. In 1985, he was posted to Karachi as General Manager – South Asia, and till 1991 saw Middle East Bank, Pakistan grow its profitability by 35% per annum CAGR from only three branches in the country. After 1991, Mr. Kalim-ur-Rahman served in several Pakistani banks in senior positions, including as the President & CEO of Askari Commercial Bank from 1999 to 2006, during which period the Bank saw a phenomenal growth in its assets (40% CAGR) and profitability (47% CAGR). He subsequently served as the General Manager of Arab Emirates Investment, Dubai 2007-2008.

Mr. Kalim-ur-Rahman was the first Secretary General of the Pakistan Banks Association 2006-2007.

Mr. Kalim-ur-Rahman did his Senior Cambridge from Burn Hall School, Abbottabad and B.Sc. (Hons) from Government College, Lahore. He had a first class academic career throughout, and his name is inscribed on the College Roll of Honor. He is a Fellow of the Institute of Bankers in Pakistan and holds the Director's certification from the Pakistan Institute of Corporate Governance as well as the Institute of Directors, London.

Mr. Kalim-ur-Rahman is a member of the Board's IT Committee and the HR, Remuneration & Nomination Committee.

Directorships in Other Companies:
Excel Labs (Pvt) Limited

Mr. Adil Matcheswala

Non-Executive Director

Mr. Adil Matcheswala is the CEO and founding Director of Speed (Private) Limited, a retail and distribution company that is incorporated in Pakistan. The Company's portfolio includes numerous leading international brands such as Nike, Adidas, Tag Heuer, Charles & Keith, Pedro and Timex.

He started his professional career in the financial services industry in 1992 and until 2002 was the Head of the Equity Sales Division of Jahangir Siddiqui & Co. Ltd. (formerly Bear Stearns Jahangir Siddiqui Limited).

He has previously served as the Chairman of the Board and Chairman of the Audit Committee of JS Global Capital Ltd. as well as a Director of JS Value Fund.

He has served on the Board of JS Bank Limited since 2012. He is also a member of the Board's Audit Committee and HR, Remuneration & Nomination Committee of the Bank.

Mr. Matcheswala graduated from Brown University with an A.B. in Economics.

Directorships in Other Companies:
Speed (Private) Limited

Mr. Ashraf Nawabi

Non-Executive Director

Mr. Ashraf Nawabi is a seasoned banker, working in United Arab Emirates since 1967. He has worked in United Bank Limited/BCCI, as CEO for their Middle East Regions. Presently he is working as Advisor in Emirates NBD Bank PSC, which is largest Commercial Bank in the Middle East & Africa.

Mr. Nawabi is also Board Member of Alliance Insurance P.S.C Dubai. He also was Board member of Union National Bank Abu Dhabi, the third largest Bank of U.A.E. for almost ten years. Apart from this he is CEO/Director of First Jamia Services Limited Lahore.

Mr. Nawabi, in coordination with Dubai ruling family members and businessmen established International School of Choueifat in Lahore in 1991. This school in one of its kind in the entire subcontinent, imparting high quality education to students for entry into leading Universities of Europe and America. Further branches of International School of Choueifat are planned to be opened in different cities of Pakistan in next few years.

On his own, with an upto date personal contribution of almost PKR 200 million he has established KPSS School in Chakwal, specifically to impart quality education to under previliged children of the area. This School has enrolment of over 400 pupils which will gradually increase to 1500 students in next few years. To accommodate increase in students, substantial expansion is underway to increase the capacity of school.

Global institutions, Pakistani corporates, businessmen and individuals from Pakistan and abroad continue to donate substantial amounts for this noble cause. Further schools are also planned to be opened in less developed areas.

Mr. Nawabi has served on the Board of JS Bank Limited since 2007. He is also a Chairman of the Board's Risk Management Committee.

Directorships in Other Companies:
First Jamia Services Limited, Lahore
Alliance Insurance Co. P.S.C. Dubai.

Mr. G.M. Sikander

Independent Director

Mr. G.M. Sikander has been a career civil servant having served the Government of Pakistan in various capacities for 39 years. He retired as Federal Secretary of the Housing and Works Division.

He has served as Assistant Commissioner and Deputy Commissioner in various districts of Punjab and contributed significantly towards social sector development. While serving as Deputy Commissioner of Kasur he single handedly established a public school on self-help basis which has now become a Degree College with almost 5,000 students.

Mr. Sikander has previously served as Secretary to the Government of the Punjab and (KPK) provinces and headed the departments of Services, Establishment, Information & Tourism, Housing & Physical Planning, Baitul Maal, Social Security and Cooperatives. He also served as Principal Secretary to five Chief Ministers in the Punjab for a record period of nearly 10 years.

Mr. Sikander is also a Trustee of the Hamza Foundation in Lahore which is a foundation dedicated to supporting and educating deaf and mute students and a Life Trustee of the Marafie Foundation Pakistan which is engaged in the development of public health and education sectors in Gilgit-Baltistan.

Mr. Sikander has served on the Board of JS Bank Limited since 2013. He is also a member of the Board's Audit Committee and HR, Remuneration & Nomination Committee of the Bank.

Mr. Sikander received his M.A. in Political Science from Punjab University and completed a Diploma in Development Administration from the University of Birmingham. He has also completed the Advanced National Management Course from the former Pakistan Administrative Staff College Lahore and a special course in Development Administration from The National Institute of Public Administration. Furthermore, he also holds the Director's Certification from the Institute of Chartered Accountants of Pakistan (ICAP).

Directorships in Other Companies:
Nil

Mr. Hassan Afzal

Non-Executive Director

Mr. Hassan Afzal is the Chief Technology Officer of Afiniti, a company that offers AI products to transform how enterprises pair employees and customers. Mr. Hassan has been responsible for the company's product engineering, professional services, and production support areas since 2007. Prior to joining the Afiniti team, Mr. Hassan held senior management positions with Deloitte Consulting, Commerce One and American Management Systems. At Deloitte Consulting, Mr. Hassan advised the CIOs of Fortune 500 companies on technology strategy, merger integration, and enterprise system implementations. As Senior Principal at American Management Systems (AMS), Mr. Hassan was responsible for the systems deployment function of AMS's Healthcare product offering. As Senior Director at Commerce One, Mr. Hassan was responsible for professional services engagements in the Oil and Gas sector.

Mr. Hassan was elected as director on the Board of JS Bank Limited in 2019. He is also the Chairman of the Board's Information Technology Committee of the Bank.

Mr. Hassan holds a MSE in Computer and Information Systems from the University of Pennsylvania and a BS in Electrical Engineering from the University of Virginia.

Directorships in Other Companies:
Nil

Mr. Munawar Alam Siddiqui

Non-Executive Director

Mr. Munawar Alam Siddiqui, retired as an Air Commodore from the Pakistan Air Force (PAF) in 2003. His last post was Assistant Chief of Air Staff (Administration) at Pakistan Air Force Headquarters. For his meritorious services to the PAF, he was awarded Tamgha-e-Imtiaz (Military) and Sitara-e-Imtiaz (Military).

He was commissioned in the GD (P) Branch of the Pakistan Air Force in 1974. He is a qualified flying instructor and has flown over 8000 hours on different aircraft types including C-130, Boeing and Dassault aircraft. He has served as a VVIP and Presidential Pilot during his tenure of service and has held various key command and staff appointments in the PAF. He served as Director of Air Transport at Air Headquarters from 1996 to 1998 and commanded an operational air force base with over 8,500 personnel from 2000 to 2002.

Presently Mr. Siddiqui is Advisor to JS Investments Limited and was Chairman of JS Investments Limited from 2004 to 2013. Currently he is Chairman of Peregrine Aviation (Pvt.) Limited.

As part of his social commitment, he works as a director on the boards of Fakhr-e-Imdad Foundation, Karachi Education Initiative, Karachi School for Business & Leadership and Karigar Training Institute. He is also a Trustee of the Cardiovascular Foundation.

Mr. Siddiqui has served on the Board of JS Bank Limited since 2016. He is also a member of the Board's Audit Committee and Risk Management Committee of the Bank.

Mr. Siddiqui holds a B.Sc. (Honours) in War Studies from Karachi University, a B.Sc. Avionics from Peshawar University, an M. Sc. in Defence and Strategic Studies from Quaid-e-Azam University and an M. Sc. in Strategic Studies from Karachi University. He is also an alumnus of the National Defence University.

Directorships in Other Companies:
Jahangir Siddiqui & Sons Limited
Fakhr-e-Imdad Foundation
JS ABAMCO Commodities Limited
Karachi Education Initiative
Peregrine Aviation (Private) Limited
Karigar Training Institute.

Ms. Nargis Ghaloo

Independent Director

Ms. Nargis Ghaloo is a retired senior civil servant having served the Government of Pakistan in various capacities for 36 years. She retired as the Managing Director Public Procurement Regulatory Authority, Government of Pakistan. Ms. Ghaloo was Chairperson of State Life Insurance Corporation of Pakistan, Pakistan's largest life assurer, from 2014 to 2016. She is also the Chairperson of Alpha Insurance Company Limited.

Ms. Ghaloo joined the Civil Services of Pakistan in 1982, has many years of professional experience serving in senior management positions with provincial as well as federal government departments in diversified fields such as public sector management, administration, financial, judicial, health, insurance and planning.

Ms. Ghaloo did her Masters in English from University of Sindh in 1981 and is a Certified Director from The Pakistan Institute of Corporate Governance (PICG) and holds Certificate of Corporate Governance from INSEAD and also holds a Certificate in Company Direction from Institute of Directors, UK.

Ms. Ghaloo has served on the Board of JS Bank Limited since 2016. She is also a member of the Board's Audit Committee and Risk Management Committee of the Bank.

Directorships in Other Companies:
Alpha Insurance Company Limited
Hinopak Motors Limited

Mr. Sohail Aman

Independent Director

Born in 1959, Air Chief Marshal Sohail Aman received his intermediate and graduate education at PAF College, Sargodha. Subsequently, he joined Pakistan Air Force and graduated from PAF Academy in 1980. He is a graduate of Pakistan Air Force War College and has two Masters Degrees; Strategic Studies from Karachi University and International Relations from Kings College, London. He is also a proud alumnus of Royal College of Defence Studies United Kingdom and has attended National & International Security Course at Harvard Kennedy School USA.

During his career, ACM Sohail Aman has flown various types of fighter aircraft including F-16s and has a grand total of over 3000 fighter hours to his credit. As a distinguished fighter pilot and Combat Commander, he has also evaluated modern fighter aircraft like F-15, SU27, SU30, Gripen and Euro fighter Typhoon. He has commanded a Fighter Squadron, Combat Commanders' School, a Fighter Base and a Regional Air Command of Pakistan Air Force.

Air Chief Marshal also has a rich staff experience and has served as Director Operations, Director Plans, Assistant Chief of Air Staff Operations, Deputy Chief of Air Staff Training and Deputy Chief of Air Staff Operations at Air Headquarters. As Deputy Chief of Air Staff Training, he focused on the concept of Education for All; especially to the underprivileged children. In this regard he introduced various scholarship schemes for deserving PAF as well as civilian children. He also developed two medical colleges and three air university campuses across the country during his tenure as the Chief. As Deputy Chief of the Air Staff Operations, he was the main architect of Pakistan Air Force's campaign in support of successful Counter-Terrorism Operation Zarb-e-Azb that proved pivotal in eliminating the menace of terrorism from Pakistan and restoration of peace in the country. He personally led anti-terrorists missions in F16 aircraft depicting the nation's resolve to combat terrorism.

ACM Sohail Aman is also regarded for orchestration and actualization of Pakistan Air Force's modernization plan. His relentless pursuit of indigenization and focus on Human Resource development through industry academia linkage is evident in shape of development of "Aviation City" and a well-crafted Aerospace Centre in PAF. The establishment of "PAF Airpower Centre of Excellence" is yet another strategic initiative by the Air Chief Marshal. This unique institution aims to share PAF's rare experiences in Counter Terrorism Air Operations (CT) with friendly air forces. The institute also lays special focus on Research and Development (R&D) in the field of 'Airpower Application in Contemporary Warfare'. ACE's R&D is closely linked to development of modern aviation hardware at Aviation City, especially Project 'Azm' which was initiated by him as the PAF effort to manufacture fifth generation fighter aircraft.

Owing to his experience in security related issues and Leadership, ACM has extensively lectured at think tanks and audience at various high ranking universities and Staff & War colleges; both inland and abroad.

Air Chief Marshal is also a man of great compassion which is evident from the monumental steps he has undertaken for the welfare of families of martyrs, Personnel with Special Needs (PSN) and education and well-being of low paid employees of PAF.

In recognition of his meritorious and exceptionally dedicated services, he has been decorated with awards of Nishan-i-Imtiaz (Military), Hilal-i-Imtiaz (Military), Sitara-i-Imtiaz (Military) and Tamgha-i-Imtiaz (Military). He is also recipient of "The Legion of Merit" of Turkish Armed Forces, "King Abdul Aziz Medal of Excellence" by the Kingdom of Saudi Arabia and United States "Legion of Merit", the highest military award of US Armed forces awarded to any foreign military official. Air Chief Marshal is currently studying Leadership, Policy formulation and Governance and is undertaking projects relating philanthropic work.

Mr. Aman was appointed as director on the Board of JS Bank Ltd in 2019. He is also the Chairman of the Board's HR, Remuneration & Nomination Committee of the Bank.

Directorships in Other Companies:
Nil

Mr. Basir Shamsie

President and CEO

Mr. Basir Shamsie is President & CEO of JS Bank Limited.

Mr. Shamsie has received his Bachelors in Business Administration from University of Texas at Austin. He has also completed the Program for Leadership Development from Harvard Business School.

Mr. Shamsie joined Bear Stearns Jahangir Siddiqui & Co. (now Jahangir Siddiqui & Co. Ltd.) in 1994 in the Money and Bond Markets business. His particular expertise is in Treasury and Investment Banking and he is credited with over 60 capital market deals, many of which have been landmark transactions for Pakistan.

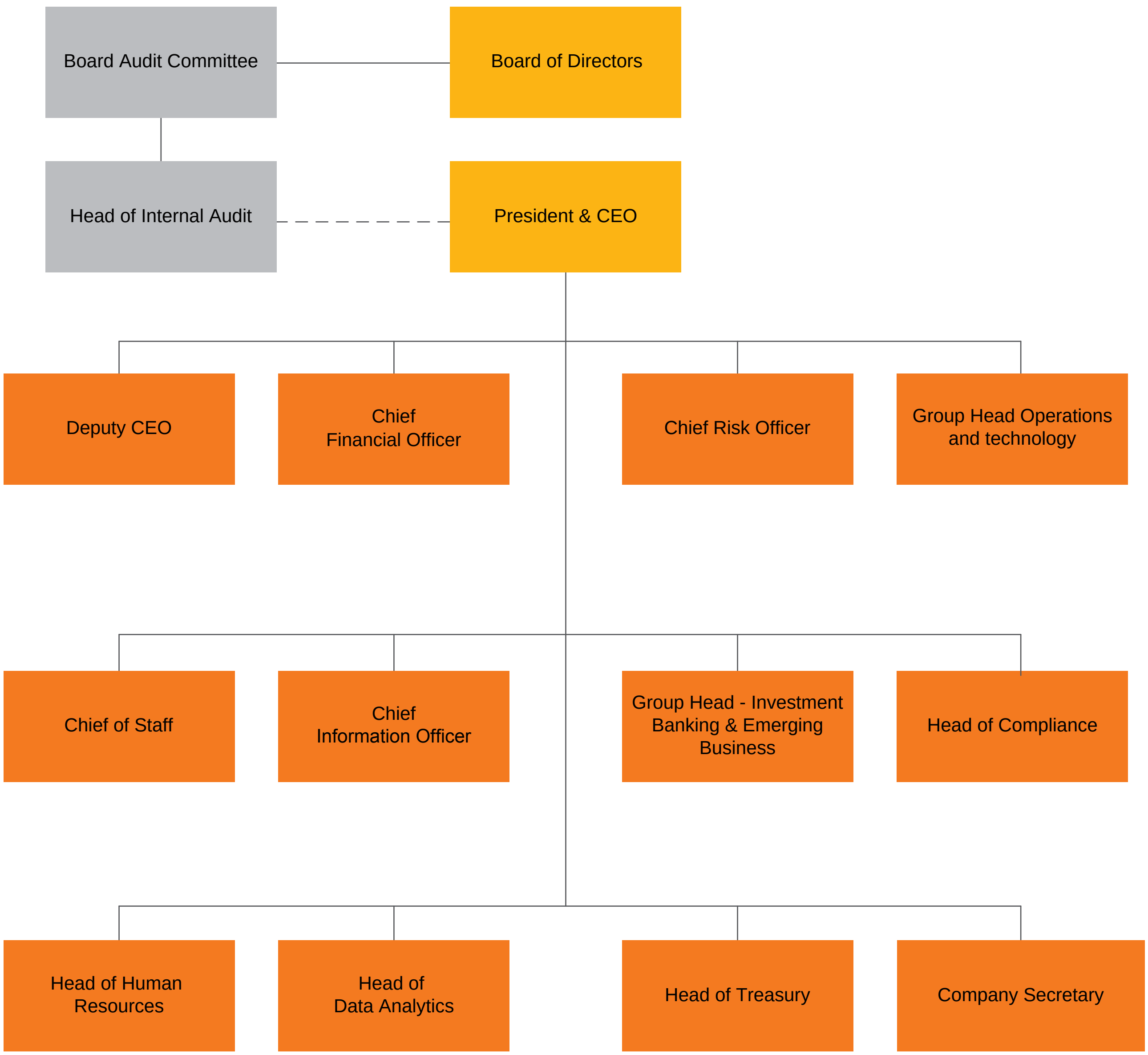
He was part of the core team responsible for acquisition of American Express Bank's Pakistan operations in 2006 and its merger into JS Bank Limited Mr. Shamsie has since been associated with JS Bank in various senior roles such as Group Head of Treasury, Wholesale & International Banking which he held till May of 2017. His last assignment was Deputy CEO, JS Bank.

He has previously served as Chairman, JS Investments Limited and JS Global Capital Limited and Director of JS Bank Limited.

He is also a member of the Board's Risk Management Committee and Information Technology Committee of the Bank.

Directorships in Other Companies:
Nil

Organizational Structure



Entity Credit Rating

Long Term

‘AA-

(Double A Minus)

Short Term

‘A1+’

(A One Plus)

Corporate Profile of the Bank

JS Bank Limited (the Bank / JSBL) is a banking company incorporated in Pakistan as a public limited company on March 15, 2006. The Bank is a subsidiary company of Jahangir Siddiqui & Co. Ltd. (JSCL) and its shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank commenced its banking operations on December 30, 2006 and its registered office is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi.

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 360 (December 31, 2019: 360) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2019: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained 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.

Subsidiaries

JS Global Capital Limited

Holding 83.53%

Profile: JS Global Capital Limited is one of the largest securities brokerage and investment banking firms in Pakistan with a leadership position in the domestic capital markets. It is in the business of equity, fixed income, currencies and commodities brokerage and investment banking. It was incorporated in Pakistan on June 28, 2000 and is the successor to the securities business of Jahangir Siddiqui & Co. Ltd. (Bear Stearns Jahangir Siddiqui Limited).

JS Investments Limited

Holding 84.56%

Profile: JS Investments Limited is a licensed 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, the Company is also a licensed Pension Fund Manager under the Voluntary Pension System Rules 2005. Recently, JSIL also acquired the Private Equity and Venture Capital Fund Management Services license(s) from the Securities and Exchange Commission of Pakistan. Further, JS ABAMCO Commodities Limited is a wholly owned subsidiary of JS Investments Limited.

Chairman's Review

I am pleased to present this report to the valued stakeholders of JS Bank Limited (the "Bank") on the overall performance of the Bank and our path to future success.

In the period under review, the Bank's principal market strengths were acknowledged by the Pakistan Credit Rating Agency (PACRA) with short-term credit rating standing at A1+(A One Plus), the highest possible in the category, while long-term credit rating was maintained at AA- (Double A Minus).

The Bank's market standing was further reinforced and acknowledged on a global stage. In 2019, the Bank received awards for Pakistan's Best Mid-Sized Retail Bank, Pakistan's Best Consumer Finance Products and Pakistan's Best SME Bank at the Asian Banking & Finance Awards 2019, the Best Bank for SME at Asiamoney Awards 2019 and Best Payment Technology /Solution Provider at the DIGI Awards 2019. These global accolades bear testimony to our customer centricity and outreach, which drives us to constantly engage with them and deliver value added offerings and services that surpass expectations.

The Bank has emerged as a major contender in the Branchless Banking space including Person to Government (P2G) and Government to Person (G2P) payment arenas. Furthering the vision of the Government and the State Bank of Pakistan for financial inclusion, the Bank is developing the branchless banking eco-system through partnerships and alliances for enhancement of customer value and ease.

As of December 2019, JS Bank is ranked amongst the top three SME Banks in Pakistan. It continued to enhance current SME relationships while introducing innovative financial products with customized financial offerings. Based on the Country's goal of increasing exports, JS Bank established itself as a one-window solution by financing trade, and servicing the cash management & payroll needs of the SME client-base.

Responsibility to the community is a cornerstone of the Bank's activities through sustainable development and responsible business. In 2019, JS Bank became Pakistan's first and only financial institution to have been accredited by the Green Climate Fund (GCF), the world's largest climate fund. We also became fully compliant with the Green Banking Guidelines (GBGs) issued by the State Bank of Pakistan (SBP) for supporting policy initiatives and transformation towards a low carbon and climate resilient economy. Other initiatives include being the only bank in Pakistan whose Head Office is Green-Office certified and has been so for three years in a row. In addition, we are the sole bank which has published its Environmental, Social and Governance (ESG) Report two years in a row.

The Board of JS Bank follows comprehensive criteria for its performance evaluation as per regulator guidelines and international best practices. Ensuring good corporate governance through ethical and professional business conduct as well as effective risk and audit management are the key foundation blocks of the work scope. The Board continually reviews the Bank's financial and operational soundness, and significant policies as per regulatory requirements. Further, specific subject Committees have been constituted, each with a prescribed mandate and terms of reference.

I am confident that the Bank will continue to move towards greater success. With our diversified Board of Directors, value added offerings, unique emphasis on customer satisfaction and dedication towards excellence, we endeavor to succeed and thrive, no matter what the conditions or environment.

Future Outlook:

In 2020, we are optimistic about the economic prospects in the country. The Bank will continue to play its innovative role in Pakistan's banking system. Technology is reforming the world faster than ever. The shifting customer preference for digital products has driven banks to transform the traditional way of banking, and JS Bank is among the leaders.

The Bank's strategic priorities in the years ahead include continuous focus on broad based digitalization and transformation through adoption of cutting-edge technologies to enhance user interfaces and customer service experiences.

Core strategies are based on identifying and fulfilling customer needs through product innovation, alliances and automation of service delivery. Simplification of banking for our customers by offering digitized products and enabling secure payments through effective use of technology are among our priorities. Our Bank is mindful of the current developments and is continually improving its infrastructure to excel customer service, expand the scope of secured digital offerings, enhance efficiencies and increase the diverse business portfolio.

Several technology initiatives have been rolled out to support the business, while digital applications will help improve the speed and accuracy of credit decision-making. We recognize that when we implement cutting edge technology, we must remain ever vigilant about information and cybersecurity. The Bank makes continuous efforts to strengthen its ability to prevent, detect and respond to cyber-attacks by improving governance and leveraging technology advancements.

Across the world, Compliance is a major area of focus among banks, and we are also determined to evolve in this area with strict implementation and monitoring in every aspect of our business and operations.

We believe that our people are our strength and by investing in their capacities and enriching the employee experience, it boosts both our productivity and customer experience. We continue to provide best learning interventions, including a wide range of e-learning modules.

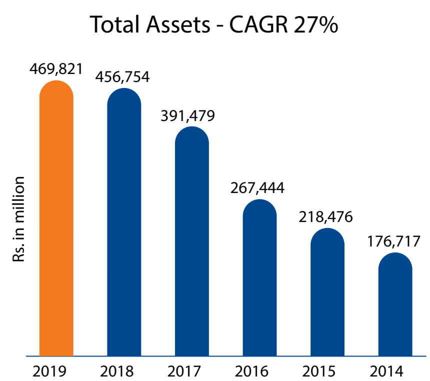
On behalf of the Board of Directors, I would like to extend appreciation for the continuous co-operation extended by the regulatory bodies including the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and Federal Board of Revenue. I would also like to thank our shareholders, for their continued commitment and confidence in our long-term strategic vision.

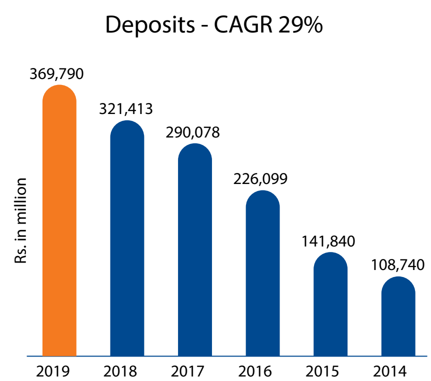
Sincerely,

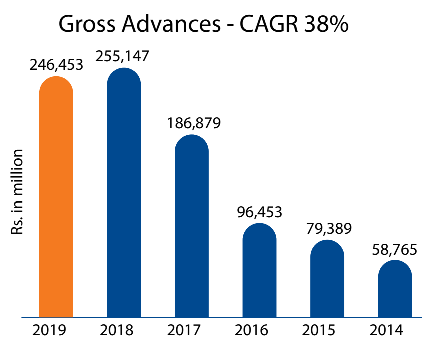
Kalim-ur-Rahman

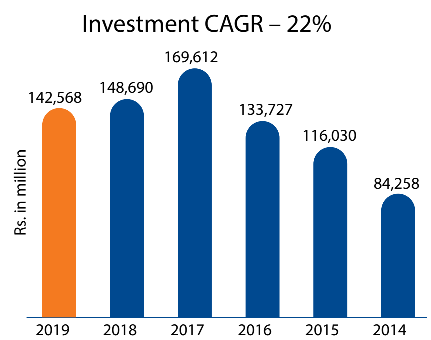
February 27, 2020

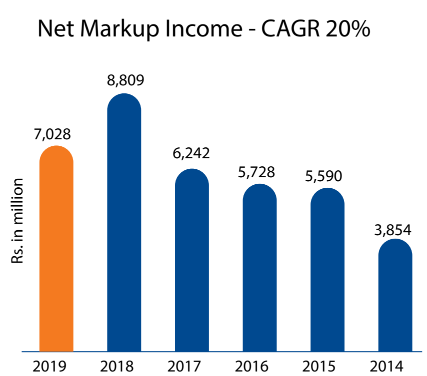
Financial Performance 2014 - 2019

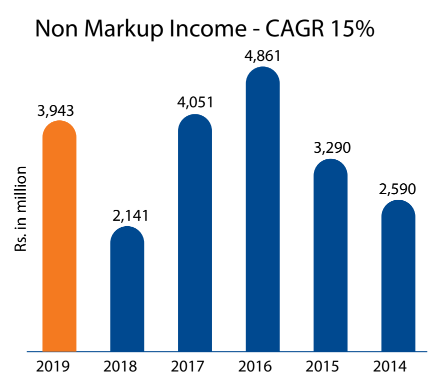


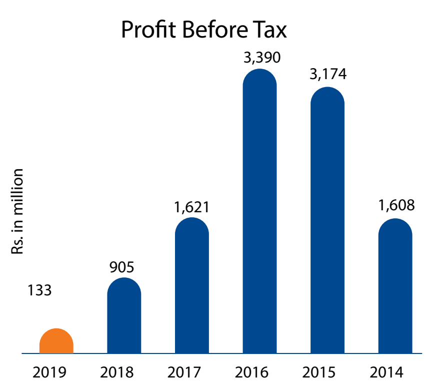


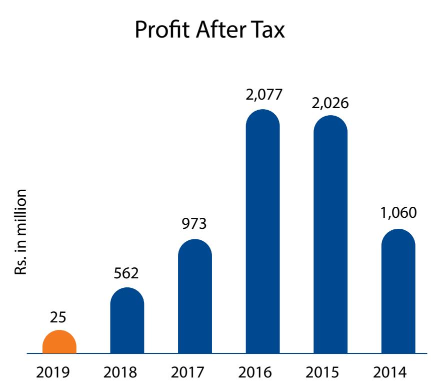




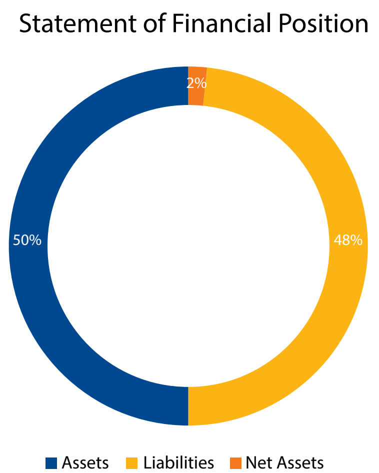


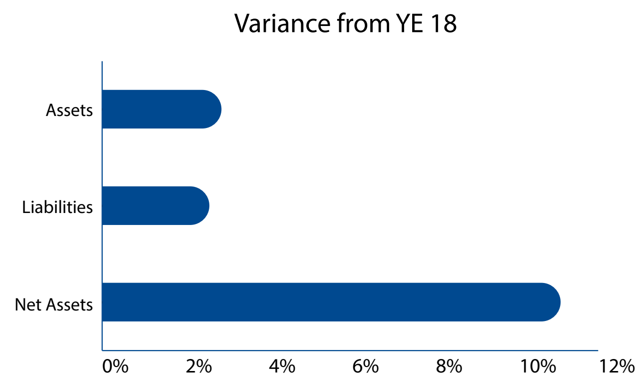


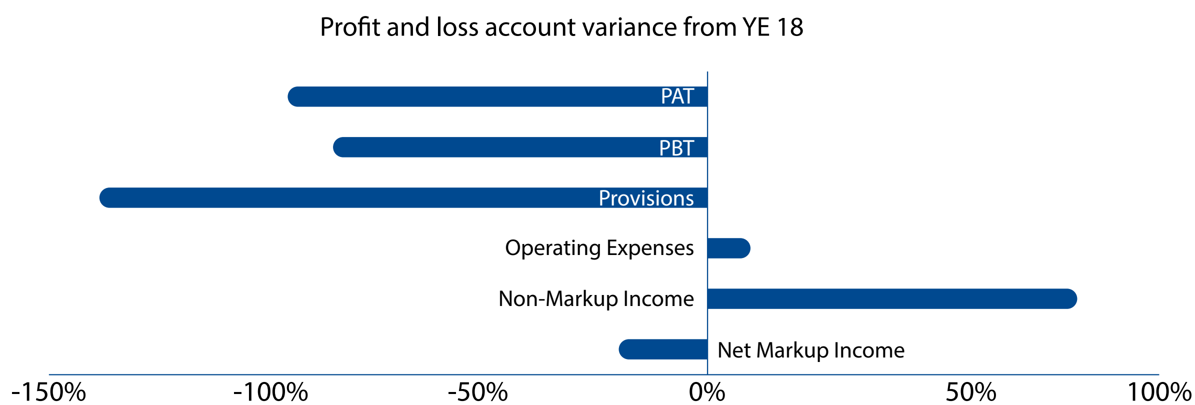


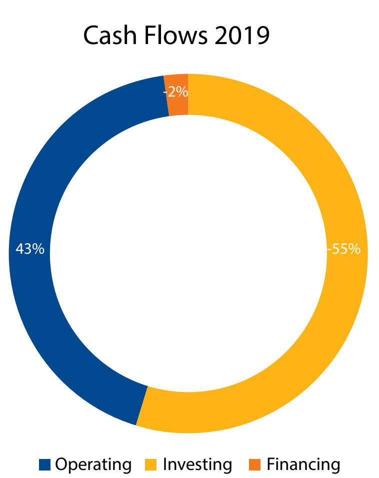


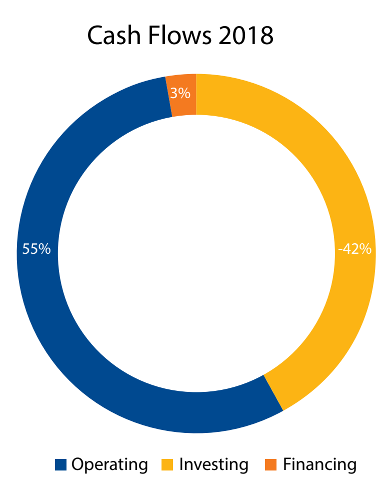
Graphical Presentation of Financial Statements



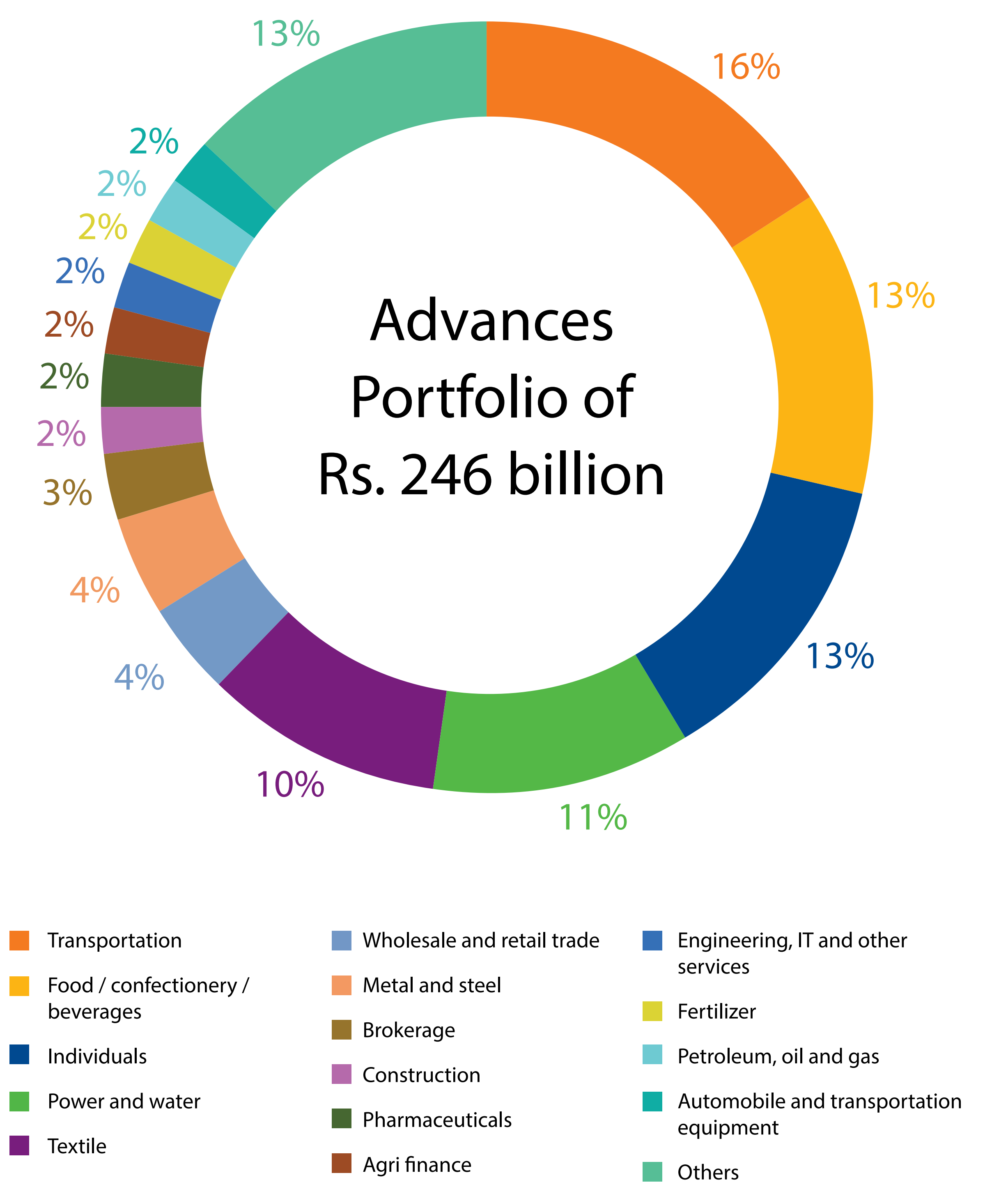




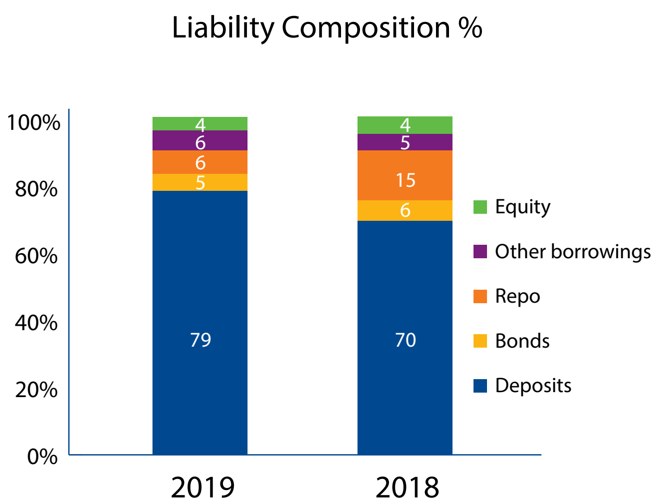


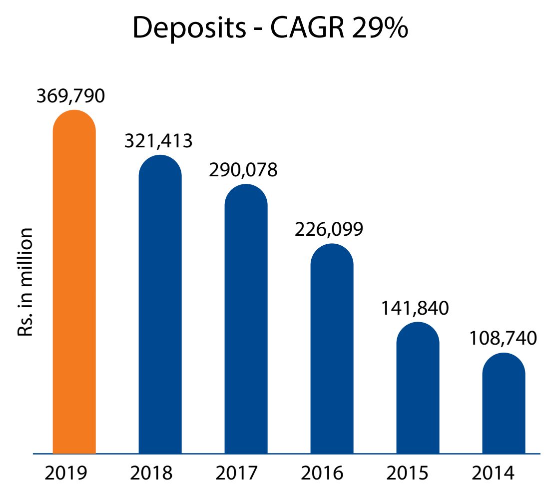


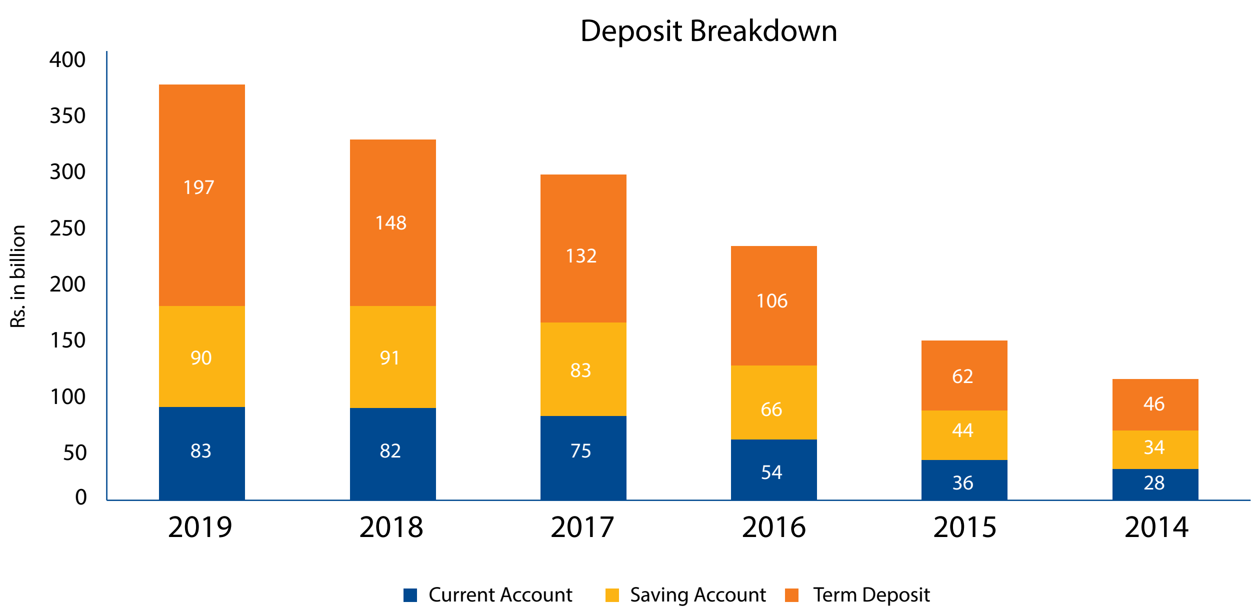
Advances by Segment



Funding Mix


Liability Composition %
100%
80%
60%
40%
20%
0%
4
6
6
5
79
4
5
15
6
70
Equity
Other borrowings
Repo
Bonds
Deposits
2019
2018


Deposits - CAGR 29%
Rs. in million
369,790
321,413
290,078
226,099
141,840
108,740
2019
2018
2017
2016
2015
2014

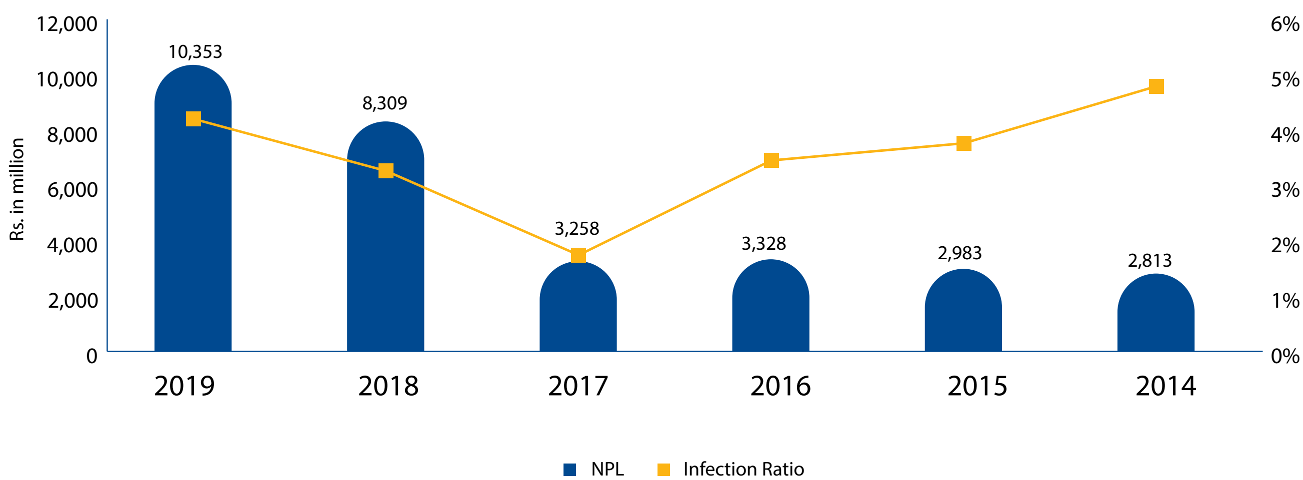

Deposit Breakdown
Rs. in billion
400
350
300
250
200
150
100
50
0
197
90
83
148
91
82
132
83
75
106
66
54
62
44
36
46
34
28
2019
2018
2017
2016
2015
2014
Current Account
Saving Account
Term Deposit

Non-Performing Loans

Rs. in million

	2019		2018		Variance	
	NPLs	Provision	NPLs	Provision	NPLs	Provision
Categorywise						
OAEM	841	2	231	-	263.42%	100.00%
Substandard	1,159	65	1,489	84	-22.14%	-22.95%
Doubtful	2,442	426	3,190	147	-23.43%	190.80%
Loss	5,911	2,847	3,400	2,759	73.86%	3.19%
Total	10,353	3,340	8,309	2,990	24.59%	11.71%

NPL vs Infection Ratio

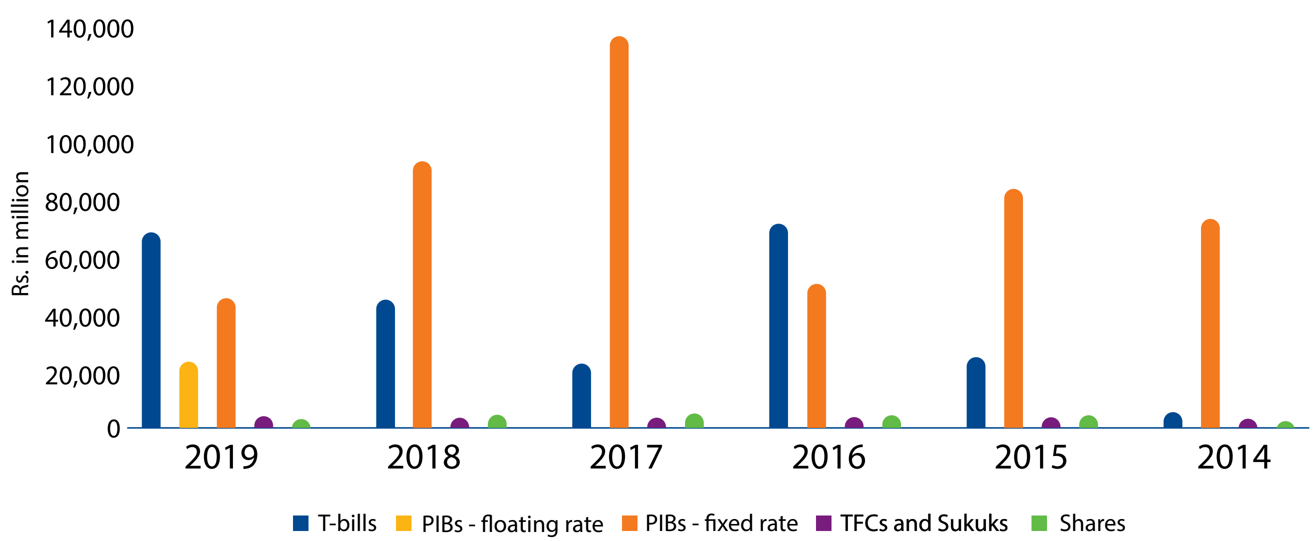


Investments

Rs. in million

	2019	2018	2017	2016	2015	2014
T-bills	67,669	44,375	22,254	70,643	24,488	5,466
PIBs - floating rate	22,927	-	-	-	-	-
PIBs - fixed rate	44,881	92,252	135,536	49,835	82,704	72,314
TFCs and Sukuks	2,963	1,526	1,992	1,754	2,008	2,351
Shares	1,966	2,557	3,547	4,388	3,649	1,182
Subsidiaries and associates	2,120	2,099	1,919	1,919	1,919	1,919
Others	41	5,882	4,364	5,188	1,261	1,026
	142,568	148,690	169,612	133,727	116,030	84,258

Category of investments

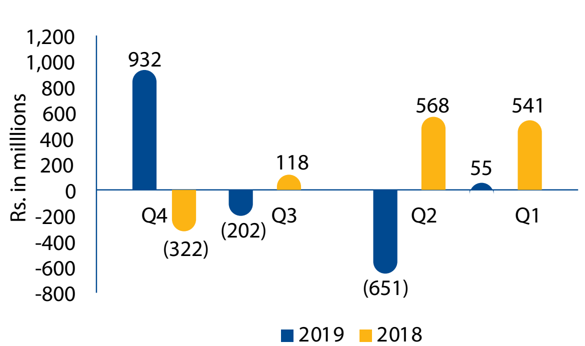


Quarterly performance -2018 & 2019

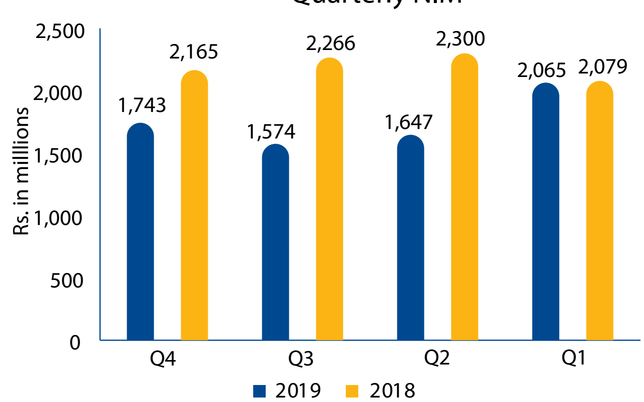
Rs. in '000

	2019				2018			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Profit and loss account								
Mark-up earned	11,335,585	11,198,953	9,721,626	9,338,535	8,384,260	7,602,404	7,141,446	6,868,918
Mark-up expensed	(9,592,682)	(9,624,771)	(8,074,910)	(7,273,979)	(6,219,018)	(5,336,518)	(4,841,895)	(4,790,301)
Net mark-up income	1,742,903	1,574,182	1,646,716	2,064,556	2,165,242	2,265,886	2,299,551	2,078,617
Non mark-up income	1,622,425	749,430	803,190	768,159	16,563	268,558	787,651	1,068,066
Total Income	3,365,328	2,323,612	2,449,906	2,832,715	2,181,805	2,534,444	3,087,202	3,146,683
Non-mark-up expenses	(3,026,954)	(2,617,979)	(2,735,952)	(2,549,531)	(2,305,113)	(2,534,668)	(2,368,955)	(2,597,853)
Profit before provisions	338,374	(294,367)	(286,046)	283,184	(123,308)	(224)	718,247	548,830
Provisions and write off	593,425	92,158	(365,136)	(228,517)	(199,130)	118,274	(150,270)	(7,662)
Profit before taxation	931,799	(202,209)	(651,182)	54,667	(322,438)	118,050	567,977	541,168
Taxation	(329,231)	65,971	176,100	(21,262)	128,606	(46,175)	(235,924)	(188,926)
Profit after taxation	602,568	(136,238)	(475,082)	33,405	(193,832)	71,875	332,053	352,242
Statement of Financial Position								
Assets								
Cash and balance with treasury banks	25,589,349	21,093,931	34,741,721	19,972,960	32,110,840	17,066,263	21,775,238	17,407,233
Balances with other banks	462,836	1,140,415	2,315,468	1,130,696	968,575	405,479	492,809	628,347
Lendings to Financial Institutions	30,320,540	1,229,104	4,598,062	58,975,645	1,937,347	1,828,842	1,648,157	3,443,181
Investments	142,568,470	140,692,001	136,623,291	118,019,830	148,689,974	129,414,225	145,574,166	158,214,789
Advances	242,944,509	238,392,871	250,020,561	255,664,990	251,990,918	231,758,037	228,478,689	234,528,532
Fixed assets	9,692,701	11,736,075	11,577,592	6,348,505	6,245,328	6,181,291	6,179,991	5,442,624
Intangible assets	2,271,360	2,271,884	2,128,289	2,226,293	2,169,877	1,997,210	1,949,462	1,876,868
Deferred tax assets	8,756	611,956	471,028	110,803	287,062	-	-	-
Other assets	15,588,273	12,999,055	13,626,620	13,100,030	12,354,155	9,144,990	7,880,256	8,505,586
Assets held for sale	374,000	-	-	-	-	-	-	-
	469,820,794	430,167,292	456,102,632	475,549,752	456,754,076	397,796,337	413,978,768	430,047,160
Liabilities								
Bills payable	3,804,491	3,174,073	3,913,734	3,739,994	3,519,924	3,986,736	4,399,606	4,171,480
Borrowings	54,468,283	59,923,106	52,588,855	115,366,186	96,558,663	53,477,529	67,606,161	91,286,237
Deposits and other accounts	369,789,964	327,063,913	361,105,376	319,778,994	321,413,263	310,286,901	310,954,019	303,125,266
Sub-ordinated loan	7,494,800	7,495,800	7,495,800	7,496,800	7,496,800	4,997,800	4,997,800	4,998,800
Deferred tax liabilities	-	-	-	-	-	63,685	441,963	683,309
Other liabilities	16,930,001	16,627,630	15,172,925	12,995,027	12,148,400	8,821,386	8,902,641	9,169,540
	452,487,539	414,284,522	440,276,690	459,377,001	441,137,050	381,634,037	397,302,190	413,434,632
Net assets	17,333,255	15,882,770	15,825,942	16,172,751	15,617,026	16,162,300	16,676,578	16,612,528
Represented by:								
Share capital	10,119,242	10,119,242	10,119,242	10,119,242	10,119,242	10,119,242	10,119,242	10,119,242
Reserves	1,749,673	1,751,106	1,764,385	1,722,857	1,712,171	1,724,100	1,709,145	1,624,064
Unappropriated profit	4,827,640	4,237,209	4,365,670	4,828,916	4,821,202	4,953,622	4,891,077	4,623,025
Surplus / (deficit) on revaluation of assets - net of tax	636,700	(224,787)	(423,355)	(498,264)	(1,035,589)	(634,664)	(42,886)	246,197
	17,333,255	15,882,770	15,825,942	16,172,751	15,617,026	16,162,300	16,676,578	16,612,528

Quarterly PBT



Quarterly NIM

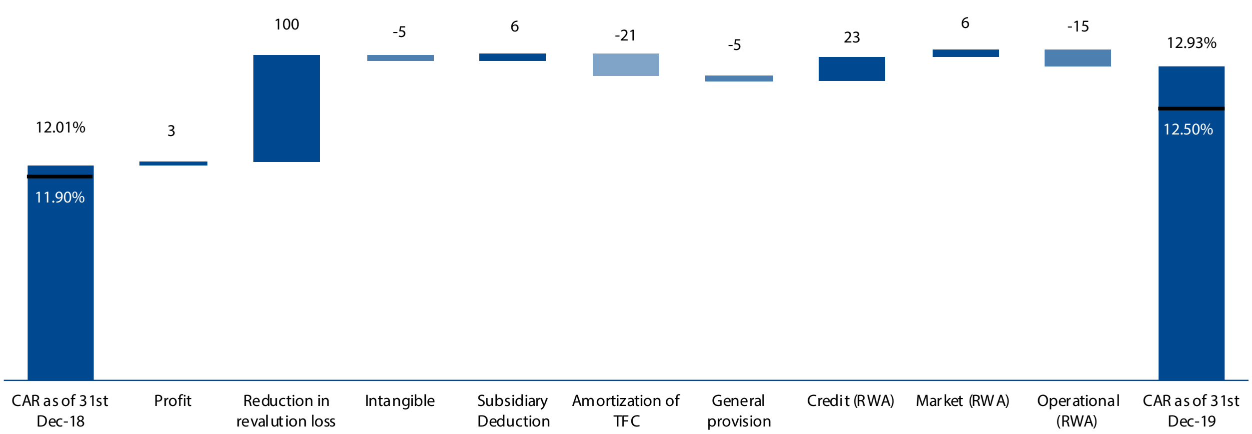


Analysis of Capital Adequecy Ratio

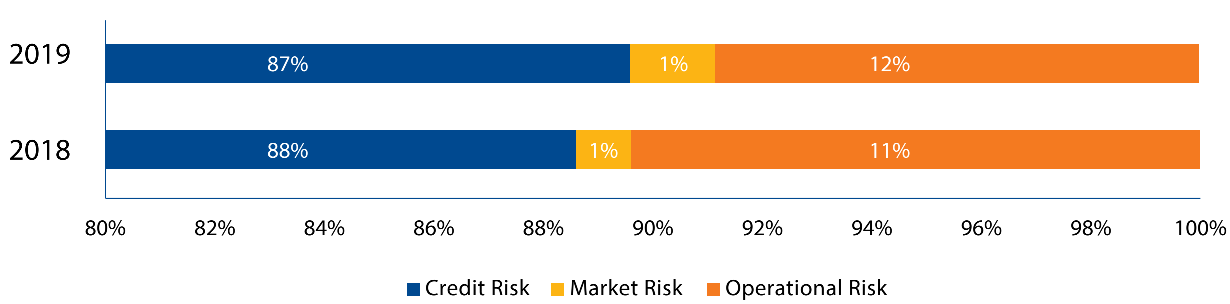
Rs. in million

	2019	2018
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,119	10,119
Eligible Common Equity Tier 1 (CET 1) Capital	14,620	13,417
Eligible Additional Tier 1 (ADT 1) Capital	2,500	2,500
Total Eligible Tier 1 Capital	17,120	15,917
Eligible Tier 2 Capital	4,307	4,260
Total Eligible Capital (Tier 1 + Tier 2)	21,426	20,178
Risk Weighted Assets (RWAs):		
Credit Risk	144,381	148,178
Market Risk	925	1,896
Operational Risk	20,468	17,946
Total	165,774	168,020
Total Eligible Capital	21,426	20,178
Risk Weighted Assets (RWAs)	165,774	168,020
Capital Adequacy Ratio	12.93%	12.01%

CAR Evaluation
(YoY bps)



Risk Weighted Assets Composition



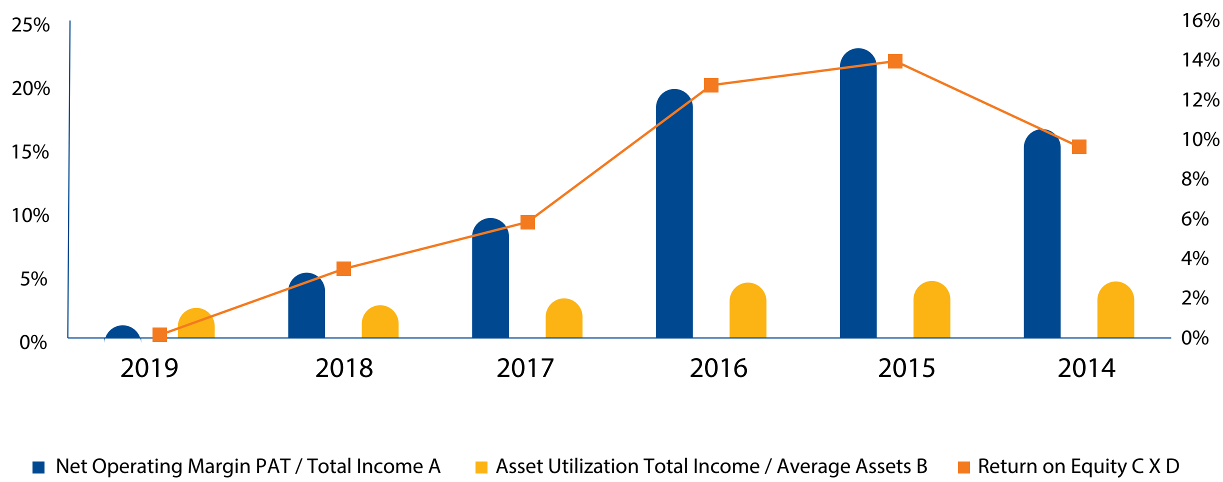
Six Years' Financial Performance/ Financial Ratios

Rs. in million

		2019	2018	2017	2016	2015	2014
Balance Sheet							
Cash and balances with treasury banks		25,589	32,111	17,334	15,509	11,159	9,041
Balances with other banks		463	969	1,034	753	584	412
Lendings to financial institutions		30,321	1,937	3,116	11,334	3,581	11,080
Investments - net		142,568	148,690	169,612	133,727	116,030	84,258
Advances - net		242,945	251,991	184,140	93,794	76,666	62,433
Operating fixed assets		11,964	8,415	7,113	5,837	4,574	3,767
Deferred tax assets - net		9	287	-	-	-	-
Other assets		15,962	12,354	9,131	6,490	5,882	5,726
Total Assets		469,821	456,754	391,479	267,444	218,476	176,717
Bills payable		3,804	3,520	3,824	2,544	1,609	1,380
Borrowings		54,468	96,559	64,557	10,320	54,638	50,538
Deposits and other accounts		369,790	321,413	290,078	226,099	141,840	108,740
Sub-ordinated loans		7,495	7,497	4,999	3,000	-	-
Deferred tax liabilities		-	-	797	1,205	1,695	445
Other liabilities		16,930	12,148	10,555	7,626	2,724	2,535
Total Liabilities		452,488	441,137	374,810	250,794	202,508	163,637
Net Assets		17,333	15,617	16,669	16,650	15,968	13,080
Share capital		12,975	12,975	10,725	10,725	10,725	10,725
Discount on issue of shares		(2,855)	(2,855)	(2,105)	(2,105)	(2,105)	(2,105)
Preference shares		-	-	1,500	1,500	1,500	1,500
Reserves		1,750	1,712	1,541	1,334	919	514
Accumulated profits		4,828	4,821	4,519	3,973	2,529	1,071
Surplus / (deficit) on revaluation of assets - net of tax		637	(1,036)	490	1,223	2,401	1,376
Total Equity		17,333	15,617	16,669	16,650	15,968	13,080
Profit & Loss Account							
Mark-up / return / interest earned		41,595	29,997	20,381	15,081	15,328	11,113
Fee, commission and brokerage income		2,860	2,669	2,124	1,427	1,124	835
(Loss) / gain on sale of securities - net		(711)	(1,434)	1,234	2,965	1,799	1,514
Income from dealing in foreign currencies		1,010	688	357	313	288	272
Dividend income		300	109	167	98	85	135
Other Income		484	109	169	59	(6)	(165)
Total Gross Income		45,538	32,138	24,433	19,942	18,618	13,704
Mark-up / return / interest expensed		34,566	21,188	14,139	9,353	9,738	7,259
Provision/ (reversal) against non-performing loans and advances		360	406	203	(64)	675	658
(Reversal) / provision of diminution in value of investments		(345)	(220)	123	415	141	161
Non-mark-up / interest expenses		10,823	9,859	8,347	6,848	4,890	4,017
Total Operating Expenses		45,405	31,233	22,812	16,552	15,444	12,095
Profit Before tax		133	905	1,621	3,390	3,174	1,608
Taxation		108	342	647	1,313	1,148	548
Profit After Taxation		25	562	973	2,077	2,026	1,060
Profitability Ratios							
a. Profit before tax ratio	%	0.32%	3.02%	7.95%	22.48%	20.71%	14.47%
b. Gross yield on earning ratio	%	1.69%	2.19%	1.75%	2.40%	2.85%	2.44%
c. Gross spread ratio	%	16.90%	29.37%	30.63%	37.98%	36.47%	34.68%
d. Cost/Income ratio	Times	1.0 Times	0.9 Times	0.8 Times	0.6 Times	0.6 Times	0.6 Times
e. Return on equity	%	0.15%	3.48%	5.84%	12.73%	13.95%	9.63%
f. Return on capital employed	%	0.10%	2.51%	4.71%	11.66%	13.95%	9.63%
Capital Structure							
a. Capital adequacy ratio	%	12.93%	12.01%	11.95%	14.05%	12.50%	12.63%
b. Earning assets to total assets ratio	%	88.51%	88.15%	91.16%	89.31%	89.84%	89.28%
d. Net assets per share	Rs.	13.36	12.04	15.54	15.52	14.89	12.20
f. Non-performing loans		10,353	8,309	3,258	3,328	2,983	2,813

DuPont Analysis

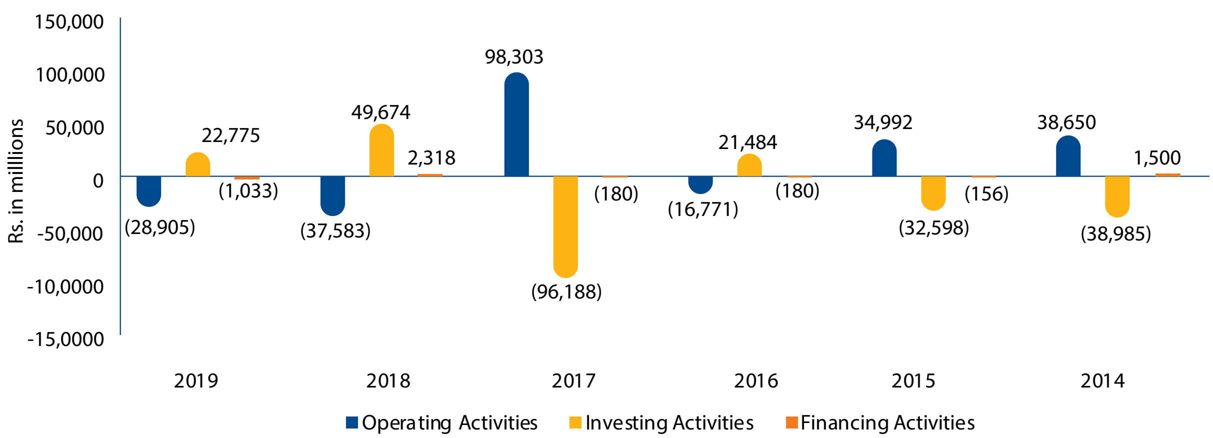
			2019	2018	2017	2016	2015	2014
Net Operating Margin	PAT / Total Income	A	0.22%	5.14%	9.45%	19.61%	22.82%	16.45%
Asset Utilization	Total Income / Average Assets	B	2.37%	2.58%	3.12%	4.36%	4.49%	4.45%
Return on Assets		C = A X B	0.01%	0.13%	0.30%	0.85%	1.03%	0.73%
Leverage Ratio / Equity Multiplier	Average Assets / Average Equity	D	28.12	26.27	19.78	14.90	13.60	13.15
Return on Equity		C X D	0.15%	3.48%	5.84%	12.73%	13.95%	9.63%



Summary of Cash Flows

Rs. in million

	2019	2018	2017	2016	2015	2014
Cash flows from operating activities	(28,905)	(37,583)	98,303	(16,771)	34,992	38,650
Cash flows from investing activities	22,775	49,674	(96,188)	21,484	(32,598)	(38,985)
Cash flows from financing activities	(1,033)	2,318	(180)	(180)	(156)	1,500
Cash and cash equivalents at beginning of the year	32,578	18,169	16,221	11,688	9,450	8,285
Cash and cash equivalents at end of the year	25,415	32,578	18,169	16,221	11,688	9,450



Free Cash Flows

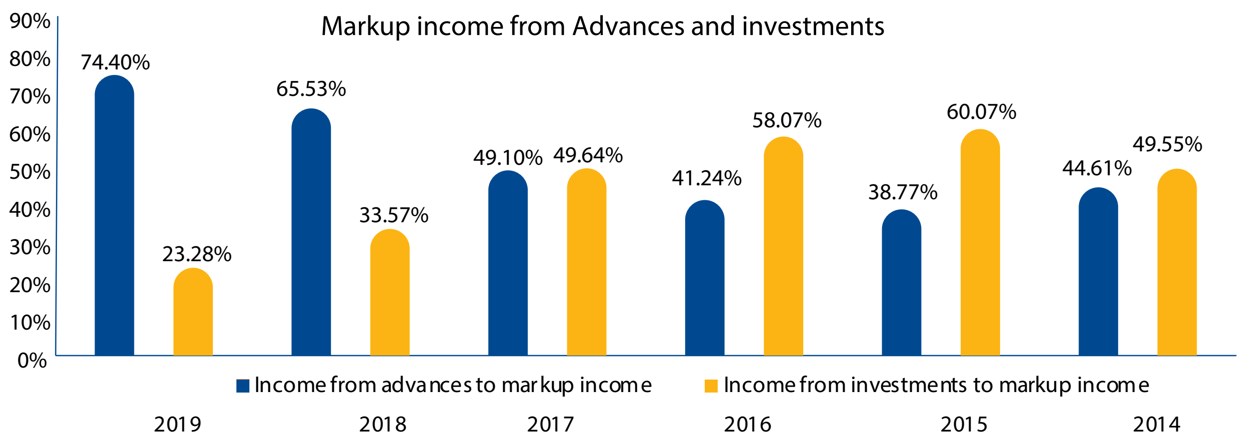
Rs. in million

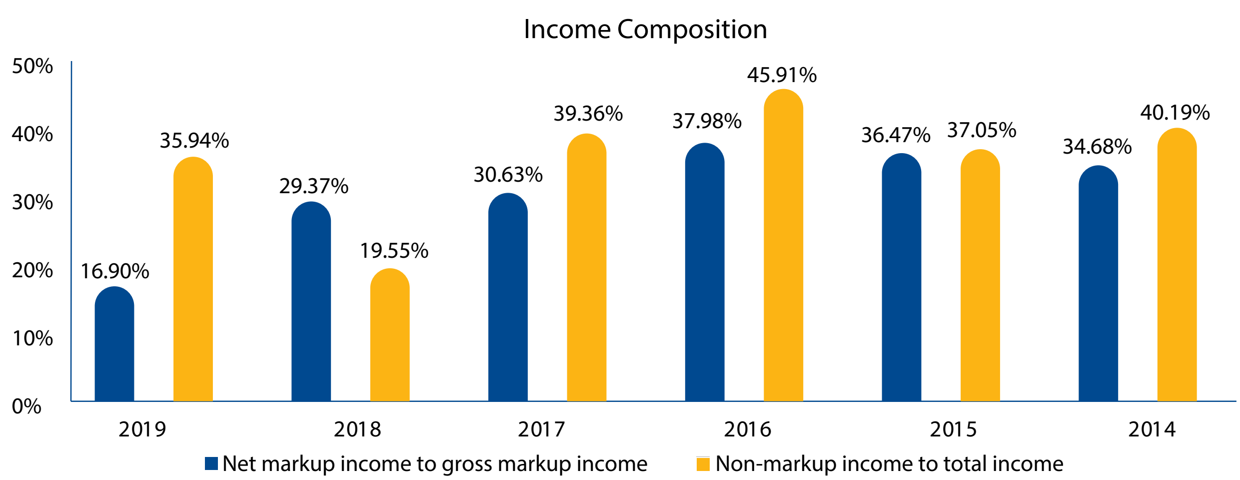
	2019	2018	2017	2016	2015	2014
Profit before taxation	133	905	1,621	3,390	3,174	1,608
Adjustment for non-cash items	1,457	537	834	891	1,312	948
Operating assets/liabilities changes	(30,495)	(39,026)	95,848	(21,052)	30,506	36,094
Net cash generated from operations	(28,905)	(37,583)	98,303	(16,771)	34,992	38,650
Capital expenditure	(2,032)	(1,367)	(1,290)	(1,850)	(1,305)	(604)
Free cash flows	(30,937)	(38,951)	97,013	(18,621)	33,687	38,046

Markup and Non Markup Income

Rs. in million

Mark-up/return/interest earned	2019	2018	2017	2016	2015	2014
Loans and advances	30,945	19,657	10,007	6,220	5,942	4,957
Investments	9,683	10,071	10,118	8,758	9,207	5,506
Lendings to financial institutions	53	111	78	1	1	91
Balances with banks	55	20	4	20	9	-
Securities purchased under resale agreements	859	137	174	82	169	559
	41,595	29,997	20,381	15,081	15,328	11,113
Mark-up/return/interest expensed						
Deposits	28,415	15,099	11,775	7,531	6,447	5,580
Borrowings	1,804	705	401	318	400	221
Securities sold under repurchase agreements	2,811	4,976	1,735	1,504	2,891	1,458
Sub-ordinated loans	1,029	408	228	-	-	-
Lease liability against right-of-use assets	507	-	-	-	-	-
	34,566	21,188	14,139	9,353	9,738	7,259
Net Markup income	7,028	8,809	6,242	5,728	5,590	3,854
Non-markup / interest income						
Fee and commission income	2,860	2,669	2,124	1,426	1,124	835
Dividend income	300	109	167	98	85	134
Foreign exchange income	963	671	357	313	288	272
Income from derivatives	47	17	94	19	(41)	(182)
(Loss) / gain on securities	(711)	(1,434)	1,234	2,965	1,799	1,514
Other income	484	109	75	40	35	17
	3,943	2,141	4,051	4,861	3,290	2,590
Total income	10,972	10,950	10,293	10,589	8,880	6,444

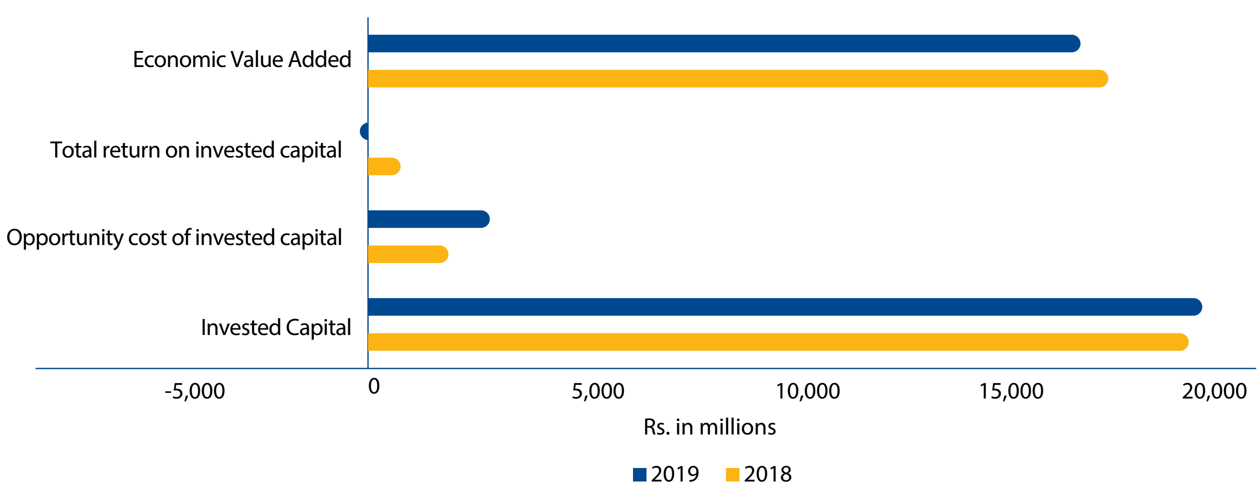




Economic Value Added Statement

Economic value added is a measure of probability which takes into consideration the cost of total invested equity.

	2019	2018
	Rs. in million	
Invested Capital		
Average shareholder's equity	16,475	16,143
Add: Cumulative provision against assets	4,030	4,029
Invested Capital	20,505	20,172
Return on Invested Capital		
Profit after taxation	25	562
Add: (Reversals) / provision against write offs - net	(92)	239
Total return on invested capital	(67)	801
Economic cost (12 months average Treasury Bill rate plus 2% premium)	14.60%	9.80%
Opportunity cost of invested capital	2,994	1,977
Economic Value Added	17,511	18,195



Six Years' Vertical Analysis

Rs. in million

	Vertical Analysis											
	2019	%	2018	%	2017	%	2016	%	2015	%	2014	%
Balance Sheet												
Cash and balances with treasury banks	25,589	5%	32,111	7%	17,334	4%	15,509	6%	11,159	5%	9,041	5%
Balances with other banks	463	0%	969	0%	1,034	0%	753	0%	584	0%	412	0%
Lendings to financial institutions	30,321	6%	1,937	0%	3,116	1%	11,334	4%	3,581	2%	11,080	6%
Investments - net	142,568	30%	148,690	33%	169,612	43%	133,727	50%	116,030	53%	84,258	48%
Advances - net	242,945	52%	251,991	55%	184,140	47%	93,794	35%	76,666	35%	62,433	35%
Operating fixed assets	11,964	3%	8,415	2%	7,113	2%	5,837	2%	4,574	2%	3,767	2%
Deferred tax assets - net	9	0%	287	0%	-	0%	-	0%	-	0%	-	0%
Other assets	15,962	3%	12,354	3%	9,131	2%	6,490	2%	5,882	3%	5,726	3%
Total Assets	469,821	100%	456,754	100%	391,479	100%	267,444	100%	218,476	100%	176,717	100%
Bills payable	3,804	1%	3,520	1%	3,824	1%	2,544	1%	1,609	1%	1,380	1%
Borrowings	54,468	12%	96,559	21%	64,557	16%	10,320	4%	54,638	25%	50,538	29%
Deposits and other accounts	369,790	79%	321,413	70%	290,078	74%	226,099	85%	141,840	65%	108,740	62%
Sub-ordinated loans	7,495	2%	7,497	2%	4,999	1%	3,000	1%	-	0%	-	0%
Deferred tax liabilities	-	0%	-	0%	797	0%	1,205	0%	1,695	1%	445	0%
Other liabilities	16,930	4%	12,148	3%	10,555	3%	7,626	3%	2,724	1%	2,535	1%
Total Liabilities	452,488	96%	441,137	97%	374,810	96%	250,794	94%	202,508	93%	163,637	93%
Net Assets	17,333	4%	15,617	3%	16,669	4%	16,650	6%	15,968	7%	13,080	7%
Represented by:												
Share capital	12,975	3%	12,975	3%	10,725	3%	10,725	4%	10,725	5%	10,725	6%
Discount on issue of shares	(2,855)	-1%	(2,855)	-1%	(2,105)	-1%	(2,105)	-1%	(2,105)	-1%	(2,105)	-1%
Preference shares	-	0%	-	0%	1,500	0%	1,500	1%	1,500	1%	1,500	1%
Reserves	1,750	0%	1,712	0%	1,541	0%	1,334	0%	919	0%	514	0%
Accumulated profits	4,828	1%	4,821	1%	4,519	1%	3,973	1%	2,529	1%	1,071	1%
Surplus / (deficit) on revaluation of assets - net of tax	637	0%	(1,036)	0%	490	0%	1,223	0%	2,401	1%	1,376	1%
Total Equity	17,333	4%	15,617	3%	16,669	4%	16,650	6%	15,968	7%	13,080	7%
Profit & Loss Account												
Mark-up / return / interest earned	41,595	91%	29,997	93%	20,381	83%	15,081	76%	15,328	82%	11,113	81%
Fee, commission and brokerage income	2,860	6%	2,669	8%	2,124	9%	1,427	7%	1,124	6%	835	6%
(Loss) / gain on sale of securities - net	(711)	-2%	(1,434)	-4%	1,234	5%	2,965	15%	1,799	10%	1,514	11%
Income from dealing in foreign currencies	1,010	2%	688	2%	357	1%	313	2%	288	2%	272	2%
Dividend income	300	1%	109	0%	167	1%	98	0%	85	0%	135	1%
Other Income	484	1%	109	0%	169	1%	59	0%	(6)	0%	(165)	-1%
Total Gross Income	45,538	100%	32,138	100%	24,433	100%	19,942	100%	18,618	100%	13,704	100%
Mark-up / return / interest expensed	34,566	76%	21,188	66%	14,139	58%	9,353	47%	9,738	52%	7,259	53%
Provision/ (reversal) against non-performing loans and advances	360	1%	406	1%	203	1%	(64)	0%	675	4%	658	5%
(Reversal) / provision of diminution in value of investments	(345)	-1%	(220)	-1%	123	1%	415	2%	141	1%	161	1%
Non-mark-up / interest expenses	10,823	24%	9,859	31%	8,347	34%	6,848	34%	4,890	26%	4,017	29%
Total Operating Expenses	45,405	100%	31,233	97%	22,812	93%	16,552	83%	15,444	83%	12,095	88%
Profit Before tax	133	0%	905	3%	1,621	7%	3,390	17%	3,174	17%	1,608	12%
Taxation	108	0%	342	1%	647	3%	1,313	7%	1,148	6%	548	4%
Profit After Taxation	25	0%	562	2%	973	4%	2,077	10%	2,026	11%	1,060	8%

Six Years' Horizontal Analysis

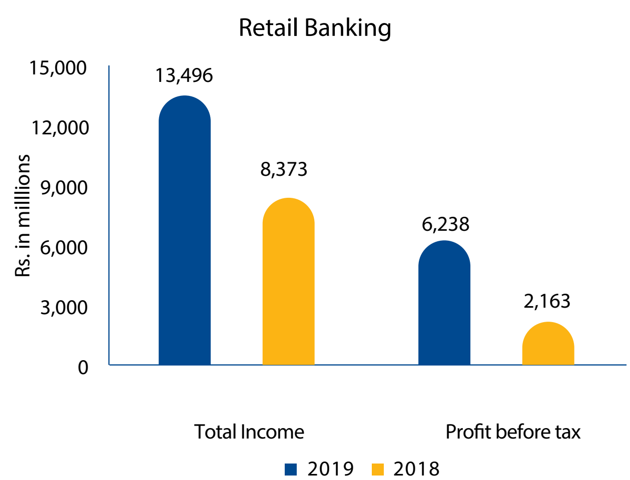
Rs. in million

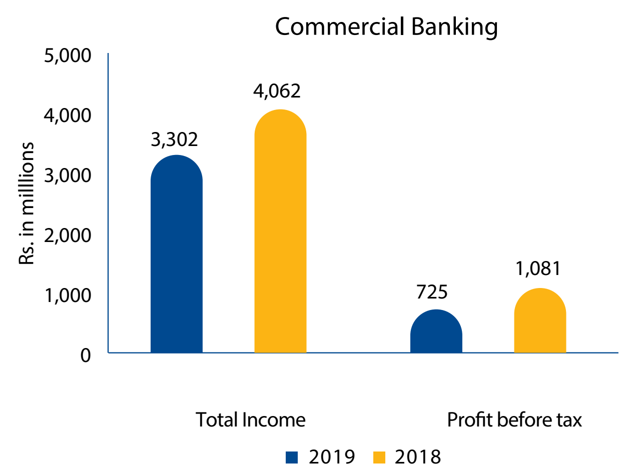
	Horizontal Analysis						
	6 Years CAGR	2019	2018	2017	2016	2015	2014
Balance Sheet							
Cash and balances with treasury banks	22%	25,589	32,111	17,334	15,509	11,159	9,041
Balances with other banks	-2%	463	969	1,034	753	584	412
Lendings to financial institutions	6%	30,321	1,937	3,116	11,334	3,581	11,080
Investments - net	22%	142,568	148,690	169,612	133,727	116,030	84,258
Advances - net	39%	242,945	251,991	184,140	93,794	76,666	62,433
Operating fixed assets	22%	11,964	8,415	7,113	5,837	4,574	3,767
Deferred tax assets - net	0%	9	287	-	-	-	-
Other assets	42%	15,962	12,354	9,131	6,490	5,882	5,726
Total Assets	27%	469,821	456,754	391,479	267,444	218,476	176,717
Bills payable	18%	3,804	3,520	3,824	2,544	1,609	1,380
Borrowings	18%	54,468	96,559	64,557	10,320	54,638	50,538
Deposits and other accounts	29%	369,790	321,413	290,078	226,099	141,840	108,740
Sub-ordinated loans	0%	7,495	7,497	4,999	3,000	-	-
Deferred tax liabilities	0%	-	-	797	1,205	1,695	445
Other liabilities	52%	16,930	12,148	10,555	7,626	2,724	2,535
Total Liabilities	28%	452,488	441,137	374,810	250,794	202,508	163,637
Net Assets	12%	17,333	15,617	16,669	16,650	15,968	13,080
Represented by:							
Share capital	3%	12,975	12,975	10,725	10,725	10,725	10,725
Discount on issue of shares	5%	(2,855)	(2,855)	(2,105)	(2,105)	(2,105)	(2,105)
Preference shares	0%	-	-	1,500	1,500	1,500	1,500
Reserves	34%	1,750	1,712	1,541	1,334	919	514
Accumulated profits	68%	4,828	4,821	4,519	3,973	2,529	1,071
Surplus / (deficit) on revaluation of assets - net of tax	0%	637	(1,036)	490	1,223	2,401	1,376
Total Equity	12%	17,333	15,617	16,669	16,650	15,968	13,080
Profit & Loss Account							
Mark-up / return / interest earned	35%	41,595	29,997	20,381	15,081	15,328	11,113
Fee, commission and brokerage income	28%	2,860	2,669	2,124	1,427	1,124	835
Gain on sale of securities - net	0%	(711)	(1,434)	1,234	2,965	1,799	1,514
Income from dealing in foreign currencies	25%	1,010	688	357	313	288	272
Dividend income	-4%	300	109	167	98	85	135
Other Income	52%	484	109	169	59	(6)	(165)
Total Gross Income	32%	45,538	32,138	24,433	19,942	18,618	13,704
Mark-up / return / interest expensed	40%	34,566	21,188	14,139	9,353	9,738	7,259
Provision / (reversal) against non-performing loans and advances	-3%	360	406	203	(64)	675	658
(Reversal) / provision of diminution in value of investments	0%	(345)	(220)	123	415	141	161
Non-mark-up / interest expenses	24%	10,823	9,859	8,347	6,848	4,890	4,017
Total Operating Expenses	33%	45,405	31,233	22,812	16,552	15,444	12,095
Profit Before tax	-20%	133	905	1,621	3,390	3,174	1,608
Taxation	-5%	108	342	647	1,313	1,148	548
Profit After Taxation	-36%	25	562	973	2,077	2,026	1,060

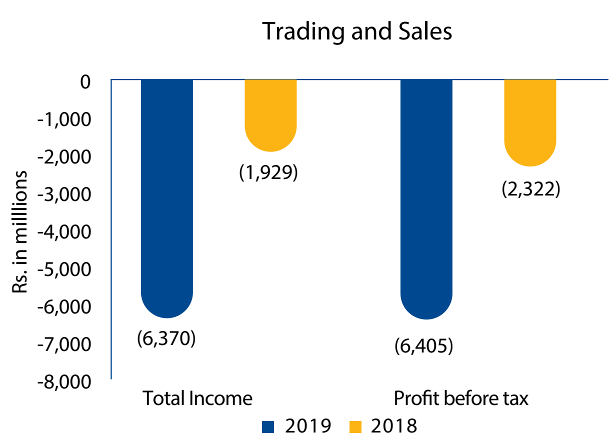
Segment Analysis

A segment is a distinguishable component of the Bank that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment.

Major business segments	Activities
Retail banking	Retail banking provides services to small borrowers i.e. consumers, small and medium enterprises (SMEs) and agricultural sector. It includes loans, deposits and other transactions with retail customers.
Commercial banking	This includes loans, deposits and other transactions with corporate customers.
Trading and sales	This segment undertakes the Bank's treasury, money market and capital market activities.







JS Bank Calendar of Major Events During 2019

Annual Results 2018 approved by Board
March 5, 2019

Annual General Meeting
March 28, 2019

1st Quarter Results – 2019 approved by Board
May 22, 2019

2nd Quarter Results – 2019 approved by Board
August 27, 2019

3rd Quarter Results – 2019 approved by Board
October 24, 2019

Corporate Briefing Session
December 20, 2019

Budget Meeting for 2020
December 27, 2019

Strategy & Resource Allocation

Rationale towards Strategic Objectives

The central focus of our short and long term strategic objectives has been our customer-centric approach. Utilizing a mix of dedicated service and relationship management, with modern digital solutions, we aim to create a frictionless customer experience across a variety of moments of truth our customers experience with us, every day.

At JS Bank, we are also channeling our energy and resources in building a strong network for a sustainable economy. This is achieved by mobilizing pathways for financial literacy, facilitating short and long term operational needs for small entrepreneurs and mid-sized organizations, and extending our branch and payments footprint across Pakistan.

As an employer, we understand that our people are our strongest asset. These thousands of dedicated and talented members of our team enable this organization to contribute to the lives of our customers and enhance value for our nation's citizens.

Strategy and KPIs for Strategic Objectives

Short Term Strategic Objectives	Strategy for Meeting Objectives	KPIs
Adopting a customer-first approach, ensuring continuous process optimization to ensure a high level of customer satisfaction.	Adopting a customer-centric approach and minimizing turnaround times for existing processes, while focusing on customer satisfaction.	Net Promoter and Customer Satisfaction Scores Turn-around times
Developing financial awareness and empowerment through targeted SME lending solutions to maximize impact	Developing a strong range of partnerships that help the Bank utilize SBP, Government of Pakistan and other collaboration partners to maximize scale and make a difference to thousands of lives.	Percentage of SME Loans to total Advances Estimated number of lives impacted through SME lending
Establishing a strong and sustainable bank serving a offering consumer, agriculture and renewable energy solutions for retail and medium-sized clients.	Diversifying product offering to our valuable customers to meet personal or business requirements through the provision of banking services and financing facilities. Constant research and development on products that can meet gaps in customer needs.	Well-diversified and effective product suite
Maintaining a robust portfolio risk management utilizing conventional and contemporary tools.	Ensuring responsible and prudent expansion in lending through structured onboarding, continuous monitoring and maintaining strong communication with customers.	Asset Quality

Long Term Strategic Objectives	Strategy for Meeting Objectives	KPIs
JS Bank aims to develop a user experience that transcends conventional banking norms and embeds deeply within the financial transaction ecosystem of our customers and economy at large.	Investment in digitization and agile way of work, to help bring more relevant solutions to customers with minimal times to market.	Migration to self-served solutions Time to market Customer satisfaction score
We aspire to creating an organizational culture which harbors innovation, diversity and drive for economic sustainability, built around the needs of our customers and stakeholders.	Encourage gender equality and diversity. Provide opportunities and investing in employees for their career growth. Create a structure that rewards entrepreneurial spirit.	Employee Retention Employee Satisfaction
JS Bank strives to support environmental, social and good governance initiatives for economic growth, social progress and environmental protection.	Promotion of sustainable ventures and community development along with minimizing our carbon footprint.	Measuring impact created in terms of carbon footprint, lives impacted and communities supported through interventions.
We aim to partner with like-minded organizations & entities in strengthening the economy for all stakeholders, with a vision to build an environment of prosperity, security and economic independence for the people of Pakistan.	Building a network of partners across the country to bring value through solutions to our customers, utilizing the benefits of various synergies created between such partnerships.	Lives impacted Wealth creation Economic activity creation

Strategy to Overcome Liquidity Problem

The Bank's Current, Savings and Term deposit base indicates a stable and sound liquidity position. The Bank has also a reasonable portfolio of marketable securities that can be realized in the event of stress. The Bank's Liquidity Coverage Ratio and Net Stable Funding Ratio are well above the regulatory requirement. The Bank has a well-defined Liquidity Contingency Plan for liquidity crisis management, and detail aspect of liquidity risks are discussed under risk management section of the report.

Risks and Opportunities

Risk Management Framework

The Bank has a well-defined Risk Management Framework that governs the risk management structure to ensure that the Bank is continuously evaluating and monitoring the associated risks and ensuring the mitigating controls. The Bank remains committed to ensure appropriate balance between risk and reward throughout the Bank. The following structure is being followed in the Bank

Risk Governance Structure

- Board of Directors
- Board Risk Management Committee
- Integrated Risk Management Committee
- Management Committees for Risks; including Credit Risk Committee, ALCO, Operational Risk Management Committee and ITSC to review IS related matters
- Risk Management Function under the CRO, which broadly covers Regional Credit Heads including Agri Risk, Market & Basel, Enterprise Risk Management including Operational and Environmental Risk, Consumer Risk, Credit Administration, Information Security, Special Assets Management and Strategic Projects and Quantitative Analysis

The Bank has a well-structured risk management framework which is based on three lines of defense; business and support functions directly involved in risk taking activities constitute the first line of defense, Risk and Compliance, being the second line of defense, are responsible for ensuring policies, procedures and limits are within strategic objectives and regulatory requirements, and audit function plays an independent part for oversighting as the third line of defense.

Inadequacy in the capital structure and plans to address such inadequacy

The Bank is not facing any kind of inadequacy in the capital structure and has capital adequacy over and above the regulatory requirement.

Directors' Report

We are pleased to present herein the 14th Annual Report of JS Bank Limited ("JSBL") along with the audited accounts and auditors' report for the year ended December 31, 2019.

Economic Review

During the period under review, Pakistan entered into a fresh US$6 billion IMF program with two tranches received during the year and the remaining release of funds contingent upon achievement of pre-defined economic targets.

The country continued to find support on the external front with higher Foreign Direct Investment (FDI) and increased remittances, in addition to contraction of imports, all of which helped to reduce the overall Current Account Deficit (CAD). Overall 1HFY20 CAD % to GDP dropped to 1.5% (1HFY19: 5.8%). The country's Foreign Exchange (FX) reserves increased by USD 4.2 billion leading to rupee appreciation by 5% against the USD in 2HCY19 as compared to 17% depreciation during the 1HCY19.

International credit rating agency Moody's changed the country's outlook from Negative to Stable based on improved economic conditions and implementation of reforms.

The Government was able to resolve the fiscal issues to a significant extent. Not only the fiscal deficit for 1QFY20 shrank to 0.7% of GDP (1QFY19: 1.4%), the country reported a primary surplus of 0.6% of GDP (1QFY19: -0.08%). However, due to the increased policy rate, the Large-Scale Manufacturing (LSM) sector witnessed a negative growth of 3.35% during 1HFY20. At the same time, headline inflation remained a key concern as the Consumer Price Index (CPI) for 1HFY20 averaged 11.11%, vis-à-vis CPI of 5.96% during the same period last year. The State Bank of Pakistan (SBP) increased the Policy Rate by 325bps to 13.25% during the year in view of the increased inflation, mainly due to the rupee devaluation and subsequent hikes in energy and utility prices during the year.

Banking Sector Review

Following a 425bps hike in CY18, the State Bank of Pakistan (SBP) further increased the Policy Rate by 325bps during CY19, taking the Policy Rate up to 13.25%. As a result, weighted average banking spreads during CY19 have marked an increase of 95bps YoY, making a 5-year high at 5.85%.

On the deposits front, the banking sector witnessed relatively slow growth of 10% YoY, which amounted to PKR 14,632 billion. During the same period, Advances growth rate was recorded at 3% YoY, reaching to PKR 8,158 billion and taking the Advances-to-Deposit Ratio (ADR) for the industry to 56%. Non-Performing Loans (NPLs) saw an increase sector wide and grew by PKR 78 billion to PKR 758 billion by Sep-2019. This also took the Infection ratio to 9.5%.

Investments increased by 16% YoY to PKR 8,801 billion with Banks opting to deploy deposits in government securities with the Investment-to-Deposit Ratio (IDR) expanding to 60%.

Financial Performance

In 2019, the Bank launched multiple targeted offerings aimed at a diverse customer base while undertaking a program of consolidation and cost economization.

Core interest income continued to grow, however, the offset of the legacy PIB portfolio as detailed in earlier reviews impacted overall profitability. With maturity of the bulk of the portfolio expected to take place by March 2020; it can be stated with confidence that the coming year will witness improvement in inclusive performance across all business lines.

	2019	2018
Profit Before Tax – PKR million	133	905
Profit After Tax – PKR million	25	562
Earnings Per Share (Basic) – PKR	0.0004	0.30
Return on Avg. Assets (ROAA)	0.005%	0.13%
Return on Avg. Equity (ROAE)	0.15%	3.48%
Capital Adequacy Ratio (CAR)	12.93%	12.01%
Advances to Deposits Ratio (ADR)	65.7%	78.40%

Summarized financial data for the last six years is given below:

'PKR 'Million

Particulars	2019	2018	2017	2016	2015	2014
Deposits	369,790	321,413	290,078	226,099	141,840	108,740
Equity	17,333	15,617	16,669	16,650	15,968	13,080
Total Assets	469,821	456,754	391,479	264,700	218,476	176,717
Investments-Net	142,568	148,690	169,612	133,727	116,030	84,258
Advances- Net	242,944	251,991	184,140	93,794	76,666	62,433
Gross Mark-up Income	41,595	29,997	20,381	15,081	15,328	11,113
Net Mark-up Income	7,028	8,809	6,242	5,728	5,590	3,854
Non-Mark-up Income	3,943	2,141	4,051	4,861	3,290	2,590
Profit Before Tax	133	905	1,621	3,390	3,174	1,608
Profit After Tax	25	562	973	2,077	2,026	1,060
Branches	360	345	323	307	277	238
Employees	4,904	5,127	4,998	4,163	2,946	2,442

Earnings per Share (EPS)

The EPS for the year ended December 31, 2019 is PKR 0.0004 per share as compared to EPS of PKR 0.30 per share in 2018.

Capital Adequacy

As at December 31, 2019, JS Bank's Capital Adequacy Ratio (CAR) stood at 12.93% as compared to 12.01% in 2018. Minimum required CAR (including Capital Conservation Buffer) as prescribed by SBP is 12.50%.

Business Overview

The year witnessed continued balance sheet growth, backed by prudent expansion in advances, aggressive deposit mobilization and diversified fee business. The Bank's overall product strategy is based on identifying and fulfilling niche market needs in an effort to stand apart from the competition. JS Bank Limited operates 360 branches across 180 cities including one overseas wholesale banking branch in Manama, Bahrain.

Deposits

JS Bank remained focused on core deposit mobilization, particularly targeting growth in low cost deposit (Current Accounts – CA). The Bank was able to close 2019 with a deposit base of PKR 370 billion, a growth of 15.05% over 2018. Significant growth in the CA deposit base has been augmented by focusing on affluent and mass affluent market segment, providing greater stability and strength to the Bank. The Bank has embarked on several initiatives to expand its deposit relationships in various segments including business accounts, employee banking, cash management relationships, corporate deposits and technology-based solutions.

Advances

On the assets side, the bank's strategy involved prudent expansion through a holistic product range designed around customer needs.

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 remained strong through 2019. The leasing business has also developed a healthy portfolio catering to all industrial sectors of the economy.

The Bank grew its Gold Finance and Solar Panel financing portfolios by forming multiple alliances to promote the products 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.

Fee Business

The Bank is making concerted efforts to optimize the revenue mix between interest and fee-based income through parallel growth by cross selling various fee-based products to new and existing customers alongside traditional fee income streams.

Investment Banking Group (IBG) concluded 2019 on a strong note. It provided advisory services to the retail sector and lent to entities across microfinance and oil and gas sectors. Trustee and Agency services together with Bankers-to-the-Issue business continued to yield positive outcome. Going forward, IBG shall be increasingly focusing on enhancing the advisory business by procuring advisory mandates from both public and private sectors.

Service Management and Fair Treatment of Customers

JS Bank is committed to providing its customers with the highest level of service quality and satisfaction. The Bank has established an independent service management function that oversees service quality, phone banking, problem resolution and the fair treatment of customers. The Bank's Complaint Handling Policy and Grievance Redressal Mechanism ensure that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible. Customers have the option of registering their complaints at the Bank's branches, phone banking center, JS Bank's website or via email.

The Bank reviews all service level complaint reports and initiatives and focuses on simplifying processes for improvement in service levels and overall customer satisfaction. 'Fair Treatment of Customers' is an integral part of our corporate culture. We also focus on financial literacy of our customers, for promoting responsible conduct and informed financial decisions by consumers, through our 'Consumer Education and Financial Literacy Program'.

Sustainable Finance

JS Bank undertook several initiatives to work towards sustainability and for contributing to the nation's green projects, one such being where the Bank pledged and planted 100,000 plants on August 14, 2019, in collaboration with WWF Pakistan.

As a responsible lender, the Bank has developed and fully implemented SBP's Green Banking Guidelines which focus on risk management, own impact reduction and promotion of renewable and energy efficient products. JS Bank also became the first commercial bank in Pakistan and the second in South Asia to receive Green Climate Fund (GCF) accreditation. GCF is the world's largest climate fund and JS Bank, as an accredited entity, can apply to fund projects up to USD 250 million which would help mitigate climate change impact.

Risk Management

The Board is committed to adopting the best risk management practices in letter and spirit. To maintain effective risk management practices, the Bank follows an appropriate risk management framework according to the regulatory directives issued by SBP and other related guidelines under the Basel II / III framework. In this regard, the Bank has a comprehensive set of risk management policies, practices and procedures which enable the Bank to take into consideration, in an appropriate manner, all major kinds of risks including credit, market, liquidity, operational and information security.

The overall risk management framework of the Bank is under the supervision of the Board of Directors (BoD)/ Board Risk Management Committee (BRMC) while the operational level day-to-day functioning is carried out by the senior management of the Bank. In order to develop a holistic integrated risk management approach, a dedicated and independent Risk Management Group is in place to manage various aspects of risk management in the Bank. To formalize and strengthen the risk management approach within the Bank, the following significant policies were developed / reviewed and approved by the Board:

- Risk Management Policy
- Credit Policy
- Collateral Management Policy
- Market Risk Management Policy
- Operational Risk Management Policy
- Liquidity Risk Management Policy
- Country Risk Management Policy
- Business Continuity Policy
- Information Security Policy

BRMC keeps an eye on the overall risk profile of the Bank. The Integrated Risk Management Committee (IRMC), Credit Risk Committee (CRC), Operational Risk

Management Committee (ORMC), IT Steering Committee (ITSC) and Assets & Liabilities Committee (ALCO) of the management operate within an established framework in order to monitor the Bank's activities and maintain the risk level within predefined limits. These Committees meet on a regular basis to review market developments and the level of financial and security risk exposures of the Bank.

Risk Management plays a vital role in ensuring that an appropriate balance is struck between risk and reward throughout the Bank. Towards this end, the risk management function and framework has been significantly strengthened in the year under review. This includes, but is not limited to the formation of management committees for monitoring credit portfolio and operational risks, introducing the concept of enterprise risk management, undertaking the automation of various processes and incorporating the Information Security function into the risk management group.

Market risk measurement, monitoring and management reporting is done on a regular basis. The Market Risk & Basel Unit supported by the Treasury Middle Office is involved in daily monitoring of all related financial risk exposures in the form of interest rate risk, equity exposure risk, currency or foreign exchange risk, cross border or country risk, financial institutions (FI) exposure risks, liquidity risk and capital adequacy. The Bank is in the process of upgrading its system capabilities and has implemented the market risk module of Temenos Insight Risk Intelligence Solutions to enhance analytical capabilities, and plans to implement modules for regulatory capital and asset & liability management in the coming year.

On capital management side, the Bank's practices ensure that it has sufficient capital to cover the risks associated with its activities. It is the prime objective of the Bank's capital management to ensure that the Bank complies with all regulatory capital requirements and at the same time maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

Apart from usual monitoring of Risks and Control Self-Assessment (RCSA), operational loss data and Key Risk Indicators (KRI), Operational risk management function also maintains the Business Continuity Policy and facilitates the annual testing of mission-critical systems and services that may be disrupted due to any eventuality or disaster. The Bank has also developed a Disaster Recovery (DR) site to ensure maximum availability of system and services to customers and partners for critical (time sensitive) and support functions.

Credit risk management is an ongoing process. The overall credit policy and the credit risk management guidelines are issued by the Board of Directors. In this regard, a Central Credit Committee (CCC) is entrusted with the responsibility of monitoring and controlling credit risk in the Bank. CCC meets regularly to actively supervise credit risk across the lending portfolio. In order to maintain a healthy growth of the credit portfolio, the Bank's Credit Risk Management processes are consistently upgraded and improved to meet future challenges. Further, in order to bolster credit risk management monitoring activities, a Credit Risk Monitoring Unit is in place for regular portfolio monitoring, formulating and implementing credit risk management tools, including setting up of industry, geographic and sectorial limits, and devising credit risk quantification / statistical techniques to meet SBP and Basel II/III requirements. The health of the credit portfolio is being monitored through Credit Administration, which is responsible for house-keeping elements along with management of credit limits.

The management of risks and uncertainties associated with problem credit requires a different and more intense approach than normal management. In this regard, a Special Asset Management Unit is in place following SBP's regulatory guidelines to focus on remedial management issues, take ownership of classified portfolio for effective management and to determine the work-out modes for rehabilitation and settlements, as stipulated in the Remedial Management Policy of the Bank.

In terms of information security, the Information Security Department performs security/risk assessments and monitors critical IT and information security-specific risks across the bank. To further improve the information security posture Advance/ Zero-Day Threat Protection solution is being evaluated for implementation.

Statement on Internal Controls

The Bank places the utmost emphasis on establishing stringent controls across all its operations. It is the cornerstone of the Bank's policies to adhere to the best industry practices, ethical standards and regulatory requirements. In this context, the Board of Directors has promulgated policies that provide for assessing the overall effectiveness of the internal control environment. It is the responsibility of senior management to evolve systems and procedures that ensure overall comprehensive controls in the light of Board of Directors guidelines.

Internal controls are intended to provide a reasonable measure of assurance regarding the effectiveness and efficiency of the Bank's operations, reliability of financial information and compliance with applicable laws and regulations. However, it is acknowledged that the systems put in place can only provide reasonable but not absolute assurances against material misstatement or loss since they are designed to manage, rather than eliminate, the risk of unforeseen loss is seeking to achieve the business objectives.

To ensure effective management of risk, the governance structure of internal control functions at the Bank consists of three levels of defense. The first line of defense is the business itself which owns its risks, including its operational risk and is responsible for its management. The second line of defense is the oversight provided by the risk management, Compliance and control functions who identify and assess risks impacting existing and new business initiatives, coordinate risk mitigation with risk specialists and business and then report and escalate it to the Risk Management Function for appropriate corrective measures. The last line of defense is an independent and effective Internal Audit Function which reviews the effectiveness and adequacy of internal controls and continues to monitor compliance with policies and procedures.

The Board of Directors is regularly kept up to date about the state of compliance through the Board Audit Committee. As a priority, all significant and material findings of the internal and external auditors and regulators are addressed by the management ensuring that appropriate corrective actions have been implemented. Adequate systems are in place to minimize repetition of mistakes and strengthen the control environment. In addition, the Compliance Function is performing its due role to ensure regulatory compliance across the Bank.

The Bank diligently follows SBP's Guidelines on Internal Control to evaluate the effectiveness of the overall set of internal controls including financial reporting controls. A detailed documentation of bank-wide processes and controls has been completed. Furthermore, the Bank has developed a comprehensive management testing and reporting framework for ensuring operating effectiveness of key controls and has significantly addressed the identified design improvement opportunities.

Upon satisfactory completion of the Internal Control over Financial Reporting (ICFR) Roadmap, SBP granted exemption to the Bank in August 2016 from the submission of a Long Form Report (LFR) by external auditors. Annual assessment report for December 31, 2019 on efficacy of ICFR shall henceforth be submitted to SBP duly approved by the Board Audit Committee.

The management considers that the internal control system presently existing is adequate, implemented effectively and continuously monitored. This statement is also endorsed by the Board of Directors. The management will endeavor to continue enhancing its coverage and compliance with the SBP guidelines on Internal Controls and thereby strengthening its control environment on an ongoing basis.

Corporate Governance

The Bank prides itself on its good corporate governance by maintaining high levels of professional and business conduct, implementing effective internal controls and audit functions, including risk management framework and complying strictly with both local and international codes of practice.

The Board closely reviews policy-related matters with long-term implications as per regulatory obligations which also meet the Bank's operational requirements. The Management and the Board Committees have been duly constituted with a defined scope of work to ensure that they perform their prescribed functions precisely and efficiently as per their mandate and respective terms of reference.

Corporate and Financial Reporting Framework

The Directors confirm compliance with the Corporate and Financial Reporting Framework of the Securities & Exchange Commission of Pakistan Code of Corporate Governance for the following:

- The financial statements prepared by the management present fairly the state of affairs of the Bank, the results of its operations, cash flow statement and statement of changes in equity.
- Proper books of accounts of the Bank have been maintained.

- Accounting policies as stated in the notes to the accounts have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards as applicable in Pakistan have been followed in preparation of the financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no doubts about the Bank's ability as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The details of outstanding statutory payments, if any, have been adequately disclosed in the financial statements.
- Outstanding statutory payments on account of taxes, duties, levies and charges have been fully disclosed in the financial statements.

Holding Company

Jahangir Siddiqui & Co. Limited, listed on the Pakistan Stock Exchange Limited, is the holding company of JS Bank Limited, owning 75.02% of the ordinary shares.

Subsidiary Companies

JS Global Capital Limited and JS Investments Limited are subsidiaries of JS Bank with shareholdings of 83.5% and 84.5% respectively. Performance of these companies has been reviewed under the consolidated Directors' Report.

Attendance of Directors in the Board meetings

Five meetings of the Board of Directors were held during the year 2019. The attendance of directors at Board Meetings was as follows:

Name of Director	Eligible to attend	Meetings attended
Mr. Kalim-ur-Rahman – Chairman	5	5
Mr. Adil Matcheswala	5	4
Mr. Ashraf Nawabi	5	4
Mr. G.M. Sikander	5	5
Mr. Hassan Afzal**	3	3
Mr. Munawar A. Siddiqui	5	5
Ms. Nargis Ghaloo	5	5
Mr. Sohail Aman*	1	1
Mr. Suleman Lalani*	2	2
Mr. Shahab Khawaja**	1	1
Mr. Basir Shamsie, President & CEO	5	5

The attendance of directors at Board Sub-Committees meetings was as follows:

Name of Director	Audit Committee		Risk Committee		HR Committee		IT Committee	
	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended
Mr. Kalim–ur-Rahman	-	-	2	2	2	2	3	3
Mr. Adil Matcheswala	3	3	-	-	3	3	-	-
Mr. Ashraf Nawabi	-	-	3	2	-	-	-	-
Mr. G.M Sikander	3	3	-	-	4	4	-	-
**Mr. Hassan Afzal	-	-	-	-	-	-	3	3
Mr. Munawar A. Siddiqui	3	3	-	-	3	3	-	-
Ms. Nargis Ghaloo	2	2	2	2	1	1	-	-
*Mr. Sohail Aman	-	-	-	-	-	-	1	1
*Mr. Suleman Lalani	-	-	-	-	-	-	-	-
**Mr. Shahab Khawaja	1	1	-	-	-	-	-	-
Mr. Basir Shamsie President & CEO	-	-	3	3	-	-	3	3

*Mr. Suleman Lalani resigned as director and Mr. Sohail Aman was appointed as director on casual vacancy w.e.f. October 24, 2019.

**Mr. Hassan Afzal was elected as director at AGM on March 28, 2019 in place of Mr. Shahab Khawaja.

Change in Directors

The election of directors of the Bank was held on March 28, 2019 at the AGM wherein eight directors were elected by the shareholders for a period of three years. During the year a casual vacancy created by resignation of Mr. Suleman Lalani as Director, was filled through the appointment of Air Chief Marshal (Retd.) Sohail Aman as director w.e.f. October 24, 2019.

Directors Remuneration

The remuneration of directors is fixed by the Board of Directors in accordance with applicable laws. The remuneration for attending meetings of the Board and/or Board Committees is within the scale as is reasonably determined by the Board of Directors, provided that an Executive Director shall not be paid any remuneration for attending Board/Board Sub Committee meetings.

Pattern of Shareholding

The pattern of shareholding at the close of December 31, 2019 as required u/s 227(f) of the Companies Act, 2017 is given on page number 345.

Related Party Transactions

Related party transactions are disclosed at note # 42 to the unconsolidated financial statements and the consolidated financial statements of the Bank for the year ended December 31, 2019.

Corporate & Social Responsibility

The Statement of Corporate & Social Responsibility is included in the Annual Report.

Credit Ratings

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the long term rating of the Bank at 'AA-' (Double A Minus) and the short-term rating of "A1+" (A One Plus) which is the highest possible short-term rating.

Dividend to Shareholders

No dividend is being paid to the shareholders on the ordinary shares for the year 2019.

Employee Benefit Schemes

JS Bank operates a Staff Provident Fund (the Fund) and funded Gratuity Scheme (the Scheme) covering all its permanent employees.

The contribution made toward the Fund during the year 2019 is PKR 209.87 million (2018 PKR 177 million). Un-audited balance as at December 31, 2019 of the Fund was PKR 1,795 million (2018: PKR 1,428 million).

The contribution to be made to the Scheme is PKR 151.88 million for 2019 (2018: PKR 102.49 million). The un-audited balance of the assets of the Scheme as at December 31, 2019 was PKR 705 million (2018: PKR 570 million).

Auditors

The current auditors, EY Ford Rhodes, Chartered Accountants (a member firm of Ernst & Young Global Limited), being retired offered themselves for reappointment.

Auditors have confirmed that the firm is fully compliant with the International Federation of Accountants' Guidelines of Code of Ethics, as adopted by Institute of Chartered Accountants of Pakistan (ICAP) and have satisfactory rating under Quality Control Review Program of the ICAP.

On the recommendation of the Board Audit Committee, the Board of Directors recommends the appointment of EY Ford Rhodes, Chartered Accountants for the year ending December 31, 2020 at the upcoming Annual General Meeting of the Bank.

Evaluation of the Board's Performance

The Board of Directors of JS Bank sets the Bank's strategic direction and ensures that the organization stays true to this direction - enabling it to achieve its long-term objectives while ensuring regulatory compliance. To discharge its fiduciary responsibility of safeguarding the stakeholders' interests, a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its Committees as required by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

The Board of Directors of JS Bank has a good mix of skills, core competencies, diversity, experience and knowledge and is at the same time committed to strong corporate governance to protect the overall interests of the Bank and its stakeholders. The Board continually reviews the Bank's financial and operational soundness, governance, internal controls and significant policies as per regulatory requirements. Further, the Board Committees have been constituted, each with a prescribed mandate and terms of reference.

In line with the best practices of corporate governance, the Board conducts a self-evaluation exercise on an annual basis by engaging Pakistan Institute of Corporate Governance (PICG) as an external facilitator which is the lead on Corporate Governance and has a team of qualified consultants to conduct board evaluations for companies and banks. The Board of JS Bank in compliance with SBP's Guidelines on Performance Evaluation of Board of Directors and Listed Companies (Code of Corporate Governance) Regulations, 2019 has conducted its self-evaluation for the year 2019 by engaging PICG. The evaluation covered various aspects of the performance of the Board including but not limited to: Board Composition. Strategic Planning, Control Environment, Committees, CEO & Chairman etc.

The evaluation was carried out using quantitative method, based on subjective assessment and was conducted via questionnaires developed by the consultants. The quantitative technique has the advantage of being specific and measurable. Measurement scale used in the Banks's board evaluation is the summated rating depending on how strongly they agree or disagree with a given statement. The use of this method ensures specific and measurable data that can be benchmarked over time.

Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019

The requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 set out by SECP have been adopted by the Bank and have been duly complied with. A Statement to this effect is annexed with the report.

Events after the Date of Statement of Financial Position

There have not been any material events that occurred subsequent to the date of the Statement of Financial Position that require adjustments to the enclosed financial statements.

Acknowledgements

On behalf of JS Bank, we would like to express our gratitude to our valued stakeholders for their continued patronage and support. We would also like to thank the Ministry of Finance, the State Bank of Pakistan (SBP), the Securities & Exchange Commission of Pakistan (SECP) and other regulatory authorities for their guidance and support to our Bank. At the close, we extend our appreciation to all our colleagues at JS Bank for their commitment towards ever greater success and growth.

For and on behalf of the Board,

Basir Shamsie	**Kalim-ur-Rahman**
President & CEO	Chairman

February 27, 2020

کنڑول اور اہم پالیسیوں کا ریگولیٹری تقاضو ں کے مطابق باقاعدگی سے جائزہ لیتا ہے۔ مزید برآں، بورڈ کمیٹیوں کی تشکیل کی گئی ہے، جن میں سے ہر ایک کامینڈیٹ اور ٹرمز آف ریفرنس موجود ہے۔

کارپوریٹ گورننس کے بہترین طریقہ کار کے مطابق بورڈ نے ایک بیرونی سہولت کار کے طور پر پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG) کو شامل کرکے سالانہ بنیادوں پر خود تشخیصی عمل کا آغاز کیا ہے، جو کارپوریٹ گورننس کا باعث ہے اور کمپنیوں اور بینکوں کے لئے بورڈ کی تشخیص کیلئے قابل اور اہلیت کے حامل افراد کی ٹیم مرتب کی ہے۔جے ایس بینک کے بورڈ نے اسٹیٹ بینک کی بورڈ آف ڈائریکٹرز اور لسٹڈ کمپنیوں کی کارکردگی کی تشخیص کی ہدایات،(کوڈ آف کارپوریٹ گورننس)ریگولیشنز 2019 کے مطابق PICG کے اشتراک سے سال 2019 میں خود تشخیصی کا عمل شروع کیا۔ تشخیص میں بورڈ کی کارکردگی کے مختلف پہلوؤں کا احاطہ کیا گیا ہے لیکن ان تک محدود نہیں جس میں بورڈ کی تشکیل، اسٹریٹجک پلاننگ، کنڑول ماحول، کمیٹیاں، سی ای او اور چیئرمین وغیرہ شامل ہیں۔

تشخیص میں مقداری طریقہ کار استعمال کیا گیا، جو شخصی تشخیص پر مبنی تھا اور مشاورین کے ذریعہ تیار کردہ سوال نامہ کے ذریعہ کیا گیا تھا۔ مقداری تکنیک کو مخصوص اور قابل پیمائش ہونے کا فائدہ حاصل ہے۔ بینک کے بورڈ کی تشخیص کی پیمائش کا طریقہ کسی بیان سے کتنے متفق ہیں یا نہیں پر منحصر ہے۔ اس طریقہ سے حاصل ہونے والے پیمائش کے اعدادو شمار کو یقینی بنایا جاتا ہے کہ اس کا استعمال مخصوص اور وقت کے ساتھ بینچ مارک کے طور پر کیا جاسکے۔

درج فہرست کمپنیوں (کارپوریٹ گورننس کے قوانین) کے ضابطہ2019 کی تعمیل

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP)کی جانب سے تیار کردہ لسٹڈ کمپنیوں کے قواعد و ضوابط (کارپوریٹ گورننس کے قوانین) ریگولیشنز 2019، کی ضروریات کو بینک نے اپنایا اور اس کے مطابق عمل کیا۔ اس سلسلے میں ایک اسٹیٹمنٹ، رپورٹ کے ساتھ منسلک ہے۔

فنانشل پوزیشن کی اسٹیٹمنٹ کی تاریخ کے بعد کے ایونٹس

فنانشل پوزیشن کی اسٹیٹمنٹ کی تاریخ کے بعد کوئی اہم واقعات نہیں ہوئے جس کے تحت منسلکہ فنانشل اسٹیٹمنٹ میں کسی قسم کی درستگی طلب ہوتی۔

اظہار تشکر

جے ایس بینک کی جانب سے ہم اپنے صارفین اور اسٹیک ہولڈرز کے تعاون اور سرپرستی پر دل سے ان کے شکر گزار ہیں۔ ہم وزارت خزانہ، اسٹیٹ بینک آف پاکستان (SBP)سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان(SECP)اور دیگر ریگولیٹری اداروں کا بینک کو تعاون فراہم کرنے کیلئے بھی ممنون ہیں۔ اختتام پر، ہم جے ایس بینک میں اپنے تمام ساتھیوں کا ان کی زیادہ سے زیادہ کامیابیوں اور نمو کی کوشش کے عزم پر شکریہ ادا کرنا چاہتے ہیں۔

منجانب بورڈ

باصر شمسی	کلیم الرحمان
پریزیڈنٹ اور سی ای او	چیئرمین

کراچی:27فروری 2020

متعلقہ پارٹی سے معاملات

متعلقہ پارٹی سے لین دین کی تفصیلات بینک کے 31دسمبر 2019کو ختم ہونے والے سال کی غیر متناسب مالی بیانات کے نوٹ نمبر 42 اور مستحکم مالی بیانات کے نوٹ نمبر 42 میں بیان کی گئیں ہیں۔

کارپوریٹ اور سوشل ریسپانسبلٹی

کارپوریٹ اور سوشل ریسپانسبلٹی اسٹیٹمنٹ سالانہ رپورٹ میں شامل ہے۔

کریڈٹ ریٹنگز

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے بینک کو"AA-" (ڈبل اے مائنس)کی طویل المدتی ریٹنگ،سب سے بہتر قلیل المدتی ریٹنگ میں 'A1+' (اے ون پلس)تفویض کی ہے، جو اپنی کیٹیگری میں سب سے اعلیٰ درجہ کے ریٹنگ ہے۔

شیئر ہولڈرز میں ڈیویڈنڈ کی تقسیم

سال 2019کے لئے عام شیئر ز کی ادائیگی پر کوئی ڈیویڈنڈ نہیں دیا جا رہا ہے۔

ایمپلائی بینیفٹس اسکیمز

جے ایس بینک اپنے تمام مستقل ملازمین کو اسٹاف پروویڈنڈ فنڈ (فنڈ) اور فنڈز گریجویٹی اسکیم (اسکیم) فراہم کرتا ہے۔

سال 2019میں فنڈ کیلئے209.87ملین روپے جاری کئے گئے (2018میں یہ رقم 177ملین روپے تھی)۔ 31دسمبر 2019تک فنڈ کا غیر آڈٹ شدہ بیلنس 1,795ملین روپے ہے۔ (سال 2018میں یہ رقم 1,428ملین روپے تھی)

سال 2019میں اسکیم کے لئے 151.88 ملین روپے کی رقم جاری کی گئی (2018میں یہ رقم102.49 ملین روپے تھی)۔ 31دسمبر 2019تک اسکیم کے اثاثوں کا غیر آڈٹ شدہ بیلنس 705ملین روپے ہے (2018میں یہ رقم 570ملین روپے تھی)۔

آڈیٹرز

موجودہ آڈیٹرز EY Ford Rhodesچارٹرڈ اکاؤنٹینٹس (Ernt & Young Global Limitedکے ممبر)، نے ریٹائرڈ ہونے کے بعد دوبارہ تقرر کے لئے خود کو پیش کیا ہے۔

انہوں نے تصدیق کی ہے کہ فرم انٹر نیشنل فیڈریشن آف اکاؤنٹنٹس کے اخلاقی کوڈ کی ہدایت کے مطابق ہے، جسے انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) سے لیا گیا ہے اور ICAPکے تحت ان کا کوالٹی کنٹرول ریویو پروگرام اطمینان بخش ہے۔

بورڈ آڈٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز نے 31دسمبر 2020کو ختم ہونے والے سال کے لئے بینک کے سالانہ اجلاس عام کی میٹنگ میں ای وآئی فورڈ روڈ چارٹرڈ اکاؤنٹنٹس (EY Ford Rhodes Chartered Accountants)کی تقرری کی تجویز دی ہے۔

بورڈ کی کارکردگی کا جائزہ

جے ایسبینک کا بورڈ آف ڈائریکٹرز بینک کی اسٹریٹجک سمت کا تعین کرتا ہے اور اس بات کو یقینی بنا ہے کہ ادارہ اس سمت پر قائم رہے۔ تاکہ ریگولیٹری کمپلائنس کو یقینی بناتے ہوئے اپنے طول المدتی مقاصد کو حاصل کرنے کے قابل رہیں۔ اسٹیک ہولڈرز کے مفادات کا تحفظ کرنے کی ذمہ داری نبھاتے ہوئے، اسٹیٹ بینک آف پاکستان اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے مطابق بورڈ، بورڈ ممبران اور کمیٹیز کی اپنی کارکردگی کی سالانہ تشخیص کے لئے ایک باضابطہ اور مؤثر طریقہ کار واضع کیا گیا ہے۔

جے ایسبینک کے بورڈ آف ڈائریکٹرز میں مہارت، بنیادی قابلیت، تنوع، تجربہ اور علم کا اچھا امتزاج ہے جو بیک وقت اسٹیک ہولڈرز کے مجموعی مفادات کے تحفظ کے لئے مضبوط کارپوریٹ گورنس کیلئے پر عزم ہیں۔ بورڈ باقاعدگی سے بینک کے مالی اور آپریشنل معاملات، نظم و نسق، اندرونی

ڈائریکٹر کا نام	آڈٹ کمیٹی		رسک کمیٹی		ایچ آر کمیٹی		آئی ٹی کمیٹی	
	شرکت کی اہلیت	اجلاس میں حاضری	شرکت کی اہلیت	اجلاس میں حاضری	شرکت کی اہلیت	اجلاس میں حاضری	شرکت کی اہلیت	اجلاس میں حاضری
جناب کلیم الرحمان	-	-	2	2	2	2	3	3
جناب عادل ماچس والا	3	3	-	-	3	3	-	-
جناب اشرف نوابی	-	-	3	2	-	-	-	-
جناب جی ایم سکندر	3	3	-	-	4	4	-	-
جناب حسن افضل**	-	-	-	-	-	-	3	3
جناب منور اے صدیقی	3	3	-	-	3	3	-	-
محترمہ نرگس گھلو	2	2	2	2	1	1	-	-
جناب سہیل امان*	-	-	-	-	-		1	1
جناب سلیمان لالانی *	-	-	-	-	-	-	-	-
جناب شہاب خواجہ**	1	1	-	-	-	-	-	-
جناب باصر شمسی، پریزیڈنٹ اور سی ای او	-	-	3	3	-	-	3	3

*جناب سلیمان لالانی ڈائریکٹر کے عہدے سے مستعفی ہوئے اور جناب سہیل امان خالی اسامی پر ڈائریکٹر مقرر ہوئے جو عہدہ 24اکتوبر 2019سے نافذ العمل ہے۔

**جناب حسن افضل 28مارچ 2019کے سالانہ مجلس عاملہ کے اجلاس میں جناب شہاب خواجہ کی جگہ ڈائریکٹر منتخب ہوئے۔

ڈائریکٹرز کی تبدیلی

بینک کے ڈائریکٹرز کے انتخابات کا انعقاد 28مارچ 2019کے سالانہ مجلس عاملہ کے اجلاس میں ہوا جس میں 8ڈائریکٹرز کو شیئر ہولڈرز نے تین سال کے لئے منتخب کیا۔ سال کے دوران جناب سلیمان لالانی کے عہدے سے مستعفی ہونے کے بعد خالی آسامی پر ایئر چیف مارشل (ریٹائرڈ) سہیل امان کی بطور ڈائریکٹر تقرری کے ذریعہ پوری ہوئی، جو 24اکتوبر 2019سے نافذ العمل ہے۔

ڈائریکٹرز کا مشاہرہ

ڈائریکٹرز کا مشاہرہ قابل اطلاق قوانین کی مطابقت سے بورڈ آف ڈائریکٹرز کی جانب سے مقرر کیا گیا ہے۔ کمپنی کے بورڈ یا کمپنی کے اجلاسوں میں شرکت کیلئے مشاہرہ ایک پیمانے میں رہتے ہوئے بورڈ کی طرف سے معقول طور پر معین کیا جاتا ہے۔ اس کے مطابق کمپنی کے بورڈ اور کمیٹی میٹنگز میں شرکت کرنے پر ایگزیکٹیو ڈائریکٹرز کسی قسم کے مشاہرے کے حقدار نہیں ہونگے۔

شیئر ہولڈنگ کا پیٹرن

31دسمبر 2019کے اختتام پر کمپنیز ایکٹ 2017کی شق 227(f)کے تحت درکار شیئر ہولڈنگ کا پیٹرن صفحہ نمبر 345 پر دیا گیا ہے۔

کا بیان واضح طور پر پیش ہے۔

- بینک کے اکاؤنٹس کی کتابوں کو برقرار رکھا گیا ہے۔
- اکاؤنٹنگ کی پالیسیاں جیسا کہ اکاؤنٹس کے نوٹس میں بیان کیا گیا ہے اس کا اطلاق مالی بیانات کی تیاری میں مستقل طور پر ہوتا ہے اور اکاؤنٹس کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔
- فنانشل اسٹیٹمنٹ کی تیاری میں پاکستان میں قابل اطلاق اکاؤنٹنگ بین الاقوامی معیارات کی پیروی کی گئی ہے۔
- انٹرنل کنٹرولر کا نظام اچھی طرح ڈیزائن کیا گیا ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور مؤثر طریقے سے ہی اس کی نگرانی کی جارہی ہے۔
- موجودہ مسائل سے نمٹنے کے لیے بینک کی صلاحیت پر کوئی شک نہیں ہے۔
- موجودہ قواعد وضوابط کی تفصیلات کے تحت کارپوریٹ گورننس کے بہترین طریقوں میں کوئی مادی اختلاف نہیں ہے۔
- فنانشل اسٹیٹمنٹ میں واجب الادا قانونی ادائیگیوں کی تفصیلات، اگر کوئی ہے تو اسے مناسب طور پر افشاں کیا گیا ہے۔
- ٹیکسز، ڈیوٹیز، واجبات، اور تبدیلیوں کی مد میں بقایا واجب الادا قانونی ادائیگیوں کو فنانشل اسٹیٹمنٹ میں مکمل طور پر ظاہر کیا گیا ہے۔

ہولڈنگ کمپنی

پاکستان اسٹاک ایکسچینج میں درج جہانگیر صدیقی اینڈ کمپنی لمیٹڈ، جے ایس بینک لمیٹڈ کی ہولڈنگ کمپنی ہے جو 75.2 فیصدعام شیئرز کی مالک ہے۔

سبسڈری کمپنیز

جی ایس گلوبل کیپیٹل لمیٹڈ اور جے ایس انویسٹمنٹ لمیٹڈ،83.5 فیصد اور 84.5 فیصد شیئر ز بالترتیب کے ساتھ جے ایس بینک کی ذیلی کمپنیز ہیں، ان کمپنیوں کی کارکردگی کا جائزہ مشترکہ ڈائریکٹرز کی رپورٹ میں لیا گیا ہے۔

بورڈ میٹنگز میں ڈائریکٹرز کی حاضری

سال 2019 کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ ان اجلاسوں میں ڈائر یکٹرز کی حاضری کچھ یوں رہی۔

ڈائریکٹرز کا نام	شرکت کے اہل	اجلاس میں شرکت
جناب کلیم الرحمان، چیئرمین	5	5
جناب عادل ماچس والا	5	4
جناب اشرف نوابی	5	4
جناب جی ایم سکندر	5	5
جناب حسن افضل**	3	3
جناب منور اے صدیقی	5	5
محترمہ نرگس گھلو	5	5
جناب سہیل امان*	1	1
جناب سلیمان لالانی*	2	2
جناب شہاب خواجہ**	1	1
جناب باصر شمسی، پریزیڈنٹ اور سی ای او	5	5

بورڈ کی ذیلی کمپنی کے اجلاس میں ڈائریکٹرز کی حاضری کچھ ہوں رہی

معقول مکمل یقین دہانی فراہم نہیں کرسکتاہے کیونکہ وہ انتظام کرنے کیلئے تیار کئے گئے ہیں، بلکہ اس کے خاتمے کے بجائے غیر متوقع نقصان کا خطرہ کاروباری مقاصد کو حاصل کرنے کے لئے کوشاں ہے۔

خطرے سے نمٹنے کے انتظام کو مؤثر بنانے کے لیے انتظامیہ نے JS بینک میں سے درجہ حفاظتی انٹرنل کنٹرول فنکشنز کو انتظامی شکل میں ڈھالا ہے۔ پہلی حفاظتی صورت یہ ہے کہ کاروبار اپنے خطرات کو اپناتا ہو جس میں آپریشنل رسک اور مینجمنٹ کی ذمہ داری شامل ہے۔ دوسری حفاظتی صورت رسک مینجمنٹ اور کنٹرول فنکشنز کی جانب سے مہیا کی گئی نگرانی ہے جو موجودہ اورنئی کاروباری سرگرمیوں پر اثر انداز ہونے والے خطرات اور اقدامات کی نشاندہی کرتا ہے، خطرے سے متعلق ماہرین اور کاروباری اداروں کے ساتھ خطرے کی کمی کو دور کر کے اس کی رپورٹ کرے اور مزید اصلاحات کے لیے اسے رسک مینجمنٹ فنکشن کے پاس بڑھاتا ہے۔ آخری حفاظتی صورت ایک آزاد اور مؤثر انٹرنل آڈٹ فنکشن ہے جو اس کی تاثیر اور انٹرنل کنٹرول کا جائزہ لیتا ہے اور پالیسیوں اور اس کے طریقہ کار کی تیل کی مسلسل نگرانی کرتا ہے۔

بورڈ آف ڈائریکٹرز کو باقاعدہ طور پر بورڈ آڈٹ کمیٹی کی جانب سے آگاہ رکھا جاتا ہے۔ بطورترجیح، اس بات کی یقین دہانی کے لیے کہ مناسب اصلاحاتی اقدامات درست لاگو کیے گئے ہیں، انتظامیہ کو اندرونی اور بیرونی آڈیٹرز قوائد و ضوابط سے آگاہ کیا جاتا ہے۔ غلطیوں کی تکرار سے بچنے اور کنٹرول کے ماحول کو مزید بہتربنانے کے لیے ایک مناسب نظام مرتب کیا گیا ہے۔ اس کے ساتھ ہی کمپلائنز فنکشن بینک کے قوائد وضوابط کے نظام اور کمپلائنس کی یقین دہانی کرتے ہوئے اہم کردار ادا کر رہا ہے۔

جے ایس بینک فنانشل رپورٹنگ کنڑواز سمیت انٹرنل کنٹرولز کے مجموئی سیٹ کی مؤثریت کا اندازہ لگانے کے لیے اسٹیٹ بینک آف پاکستان (SBP) کے انٹرنل کنٹرول سے متعلقہ رہنما اصولوں پرسختی سے عمل کر رہا ہے۔ کنٹرول ڈیزائن کی خامیوں کا مجموعی تجزیہ اور نشاندہی کی گئی خامیوں کی بحالی کے منصوبے کے تحت ڈیویلپمنٹ سمیت بینک کے وسیع تر عمل اور نظام سے متعلقہ ایک تفصیلی دستاویز بھی مکمل کی گئی ہے۔ اس کے علاوہ، بینک نے اہم کنٹرولر کی مؤثر آپریٹنگ کویقینی بنانے کے لیے ایک جامع مینجمنٹ ٹیسٹنگ اورر پورٹنگ فریم ورک بنایا ہے اور ڈیزائن میں نشاندہی کیے گئے بہتری کے مواقعوں کے لیے بھر پور اقدامات کئے ہیں۔

انٹرنل کنٹرولز اور فنانشل رپورٹنگ (ICFR) روڈ میپ کی اطمینان بخش تکمیل پر ایس بی پی (اسٹیٹ بینک آف پاکستان) نے اگست 2016 میں بینک کو بیرونی آڈیٹرز کی جانب سے لانگ فارم رپورٹ (LFR) جمع کروانے میں چھوٹ دی تھی۔ ICFR کے کارگر ہونے سے تعلق 31 دسمبر 2019 کی سالانہ تشخیصی رپورٹ اب بورڈ آڈٹ کمیٹی میں جمع کروادی جائے گی۔

انتظامیہ کا خیال ہے کہ موجودہ انٹرنل کنٹرول موزوں ہے، مؤثر طریقے سے لاگو ہوتا ہے اور مسلسل نگرانی کرتا ہے۔ اس بیان کو یہاں پر بورڈ آف ڈائریکٹرز کی جانب سے بھی منظور کیا جاتا ہے۔ مینجمنٹ، انٹرنل کنٹرولز سے متعلقہ ایس بی پی کی گائیڈ لائنز کے مطابق اپنی کوریج اور کمپلائنس میں بہتری کے لیے کوشش کرتی رہے گی اوراس طرح اس کا انتظامی ماحول مسلسل بنیادوں پر مزید مضبوط ہوگا۔

کارپوریٹ گورننس

اعلیٰ پیشہ ورانہ اور کاروباری طرز عمل کی روایات کو برقرار رکھتے ہوئے بینک اپنی اچھی کارپوریٹ گورننس پر فخر کرتا ہے، مؤثر اندرونی کنٹرول اور آڈٹ فنکشنز پر عملدرآمد، بشمول رسک مینجمنٹ فریم ورک اور مقامی اور بین الاقوامی طرز عمل دونوں پر سختی سے عملدرآمد شامل ہے۔

بورڈ باقاعدگی سے ذمہ داری کے مطابق پالیسی سے وابستہ معاملات اورطویل المدتی اثرات کابغور جائزہ لیتا ہے جو بینک کی آپریشنل ضروریات کو بھی پورا کرتے ہیں۔مینجمنٹ اور بورڈ کمیٹیوں کو ایک طے شدہ دائرہ کار کے ساتھ مستقل طور پر تشکیل دیا گیا ہے تاکہ یہ یقینی بنایا جاسکے کہ وہ اپنے مینڈیٹ اور متعلقہ شرائط کے مطابق اپنے مقرر کردہ فرائض کو درست اور مؤثر طریقہ سے انجام دیں۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک برائے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کوڈ آف کارپوریٹ گورننس کی تعمیل کے لیے ڈائریکٹر مندرجہ ذیل کی منظوری دیتے ہیں۔

= انتظامیہ کی جانب سے تیار شدہ فنانشل اسٹیٹمنٹ، بینک کے معاملات، اس کے آپریشنز کے نتائج کیش فلواسٹیٹمنٹ اور ایکو مٹی میں تبدیلی

ہے اور تجزیاتی صلاحیتوں کو بڑھانے کیلئے تیمونوس انسائٹ رسک انٹیلی جنس سلوشنز کے مارکیٹ رسک ماڈیول کو نافذ کیا ہے، اور آئندہ سال ریگولیٹری کیپیٹل اور اثاثہ جات اور ذمہ داری کے انتظام کیلئے ماڈیولز کو نافذ کرنے کا ارادہ رکھتا ہے۔

سرمائے کے انتظام کے حوالے سے بینک کا کاروباری ضابطہ عمل اس بات کو یقینی بناتا ہے کہ بینک ایک خاطر خواہ سرمایہ رکھتا ہے اور کاروباری سرگرمیوں سے متعلق خطرات سے با آسانی نمٹ سکتا ہے۔ بینک کے سرمائے کے انتظام کا اہم مقصد اس بات کو یقینی بناتا ہے کہ بینک سرمائے سے متعلق تمام ضروری قوائد و ضوابط پر عمل پیرا ہوتا ہے اور اس کے علاوہ ایک مستحکم کریڈٹ ریٹنگ برقرار رکھنے کے ساتھ سرمائے کا اعلیٰ تناسب بھی برقرار رکھتا ہے تاکہ کاروبار کی مزید توسیع ہو اور حصص یافتگان کے سرمائے کی ویلیو میں زیادہ سے زیادہ اضافہ ہو۔

رسک اور کنٹرول سیلف اسیسمنٹ (RCSA)کی معمولی نگرانی کے علاوہ، آپریشنل ڈیٹا کا نقصان اور کلیدی رسک انڈیکیٹرز (KRI)، آپریشنل رسک مینجمنٹ فنکشن بزنس پالیسی کو بھی برقرار رکھتا ہے اور مشن کریٹیکل سسٹم کے خدمات کی سالانہ جانچ کی سہولیات فراہم کرتا ہے جو کسی بھی صورتحال یا تباہی کی وجہ سے متاثر ہوسکتے ہیں۔ بینک نے ڈیزاسٹر ریکوری (DR)سائٹ بھی تیار کی ہے تاکہ صارفین اور شراکت داروں کو اہم (حساس وقت) اور معاون فنکشن کے ذریعہ سسٹم اور خدمات کی زیادہ سے زیادہ دستیابی کو یقینی بنایا جاسکے۔

کریڈٹ رسک مینجمنٹ ایک بدستور جاری رہنے والا پروسس ہے۔ مجموعی کریڈٹ پالیسی اور کریڈٹ رسک مینجمنٹ کی رہنما ہدایات بورڈ آف ڈائریکٹرز کی جانب سے جاری کی جاتی ہیں۔ اس سلسلے میں سینٹرل کریڈٹ کمیٹی (CCC)کو بینک میں کریڈٹ رسک کی نگرانی کی ذمہ داری سونپی گئی ہیں۔ سینٹرل کمیٹی کریڈٹ کمپنی قرض دینے سے متعلق پورٹ فولیو کے کریڈٹ رسک کی بھر پور نگرانی کیلئے باقاعدگی سے میٹنگ کا انعقاد کرتی ہے۔ کریڈٹ پورٹ فولیو کے بھرپور فروغ کو برقرار رکھنے کیلئے بینک کے کریڈٹ رسک مینجمنٹ پروسس کو مستقل طور پر فروغ دیا جارہا ہے اور مستقبل میں چیلنجز سے نبردآزما ہونے کیلئے اس میں مزید بہتری لائی جارہی ہے۔ مزید یہ کہ کریڈٹ رکس مینجمنٹ سے متعلق سرگرمیوں میں معاونت کیلئے کریڈٹ رسک مانیٹرنگ یونٹ بنایا گیا ہے تاکہ کریڈٹ رسک مینجمنٹ ٹولز کو ترتیب دیا جائے اور اس پر عملدرآمد کیا جائے جو صنعت، جغرافیائی اور سیکٹورئل حدود اور رسک کی جانچ/اسٹیٹ بینک اور Basel II/IIIکی درکار ضروریات کو پورا کرنے کیلئے شماریاتی تکنیک کے استعمال پر ہوتا ہے۔ کریڈٹ انتظامیہ کے ذریعہ کریڈٹ پورٹ فولیو کی صحت کی نگرانی کی جارہی ہے، جو کریڈٹ حدود کے انتظام کے ساتھ ہاؤس کیپنگ عناصر کیلئے بھی ذمہ دار ہے۔

قرضوں کے مسائل سے متعلق خطرات اور غیر یقینی صورتحال کا انتظام عمومی انتظام کے مقابلے میں مختلف اور زیادہ توجہ طلب حیثیت رکھتا ہے۔ اس سلسلے میں ایک اسپیشل ایسٹ مینجمنٹ یونٹ تشکیل دیا گیا ہے جو اسٹیٹ بینک کے قوائد و ضوابط کی رہنما ہدایات پر عمل پیرا ہوکر تدار کی انتظامی معاملات اور اعلیٰ انتظام کیلئے مخصوص پورٹ فولیو کی ملکیت کے حصول پر اپنی توجہ مرکوز کرتا ہے اور تصفیہ کیلئے حل کے مؤثر طریقہ کار کی جانچ کرتا ہے جیسے کہ بینک کی تدارکی انتظامی پولیسی میں وضاحت کی گئی ہے۔

انفارمیشن سیکیورٹی کی مد میں انفارمیشن سیکیورٹی کا ڈیپارٹمنٹ سیکیورٹی / رسک کی جانچ پڑتال کرتا ہے اور آئی ٹی اور انفارمیشن سیکیورٹی سے متعلق مخصوص خطرات کو پورے بینک میں مانیٹر کرتی ہے۔انفارمیشن سیکیورٹی کرنسی میں مزید بہتری لانے کے لئے ایڈوانس / زیرو ڈے تھریٹ پروٹیکشن سلوشن کا نفاذ کے لئے جائزہ لیا جا رہا ہے۔

اسٹیٹمنٹ برائے انٹرنل کنٹرولز

جے ایس بینک نے اپنے تمام آپریشنز میں سخت کنٹرول قائم کرنے پر انتہائی زور دیا ہے۔ بینک کی پالیسیز کی بنیاد یہ ہے کہ وہ بہترین طریقوں، اخلاقی معیارات اور ریگولیٹری کی ضروریات پر عملدرآمد کرے۔ اسی تناظر میں بورڈ آف ڈائریکٹرز نے ایسے قوانین بنائے ہیں جو انٹرنل کنٹرول ماحول کی مجموعی مؤثریت کو جانچنے کا انتظام کرتے ہیں۔ یہ نئی مینجمنٹ کی ذمہ داری ہے کہ وہ نظام اور طریقہ کارکو فروغ دے جو بورڈ آف ڈائریکٹرز کے رہنما اصولوں کی روشنی میں تمام تر جامع کنٹرولز کو یقینی بنائے۔

انٹرنل کنٹرولز کا مقصد بینک کے آپریشنز، مالی معلومات کا با اعتبار ہونا اور قابل اطلاق قوانین اور قوائد و ضوابط کی تعمیل کے مؤثر اور کارگر ہونے کو یقینی بنانے کے لیے مناسب اقدامات کرتا ہے۔ تاہم اس بات کو تسلیم کیا جاتا ہے کہ نافذ کیا گیا نظام نقصان یا مواد کی غلط بیانی کے سلسلے میں حتمی کے بجائے مناسب یقین دہانی فراہم بیان کر سکتا ہے بلکہ یہ (نظام) کاروباری مقاصد کے حصول میں غیر متوقع نقصان کے خطرات کو ختم کرنے کے بجائے اس سے نمٹنے کے لیے بنائے گئے ہیں۔ تاہم یہ تسلیم کیا جاتا ہے کہ جو نظام ترتیب دیا گیا ہے وہ مادی غلط تشخیص یا نقصان کے خلاف صرف

میں کمی کرتے ہوئے قابل تجدید اور توانائی کے مؤثر متبادل کو فروغ دینا ہے۔ جے ایس بینک پاکستان کا پہلا اور جنوبی ایشیاء کا دوسرا کمرشل بینک بن گیا جسے گرین کلائیمٹ فنڈ (GCF) نے تسلیم کیا ہے۔ GCFدنیا کا سب سے بڑا ماحولیاتی فنڈ ہے اورجے ایس بینک بطور تسلیم شدہ ادارے کے 250ملین امریکی ڈالر تک کے فنڈز کیلئے درخواست دے سکتا ہے جس سے ماحولیاتی تبدیلی کے اثرات کو کم کرنے میں مدد ملے گی۔

رسک مینجمنٹ

بورڈ رسک مینجمنٹ کے بہترین اصولوں کو من و عن طور پر اپنانے کیلئے پر عزم ہے۔ رسک مینجمنٹ کے مؤثر طریقوں برقرار رکھنے کیلئے بینک بیسل(Basel) II/III)فریم ورک کے تحت اسٹیٹ بینک اور دیگر متعلقہ رہنما خطوط کے ذریعہ جاری کردہ انضباطی ہدایات کے مطابق ایک رسک مینجمنٹ کے مناسب فریم ورک کی پیروی کرتا ہے۔ اس سلسلے میں بینک کے پاس رسک مینجمنٹ پالیسیوں، طریقوں اور طریقہ کار کا ایک جامع مجموعہ ہے جو بینک کو مناسب انداز میں قابل غور بناتے ہیں،جس میں تمام بڑے اقسام کے خطرات بشمول کریڈٹ، مارکیٹ، لیکویڈیٹی، آپریشنل اور انفارمیشن سیکورٹی کو مد نظر رکھتا ہے۔

بینک کا مجموعی رسک مینجمنٹ فریم ورک، بورڈ آف ڈائریکٹرز (BoD)/بورڈ رسک مینجمنٹ کمیٹی (BRMC)کی نگرانی میں ہے جبکہ آپریشنل سطح پر روز مرہ کے معمولات بینک کی سینئر مینجمنٹ کے ذریعہ انجام دیئے جاتے ہیں۔ ایک جامع انٹیگریٹڈ رسک مینجمنٹ نقطہ نظر کو تیار کرنے کیلئے بینک میں رسک مینجمنٹ کے مختلف پہلوؤں کا انتظام کرنے کیلئے ایک مخصوص خود مختار اور آزاد رسک مینجمنٹ گروپ موجود ہے۔ بینک کے اندر رسک مینجمنٹ اپروچ کو باضابطہ اور مستحکم بنانے کیلئے درج ذیل اہم پالیسیاں تیار/نظر ثانی کی گئیں اور بورڈ کے ذریعہ اس کی منظوری دی گئی:

= رسک مینجمنٹ پالیسی

= کریڈٹ پالیسی

= ضامن انتظامی پالیسی

= مارکیٹ رسک مینجمنٹ پالیسی

= آپریشنل رسک مینجمنٹ پالیسی

= لیکویڈیٹی رسک مینجمنٹ پالیسی

= ملکی رسک مینجمنٹ پالیسی

= کاروباری تسلسل پالیسی

= انفارمیشن سیکورٹی پالیسی

BRMC بینک کے مجموعی رسک پروفائل پر نظر رکھتی ہے۔ انتظامیہ کی انٹیگریٹڈ رسک مینجمنٹ کمیٹی (IRMC)، کریڈٹ رسک مینجمنٹ کمیٹی (CRC)، آپریشنل رسک مینجمنٹ کمیٹی(ORMC)، آئی ٹی اسٹیئرنگ کمیٹی (ITSC)اور اثاثہ جات اور واجبات کمیٹی (ALCO)ایک مقرر کردہ فریم ورک کے اندر کام کرتی ہیں تاکہ بینک کی سرگرمیوں کی نگرانی کی جاسکے اور خطرہ کی سطح کو پہلے سے طے شدہ حدود میں برقرار رکھا جا سکے۔ یہ کمیٹیاں مارکیٹ کی پیشرفت اور بینک کو درپیش مالی اور سیکیورٹی رسک کی سطح کا جائزہ لینے کیلئے مستقل بنیادوں متواتر ملاقات کرتی ہیں۔

رسک مینجمنٹ اس بات کویقینی بنانے میں اہم کردار ادا کرتا ہے کہ بینک کو درپیش خطرہ اور انعام کے مابین مناسب توازن برقرار رہے۔ اس مقصد کیلئے زیر جائزہ سال میں رسک مینجمنٹ فنکشن اور فریم ورک کو نمایاں طور پر مضبوط کیا گیا ہے۔ اس میں شامل، لیکن کریڈٹ پورٹ فولیو اور آپریشنل خطرات کی نگرانی کیلئے انتظامی کمیٹیوں کی تشکیل تک محدود نہیں، انٹر پرائز رسک مینجمنٹ کے تصور کو متعارف کرانا، مختلف طریقہ کار کے خودکار نظام اور انفارمیشن سیکورٹی فنکشن کو رسک مینجمنٹ گروپ میں شامل کرناہے۔

مارکیٹ رسک پیمائش، مانیٹرنگ اور مینجمنٹ رپورٹنگ مستقل بنیاد پر کی جاتی ہے۔ مارکیٹ رسک اور بیسل یونٹ سپورٹ کو ٹریژری مڈل آفس کی تائید حاصل ہے جو شرح سود کے خطرے، ایکوئٹی رسک، کرنسی یا فارن ایکسچینج ریک، سرحد پار یا ملکی خطرہ، ملیاتی اداروں (FI)، لیکویڈیٹی رسک اور کفایت سرمایہ کی شکل میں متعلقہ تمام معاشی خطرات کی روزانہ کی بنیاد پر نگرانی شامل ہے۔ بینک اپنے سسٹم کی صلاحیتوں کو اپ گریڈ کرنے کے عمل میں

ڈیپازٹس

جے ایس بینک کی توجہ بنیادی طور پر ڈیپازٹ کو متحرک کرنے پر مرکوز ہے، خاص طور پر کم لاگت ڈیپازٹس (کرنٹ اکاؤنٹ، CA) میں اضافہ کرنا ہے۔ بینک سال 2019 کے اختتام تک ڈیپازٹ 370 بلین روپے تک کرنے میں کامیاب رہا جس میں 2018 کے مقابلہ 15.05 فیصد اضافہ ہوا۔ بڑے پیمانے پر افزودہ مارکیٹ طبقے پر توجہ مرکوز کرکے کرنٹ اکاؤنٹ میں نمایاں اضافہ ہوا، جس سے بینک کو زیادہ استحکام اور قوت حاصل ہوئی۔ بینک نے مختلف شعبوں میں تعلقات کر بڑھانے کیلئے نے متعدد اقدامات شروع کئے جن میں بزنس اکاؤنٹ، ایمپلائز بینکنگ، کیش مینجمنٹ تعلقات، کارپوریٹ ڈیپازٹس اور ٹیکنالوجی پر مبنی حل شامل ہیں۔

ایڈوانسز

اثاثوں کی جانب سے، بینک نے صارفین کی ضروریات کو مد نظر رکھ کر ایک جامع پروڈکٹس کی وسیع رینج میں توسیع کی حکمت عملی تیار کی۔

روایتی قرضوں کے حصہ کے علاوہ بینک نے چھوٹی درمیانی صنعت (ایس ایم ای) کے شعبہ میں قرضوں کی فراہمی کے ماڈل پر توجہ کو بڑھایا، اور متعدد ایس ایم ای کے شعبوں میں کام شروع کیا۔ مزید برآں، صارفین کی محفوظ قرضوں کی تعداد 2019 کے دوران مضبوط رہی۔ لیزنگ کے شعبہ نے معیشت کے تمام صنعتی شعبوں کی بہترین نشو نما کی۔

بینک نے متعدد شراکت داری کے ذریعہ گولڈ فنانس اور شمسی پینل کے قرضوں کے پورٹ فولیو میں اضافہ کرکے اپنی پروڈکٹ کو فروغ دیا۔ جے ایس بینک نے اسٹیٹ بینک کے مقرر کردہ زرعی قرضوں کے اہداف سے تجاوز کیا، جس سے آنے والے سالوں میں پائیدار توسیع کی راہ ہموار کرنے کا موقع ملے گا۔

فیس کاروبار

بینک نے محصول اور فیس پر مبنی آمدنی کو بہتر بنانے کیلئے ٹھوس اقدامات کئے ہیں جس میں موجود اور نئے صارفین کو متوازی مختلف فیس پر مبنی مصنوعات کو فراہم کرنے کے علاوہ روایتی فیس آمدنی کی مصنوعات بھی فراہم کر رہا ہے۔ 2019 میں انویسٹمنٹ بینکنگ گروپ (IBG) کا اختتام مضبوط نوٹ پر ہوا۔ اس نے ریٹیل شعبہ کو مشاورتی خدمات فراہم کیں، مائیکرو فنانس اور تیل اور گیس کے شعبے کے مختلف اداروں کو قرض فراہم کئے۔ ٹرسٹی اور ایجنسی کی مشترکہ خدمات سے بینکنگ کے کاروبار میں مثبت نتائج برآمد ہوتے رہے۔ آگے بڑھتے ہوئے IBG سرکاری اور نجی دونوں شعبوں سے مشاورتی مینڈیٹ حاصل کرکے مشاورتی کاروبار کو بڑھانے پر زیادہ توجہ مرکوز کی۔

سروس مینجمنٹ اور صارفین سے منصفانہ سلوک

جے ایس بینک اپنے صارفین کو اعلیٰ درجہ کی خدمات کے معیار اور اطمینان کی فراہمی کیلئے پر عزم ہے۔ بینک نے ایک مخصوص اور خود مختار انتظامی فنکشن قائم کیا ہے جو خدمات کے معیار، فون بینکنگ، مسائل کے حل اور صارفین سے منصفانہ سلوک کی نگرانی کرتا ہے۔ بینک کی شکایات سے نمٹنے کی پالیسی اور ازالے کا طریقہ کار یہ یقینی بناتا ہے کہ شکایات کا بروقت حل کیا جائے اور جہاں تک ممکن ہو ایسی شکایات کو دوبارہ ہونے سے روکا جائے۔ صارفین کے پاس اختیار ہے کہ وہ اپنی شکایات بینک برانچ، فون بینکنگ سینٹر، جے ایس بینک کی ویب سائٹ یا بذریعہ ای میل درج کراسکیں۔

بینک خدمات کے تمام معیارات، شکایات کی رپورٹس اور صارفین کی مجموعی بھروسے اور سہولیات کے عمل کو آسان بنانے پر توجہ مرکوز کررہا ہے۔ صارفین کے ساتھ منصفانہ سلوک' ہماری کارپوریٹ ثقافت کا لازمی جزو ہے۔ ہم 'صارفین کو شعور اور مالی خواندگی پروگرام' کے ذریعے اپنے صارفین کی مالی خواندگی، ذمہ دارانہ طرز عمل اور باخبر مالیاتی فیصلوں کو فروغ دیا ہے۔

پائیدار مالیات

ملک کو سرسبز کرنے کے قومی منصوبے اور استحکام میں شراکت کیلئے جے ایس بینک نے متعدد اقدامات کئے، ایسا ہی ایک منصوبہ جس میں بینک نے WWF پاکستان کے اشتراک سے 14 اگست 2019 کو ایک لاکھ سے زائد پودوں کی شجرکاری مہم کا اعلان کیا تھا۔

ایک ذمہ دار قرض دہندہ کے طور پر بینک نے اسٹیٹ بینک کی گرین بینکنگ کے رہنما خطوط پر مکمل عملدرآمد کیا جس کا مقصد اپنے ماحولیاتی اثرات

بینک کی بنیادی انٹرسٹ آمدنی میں اضافہ ہوا،تاہم پہلے کے جائزوں میں تفصیل کے مطابق پاکستان انویسٹمنٹ بانڈز(PIB) پورٹ فولیو کی آفسیٹ نے مجموعی منافع کو متاثر کیا۔ توقع ہے کہ مارچ 2020تک (PIB)پورٹ فولیو کے بیشتر حصے مچیور ہو جائیں گے۔ یہ اعتماد سے کہا جاسکتا ہے کہ آئندہ سال تمام کاروباری خطوط میں جامع کارکردگی میں بہتری لائے گا۔

	2019	2018
قبل از ٹیکس منافع، روپے ملین میں	133	905
بعد از ٹیکس منافع، روپے ملین میں	25	562
فی شیئر آمدن (بنیادی)، روپے	0.0004	0.30
اوسط اثاثوں پر ریٹرن (ROAA)	0.005%	0.13%
اوسط ایکوئٹی پر ریٹرن (ROAE)	0.15%	3.48%
شرح کفایت سرمایہ (CAR)	12.93%	12.01%
ڈیپازٹ کے تناسب میں پیشرفت	65.7%	78.40%

گزشتہ 6 سالوں کے لئے مختص مالی اعدادو شمار درج ذیل ہیں:

روپے ملین میں

تفصیلات	2019	2018	2017	2016	2015	2014
ڈیپازٹ	369,790	321,413	290,078	226,099	141,840	108,740
ایکوئٹی	17,333	15,617	16,669	16,650	15,968	13,080
کل اثاثے	469,821	456,754	371,479	264,700	218,476	176,717
سرمایہ کاری، نیٹ	142,568	148,690	169,612	133,727	116,030	84,258
ایڈوانسز، نیٹ	242,944	251,991	184,140	93,794	76,666	62,433
مجموعی مارک اپ آمدنی	41,595	29,997	20,381	15,081	15,328	11,113
نیٹ مارک اپ آمدنی	7,028	8,809	6,242	5,728	5,590	3,854
نان مارک اپ آمدنی	3,943	2,141	4,051	4,861	3,290	2,590
قبل از ٹیکس منافع	133	905	1,621	3,390	3,174	1,608
بعدازٹیکس منافع	25	562	973	2,077	2,026	1,060
برانچیں	360	345	323	307	277	238
ملازمین	4,904	5,127	4,998	4,163	2,946	2,442

فی شیئر آمدنی(EPS)

31دسمبر 2019کو ختم ہونے والے سال میں فی شیئر آمدنی(EPS) 0.0004 روپے فی شیئر رہی جس کے مقابلے 2018میں فی شیئر آمدنی 0.30روپے فی شیئر تھی۔

کفایت سرمایہ

جے ایس بینک کاشرح کفایت سرمایہ (CAR) 31دسمبر 2019تک 12.93فیصد پر موجود تھا، جس کے مقابلے 2018میں یہ شرح 12.01فیصد تھی۔ کم از کم مطلوبہ CAR(بشمول کیپیٹل کنزرویشن بفر)12.50فیصد ہے جو اسٹیٹ بینک نے مقرر کیا ہے۔

کاروباری جائزہ

رواں سال ایڈوانسز میں محتاط توسیع، جارحانہ ڈیپازٹس موبلائزیشن اور متنوع بزنس فیس کی پیش قدمی کے باعث بیلنس شیٹ میں مسلسل اضافہ کا مشاہدہ کیا گیا۔ بینک کی مجموعی مصنوعات کی حکمت عملی کی بنیاد مقابلہ سے الگ کھڑے ہونے کی کوشش میں مخصوص مارکیٹ کی شناخت اور ضروریات کی نشاندی کرکے اسے پورا کرنے پر مبنی ہے۔جے ایس بینک کی اب180شہروں میں 360برانچیں ہیں جس میں ایک بیرون ملک ہول سیل بینکنگ برانچ مانامہ، بحرین کی بھی شامل ہے۔

ڈائریکٹرز رپورٹ

ہم انتہائی مسرت کے ساتھ 31دسمبر 2019کو ختم ہونے والے سال کے لئے جے ایس بینک لمیٹڈ (''جے ایس بی ایل'')کی چودھویں سالانہ رپورٹ بشمول آڈٹ شدہ اکاؤنٹس، آڈیٹر رپورٹ پیش کر رہے ہیں۔

معیشت

زیر جائزہ مدت میں پاکستان کو بین الاقوامی مالیاتی فنڈز (IMF)کے 6ارب ڈالر کے پروگرام سے مالی سال کے دوران دو اقساط موصول ہوئی اور بقیہ قسطیں طے شدہ معاشی اہداف کے حصول سے مشروط ہیں۔

ملک کو بیرونی محاذ پر مدد ملتی رہی اور اضافی بیرونی براہ راست سرمایہ کاری (FDI) اور ترسیلات زرمیں بھی اضافہ ہوا،اس کے علاوہ درآمدات میں بھی کمی ہوئی، یہ سب عوامل مجموعی کرنٹ اکاؤنٹ خسارہ (CAD)کو کم کرنے میں مددگار ثابت ہوئے۔ مجموعی طور پر رواں مالی سال کے 6ماہ کے دوران جی ڈی پی کے مقابلے کرنٹ اکاؤنٹ خسارہ (CAD) کی شرح میں 1.5فیصد کمی ہوئی جو گزشتہ سال کی اسی مدت کے دوران 5.3فیصد تھی۔ملک کے فارن ایکسچینج (FX) ذخائر میں 4.2بلین امریکی ڈالر کا اضافہ ہوا جس کی وجہ سے مالی سال 2019کی دوسری ششماہی میں روپے کی قدر میں 5فیصد اضافہ ہوا جس کے مقابلے مالی سال 2019کی پہلی ششماہی میں 17فیصدفرسودگی (depreciation)کا شکار تھا۔

بین الاقوامی کریڈٹ ریٹنگ ایجنسی موڈیز نے ملک کا آؤٹ لک بہتر معاشی حالات اور اصلاحات کے نفاذ کی بنیاد پر منفی سے مستحکم میں تبدیل کر دیا۔

حکومت مالی معاملات کو ایک حد تک حل کرنے میں کامیاب رہی۔ نہ صرف 2020کی پہلی سہ ماہی کا جی ڈی پی کے مقابلے مالی خسارہ 0.7فیصد تک گھٹ گیاجبکہ اس کے مقابلے گزشتہ سال 2019کی پہلی سہ ماہی (1QFY19)میں یہ شرح 1.4فیصد تھی،ملک کا جی ڈی پی کے مقابلے پرائمری سرپلس 0.6فیصد رپورٹ ہوا جو گزشتہ سال اسی مدت کے دوران منفی 0.08فیصد تھا۔ تاہم شرح سود میں اضافہ کی وجہ سے مالی سال 2020کے 6ماہ میں لارج اسکیل مینوفیکچررز (LSM) کے شعبہ میں 3.35فیصد کی منفی نمو دیکھی گئی۔ اسی دوران افراط زر میں اضافہ سب سے اہم مسئلہ اور تشویش کا باعث بنی رہی کیونکہ مالی سال 2020کی پہلی ششماہی کے دوران کنزیومر پرائس انڈیکس (CPI)نے افراط زر اوسطاً 11.11فیصد بتائی جو کہ گزشتہ سال اسی مدت کے دوران 5.96فیصد تھی۔ اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ 325بیس پوائنٹس(bps) بڑھا کر 13.25فیصد کردیا، اس کی بنیادی وجہ سال کے دوران روپے کی قدر میں کمی اور توانائی اور یوٹیلٹی کی قیمتوں کا اضافہ تھا۔

شعبہ بینکاری کا جائزہ

جاری سال 2018 (CY18) میں 425بیس پوائنٹس اضافہ کے بعد اسٹیٹ بینک نے جاری سال 2019(CY19) میں پالیسی ریٹ میں مزید 325بیس پوائنٹس کا اضافہ کیا جس کے نتیجہ میں شرح سود بڑھ کر 13.25فیصد ہوگیا۔ اس طرح جاری سال 2019کے دوران اوسطاً بینکاری کے پھیلاؤ میں سال بسال (YoY)کی بنیاد پر95بیس پوائنٹس (bps)کا اضافہ ہوا جو 5سال کا بلند ترین 5.85فیصد ہے۔

بینکاری کے شعبے میں مجموعی طور پرسال بسال (YoY)کی بنیاد پر ڈیپازٹ کی شرح میں 10فیصد اضافہ سے 14,632بلین روپے تک پہنچ گیا ہے جبکہ ایڈوانسزسال بسال (YoY)کی بنیاد پر 3فیصد اضافہ سے 8,158بلین روپے ہوگیا، جس سے ایڈوانس کے مقابلے ڈیپازٹ کا تناسب (ADR) انڈسٹری کیلئے56فیصد تک چلا گیا۔ نان پرفارمنگ لونز (NPL)سیکٹر میں وسیع اضافہ دیکھا گیا اور ستمبر 2019تک 78بلین روپے سے بڑھ کر 758بلین روپے تک پہنچ گئی۔ اس کی وجہ سے افراط زر کا تناسب 9.5فیصد ہوگیا۔

سرمایہ کاری میں سال بسال (YoY)کی بنیاد پر 16فیصد اضافہ سے 8,801بلین روپے رہی جس میں بینک نے سرکاری سیکیورٹیز میں رقم جمع کرنے کا انتخاب کیا جس سے انویسٹمنٹ ٹو ڈیپازٹ تناسب (IDR)کی شرح 60فیصد تک بڑھ گئی۔

مالی کارکردگی

سال 2019میں بینک نے مختلف صارفین بیس کو مدنظر رکھتے ہوئے استحکام اور لاگت کی معیشت کا ایک پروگرام شروع کیاجس میں بنائے گئے متعدد اہداف کیلئے سہولیات کا آغاز کیا۔

Corporate Governance

Board Composition

Category	Name
Independent Directors	Mr. G.M. Sikander Ms. Nargis Ghaloo Mr. Sohail Aman
Non-Executive Directors	Mr. Kalim-ur-Rahman Mr. Adil Matcheswala Mr. Ashraf Nawabi Mr. Hassan Afzal Mr. Munawar Alam Siddiqui
Executive Director (President & CEO)	Mr. Basir Shamsie

Representation of Female Directors on Board

Ms. Nargis Ghaloo is representing female Director on the Board.

Non-Executive Directors

At present five Directors on the Board are Non-Executive Directors and three Independent Directors and the president & CEO of the Bank is Non-Elected Executive Director.The Non-Executive Directors provide an outside viewpoint to the Board and neither involved in managing the day to day affairs of the Bank nor from among the Executive Management Team of the Bank.

No. of companies in which the executive director of the reporting organization is serving as non-executive director.

The executive director not serving in any company as non-executive director.

Details of Board meetings held outside Pakistan during the year.

During the year 2019, all the Board meetings were held in Pakistan.

Policy for actual and perceived conflicts of interest relating to members of the Board of directors and how such a conflict is managed and monitored.

The Bank has an effective system in place to deal with conflicts of interest relating to the Board members. Under this mechanism, any director who has a business or other interest in a matter being presented at a Board meeting does not participate in neither the discussion nor the decision on that matter. The procedure to handle conflict of interest in the Board meetings is followed strictly and no breach was occurred during the year.

Role & Responsibilities of the Board

Role & Responsibilities and Prohibitions & Restrictions relevant to the directors of JS Bank Limited, as contained in the existing laws and regulations have been prepared, approved by the Board as Directors' Handbook.

The Board is responsible for formulating strategies for the Bank. It is also responsible to define and determine policies of the Bank regarding the execution of its functions and approve internal rules for their implementation. The formulation of clear objectives and policies supplies a framework for the Management to work within defined parameters. The Board also helps to set priorities for the Bank. One of the key functions of the Board is to monitor the performance of senior management and its function.

The Board establishes its sub-committees to discharge of its responsibilities. For each sub-committee, the Board adopts a formal Terms of Reference (ToRs) setting out the matters relevant to the composition, roles, functions, responsibilities and administration of such committees. All board sub-committee meetings are held sufficient number of times in a year to discharge its duties.

The Board has formed committees comprising of members given below.-

a. Audit Committee:

Ms. Nargis Ghaloo (Independent Director)	Chairperson
Mr. Adil Matcheswala (Non-Executive Director)	Member
Mr. G.M. Sikander (Independent Director)	Member
Mr. Munawar Alam Siddiqui (Non-Executive Director)	Member

Board Audit Committee (BAC)

- The Audit Committee shall review the effectiveness of the Bank's internal control and operational controls, integrity and adequacy of financial reporting and appraise the audit efforts of the Bank's external auditors and internal audit function (IAF); and review the Bank's process for monitoring compliance with relevant laws and regulations.
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.
- Consideration of any issue or matter as may be assigned by the Board of Directors.
- Report to the Board any significant matter(s) identified by the IAF / External Auditors that warrant Board's immediate attention.
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
- Determination of appropriate measures to safeguard the Bank's assets.
- Determination of compliance with relevant statutory requirements.
- Review the Bank's statement on internal controls prior to endorsement by the Board of Directors.
- Consider and approve the Internal Audit Charter.
- Review and approve Risk Based Annual Audit Plan.
- Review scope and adequacy of IAF and ensure that IAF has adequate resources and is appropriately placed within the Bank.
- The BAC shall ensure that IAF remains equipped with the necessary financial, human, operational, physical and technological resources to carry out its mandated responsibilities.
- Review major findings of special reviews, internal and external frauds, internal control deficiencies and significant audit issues and ensure audit recommendations have been effectively implemented.
- Review action taken by Business and Support Groups for implementation of Audit
- Committee observations on issues deliberated in Committee meetings.
- The BAC shall formulate and document 'Key Performance Indicators' (KPIs) for CIA and evaluate his/her performance against the set KPIs on annual basis.
- The BAC shall ensure independence of any investigations/ disciplinary actions against CIA and Internal Auditors.
- Review quarterly, half-yearly and annual financial statements of the Bank, prior to their approval by the Board of Directors and any announcements to be made in the public domain with regard to these accounts.
- The committee shall review the Related Party transactions and recommend the same for review and approval by the Board of Directors.
- Recommend to the Board of Directors the appointment of External Auditors and consider any questions of their resignation or removal, audit fees and provision of other services in addition to audit of financial statements.
- Discuss with External Auditors, major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
- Review the Management Letter issued by the External Auditors and Management's response thereto.
- Ensure coordination between the Internal and External Auditors of the Bank.
- Compliance Department shall periodically, on quarterly basis, report to the Board Audit Committee on the Bank's management of its compliance risk and identified gaps, in such a manner as to assist the Committee to make an informed judgment on whether the bank is managing its compliance risk effectively.
- Compliance Risk to include emanating from Money laundering (ML) / Terrorist Financing (TF), AML/ CFT obligations and its allied elements.

b. HR Remuneration & Nomination Committee:

Mr. Sohail Aman (Independent Director)	Chairman
Mr. Adil Matcheswala (Non-Executive Director)	Member
Mr. G.M. Sikander (Independent Director)	Member
Mr. Kalim-ur-Rahman (Non-Executive Director)	Member

Board HR Remuneration & Nomination Committee (BHRRNC)

- Recommending Human Resource management policies to the Board
- Review and recommend to the Board selection, evaluation, compensation, increments, performance bonuses, succession planning, fringe benefits including service end benefits of the Executive Directors, CEO, Key Executives and any other employee or group of employees institution wide (as required by the Board).
- Consideration and approval on recommendation of CEO on such matters for key management positions who report directly to the Chief Executive Officer or Chief Operating Officer or Deputy Chief Executive Officer.
- The Committee shall assess whether the remuneration policy is aligned with the significant regulatory requirements including Guidelines on Remuneration Practices issued by the State Bank of Pakistan (SBP). The review may focus on the following:
    - Criteria for identification of personnel who may subject the Bank to significant risks i.e. Material Risk Takers (MRTs) and Material Risk Controllers (MRCs).
    - Remuneration principles including concept of fixed and variable remuneration, risk adjusted balanced scorecard mechanism to ensure alignment of remuneration with long-term and short-term business objectives of the Bank and incorporate necessary risk adjustments.
    - Major types of risks and how these are taken into account for determination of risk adjusted compensation.
    - Separate structures of remuneration for MRTs and MRCs.
    - Review of scorecards for MRTs and MRCs and their performance evaluation mechanisms.
    - Criteria for determining the variable portion of remuneration to be deferred, the period of deferral for different types and levels of employees identified as MRTs or MRCs and payout structure of deferred remuneration.
    - Ensure that institution wide remuneration policy should take into account all cadres of employees. The remuneration policy should specifically take into account the pay-gap between the highest paid and the lowest paid employees, across various levels as well as across the organization.
- Review the Bank-wide program for implementation of Guidelines on Remuneration Practices, including necessary awareness and change management initiatives, review, progress against roadmap for onward reporting to State Bank of Pakistan (SBP).
- Review the remuneration policy and remuneration setting mechanism at least once every three years. Amongst other factors, the review of remuneration framework may include but not limited to the effectiveness of remuneration policy and mechanism.
- Review and obtain approval for fixed and variable compensation pools from the Board of Directors.
- Approve development of a fund for deferred compensation pool management and monitoring progress there against.
- Role of BHRRC in facilitating enablement of Internal Audit and Compliance role in implementation reviews, as per Guidelines on Remuneration Practices.
- Receive and consider information from the Bank's risk management, compliance and internal audit functions, to assess the appropriateness of the compensation system relative to the organizational goals and risk profile of the Bank.
- Grievance handling & Disciplinary Action Policy
- Guidance for performance management, annual increment and employee recognition programs.

- Monitoring the utilization of training and development budget, and implementation of approved training and development policy.
- Review and approval of Provident Fund, Gratuity Fund policies and any other separation benefits or schemes.
- Those matters wherein ratification/ approval of the Board will be required, the Secretary BHRRC with the approval of its Chairman shall forward Memoranda to the Company Secretary for placing before the Board of Directors.

c. Risk Management Committee:

Mr. Ashraf Nawabi (Non-Executive Director)	Chairman
Mr. Munawar Alam Siddiqui (Non-Executive Director)	Member
Ms. Nargis Ghaloo (Independent Director)	Member
Mr. Basir Shamsie (Executive Director and CEO)	Member

Board Risk Management Committee (BRMC)

Appointed by and Receives Authority from

Board of Directors

Membership

- The membership of the Board Risk Management Committee shall be determined by the Board but shall consist of at least three members. The President/CEO shall also be a member
- All the members shall be non-executive / Independent Directors other than the President & CEO.

Quorum

The quorum necessary for the transaction of business shall be two including the Chairman or the Alternate Chairman/chairperson. From the current membership of the BRMC, Ms. Nargis Ghaloo will be the Alternative Chairperson of the Committee. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

Attendance at meetings

Members may attend the meeting in person or via audio / video conference.

The Board Risk Management Committee may instruct any officer or employee of the bank to attend any meeting and provide pertinent information as necessary, or seek outside professional advice, if required.

Frequency of meetings

Meetings shall be held at least quarterly or more frequently as warranted by circumstances.

Circulation

Urgent matters requiring Board Risk Management Committee input and decision may be disseminated to the members through circulation. Such matters shall be considered approved once signed off by the members in accordance with the minimum quorum.

Secretary

The Chief Risk Officer (CRO), and in his absence, the Acting CRO

Responsibilities:

1. Review all Risk Management Policies and recommend for approval by the Board of Directors (BoD)
2. Ensure implementation of all Risk Management Policies approved by the Board and subsequent monitoring thereof. Periodically oversee updating of the risk policies based on changing business requirements as well as SBP guidelines, and recommend to the BoD for approval.
3. To review Risk Appetite Statement and Internal Capital Adequacy Assessment Process and recommend the same to the Board.
4. Advances Portfolio Reviews including NPLs, remedial actions and strategy for the same.
5. To review / approve list of shares and margins to be accepted as collateral for Financing Against Shares (FAS). Also to approve / ratify any exceptions to existing FAS requirements as laid down in Credit Policy of the bank.
6. Review / Approve Sector / Industry Concentration

guidelines for the overall credit portfolio of the Bank.

7. To approve / ratify credit bulletins issued by the RMG and the President/CEO from time to time, for effective implementation of Credit Policy / Risk Management Framework.

8. Review and approve the Market / Liquidity limits as recommended by ALCO / IRMC / CCC as and when required.

9. Review operational risks snapshot that covers significant issues escalated from IRMC/ORMC.

10. Review Information Security status report and risks including any strategy, policy and action items. Policy changes to be recommended to the BoD for approval.

11. Delegation of powers to the President / CEO & Chief Risk Officer to appoint credit officers, based on their experience and ability to understand associated risks while approving credit

12. Review of Quarterly Fraud & Forgery statement / report.

13. Review any other risk related matters / regulatory changes that warrant discussion at the committee.

d. IT Committee:

Mr. Hassan Afzal (Non-Executive Director)	Chairman
Mr. Kalim ur Rahman (Non-Executive Director)	Member
Mr. Sohail Aman (Independent Director)	Member
Mr. Basir Shamsie (Executive Director and CEO)	Member

Board Information Technology Committee (BITC)

The Board IT Committee shall be mainly responsible for advising and reporting to the Board on the status of technology related activities, major IT projects and digital initiatives within JS Bank including but not limited to the following:

1. To review IT and Digital strategies and relevant policies before submission to the Board and make recommendations for strategic decisions on IT related matters.

2. To review progress and implementation of the IT Strategic Plan and deliberate changes to it, as and when required.

3. To ensure the alignment of IT strategy with business strategy, optimization of resources, value delivery and performance measurement to achieve business objectives and effective technology risk management.

4. To ensure that risk management strategies are designed and implemented which have the capability to respond to wide-scale disruptions, including cyber-attacks and attacks on multiple critical infrastructure sectors

5. To review progress and implementation of various IT projects

6. To make recommendations on major IT investment decisions and ensure that investments are aligned with IT Strategy approved by the Board.

7. To review and approve cloud-based outsourcing arrangements in line with the policy approved by the Board of Directors.

8. To review and approve TORs of IT Steering Committee.

All the Board Sub- committees have access to the appropriate external and professional advice if needed to assist the committee in fulfilling its role.

Management Committees

MANCOM

1. Mr. Basir Shamsie
2. Mr. Kamran Jafar
3. Mr. Imran Haleem Shaikh
4. Mr. Muhammad Yousuf Amanullah
5. Mr. Muhammad Azhar Khan
6. Mr. Khusro Mumtaz
7. Ms. Tamkeen Sardar
8. Mr. Tahir Shaikh
9. Mr. Anjum Amin Siddiqui
10. Mr. Imran Soomro
11. Mr. Soofi Saifullah
12. Mr. Babbar Wajid
13. Mr. Ahmed Ali Usuf
14. Mr. Ashraf Shahzad (Secretary)

Asset & Liability Committee (ALCO)

1. Mr. Basir Shamsie
2. Mr. Kamran Jafar
3. Mr. Muhammad Yousuf Amanullah
4. Mr. Khusro Mumtaz
5. Mr. Tahir Shaikh
6. Mr. Babbar Wajid
7. Mr. Soofi Saifullah (Secretary)

IT Steering Committee

1. Mr. Basir Shamsie
2. Mr. Kamran Jafar
3. Mr. Imran Haleem Sheikh
4. Mr. Muhammad Azhar Khan
5. Mr. Muhammad Yousuf Amanullah
6. Mr. Khusro Mumtaz
7. Mr. Tahir Sheikh
8. Mr. Imran Soomro
9. Mr. Babbar Wajid
10. Mr. Ahmed Ali Usuf
11. Mr. Akbar Sultan
12. Mr. Qassim Gulzar (Secretary)

Central Credit Committee (CCC)

1. Mr. Basir Shamsie
2. Mr. Kamran Jafar
3. Mr. Imran Haleem Sheikh
4. Mr. Muhammad Yousuf Amanullah
5. Mr. Khusro Mumtaz
6. Mr. Tahir Sheikh
7. Mr. Sohail Darvesh (Secretary)

Agri Credit Committee (ACC)

1. Mr. Basir Shamsie
2. Mr. Kamran Jafar
3. Mr. Khusro Mumtaz
4. Mr. Umair Ayaz Tunio
5. Mr. Ahsan Amjad
6. Mr. Zaheer Masood (Secretary)

Compliance Committee (CC)

1. Mr. Basir Shamsie
2. Mr. Kamran Jafar
3. Mr. Imran Haleem Shaikh
4. Mr. Muhammad Azhar Khan
5. Mr. Khusro Mumtaz
6. Ms. Tamkeen Sardar
7. Mr. Imran Soomro
8. Mr. Ahmed Ali Usuf
9. Mr. Anjum Amin Siddiqui (Secretary)
10. Mr. Moiz Uddin Khan

Integrated Risk Management Committee (IRMC)

1. Mr. Basir Shamsie
2. Mr. Kamran Jafar
3. Mr. Imran Haleem Sheikh
4. Mr. Muhammad Yousuf Amanullah
5. Mr. Muhammad Azhar Khan
6. Mr. Khusro Mumtaz
7. Mr. Tahir Shaikh
8. Ms. Tamkeen Sardar
9. Mr. Anjum Amin Siddiqui
10. Mr. Soofi Saifullah
11. Mr. Fasih ur Rehman (Secretary)

Service Quality Committee (SQC)

1. Mr. Basir Shamsie
2. Mr. Kamran Jafar
3. Mr. Imran Haleem Shaikh
4. Mr. Muhammad Azhar Khan
5. Ms. Tamkeen Sardar
6. Mr. Ahmed Ali Usuf
7. Mr. Mustafa Brohi
8. Mr. Anjum Amin Siddiqui
9. Ms. Evelyn Julia Gill
10. Mr. Muhammad Ayub (Secretary)

Disciplinary Action Committee DAC

1. Mr. Kamran Jafar
2. Mr. Imran Haleem Shaikh
3. Mr. Muhammad Azhar Khan
4. Ms. Tamkeen Sardar
5. Mr. Ahmed Ali Usuf
6. Mr. Anjum Amin Siddiqui
7. Mr. Moiz Uddin Khan
8. Mr. Adnan Zakaria (Secretary)

Procurement Committee

1. Mr. Jamil Memon
2. Mr. Faraz Soomro
3. Mr. Mumtaz Khan
4. Mr. Hasan Saeed
5. Mr. Noman Azhar
6. Mr. Arsalan Mazher
7. Ms. Fauzia Mughal - Secretary

Expense Approval Committee

1. Mr. Kamran Jafar
2. Mr. Imran Haleem Sheikh
3. Mr. Muhammad Yousuf Amanullah
4. Mr. Muhammad Azhar Khan

Operational Risk Management Committee (ORMC)

1. Mr. Kamran Jafar
2. Mr. Khusro Mumtaz
3. Mr. Muhammad Azhar Khan
4. Ms. Tamkeen Sardar
5. Mr. Ahmed Ali Usuf
6. Mr. Anjum Amin Siddiqui
7. Mr. Fasih ur Rehman
8. Ms. Qurat-ul-Ain (Secretary)
9. Mr. Muhammad Ayub

Credit Risk Committee (CRC)

1. Mr. Basir Shamsie
2. Mr. Kamran Jafar
3. Mr. Muhammad Yousuf Amanullah
4. Mr. Khusro Mumtaz
5. Mr. Tahir Sheikh
6. Mr. Sajjad Qureshi
7. Mr. Azhar Ahmed
8. Mr. Nabeel Elahi
9. Mr. Yameen Ghani
10. Mr. Faisal Usman
11. Mr. Fasih ur Rehman
12. Mr. Muhammad Ghufran (Secretary)

Directors Remuneration

(a) Policy for remuneration to non-executive directors including independent directors.

The Bank has formal Directors' Remuneration Policy for non-executive directors including independent directors, which has been approved by the Board.

The remuneration of directors is fixed by the Board of Directors in accordance with applicable laws. The remuneration for attending meetings of the Board and/or Board Committees is within the scale as is reasonably determined by the Board of Directors, provided that Executive Director shall not be paid any remuneration for attending Board/Board Sub Committees meetings.

(b) Policy for retention of Board fee by the Company for the fee earned by Executive Director against his/her services as non- executive director in other companies.

None

Details of formal orientation courses for Directors.

The Board Members are regularly provided with update on new applicable laws, rules and regulations including amendments thereto to apprise them with their powers, duties and responsibilities. At the time of induction of any new director, he/she is provided with the detailed written material in the shape of extracts from relevant laws, rules & regulations on role, obligations, powers and responsibilities of the Board of Directors.

Directors' Training

The directors on the Board are fully conversant with their duties and responsibilities as directors of the Bank. Out of nine directors, five directors have completed Director' Training Program and two directors of the Bank are exempted from the requirement of Directors' Training Program. Whereas, remaining two newly elected directors (at AGM on March 28, 2019) will certify themselves in due course;

The Bank has an effective system to carry out orientation for its directors to acquaint them with the Code, applicable laws and their duties and responsibilities to enable them to effectively govern the affairs of the Bank for and on behalf of shareholders.

Governance Practices Exceeding Legal Requirements.

JSBL Board always considers and ensures meticulous compliance of applicable laws, rules and regulations. The Board never encourages any sort of non-compliance and considers it as reputational risk.

Annual Evaluation of the Board's Performance

The Board of Directors of JS Bank sets the Bank's strategic direction and ensures that the organization stays true to this direction - enabling it to achieve its long-term objectives while ensuring regulatory compliance. To discharge its fiduciary responsibility of safeguarding the stakeholders' interests, a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its Sub-committees as required by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

The Board of Directors of JS Bank is enriched with skills, core competencies, diversity, experience and knowledge and at the same time committed to strong corporate governance to protect the overall interests of the Bank and its stakeholders. The Board continually reviews the Bank's financial and operational soundness, governance, internal controls and significant policies as per regulatory requirements. Further, Sub-Committees were constituted with a prescribed mandate and respective terms of reference.

In line with the best practices of the corporate governance the Board has conducted self-evaluation exercise on an annual basis by engaging Pakistan Institute of Corporate Governance (PICG) as an external facilitator which is the lead on Corporate Governance and has a team of qualified consultants to conduct board evaluations for companies and banks. The Board of JS Bank in compliance SBP's Guidelines on Performance Evaluation of Board of Directors and Listed Companies (Code of Corporate Governance) Regulation, 2019 has conducted its self-evaluation for the year 2019 by engaging PICG. The evaluation covered various aspects of the performance of the Board including but not limited to, Board Composition, Strategic Planning, Control Environment, Committees, CEO & Chairman etc.

The evaluation was carried out using quantitative method, based on subjective assessment and was conducted via questionnaires developed by the consultants. The quantitative technique has the advantage of being specific and measurable. Measurement scale used in the Banks's board evaluation is the summated rating depending on how strongly they agree or disagree with a given statement. The use of this method ensures specific and measurable data that can be benchmarked over time.

Disclosure if the Board's Performance Evaluation is carried out by an external consultant once in three years.

Pakistan Institute of Corporate Governance carried out Board's Performance Evaluation

Role of the Chairman and CEO

Role & Responsibilities of the Chairman

The Chairman of the Board of Directors is responsible for leadership of the Board of Directors and for ensuring that the Board plays an effective role in fulfilling its responsibilities. The Chairman's role entails the following:

- Preside as the Chairman at general meetings of the Bank
- Set the agenda of the Board meetings and ensure that reasonable time is available for discussion of the same
- Ensure that minutes of the meetings truly reflect what transpired during the meeting.
- Ensure that the minutes of the meetings are kept in accordance with the requirements of the law
- Ensure that the Board discharges its role effectively and swiftly in line with regulatory requirements.

Role & Responsibilities of the President & CEO

The President & CEO's role constitutes an absolutely engaged position, demanding complete involvement and shepherding of the organization. The role entails the following:

- Ensure execution of the strategy developed by the Board.
- Effectively allocate and manage organizational

resources and budgets to ensure achievement of short and mid-term objectives that contribute to the achievement of the long-term strategic goals.

- Establish a system of checks and controls to supplement the growth of the Bank.
- Provide liaison between the Board and the Bank's Management to ensure placement of managerial efforts with Board's directives.
- Encourage a culture of professionalism and high ethical standards within the Bank.
- Facilitate an organizational culture of development of innovative products and services to meet the growing needs of a diverse range of customers

Code of Conduct & Ethical Standards for Directors:

The Bank has also developed "Code of Conduct & Ethical Standards for Directors" as per requirements of Code of Corporate Governance which is signed by every Director of the Bank.

Directors' Profile:

Directors' Profile has been incorporated in the " Board of Directors" Section.

Accessibility of Annual Report-2019:

Annual Report-2019 and other information of the Bank are accessible on Bank's Website: www.jsbl.com

Security Clearance of Foreign Directors:

Foreign Directors elected on the Board of the Bank requires security clearance from Ministry of Interior through SECP. All legal formalities and requirements have been met and fulfilled in this regard.

Security clearance of foreign director

In accordance with the regulatory requirements clearance of foreign director(s) should be obtained from the Interior Ministry, Government of Pakistan. All legal formalities and requirements have been met and fulfilled in this regard.

Diversity:

The Board of Directors firmly believes that the diverse mix of gender, knowledge, expertise and skill sets of the members/ employees enhances the effectiveness of the Bank.

JS Bank is committed in fostering, cultivating and preserving a culture of diversity and inclusion. Human capital is the most valuable asset the Bank has. The collective sum of the individual's life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that employees invest in their work, represents a significant part of Bank's culture, as well as reputation and achievement.

The Bank embraces and encourages employees' with a mix of age, physical disability, family ethnicity, language, political affiliation, religion, sexual orientation, socio-economic status and other characteristics that make its employees unique.

Grievance policy

The Bank strives for a better understanding and is committed to provide its customers/investors with the highest level of service quality and satisfaction. Therefore, it has set-up an independent Service Quality function that manages service quality, phone banking, problem resolution, quality assurance and the fair treatment of customers.

As per SBP Consumer Grievances Handling Mechanism the Bank holds surveys aiming to measure its customer's satisfaction with regard to grievance handling mechanism in place at their end. This is done at least once in two years and the report thereof is to the Board and SBP.

Our focus is to maintain fairness in our customer dealings, clarity in communication, develop a service culture and design an effective grievance handling mechanism. We also focus on financial literacy of our customers, for promoting responsible conduct and informed financial decisions by consumers, through our Consumer Education and Financial Literacy Program.

To create enhanced visibility of its complaint handling function, the Bank has incorporated awareness messages in several customer's communications such as account statements, ATM screens, and letters sent to the customers. For increased accessibility of the recourse mechanism for the customers, the Bank has made the information available on social media and has also sent SMS messages and E-Shots to its customers every quarter.

Human Resources Management Policy

1. Introduction

Background

Succession Planning recognizes that some jobs are the lifeblood of the organization and too critical to be left vacant or filled by any but the best qualified persons. Effectively done, succession planning is critical to mission success and creates an effective process for recognizing, developing and retaining top leadership talent.

Internal Vacancies

Employees are given first preference for the vacancies arise due to separation of outgoing staff. Employees qualifying the defined promotion criteria for the position may be considered to fill the gap with the consent of concerned LOB (line of businesses) Head and the Head of HR.

Manpower Planning

The Bank plans its manpower needs as far ahead as possible. Thus, the Bank will endeavor to maintain a required number of employees, possessing the necessary skills, experience, and qualifications, to efficiently carry out its operations.

2. Policy

It is the Bank's policy to ensure that, for each key/critical position, there is a documented succession plan to cover the eventuality of the individual that holds that position no longer being employed by the Bank.

Keeping in mind the Bank's manpower, succession planning will be conducted and monitored by the relevant LOB Heads or Departmental Head in conjunction with Human Resources Department. Managers will identify individuals in their area who demonstrate quality performance and have potential for further growth based on their performance reviews, relevant job competencies as defined in the current and the potential to assume higher responsibilities. These individuals will be especially monitored to assess any training and development needs or any other job-related assistance in order to prepare them for the next level job whenever it becomes available. Line Managers and Human Resources will work together to identify and support these individuals and, wherever possible, the Bank will strive to follow this internal succession planning to promote from within existing employee ranks.

Key Positions

Key positions are identified as follows:

- President & CEO;
- Deputy CEO
- All LOB Heads;

Contents of Plan

Succession plans may be prepared for other positions within the Bank at the discretion of the Head of the Department concerned.

The succession plan must be set out in writing and reviewed at least annually. The plan must be agreed by the Chief Executive Officer, Head of Human Resources and a copy kept in the Human Resources files.

Remuneration Policy

The Bank's remuneration framework aims to comply with the Revised Guidelines on Remuneration Practices issued by State Bank of Pakistan. All compensation matters, and overall compliance with regulatory requirements, are overseen by the Board Human Resource Remuneration & Nomination Committee (BHRRNC) and approved by the Board of Directors thereafter.

Staff Remuneration Strategy

The Bank's basic compensation philosophy is to provide a competitive level of total compensation to attract and retain qualified and competent employees who are committed to maintaining a career with the Bank, and who will perform their role in the long-term interests of the Bank.

The Bank's variable remuneration policy is driven primarily by a performance-based culture that aligns employee interests with those of the Bank's shareholders. These elements support the achievement of the Bank's objectives, through balancing rewards for both short-term results and long-term sustainable performance. The Bank's reward package on cash awards is comprised of the following key elements:

1. Fixed pay;

2. Benefits; and

3. Annual performance bonus (variable remuneration).

The Bank's remuneration policy, in particular, considers the role of each employee and sets guidance on whether an employee is a "Material Risk Taker (MRT)" and/or a "Material Risk Controller (MRC)" in a business line, control or support function.

An employee is considered as Material Risk Taker if he/she has authority and is a decision maker having appropriate level of power and control related to the products, portfolios, transactions and processes, which may pose serious risks to the Bank. Whereas, an employee is considered Material Risk Controller (MRC) who is primarily tasked with reviewing and assessing the idiosyncratic and systemic risks, and controls pertaining to functions and processes, to determine and recommend the ways to mitigate those risks, and to minimise the probability of occurrence of loss to the Bank. These employees are not directly involved in business or risk taking activities of the Bank.

The Bank uses Risk Adjusted Balanced Scorecard to measure the performance of MRTs and MRCs.

Variable Remuneration

Variable remuneration is performance related and consists of annual performance bonus award which is connected to achievement of operational and financial targets set out at beginning of the year and employees' contribution to delivering the Bank's strategic objectives.

In the framework adopted for determining the variable remuneration pool, the BHRRNC aims to balance the distribution of the Bank's profits between shareholders and employees.

Key performance metrics in Risk adjusted Balanced Scorecard at the Bank level include a combination of short-term and long-term measures, and include profitability, solvency, liquidity and growth indicators. The performance management process ensures that all goals are appropriately cascaded down to respective business units and employees.

The Bank uses a formalised and transparent process to adjust the bonus pool for quality of earnings. It is the Bank's objective to pay bonuses out of realized and sustainable profits. If the quality of earnings is not strong, the profit base may be adjusted at the discretion of the BHRRNC.

Remuneration for MRTs

The compensation mix for MRTs is appropriately balanced and the amount of fixed remuneration is sufficiently high in order to ensure that the reduction of the variable remuneration down to zero would be possible.

Further, the variable remuneration of MRTs will be compensated on achieving the pre-determined qualitative and quantitative objectives considering the risk-adjusted performance and long-term health of the bank. The qualitative factors may override the achievements of quantitative factors in order to discourage undue/ excessive risk taking.

Remuneration for MRCs

The remuneration level of staff in the control and support functions/ MRCs allows the bank to employ qualified and experienced personnel in these functions. The Bank ensures that the mix of fixed and variable remuneration for control and support function personnel is weighted in favor of fixed remuneration. The variable remuneration of control functions is to be based on function-specific objectives and is not determined by the financial performance of the business areas they monitor. This compensation structure is designed to ensure that objectivity and independence of these functions is not compromised.

Deferral of variable remuneration

The variable compensation of all MRTs, MRCs, and in case of Bahrain operations, approved persons (APs) is subject to mandatory deferrals and malus/ claw back in accordance with the below table.

Employees	Element of Variable Pay	Constitution	Vesting Period	Malus	Claw Back
MRTs	Upfront cash	70%	Immediate	-	No
MRTs	Deferred cash	30%	3 Years	Yes	No
MRCs	Upfront cash	75%	Immediate	-	No
MRCs	Deferred cash	25%	3 Years	Yes	No
MRTs and APs (Bahrain)*	Upfront cash	60%	Immediate	-	No
MRTs and APs (Bahrain)*	Deferred cash	40%	3 Years	Yes	Yes

* MRTs and approved persons earning over BHD 100,000 in total compensation.

Deferred variable remuneration is paid proportionately over the three years, even if the person is no more employee of the Bank (subject to the malus provisions).

Malus and Clawback

The Bank has devised malus and clawback provisions in the relevant policies that allows forfeiture / adjustment of paid variable remuneration in certain adverse business situations. Any decision to hold or clawback individual's award can only be made by the BHRRNC of the Bank as per events set out in detail in the Bank's remuneration framework and accountability framework.

Business Continuity Plan

The Bank has a Board of Directors' approved Business Continuity Planning Policy ensuring that the plan is available and maintained for all critical functions of the Bank. Regular periodic testing of BCP has given confidence to the management that business will continue to work in the event of any disruption occurs.

Policy for Sustainability and Corporate Social Responsibility (CSR):

Policy Sustainability and Corporate Social Responsibility (CSR) is detailed in Sustainability and Corporate Social Responsibility Section of this report.

Responsibilities of Management and the Board of Directors toward the preparation and presentation of the financial statements:

The Management is aware of its responsibility for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Board of directors is responsible for overseeing the Bank's financial reporting process.

Unreserved Compliance of International Financial Reporting Standards (IFRS):

The management of the Bank strongly believes in adherence to unreserved compliance with all the applicable International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB) for true and fair presentation of financial statements.

Financial statements for the year have been prepared in accordance with the accounting and reporting standards issued by IASB as are applicable in Pakistan. IFRS adoption status is detailed in note 3 of the unconsolidated financial statements.

Record Management Policy:

Record management is a methodological approach to control the maintenance and disposition of organization's record. Record management ensures that valuable record evidencing an organization's activities that have legal, financial, administrative or historical value are protected and accessible while expired record is systematically destroyed. Thus JS Bank has put in place comprehensive processes, controls and guidelines on handling, protection, retention, retrieval, and disposition of recorded business information generated daily which are of ongoing importance to Bank's overall service capability and regulatory compliance. In its endeavor to comply these guidelines I processes, bank has already achieved major milestones.

Whistle Blowing

Whistle Blower is an individual who brings to the attention of Bank's management an allegation of impropriety within the Bank that has not been resolved to the satisfaction of the individual and that prevents the Bank from meeting its legal and regulatory obligations or from complying with generally accepted accounting principles. Whistle blowing occurs when a behavior or practice is noted in violation of the Code of Conduct, and the employee, who becomes aware of the transgression, reports the incident(s) to relevant authorities of the Bank. Some of the examples of the misconducts / misbehavior could be :

- Internal business practices that are inconsistent with generally accepted accounting principles
- Falsification, alteration or substitution of Bank records
- Violation of JS Bank's Code of Conduct including :
    - Conflicts of interest
    - Inaccuracy of books and records
    - Insider Trading
    - Collusion with Competitors
    - Money Laundering
- Failure to comply with the various compliance programs of the Bank
- Authorizing, directing or participating in serious breaches of Bank Policy
- Deliberately failing to report serious breaches of policy, concealing such breaches, or deliberately withholding relevant information concerning a serious breach.

As a critical element of the policy, reporting employees are provided with complete confidentiality and security. No adverse employment action, e.g. termination, lower appraisal rating, etc., shall be taken against the whistle-blower employee in retaliation for reporting the incidents on impropriety falling within the scope of Code of Conduct and Whistle-blowing Policy / Process. In line with the policy guidelines, employees are encouraged to remain vigilant and in case of detecting any in appropriate / criminal matter, immediately report the same using "Whistleblower."

To ensure safe, secure and confidential reporting, an email address to whistleblower@jsbl.com (whistleblower) has been created. All whistle-blowing reporting should be routed through Whistle Blowing team. Whistle blowing team has been formed under supervision of Board's Audit Committee. Following are the names and email IDs of the whistle blowing team responsible for receiving, handling and monitoring whistle blow complaints:

1. Head of HR
2. Head of Compliance
3. Head of Internal Audit

The above-mentioned names of the responsible official(s) should be reviewed periodically by the Board's Audit Committee.

Non-reporting of known violations or suspicious transaction, is a direct violation of Code of Conduct and Whistle-Blowing Policy / Process and doing so shall be construed as aiding and abetting the inappropriate behavior. Such instances of deliberate non-disclosure will be subject to disciplinary proceedings. To this end the Bank shall have a Whistle Blowing Policy duly in place.

Complete confidentiality and security should be guaranteed to all whistle blowers.

IT Governance

Technology Governance Policy:

Technology governance is an integral part of Bank's corporate governance framework consisting of the leadership and organizational structures to ensure the alignment of IT strategy with business strategy, optimization of resources, value delivery and performance measurement to achieve business objectives and effective technology risk management. It is now recognized that technology plays a pivotal role in improving corporate governance and in this context, the need to govern technology and technology enabled business developments to have never been so great.

A comprehensive enterprise technology governance framework based on prudent practices can help the Bank in better development of innovative products and services by enabling them to manage technology issues and identify, measure, mitigate, monitor and report technology- based risks and threats. The underlying principle for an enterprise technology governance framework is that technology requirements of an institution follow a pre-defined process that begins with a business need and ends with a technology solution that conforms to the policies approved by the board of directors and senior management. As such, technology governance is an ongoing activity that shall not be considered a one-time effort in the fast-changing technology environment.

The purpose of the technology governance framework is to evaluate the current and future use of technology, direct the preparation and implementation of plans and policies to ensure that use of technology meets business objectives and monitor compliance to policies and performance against the plans. The basic principles of strategic alignment of IT and the business, value delivery to businesses, risk management, resource management (including project management) and performance management shall form the basis of this technology governance framework. Technology governance framework shall be closely aligned with the Bank's corporate governance framework and shall cover, among other things, policies and procedures to provide oversight and transparency in the use of technology. The Bank is encouraged to adopt relevant aspects of international standards/best practices for effective and efficient enterprise technology governance.

Scope

Technology governance aims at fully aligning technology and business strategies with each other so that technology risks are identified and controlled as part of the enterprise risk management process. It spans the culture, organizational policies and procedures which provide oversight and transparency to optimize the costs and enable trust, teamwork and confidence in the use of technology itself and the people trusted with technology services. Therefore, the processes for technology governance need to be integrated with the Bank' overall corporate governance framework.

The evolving role of technology and automation in the banking services sector has become increasingly complex. The Bank employs the advances in technology which drives the efficiency of operations and financial soundness of these institutions by improving overall decision-making process. As technology becomes an integral part of the business and operations of financial institutions, such technology usage and dependence, if not properly managed, may heighten various risks. The Bank has developed this policy aimed to enable themselves to keep abreast with the aggressive and widespread adoption of technology.

An IT governance framework comprises of definitions, principles and a model for governing IT.

The board should govern IT through two main tasks:

a) Evaluate the current and future use of IT, including strategies, proposals and other arrangements (internal, external, or both).

b) Monitor the performance of IT against plans and business objectives; and, that the use of IT conforms to internal policies and conforms to external obligations (regulatory, legislation, common law, contractual).

This Policy suggests guidelines for defining the roles and responsibilities pertaining to Information Technology throughout the Bank.

A comprehensive IT Governance Framework shall enable the Bank to evaluate the current and future use of IT, direct the preparation and implementation of plans and policies to ensure that use of IT meets business objectives and monitor conformance to policies, and performance against the plans. IT Governance framework entails an IT strategy, organizational structures, roles of the board and senior management and IT policy framework.

Broadly an enterprise IT Governance Framework of the Bank shall aim to achieve the following institutional objectives:

Strategic Alignment – Alignment of the strategic direction of IT with the business with respect to services & projects and verifying strategic compliance, i.e. achievement of organizational objectives through strategic IT objectives.

Benefit Realization (Value Delivery) – Ensuring that IT delivers the promised benefits against the strategy, concentrating on optimizing costs & proving the intrinsic value of IT. Bank's IT processes with IT portfolio management shall provide effective and efficient delivery of the IT components of programs and early warning of any deviations from plan, including cost, schedule or functionality that may impact the expected outcomes of the programs. It shall be ensured that the expected business outcomes of technology based investments are understood; that comprehensive and aligned business cases are created and approved

by stakeholders; with active management of the benefit realization; and efforts required in objectives are achieved.

IT Risk Management

Ensuring that processes are in place and effective to assess, manage and monitor the associated risks in IT investments, developments and operations. The Bank should ensure that the IT risks do not exceed the enterprise risk appetite.

Resource Optimization

Ensuring that there is an adequate IT capability and infrastructure assessment to support the current and expected future business requirements.

Performance Management

Reviewing the measurement of IT performance and the contribution of IT to the business (i.e. delivery of promised business value).

Adequate Policies Framework and its independent assurance

iensure that the appropriate policy controls are in place and the processes are standardized and documented.

Independent assurance (internal or external) should be acquired about the conformance of IT with relevant laws and regulations, bank's policies, standards and procedures and relevant accepted practices.

To ensure that information technology is properly governed and aligned with business objective, all the Bank associates must understand and comply with the responsibilities identified in this document when their duties entail one or more of the roles described below.

The Technology Policy is strategized under following FOUR (4) sections.

Planning the IT Environment

Policies related to this section ensure that the IT Plans are properly aligned with the business goals, objective and Strategies.

Developing and Delivering IT Solutions

Acquire develop, deliver and maintain new or enhanced business solutions involving IT architecture to enable the Bank to meet its changing business requirements.

Enterprise Technology Operations

This section provides maintenance standards for the operation of the IT Environment while ensuring the availability, confidentiality and integrity of information systems to meet the business requirements.

Organizing and Monitoring the IT Processes

Policies pertaining to this section helps managing the above three sections.

Project Management

Effective project management manages the possibility of loss resulting from inadequate processes, personnel or systems. Losses can result from errors, fraud or an inability to deliver products or services, maintain a competitive position or manage information.

The purpose of this policy is to define a methodology for Management of all technology Projects in the Bank's IT Department. The Bank has established Project Management Office (PMO) which works closely with-it project management function, as the key strategic partner to achieve organizational benefits and is charged for delivering continuous incremental improvement in projects and programs success delivery.

Independent Audit

To increase confidence level in the business systems, benefit from global best practices and have an unbiased review of the information technology setup of bank, an independent IT audit is essential. This allows management to take proactive measures for safeguarding the information assets of the Bank in view of the emerging threats and to exploit the opportunities as they present themselves

Sustainability and Corporate Social Responsibility

Responsibility to the community in which it operates is a foundational cornerstone for JS Bank. The Bank has made it a point to include all of our stakeholders, from employees to customers, in our journey of success.

The Bank creates value by contributing to sustainable development and responsible business within our spheres of operation. We do this by dedicating a significant amount of resources to contribute to the wellbeing of society. We do this through a variety of ways which includes providing climate financing and sustainable solutions, building and inculcating awareness of responsible corporate practices while extending financial grants to our partner organizations working to support the underprivileged.

Some of our key initiatives and projects in the past fiscal year include:

Accreditation to the Green Climate Fund (GCF):

In 2019, JS Bank became Pakistan's first and only financial institution to have been accredited by the Green Climate Fund (GCF), the world's largest climate fund. GCF's aim is to provide facilities to public and private sector corporations in emerging economies to limit or reduce their greenhouse gas (GHG) emissions through investments in low-emission and climate-resilient programs.

As an accredited entity, JS Bank will be able to apply for funding of up to USD 250 million per project. As of December 31, 2019, the Fund had 124 active projects worldwide with 348 million beneficiaries and has a pledged total of nearly USD 10 Billion. JS Bank can also mobilize additional funds from private sector investors to support action on climate change. In addition to opening new paths of local and international funding, the Bank can partner in contributions to climate adaptation and mitigation financing in Pakistan.

This approval was based on JS Bank meeting GCF's stringent criteria including fiduciary standards, environmental and social safeguards and specialized capacities in driving climate action.

Fully Compliant with State Bank of Pakistan - Green Banking Guidelines:

Issued by the State Bank of Pakistan, the Green Banking Guidelines (GBGs) acknowledges the responsibility of the Pakistani financial sector in supporting policy initiatives that will enable the transformation of the economy towards a low carbon and climate resilient economy. It envisions inculcation of environmental consciousness as part of organizational culture and reorientation of banking products/services and operations to reduce environmental impact of banks and the economy.

As of 2019, the Bank is fully compliant with the GBGs having undertaken:

- Introduction of an Environmental and Social Risk Management (ESRM) Framework in 2019 creating awareness towards the environmental and social (E&S) risks involved in extension of credit and the procedures and authorities which have been established to manage these risks. The process recognizes that environmental and social issues are mainstream issues and E&S risk assessment should be performed in addition to the conventional credit risk assessment. The objective of JS Bank's ESRM is to fulfill our responsibility towards environmental protection and provide financing solution for resource efficient and climate resilient economic transformation.
- Means to identify, assess and mitigate environmental risks for clients. While the primary responsibility of ensuring compliance with environmental laws and regulations rests with the borrowers, JS Bank goes above pre-established standards to create a holistic eco-system of environmental risk management for all concerned.
- Introduction of carbon reduction measures in self-operations. This extensive exercise including measurement of energy (on and off grid power) and paper consumption of all of JS Bank operating locations (Head Office, regional offices and the branch network). Recognition of gaps was followed

by a rectification exercise through promulgation of energy efficient appliances (Inverter and LED based), increased usage of solar power (for technical equipment) and process automation to cut down on documentation.

Solar Financing Solutions:

In order to provide solutions that are environmentally friendly, JS Bank has successfully financed over 120 Solar projects for commercial, residential and agriculture purposes. It has also been actively working towards reducing the carbon footprint of the country and has deployed approximately 5 MW worth of solar panel systems with a further 18 MW under process. JS Bank customers are now able to generate their own electricity in a hassle-free manner through the solar panel system installed on their businesses / residences / farms without being dependent on the grid for electricity.

Environmental, Social and Governance Report issued for the second year in a row:

JS Bank is the only bank in Pakistan to have an Environmental, Social and Governance (ESG) Report published for the second year in a row. ESG reporting is important because it promotes informed decision making and makes stakeholders more aware of different ESG initiatives and the risks that a company faces. JS Bank has captured all its different ESG initiatives including gender-based issues, its environmentally and socially conscious product suite and its business processes.

Supporting Communities:

Partnering with organizations working in the fields of emotional and psychological health, gender, violence against women and children, education and the psychological and reproductive health of adolescents; JS Bank has worked to create a measurable on-ground impact in the lives of the people of the nation.

We have also extended our support for humanitarian relief in areas affected by flash floods in the Sindh province. This included provision of staple food items and free primary medical camps at key distribution points in the province. These support activities helped provide relief for several thousand affectees in the region.

Green Office Certification

JS Bank is the only Bank in Pakistan to be Green-Office certified and is in its third year of being certified by the World Wildlife Fund Pakistan as a Green Office. A practical Environmental Management System developed specifically for office conditions, the Green Office initiative aims to reduce greenhouse gas emissions and decrease the ecological footprint at the workplace by reducing electricity consumption and paper waste.

As a part of the certification process, WWF Pakistan, undertook a comprehensive audit using stringent guidelines to check all the processes and procedures adopted by JS Bank for energy conversation and waste management at its head office. The Bank successfully met all the requirements set by WWF Pakistan. Among other initiatives, we also separate our waste so that it is much easier to recycle. Effective segregation of waste means that less waste goes to landfills which makes it cheaper and better for people and the environment.

Stakeholder Engagement

Shareholders	We engage with our shareholders in several ways. This includes quarterly earnings statements and Director's Reports, annual reports, annual general meetings (AGMs) with shareholders and through our online presence such as our website and on social media.
Regulators	Our principal regulator is the State Bank of Pakistan (SBP). The Bank is committed to meeting its regulatory compliance obligations in an effective manner and fulfilling the regulators' expectations in this regard. For this purpose, the Bank has a well-structured and comprehensive Compliance Program in place and ensures its effective implementation. The Bank is in constant contact with SBP and is committed to providing them with complete and accurate information as and when required. Our senior management commits a significant amount of their time to meeting with SBP for their guidance and support and to keep them well informed on current market events. The regulator is provided with full access to the Bank's records and information in line with the regulatory framework, and the Bank pro-actively seeks SBP's feedback regarding any clarifications or information that is required. Our other regulators are Securities and Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange (PSX) and we are also complying with their directives.
Clients/ Customers	We welcome feedback from our customers and use various forums for them to make suggestions so that we can evaluate and improve upon our own performance. The Bank's Complaint Handling Policy and Grievance Redressal Mechanism ensures that complaints are resolved in a timely & fair manner and the recurrence of complaints is prevented where possible. Customers have the option of registering their complaints at the Bank's branches, 24/7 phone banking center, its website, via email and post mail. The Bank performs various exercises such as rolling out SMS & emails to customers and awareness through social media in order to maximize utilization of these channels to further increase the visibility & accessibility.
Communities	We are committed to the communities where we are our present. From providing meals during the Holy Month of Ramadan to sponsoring social and cultural events to making sure that we live in a cleaner and greener country. The Bank is an active participant in ensuring that we are responsible community members and global citizens.
Employees	Our most important stakeholders are our employees. We engage with them through townhall forums, Bank-wide events and by providing them with learning-and-development opportunities

Investor's Relations section on the Corporate Website:

The Company disseminates information to its investors and shareholders through a mix of information exchange platforms, including its corporate website, maintained in both English and Urdu Languages under the applicable regulatory framework. The website is updated regularly to provide detailed and latest company information including but not limited to financial highlights, investor information, dividend and other requisite information besides the link to SECP's investor education portal, the 'Jamapunji'.

Steps to Encourage Minority Shareholders' Participation in AGMs

The Bank always provides a forum for two-way engagement with the shareholders, particularly the minority shareholders. To ensure meaningful participation of minority shareholders in AGM, the Bank takes the following measures:

- Notice of AGM is sent to every member of the Bank atleast 21 days before the meeting. The notice is published in both English & Urdu newspapers having Nationwide circulation.
- Annual Report of the Bank is sent to each member of the Bank on their registered address before AGM in electronic (CD, email) or hard form (on request).
- During AGM, a detailed briefing on the Bank's performance and future plans is given to the shareholders.
- The shareholders are encouraged to raise queries and give suggestions relating to the Bank's operations.

Code of Conduct

1. Business Ethics and Compliance with the Law

a) Protect and enhance the assets and reputation of JS Bank.

(i) Our business is based on a strong tradition of trust. It is the reason our customers come to us. Honesty and integrity are cornerstones of ethical behavior. Trustworthiness and dependability are essential to lasting relationships. Our continued success depends on doing what we promise — promptly, competently and fairly.

(ii) In our rapidly evolving businesses, each of us is challenged by a complex environment, which often requires a fast response under pressure. No written policy can anticipate every ethical dilemma or definitively set forth the appropriate action for all business situations. Accordingly, rather than a set of specific rules, this Code, emphasizes a standard of ethical conduct that must permeate all of our business dealings and relationships. The Bank relies on good judgment in applying these standards.

b) Conduct business in accordance with applicable laws and regulations and the Code.

(i) Consult the Bank's Compliance Officer or the Human Resource's Office whenever you have a question about the legality of a course of action. You must also exercise the utmost care to ensure that all statements you make are accurate.

c) Managers / Supervisors, by virtue of their positions of authority, must be ethical role models for all employees.

(i) An important part of a manager's responsibility is to exemplify and exhibit the highest standards of integrity in all dealings with fellow employees, customers, suppliers and the community at large. An equally important responsibility is to obtain employees' commitment — and develop their ability — to make sound ethical judgments. Managers must communicate the seriousness of the Bank's expectations for ethical conduct and their own personal support of these expectations. Ethical leadership includes both fostering a work environment that encourages employees to voice concerns or otherwise seek assistance if faced with potentially compromising situations and supporting those who speak out.

(ii) Managers/Supervisors must be alert to any situations or actions that may be unethical or potentially damaging to the Bank's reputation and must respond appropriately. Managers must take prompt action to address such situations and actions and must avoid the appearance of implicit approval.

2. Treatment of Employees and others

a) Treat colleagues, employees and others with whom you interact with respect and dignity.

(i) Treating all employees and others in the workplace with respect and dignity is part of the Bank's values that applies to everyone. This is particularly important for leaders, who must be role models for their direct reports. Employees are likely to treat their colleagues, including those whom they manage, as they themselves are treated. The Bank expects leaders to seek out the ideas of employees and to involve them in decisions whenever appropriate. At the same time, once a decision is made, everyone involved is expected to pull together and support it.

b) Safety, Health and the Environment

Comply with all applicable laws and Bank's policies relating to safety, health and the environment.

(i) The Bank is committed to high standards of safety and employee protection. Meeting this commitment is the responsibility of each of the Bank's employee. To that end, the Bank shall comply with all applicable government safety, health and environmental regulations, and establish systems to provide a safe and healthy workplace.

(ii) Responsible for working safely to avoid risk to yourself and colleagues, identifying and reporting unsafe working conditions or breaches of security, and reporting injuries in the workplace.

c) Diversity, Equal Employment Opportunity and Freedom from Harassment

Support the Bank's commitment to diversity and equal employment opportunity. You also are expected to create a work environment free from intimidation and harassment.

(i) The Bank seeks and values diversity among its employees, recognizing that a mix of people enriches our Bank and is essential to creativity and business growth. As a bank, we are committed to equal employment opportunity and unbiased treatment of all individuals based on job-related qualifications and without regard to race, color, gender, age, national origin, religion, creed, sexual orientation, marital status, citizenship, disability, veteran status or any other basis prohibited by law.

(ii) The Bank's policy is to create a work environment that is free from intimidation and harassment. Intimidation and harassment of employees by coworkers, leaders or outsiders is prohibited. Harassment includes behavior — whether in person or by other means, such as e-mail — that is offensive and interferes with an employee's work performance or creates an intimidating, hostile or offensive work environment. Examples of potentially offensive behavior include unwelcome sexual advances or remarks; slurs, jokes or disparaging comments about race, ethnicity or sexual orientation; and business meals or entertainment at sexually suggestive venues.

3. Conflicts of Interest and Business Opportunities

a) Alert to any situation that could compromise the position of trust you hold as a JS Bank employee and avoid any kind of conflict between your personal interests and those of JS Bank.

(i) Engage in outside activities that do not conflict with the Bank's interests, interfere with the responsibilities of its employees, or damage or misuse its reputation, trademarks, relationships, confidential information or other property.

(ii) Disclose all outside positions or other employment to the Human Resources representative, who will determine if a conflict exists. If a conflict does exist, you will not be permitted to continue in or accept that position or employment.

(iii) Never use your position with the Bank, or information acquired during your employment, in a manner that may create a conflict — (or even the perception of a conflict) — between your personal interests and the interests of the Bank or its customers and clients. You also should be aware that actual or potential conflicts of interest may arise not just from dealings with external parties, such as customers or suppliers, but also from relationships or transactions with managers, direct reports or other employees (e.g., such as receiving loans that are not on generally available terms and conditions). If a conflict or potential conflict arises, you must report it immediately. You may report it to your manager/supervisor or your compliance officer, who will review the matter with the Human Resources representative. You also may report a conflict or potential conflict directly to the Human Resources representative. Any such discussion will be held in confidence to the extent possible and in a spirit of cooperation.

b) Gifts and Gratuities

Solicit, accept or give gifts that may influence business decisions.

(i) Never solicit or accept, directly or indirectly, any cash or monetary equivalents, objects of value or preferential treatment from any person or enterprise that has or is seeking; business with the Bank where doing so may influence, or appear to influence, your business judgment. Indirect gifts can include gifts to your family members or a charity you support. Conversely, you also must not offer excessive gifts or entertainment to others whose business the Bank may be seeking.

(ii) Accept business-related meals, entertainment, token gifts or favors only when the value involved is not significant that is amount is not more than Rs. 6,000/- and clearly will not place you under any real or perceived obligation to the donor. In general, you should pay for your own meal. In no event should you offer or accept business meals, or attend business functions, at establishments featuring sexually suggestive entertainment. Many customers and suppliers consider reasonable gifts and entertainment as a sensible and acceptable business practice without subjective intent to unduly influence the judgment of bank's employees in business matters. It is anticipated that this statement of policy, with its emphasis on how the situation might be reviewed at a later date by a disinterested third party, will enable you to discourage gifts and entertainment falling in the "grey area" without embarrassment to either you or to the customer or the supplier.

(iii) You are not permitted to accept gift, entertainment, or other favors from existing or prospective customers of the Bank or suppliers as set forth below:

Whoever;

(iv) Corruptly gives, offers, or promises anything of value to any person, with intent to influence or reward an employee, agent, or attorney of a financial institution in connection with any business or transaction of such institution; or

(v) As an employee, agent, or attorney of a financial institution, corruptly solicits or demands for the benefit of any person, or corruptly accepts or agrees to accept anything of value from any person, intending to be influenced or rewarded in connection with any business or transaction of such institutions, shall be guilty of an offense.

c) Exceptions to the general prohibition regarding acceptance of things of value in connection with bank business may include:

(i) Acceptance of gifts, gratuities, amenities or favors based on obvious family or personal relationships (such as those between the parents, children or spouse of a Bank employee) where the circumstances make it clear that it is those relationships rather than the business of the Bank concerned which are the motivating factors;

(ii) Acceptance of meals, refreshments, entertainment (including tickets to sporting events, arts, concerts, etc.), accommodations or travel arrangements, all of reasonable value, in the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions or to foster better business relations, provided that the expense would be paid for by the Bank as a reasonable business expense if not paid for by another party;

(iii) Acceptance of advertising or promotional material of reasonable value, such as pens, pencils, note pads, key chains, calendars, diaries and similar items;

(iv) Acceptance of discounts or rebates on merchandise or services that do not exceed those available to other customers;

(v) Acceptance of gifts of reasonable value that are related to commonly recognized events or occasions, such as a promotion, new job, wedding, retirement, holiday or birthday;

(vi) Acceptance of civic, charitable, educational, or religious organization awards for recognition of service and accomplishment;

(vii) Items on a case-by-case basis, not identified above, in which a Bank employee accepts something of value in connection with Bank's business, provided that such approval is made in writing (directly to the CEO) on the basis of a full written disclosure of all relevant facts and is consistent with Bank's policies.

Any business-related personal benefit, which you or your family gives or receives, must be reported in writing within three working days to your immediate supervisor or Human Resources Representative. An officer receiving such a report must promptly acknowledge receipt. The underlying principle is that the employee should not derive material gain from the Bank's business.

d) Family Members Providing Services to the Bank

Disclose all instances in which you seek to hire or engage a family member or his or her firm to provide goods or services to the Bank.

(i) While there is no prohibition against the employment of close relatives or engagement of his or her firm to provide goods and services to the Bank, the integrity of the personnel process must be maintained. 'Close relative' is defined herein as son, daughter, brother, sister, mother, father, spouse, step relative or in-laws.

(ii) Therefore, no one shall serve on a committee; make personal recommendations or decisions, influence any person making decisions such as appointment, retention, transfer, advancement or promotion affecting a close relative.

(iii) Furthermore, family relationship (close relative) shall not be considered a criterion in any personnel action such as appointment, retention, tenure, or promotion.

4. Books and Records Accuracy and Completeness

a) Ensure that the accounting and financial records of the Company meet the highest standards of accuracy and completeness.

(i) Reporting accurate, complete and understandable information about the Bank's business, earnings and financial condition is an essential responsibility of each employee. It is also your responsibility to make open and full disclosure to, and cooperate fully with, the Bank's outside accountants in connection with any audit or review of the financial statements of the Bank. If you have reason to believe that any of the Bank's books and records is not being maintained in an accurate or complete manner, you are required to report this immediately to your manager, the Chief Financial Officer, the Bank Internal Auditor or your Compliance Officer. Similarly, the Bank relies on you to come forward if you feel that you are being pressured to prepare, alter, conceal or destroy documents in violation of Bank policy.

(ii) In addition, you must report to any of the individuals mentioned above if you have any reason to believe that someone has made a misleading, incomplete or false statement to an accountant, auditor, attorney or government official in connection with any investigation, audit, examination or filing with any government agency or regulatory body.

b) Financial Statements and Accounts

(i) Report transactions accurately, completely and in appropriate detail if you are involved in supplying any kind of supporting documentation, determining account classification or approving transactions.

(ii) Record all transactions appropriately to facilitate full accountability for all assets and activities of the Bank and to supply the data needed in connection with the preparation of financial statements. If you are involved in the preparation of the Bank's financial statements, you must apply generally accepted accounting principles and other applicable accounting standards and rules, so that the statements fairly and completely reflect the operations and financial condition of the Bank.

c) Travel and Expense Accounts

Request reimbursement only for actual and reasonable business-related expenses that are properly documented, approved and in accordance with the Bank's travel and entertainment (T&E) reimbursement policy.

(i) Find the T&E reimbursement policy with Human Resources Department. Managers must ensure that employees adhere to the Bank's T&E reimbursement policy. If you are a manager, you should review employees' expense reports and underlying detail for compliance with the policy. In addition, you are responsible for educating new employees on the T&E policy.

5. Protection and Proper Use of Bank Property

a) Entrusted with protecting the Bank's property.

(i) Acts of dishonesty against the Bank or its customers involving theft, destruction or misappropriation of money, property, office equipment, supplies or any other items of value are, of course, prohibited.

(iii) Falsification, alteration or substitution of records for the purpose of concealing or aiding such acts is also prohibited. If you suspect someone has committed such an act or if you witness such an act, you should report it immediately to your local security representative.

(iv) Protect and properly use the Bank's computer equipment, including Internet access. You also must take precautions to properly secure your computer. For example, you should lock your laptop in its docking station, and you should not leave it where it would be vulnerable to theft, such as at a restaurant coat check or in your car. You also should follow the Bank's procedures for disposing of personal computers, personal digital assistants, mobile phones or other Bank assets.

6. Outside Pressure

Refrain from bringing in outside pressure or influence to attain personal gains within the organization; any such attempt will be subject to Disciplinary Action/Corrective Guidance.

a) Influencing Others

Never use your position to coerce or pressure employees to make contributions or support candidates or political causes.

(i) In certain instances, the Bank may encourage employees to support or oppose legislative issues that affect the Bank's businesses. In no instance, however, may you use your position of authority to make another employee feel compelled or pressured to work for, or on behalf of, any legislation, candidate, political party or committee, to make contributions for any political purpose, or to cast his or her vote one way or the other.

7. Customer Privacy and Information Security

Responsible for protecting the privacy, confidentiality and security of customer information entrusted to the Bank.

a) In each of our businesses, we are entrusted with important information about our customers – information vital to our ability to provide quality products and services. The Bank owes a strict duty of confidentiality to their customers. You will not disclose to any third-party particulars of the identity or financial, business or personal affairs of a customer, except pursuant to a statute or regulation, or a valid court order or unless:

(i) The customer has given prior written consent

(ii) Disclosure is compelled by a court or statutory authority of competent jurisdiction

(iii) Disclosure is compelled by law, due to money laundering, or by regulatory require¬ments, or

(iv) Disclosure is necessary to protect the Bank's interest, for example disclosure to the police in case of suspected fraud.

8. Intellectual Property

a) Protect and, when appropriate, enforce the Bank's intellectual property rights.

(i) The Bank's intellectual property is among its most valuable assets. Intellectual property refers to creations of the human mind that are protected by various national laws and international treaties, in a fashion similar to real property (i.e., land). Intellectual property includes copyrights, patents, trademarks, trade secrets, design rights, logos, know-how and other intangible industrial or commercial property.

b) Confidential Information and Trade Secrets

(i) Protect confidential information and trade secrets and prevent such information from being improperly disclosed to others inside or outside the Bank.

(ii) During the course of your employment, you may learn confidential information about the Bank that is not known to the general public or to competitors. Information of this sort is considered a trade secret if it provides the Bank with a competitive or economic advantage over its competitors. Confidential information or trade secrets may not be disclosed outside the Bank or used for your own or someone else's benefit.

(iii) These obligations apply both during, and subsequent to, your employment with JS Bank. When you leave the Bank, you must return any and all copies of materials containing the Bank's confidential information or trade secrets in your possession.

(iv) Some examples of the Bank' confidential information or trade secrets include:

- customer lists;
- the terms, discount rates or fees offered to particular customers;
- marketing or strategic plans; and
- software, risk models, tools and other system developments.

(v) Within the Bank, confidential information and trade secrets may be divulged only to other employees who need the information to carry out their duties. When discussing confidential information or trade secrets, you must not do so in places where you can be overheard, such as taxis, elevators, the Bank cafeteria or restaurants. In addition, you should not communicate or transmit confidential information or trade secrets by non-secure methods (e.g., cell phones, non-secure e-mail, hotel faxes, etc.).

c) Trademarks, Copyrights and Patents

(i) You must protect the Bank's trademarks, copyrights and patents.

(ii) Publications, documentation, training materials, computer codes, and other works of authorship you develop for the Bank are the types of material that can be protected by copyrights. You may also create, discover or develop software, methods, systems or other patentable inventions when performing your responsibilities or utilizing information or resources available to you in connection with your employment. To the extent permitted by law, as an employee or a contractor, you agree that all such works of authorship and inventions, whether or not patentable or protectable by copyright, trade secret or trademark, are assigned to the Bank whether they be improvements, derivatives, designs, technologies, written materials, programs or any other works.

d) Intellectual Property of Others

i. You must respect the intellectual property belonging to third parties in a manner consistent with that outlined for JS Bank.

ii. It is the Bank's policy to not knowingly infringe upon the intellectual property rights of others. When preparing advertising or promotional materials, using the name or printed materials of another company, or operating a software program on a Bank computer, you must be sure that the use of any third-party intellectual property is proper. In addition, you may not copy software or bring in software programs from home. Only software properly licensed by the Bank is permitted on Bank computers.

iii. You also may not copy third-party newsletters or periodicals for broad distribution unless the Bank has a license to do so.

iv. You should not disclose to the Bank, or be asked by the Bank to disclose, confidential information or trade secrets of others (e.g., your former employer). You are not permitted to possess or circulate improperly obtained confidential information or trade secrets belonging to a competitor. Similarly, during the course of performing your responsibilities, you may rightfully obtain information concerning possible transactions with other companies or receive confidential information about other companies. Such information should be respected in a manner consistent with that outlined here and you must not use that information for your own or someone else's benefit (refer to the Insider Trading section that follows for guidance).

9. Non-Public Information and Insider Trading

a) It is against the Bank's policy — and, in many countries, illegal — for you to buy or sell securities of JS Bank or another publicly traded company at a time when you possess "material" nonpublic information about JS Bank or the other company.

(i) In the course of your employment, you may become aware of information about JS Bank or other companies that is not public. Using such information for your financial benefit not only is unethical, but also may be illegal. Buying or selling securities of JS Bank or any other company while you possess “material” nonpublic information is known as “insider trading”. Passing such information on to someone who buys or sells securities — which is known as “tipping” — is also likely to be illegal, even if you personally never trade in the securities. You may not engage in insider trading or tipping.

(ii) The prohibition applies to stock, options, debt securities or any other securities of JS Bank or another company. This prohibition also applies to transfers into or out of the Bank stock fund under a savings and retirement plan. Violations can subject individuals to significant fines and even imprisonment. Employees in certain business units may be subject to additional specific requirements and restrictions on their personal trading as a result of their job responsibilities.

b) Material Non-public Information

(i) You may not trade in the securities of a company about which you possess nonpublic information that would influence your decision to buy, sell or hold those securities.

(ii) Material non-public information is information about a company that is not known to the general public and that could influence a typical investor’s decision to buy, sell or hold that company’s securities.

(iii) Because the determination of “material” is made on a case-by-case basis depending on particular facts and circumstances, if you have any doubt or concern, you must not trade while you possess such nonpublic information. Examples of nonpublic information about JS Bank or any other company might include:

- the operating or financial results of the company, or of any of its major business units (including estimates of any future earnings or losses);
- the company’s negotiations or its entry into an agreement for an acquisition or sale of a substantial business or other significant transaction;
- development of a major new product or service;
- an increase or decrease in dividends;
- a stock split or other recapitalization;
- a redemption or purchase by the company of its securities; or
- major management changes.

(vi) Remember that information that may not be material to JS Bank because may in fact be material to a smaller company with which we do business.

Information stops being nonpublic when it has been effectively disclosed to the public — for example, by a press release, a filing with the appropriate government regulators, or a webcast — and is followed by a reasonable waiting period for the information to be absorbed by the marketplace.

c) Disclosure of Non-public Information and Tipping

(i) You may not disclose nonpublic information to anyone unless that person has a need to know the information in order to perform his or her duties and you believe the person will not misuse the information.

(ii) If you reveal nonpublic information to anyone (even a family member), and that person then buys or sells securities — or passes that information on to someone else who buys or sells securities — you may be liable for tipping, even if you never personally trade on the information. Liability could arise if you were trying to help someone profit from the information or if you were trying to gain something personally, even if only to impress someone with your knowledge.

d) Supervision of Others

(i) You must be satisfied that those you supervise understand the insider trading prohibition.

(ii) If you have supervisory authority in connection with a matter that involves material nonpublic information, you must take measures to direct the other employees working on the matter to take appropriate precautions to prevent insider trading violations. For example, you should clearly instruct all members of a working group that they possess material nonpublic information that they may disclose only on a need-to-know basis, and that they are barred from buying or selling securities of the companies to which the information pertains.

10. Money Laundering and Terrorist Financing

a) You must actively guard against the use of the Bank's products and services for purposes of money laundering or for the financing of terrorism or other criminal activity.

b) Money laundering and terrorist financing have become the focus of considerable attention by governments, international organizations and law enforcement agencies throughout the world. Money laundering is the process by which the proceeds of criminal activity are moved through the financial system in order to hide all traces of their criminal origin. Terrorist financing, by contrast, focuses on the destination and use of funds that may come from legitimate or criminal sources, or a combination of the two.

c) The Bank fully supports the international drive against serious crime and is committed to assisting the authorities to identify money-laundering trans¬actions and, where appropriate, to confiscate the proceeds of crime.

d) You must report to Compliance Officer of the Bank suspicious activities such as, suspected insider trading, fraud, misappropriation of funds and money laundering.

e) Employees who handle cash, banking, securities, investments, insurance, travel or money service and other funds transfer transactions for customers receive training on these policies and procedures. If you perform any of these functions, you must follow your business unit's policies and be alert to identifying the money laundering and terrorist financing risks affecting your business unit. You must be vigilant and exercise good judgment when dealing with unusual customer transactions. You must alert your manager/ supervisor to any situation that seems to you to be inappropriate or suspicious. You should not let the customer know that you find the transaction suspicious, although you should ask whatever questions are necessary to better understand the customer's identity, source of funds and reasons for the transaction.

f) The key principles include the following:

(i) The identity of a customer beginning a business relation¬ship or conducting a single transaction should be established from official or other reliable identifying documents. The Golden Rule is to Know Your Customer,

(ii) Business units must keep record of customer identifica¬tion for at least five years after the account is closed and of transactions for at least five years after their comple¬tion, or longer if the local law requires. These documents should be available to the competent authorities in the context of relevant criminal investigations and prosecu¬tions.

(iii) If business units suspect that funds stem from money laundering, they should promptly report those suspicions to the competent authorities and record the circum¬stances in writing.

(iv) Business units should not forewarn their customers when information relating to them is being reported to the com¬petent authorities.

(v) When a business unit reports its suspicions to the com¬petent authorities, it should comply with their instructions.

g) You must immediately contact the Compliance Officer if you are approached in any manner by government agencies concerning a money laundering or terrorist financing investigation. There are strict rules specifying time frames for complying with those inquiries, so your immediate action is vital.

11. Other Acts of Misconduct

a) It is not possible to list all the forms of behaviors that are considered as misconduct or unacceptable in the workplace. The following are examples of infractions of rules of conduct that may result in disciplinary action, up to and including termination of employment:

(i) Theft, fraud, dishonesty with business or property of the Bank or any other organization / any person inside or outside the Bank or inappropriate removal or, unauthorized possession of property.

(ii) Falsification of employment documents / data to obtain employment.

(iii) Tampering the office records.

(iv) Negligence or improper conduct leading to damage of Bank-owned or customer-owned property or damage to the reputation of the Bank.

(v) Conviction for a criminal offence within or outside the office.

(vi) Violation of safety or health rules

(vii) Smoking in prohibited areas

(viii) Spitting within Bank's premises

(ix) Unauthorized absence from duty

(x) Illegal strike or go-slow tactics

(xi) Misuse of Official Stamps / Letterheads / Telephones / Computers & other items

b) The Bank, at its sole discretion, shall determine what act or omission constitutes misconduct, breach of trust or negligence of duty.

12. Environmental Sustainability

- **Sustainable Performance**

  You must act responsibly towards all of our stakeholders

  The Bank is committed to generating sustainable value for all of its stakeholders (clients, employees, shareholders, civil society, government) by always considering long-term success over short-term gains. Meeting this commitment is the responsibility of each JS Bank employee. The Bank believes that balancing environmental with financial priorities is fundamental to sound risk management and a core part of the way we do business.

- **Our Employees**

  You must seek to responsibly balance risks and returns

  The Bank encourages an entrepreneurial spirit in its employees while seeking to responsibly balance risks and returns. At the same time, the Bank combines a culture of performance with a culture of responsibility to its business and to its surroundings.

- **Our Communities**

  You have a responsibility to reduce your effect on your surroundings.

  The Bank respects its communities and the environment. The Bank also supports educational, social and cultural projects that we believe will help people fulfill their potential.

- **Mitigating Environmental Risks in our business**

  You must consider the environmental and social impact of your actions.

  The Bank takes environmental and social risk issues very seriously, which minimizes potential reputational and financial risk and encourages you to do the same. The Bank applies high environmental and social standards to businesses it supports for a sustainable future. JS Bank's Position Statements outline the environmental and social standards we expect clients and customers to observe with regards to different industries and for you to ensure that they are complied with.

- **Our Own Operations**

  You must participate towards making a safe and healthy workplace for each other.

  The Bank works hard to make its operations as sustainable as possible. Employees are responsible to reduce their own environmental impact to not only provide a safe and healthy workplace for each other but also for the wider community.

13. Compliance with Code

a) You must read, understand and comply with the Code. If you have any questions, you are responsible for asking your immediate manager/ supervisor for clarification.

b) If you believe that you have violated the Code or any applicable law or regulation, you must report the violation so that the Bank can take appropriate action. The fact that you have reported the violation will be given consideration in determining appropriate disciplinary action, if any. In many cases, a prompt report of a violation can substantially reduce the adverse consequences of a violation for all involved — third parties, the Bank and you.

c) If you become aware that another employee, at any level of seniority, has, in all likelihood, violated the Code, including any law or regulation applicable to the Bank's businesses, you have a duty to report that violation so that the Bank can take steps to rectify the problem and prevent a recurrence.

d) You should report actual or suspected violations to your immediate manager/supervisor, your Human Resources representative, your Compliance Officer or the Internal Auditor. Such reports will be treated confidentially to the extent possible, and you will not be subject to retaliation for reporting a suspected violation in good faith.

EY
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To the members of JS Bank Limited

Review Report on Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **JS Bank Limited** (the Bank) for the year ended **31 December 2019** in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review, whether the statement of compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations requires the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to assess and determine the Bank's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Regulations as applicable to the Bank for the year ended 31 December 2019.

EY Ford Rhodes

Chartered Accountants

Date: 05 March 2020

Place: Karachi

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019 (the 'Regulations')

Name of company: JS Bank Limited (the 'bank')

Year ended: December 31, 2019

The Bank has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are nine as per the following:

   a. Male: Eight (Including CEO)
   b. Female: One

2. The composition of the Board is as follows:

Category	Names
i) Independent Directors	Mr. G.M. Sikander Ms. Nargis Ghaloo Mr. Sohail Aman
ii) Non-Executive Directors	Mr. Kalim-ur-Rahman - Chairman Mr. Adil Matcheswala Mr. Ashraf Nawabi Mr. Hassan Afzal Mr. Munawar Alam Siddiqui
iii) Executive Director	Mr. Basir Shamsie – President & CEO (Non-elected deemed director)
iv) Female Director	Ms. Nargis Ghaloo (Independent Director)

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank;

4. The Bank has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (Act) and the Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations;

9. Out of nine directors, five directors namely, Mr. Kalim-ur-Rahman, Mr. Munawar Alam Siddiqui, Mr. G.M. Sikandar, Ms. Nargis Ghaloo and Mr. Basir Shamsie have completed Director' Training Program and two directors namely, Mr. Adil Matcheswala and Mr. Ashraf Nawabi of the Bank are exempted from the requirement of Directors' Training Program in accordance with the Regulations. Whereas, remaining two newly elected/appointed directors namely Mr. Hassan Afzal and Mr. Sohail Aman will certify themselves in due course, and in any event within one (1) year from the date of their appointment as director;

10. No new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit has been made during the financial year. The Board has approved their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below.-

a. Audit Committee:

Ms. Nargis Ghaloo (Independent Director)	Chairperson
Mr. Adil Matcheswala (Non-Executive Director)	Member
Mr. G.M. Sikander (Independent Director)	Member
Mr. Munawar Alam Siddiqui (Non-Executive Director)	Member

b. HR Remuneration & Nomination Committee:

Mr. Sohail Aman (Independent Director)	Chairman
Mr. Adil Matcheswala (Non-Executive Director)	Member
Mr. G.M. Sikander (Independent Director)	Member
Mr. Kalim-ur-Rahman (Non-Executive Director)	Member

c. Risk Management Committee:

Mr. Ashraf Nawabi (Non-Executive Director)	Chairman
Mr. Munawar Alam Siddiqui (Non-Executive Director)	Member
Ms. Nargis Ghaloo (Independent Director)	Member
Mr. Basir Shamsie (Executive Director and CEO)	Member

d. IT Committee:

Mr. Hassan Afzal (Non-Executive Director)	Chairman
Mr. Kalim ur Rahman (Non-Executive Director)	Member
Mr. Sohail Aman (Independent Director)	Member
Mr. Basir Shamsie (Executive Director and CEO)	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;

14. The frequency of meetings of the committee was as per following:

Committees	Meetings held during the year
Audit Committee	Three
HR Remuneration & Nomination Committee	Four
Risk Management Committee	Three
IT Committee	Three

Due to reconstitution of the Board at AGM on March 28, 2019, formation of Board Committees was subject to prior clearance of the State Bank of Pakistan, which was received on July 11, 2019. Hence, no Board Committees meetings were held for the first quarter ended March 31, 2019.

15. The Board has set up an effective internal audit function comprising of suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank;

16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Bank;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For and behalf of the Board

Basir Shamsie	**Kalim-ur-Rahman**
President & CEO	Chairman

Karachi: February 27, 2020

Unconsolidated
Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the members of JS Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **JS Bank Limited** (the Bank), which comprise the unconsolidated statement of financial position as at **31 December 2019**, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flows statement for the year then ended, along with unaudited certified returns received from the branches except 25 branches which have been audited by us and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2019 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
1. *Provision against non-performing credit exposure (note 9.4)*	
The Bank's credit portfolios include loans and advances, and non-funded credit facilities. The credit portfolio is spread across various domestic branches and overseas operation. As per the Bank's accounting policy (refer note 4.7.1 to the financial statements), the Bank determines provisions against non-performing financing exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) in respect of potential credit losses in the portfolio. The Prudential Regulations require specific provisioning against loan losses on the basis of an age based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of loan loss provision against certain vulnerable corporate financing, therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and realisability of collateral held by the Bank. In view of the significance of this area in terms of its impact on the financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of loan loss provision as a significant area of audit judgment and a key audit matter.	We applied a range of audit procedures including the following: - We tested Bank's compliance of Prudential Regulations relating to the identification and classification of non-performing loans into various categories including an analysis of downgrading of the classified loans and declassification from non-performing to regular. - We re-computed on test basis, the provision calculated by the Bank, to check compliance with the Prudential Regulations. We also reviewed, on a sample basis, the underlying independent valuations of the collaterals used against the outstanding exposures to calculate the amount of provision. - We also tested internal controls over the approval, recording and monitoring of loans and advances. In addition, we selected a representative sample of borrowers from the financing portfolios and other loans kept by the Bank in the watch list category and performed credit assessments. Our procedures includes review of credit documentation, repayment trends and ageing reports, borrowers financial statements to assess its financial condition, collateral held by the Bank and litigation status, if any. - We also reviewed the adequacy of disclosures made in the accompanying financial statements regarding non-performing loans and provisions in terms of the requirements of Prudential Regulation and applicable reporting framework.

Key audit matters	How the matter was addressed in our audit
2. Impairment testing of goodwill allocated to a cash generating unit (note 11.5)	

As of the balance sheet date, the intangible assets of the Bank includes Goodwill of Rs. 1,463.62 million, which is required to be tested for impairment in accordance with the applicable accounting standard. Goodwill impairment testing of cash generating units ('CGUs') relies on estimates of value-in-use based on estimated future cash flows which involve used of various assumptions taking into account the factors such as economic and business conditions of the industry and environment in which entity operates. Due to the involvement of key estimates and judgments in evaluating the recoverable amount of this intangible, we have considered the same as a key audit matter.	We applied a range of audit procedures to address the risk as identified above including the following:
	- We assessed the reasonableness of cash flow projections and compared key inputs, such as discount rates and growth rates, to externally available industry, economic and financial data and the Bank's own historical data and performance.
	- We evaluated the assumptions, on which the valuation is based, are realistic and consistent with:
	  - the general economic environment, the economic environment of the specific industry, existing market information and the entity's economic circumstances
	  - assumptions made in prior periods the risks associated with cash flows, including the potential variability in the amount and timing of the cash flows and the related effect on the discount rate.
	- We also assessed whether the financial statements disclosures of application of judgement in estimating CGU cash flows and the sensitivity of the results of those estimates adequately reflects the risk associated with goodwill impairment.
	- We used our own valuation specialists to test the assumptions used in valuation.

Key audit matters	How the matter was addressed in our audit
3. Adoption of IFRS 16 "Leases" (note 4.1.1)	
IFRS 16 'Leases' (the standard) has become effective for the current financial year as per the SECP notification S.R.O. 434 (I)/2018 dated 09 April 2018 read with SBP's directive BPRD Circular Letter No. 08 of 2019 dated 30 April 2019. The standard has introduced a new accounting model for operating lease contracts from the standpoint of a lessee. As per the new requirements, the Bank is required to recognize right of use assets for leased assets and liabilities for the lease payments over the lease term. The impacts of the adoption of the standard on the unconsolidated financial statements of the Bank are disclosed in note 4.1.1 to the unconsolidated financial statements. The application of the new standard requires management to make significant estimates and judgements such as in related to determination of lease term and appropriate discount rate for measurement of lease liability. We considered the adoption of the standard as a key audit matter due to the significance of the accounting change and the involvement of significant management judgements in respect of the application of the new standard.	We applied a range of audit procedures including the following: - We evaluated the appropriateness of the new accounting policies for recognition of lease contracts and their measurement in the unconsolidated financial statements - We obtained an understanding of the process and controls in place for identification of in-scope and material lease contracts and capturing of relevant data regarding the terms and condition of the lease contracts in lease database; - We corroborated the completeness of lease database by comparing the previously identified operating lease contracts and the lease/rent expenses with the contracts appearing in the lease database; - We also considered the use of automated solutions for the lease accounting and IT controls in place for such application; - We performed independent checks of lease accounting computations for a sample of lease contracts through reperformance of such computations; - We evaluated the appropriateness of the assumptions used by the management in measuring lease liabilities such as discount rate and lease term; - We evaluated the adequacy of disclosures made regarding the application of the standard and its impact on the unconsolidated financial statements of the Bank for the year.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditors' reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. The Board of directors are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:

    a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;

    b) the statement of financial position, the profit or loss account, the statement of comprehensive income, statement of changes in equity and statement of cash flow (together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017) and are in agreement with the books of account and returns;

    c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and

    d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

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

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 05 March 2020

Unconsolidated Statement of Financial Position

As at December 31, 2019

2019	2018		Note	2019	2018
----- USD in '000 -----				----- Rupees in '000 -----	
		ASSETS			
165,255	207,371	Cash and balances with treasury banks	5	25,589,349	32,110,840
2,989	6,255	Balances with other banks	6	462,836	968,575
195,809	12,511	Lendings to financial institutions	7	30,320,540	1,937,347
920,702	960,234	Investments	8	142,568,470	148,689,974
1,568,927	1,627,348	Advances	9	242,944,509	251,990,918
62,595	40,332	Fixed assets	10	9,692,701	6,245,328
14,668	14,013	Intangible assets	11	2,271,360	2,169,877
57	1,854	Deferred tax assets	12	8,756	287,062
100,668	79,783	Other assets	13	15,588,273	12,354,155
2,415	-	Assets held for sale	10.3	374,000	-
3,034,085	2,949,701			469,820,794	456,754,076
		LIABILITIES			
24,569	22,732	Bills payable	14	3,804,491	3,519,924
351,754	623,572	Borrowings	15	54,468,283	96,558,663
2,388,090	2,075,675	Deposits and other accounts	16	369,789,964	321,413,263
-	-	Liabilities against assets subject to finance lease		-	-
48,401	48,414	Subordinated debt	17	7,494,800	7,496,800
-	-	Deferred tax liabilities		-	-
109,333	78,454	Other liabilities	18	16,930,001	12,148,400
2,922,147	2,848,847			452,487,539	441,137,050
111,938	100,854	**NET ASSETS**		17,333,255	15,617,026
		REPRESENTED BY			
65,350	65,350	Share capital	19	10,119,242	10,119,242
11,299	11,057	Reserves		1,749,673	1,712,171
4,112	(6,688)	Surplus / (deficit) on revaluation of assets	20	636,700	(1,035,589)
31,177	31,135	Unappropriated profit		4,827,640	4,821,202
111,938	100,854			17,333,255	15,617,026

CONTINGENCIES AND COMMITMENTS 21

The annexed notes from 1 to 48 and annexure I & annexure II form an integral part of these unconsolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Unconsolidated Profit and Loss Account

For the year ended December 31, 2019

2019	2018		Note	2019	2018
----- USD in '000 -----				----- Rupees in '000 -----	
268,617	193,720	Mark-up / return / interest earned	23	41,594,699	29,997,028
223,228	136,830	Mark-up / return / interest expensed	24	34,566,342	21,187,732
45,389	56,890	Net mark-up / interest income		7,028,357	8,809,296
		NON MARK-UP / INTEREST INCOME			
18,469	17,236	Fee and commission income	25	2,859,942	2,668,923
1,941	705	Dividend income		300,497	109,243
6,220	4,334	Foreign exchange income		963,190	671,035
304	108	Income from derivatives		47,120	16,707
(4,593)	(9,261)	Loss on securities	26	(711,145)	(1,434,034)
3,123	704	Other income	27	483,600	108,964
25,464	13,826	Total non mark-up / interest income		3,943,204	2,140,838
70,853	70,716	Total Income		10,971,561	10,950,134
		NON MARK-UP / INTEREST EXPENSES			
69,692	64,296	Operating expenses	28	10,791,708	9,956,060
7	(1,070)	Workers Welfare Fund	29	1,065	(165,674)
889	105	Other charges	30	137,643	16,203
70,588	63,331	Total non-mark-up / interest expenses		10,930,416	9,806,589
265	7,385	Profit before provisions		41,145	1,143,545
(594)	1,542	(Reversals) / provisions and write offs - net	31	(91,930)	238,788
-	-	Extraordinary / unusual items		-	-
859	5,843	PROFIT BEFORE TAXATION		133,075	904,757
700	2,211	Taxation	32	108,422	342,419
159	3,632	PROFIT AFTER TAXATION		24,653	562,338
--------- US Dollar ---------				--------- Rupee ---------	
-	0.002	Basic and diluted earnings per share	33	0.0004	0.30

The annexed notes from 1 to 48 and annexure I & annexure II form an integral part of these unconsolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2019

2019	2018		2019	2018
----- USD in '000 -----			----- Rupees in '000 -----	
159	3,632	Profit after taxation for the year	24,653	562,338
		Other comprehensive income		
		Items that may be reclassified to profit and loss account in subsequent periods:		
210	379	Effect of translation of net investment in foreign branches	32,571	58,715
11,120	(13,951)	Movement in deficit on revaluation of investments - net of tax	1,721,854	(2,160,313)
(378)	378	Movement in general provision under - IFRS 9 net of tax	(58,510)	58,510
10,742	(13,573)		1,663,344	(2,101,803)
10,952	(13,194)		1,695,915	(2,043,088)
		Items that will not be reclassified to profit and loss account in subsequent periods:		
(72)	114	Remeasurement (loss) / gain on defined benefit obligations - net of tax	(11,160)	17,590
200	3,829	Movement in surplus on revaluation of operating fixed assets - net of tax	30,985	592,943
-	(13)	Movement in surplus on revaluation of non-banking assets - net of tax	-	(2,086)
128	3,930		19,825	608,447
11,239	(5,632)	Total comprehensive income / (loss)	1,740,393	(872,303)

The annexed notes from 1 to 48 and annexure I & annexure II form an integral part of these unconsolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2019

			Reserves		Surplus/(Deficit) on revaluation of				
	Share capital	Preference shares	Statutory reserve *	Exchange translation reserve	Investments	Fixed Assets	Non Banking Assets	Unappro-priated profit	Total
	Rupees in '000								
Balance as at December 31, 2017	8,619,242	1,500,000	1,528,769	12,219	(78,310)	473,539	95,050	4,518,820	16,669,329
Profit after taxation	-	-	-	-	-	-	-	562,338	562,338
Other comprehensive income / (loss) - net of tax	-	-	-	58,715	(2,101,803)	592,943	(2,086)	17,590	(1,434,641)
	-	-	-	58,715	(2,101,803)	592,943	(2,086)	579,928	(872,303)
Transfer to statutory reserve	-	-	112,468	-	-	-	-	(112,468)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax									
Fixed assets	-	-	-	-	-	(14,816)	-	14,816	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	-	(106)	106	-
Transaction with owners recorded directly in equity									
Issuance of ordinary shares on conversion of preference shares during the year	2,250,000	-	-	-	-	-	-	-	2,250,000
Discount on issue of ordinary shares during the year	(750,000)	-	-	-	-	-	-	-	(750,000)
	1,500,000	-	-	-	-	-	-	-	1,500,000
Preference shares cancelled on conversion into ordinary shares during the year	-	(1,500,000)	-	-	-	-	-	-	(1,500,000)
Preference dividend for the year ended December 31, 2017 @ 12% p.a.	-	-	-	-	-	-	-	(180,000)	(180,000)
Balance as at December 31, 2018	10,119,242	-	1,641,237	70,934	(2,180,113)	1,051,666	92,858	4,821,202	15,617,026
Profit after taxation	-	-	-	-	-	-	-	24,653	24,653
Other comprehensive income / (loss) - net of tax	-	-	-	32,571	1,663,344	30,985	-	(11,160)	1,715,740
	-	-	-	32,571	1,663,344	30,985	-	13,493	1,740,393
Transfer to statutory reserve	-	-	4,931	-	-	-	-	(4,931)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax									
Fixed assets	-	-	-	-	-	(21,958)	-	21,958	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	-	(82)	82	-
Transaction with owners recorded directly in equity									
Preference dividend for the year ended December 31, 2018 @ 12% p.a	-	-	-	-	-	-	-	(24,164)	(24,164)
Balance as at December 31, 2019	10,119,242	-	1,646,168	103,505	(516,769)	1,060,693	92,776	4,827,640	17,333,255

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

The annexed notes from 1 to 48 and annexure I & annexure II form an integral part of these unconsolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Unconsolidated Cash Flow Statement

For the year ended December 31, 2019

2019	2018		Note	2019	2018
----- USD in '000 -----				----- Rupees in '000 -----	
		CASH FLOW FROM OPERATING ACTIVITIES			
859	5,843	Profit before taxation		133,075	904,757
(1,941)	(705)	Less: Dividend income		(300,497)	(109,243)
(1,082)	5,138			(167,422)	795,514
		Adjustments:			
4,969	4,440	Depreciation	10.2	769,378	687,568
11	4	Depreciation on non-banking assets	13.2.1	1,713	573
5,879	-	Depreciation - Right of Use Assets	4.1	910,321	-
603	459	Amortisation	11.2	93,316	71,069
(596)	1,542	(Reversals) / provisions and write offs - net		(92,245)	238,788
(3,123)	(704)	Gain on sale of fixed assets - net	27	(483,600)	(108,964)
3,277	-	Mark-up / return / interest expensed on lease liability against right-of-use assets	4.1	507,361	-
870	837	Charge for defined benefit plan	36.5	134,712	129,556
17	83	Unrealised loss on revaluation of investments classified as held-for-trading - net	26	2,618	12,906
7	(1,070)	Provision / (reversal) for Workers' Welfare Fund	29	1,065	(165,674)
(136)	(47)	Unrealised gain on revaluation of derivative instruments - net		(21,126)	(7,315)
(426)	(1,369)	Unrealised loss on revaluation of forward foreign exchange contracts		(65,955)	(211,933)
11,352	4,175			1,757,558	646,574
10,270	9,313			1,590,136	1,442,088
		(Increase) / decrease in operating assets			
(183,278)	7,585	Lendings to financial institutions		(28,380,143)	1,174,540
(91,913)	(212,546)	Held-for-trading securities		(14,232,574)	(32,912,268)
56,115	(440,874)	Advances		8,689,282	(68,268,318)
(23,243)	(15,078)	Other assets (excluding advance and current taxation)		(3,599,120)	(2,334,715)
(242,319)	(660,913)			(37,522,555)	(102,340,761)
		Increase / (decrease) in operating liabilities			
1,838	(1,966)	Bills payable		284,567	(304,354)
(272,692)	204,711	Borrowings		(42,225,743)	31,698,987
312,415	202,365	Deposits		48,376,701	31,335,697
6,683	11,826	Other liabilities		1,034,778	1,831,268
48,244	416,936			7,470,303	64,561,598
(194,075)	(243,977)			(30,052,252)	(37,779,163)
(662)	(1,131)	Gratuity paid	36.5	(102,494)	(175,118)
(2,197)	(6,918)	Income tax paid		(340,273)	(1,071,290)
(186,664)	(242,713)	Net cash used in operating activities		(28,904,883)	(37,583,483)
		CASH FLOW FROM INVESTING ACTIVITIES			
87,247	337,207	Net investments in available-for-sale securities		13,509,954	52,215,746
63,656	(8,514)	Net investments in held-to-maturity securities		9,857,050	(1,318,447)
(137)	(1,162)	Investment in associated companies		(21,239)	(180,000)
591	705	Dividends received		91,549	109,243
(11,864)	(7,128)	Investment in fixed assets		(1,837,181)	(1,103,720)
(1,258)	(1,701)	Investment in intangible assets		(194,799)	(263,434)
8,636	1,009	Proceeds from sale of fixed assets		1,337,287	156,235
210	379	Effect of translation of net investment in foreign branch		32,571	58,715
147,081	320,795	Net cash flow from investing activities		22,775,192	49,674,338
		CASH FLOW FROM FINANCING ACTIVITIES			
(13)	16,132	(Payments) / receipts of subordinated debt		(2,000)	2,498,000
(6,502)	-	Payment of lease liability against right of use assets	4.1	(1,006,797)	-
(156)	(1,162)	Dividend paid to preference shareholders		(24,164)	(180,000)
(6,671)	14,970	Net cash (used in) / flows from financing activities		(1,032,961)	2,318,000
(46,254)	93,052	(Decrease) / increase in cash and cash equivalents		(7,162,652)	14,408,855
210,386	117,334	Cash and cash equivalents at beginning of the year		32,577,913	18,169,058
164,132	210,386	Cash and cash equivalents at end of the year	34	25,415,261	32,577,913

The annexed notes from 1 to 48 and annexure I & annexure II form an integral part of these unconsolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

1. STATUS AND NATURE OF BUSINESS

1.1 JS Bank Limited (the Bank / JSBL) is a banking company incorporated in Pakistan as a public limited company on March 15, 2006. The Bank is a subsidiary company of Jahangir Siddiqui & Co. Ltd. (JSCL) and its shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank commenced its banking operations on December 30, 2006 and its registered office is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi.

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 359 (December 31, 2018: 344) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2018: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained 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.

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.

1.3 The Bank is the holding company of JS Investments Limited, JS Global Capital Limited and JS ABAMCO Commodities Limited.

2. BASIS OF PRESENTATION

These unconsolidated financial statements are separate financial statements of the Bank in which the investments in subsidiaries and associates are stated at cost and are accounted for on the basis of direct equity interest rather than on the basis of reported results. The consolidated financial statements of the Bank are being issued separately.

These unconsolidated financial statements have been presented in Pakistan Rupees (PKR), which is the currency of the primary economic environment in which the Bank operates and functional currency of the Bank, in that environment as well. The amounts are rounded to nearest thousand rupees except as stated otherwise.

The US Dollar amounts shown on the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are stated as additional information solely for the convenience of readers and have not been subject to audit by the external auditors. For the purpose of conversion to US Dollars, the rate of Rs. 154.8476 to 1 US Dollar has been used for 2019 and 2018 as it was the prevalent rate as on December 31, 2019.

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. These comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the SBP and the SECP from time to time.

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 IFRS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies vide BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks vide its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

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 through S.R.O56(I)/2016 dated January28, 2016, that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

Through S.R.O. 229 (I)/2019 dated February 14, 2019, the SECP has deferred the applicability of the IFRS 9 'Financial Instruments' for all companies required to prepare their financial statements in accordance with the requirements of IFRS for reporting period/year ending on or after June 30, 2019 (earlier application is permitted). However, SBP has extended the effective date of applicability of IFRS 9 to annual periods beginning on or after January 01, 2021 vide SBP BPRD Circular No.4 dated October 23, 2019. Therefore, the Bank has not considered the impact of IFRS 9 for its Pakistan operations in these unconsolidated financial statements.

Further, the Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing loans and advances, the implementation of IFRS 9 may require changes in the regulatory regime and for this SBP would issue guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan.

2.2 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year

Following are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2019:

Standard, Interpretation or Amendment

- IFRIC 23 - Uncertainty over Income Tax Treatments
- IFRS 15 - Revenue from contracts with customers
- IFRS 16 - Leases
- Amendment to IAS 28 - Investments in Associates and Joint Ventures - Long Term Interests in Associates
- Amendments to IAS 19 - Employee Benefits - Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement
  - IAS 12 Income Taxes
  - IAS 23 Borrowing Costs

The adoption of the above standards / amendments to accounting standards are not considered to be relevant or did not have any significant effect on the Bank's operations and therefore not detailed in these unconsolidated financial statements other than IFRS 9 and IFRS 16. The nature and effect of the changes as a result of adoption of IFRS 16 are in Note 4.1.

2.3 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2020:

Standard, Interpretation or Amendment	Effective date (annual periods (beginning on or after
IFRS 3 - Definition of a Business (Amendments)	January 01, 2020

The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

IAS 1 and IAS 8 – Definition of Material – Amendments to IAS 1 and IAS 8 January 01, 2020

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

IFRS 14 'Regulatory Deferral Accounts' July 01, 2019

IFRS 14 'Regulatory Deferral Accounts' permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account for, with some limited changes, 'regulatory deferral account balances' in accordance with its previous reporting framework, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and profit and loss account and statement of other comprehensive income, and specific disclosures are required. IFRS 14 was originally issued by IASB in January 2014 with Initial application date for a period beginning on or after 01 January 2016. During November 2019, the SECP notified the effective date for applicability of IFRS 14 for the annual reporting periods begining on or after 01 July 2019.

The above standards, amendments and interpretations are not expected to have any material impact on the Bank's financial statements in the period of initial application

In addition to the above, the IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	January 01, 2004
IFRS 17 – Insurance Contracts	January 01, 2021

2.4 Critical accounting estimates and key sources of estimation uncertainty

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions in accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in application of accounting policies are as follows:

i) Classification of investments

- In classifying investments as 'held-for-trading' the Bank has determined securities which are acquired with an intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days of acquisition.
- In classifying investments as 'held-to-maturity' the Bank follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.
- The investments which are not classified as 'held-for-trading' or 'held-to-maturity' are classified as 'available-for-sale'.

ii) Provision against non performing loans and advances

The Bank reviews its loan portfolio to assess amount of non-performing loans and advances and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers, the value of securities and the requirements of the Prudential Regulations are considered. For portfolio impairment / provision on consumer advances, the Bank follows requirements set out in Prudential Regulations.

iii) Impairment on investments

The Bank determines that investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in securities price. In addition, impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

iv) Income taxes

In making the estimates for income taxes currently payable by the Bank, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Bank's future taxable profits are taken into account.

v) Depreciation of fixed assets and amortization of intangible assets

In making estimates of the depreciation / amortisation method, the management uses a method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the underlying assets, the method is changed to reflect the change in pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

vi) Defined benefits plans and other benefits

Liability is determined on the basis of actuarial advice using the Projected Unit Credit Method.

vii) Impairment of Goodwill

Impairment testing involves a number of judgmental areas which are subject to inherent significant uncertainty, including the preparation of cash flow forecasts for the periods that are beyond the normal requirements of management reporting and the assessment of the discount rate appropriate to the business. The carrying amount of goodwill at the balance sheet date was Rs.1,464 million. The detailed assumptions underlying impairment testing of goodwill are given in note 11.5 to these unconsolidated financial statements.

viii) Lease term

The Bank applies judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options.The assessment of whether the Bank is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

3. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except for:

- Certain classes of fixed assets and non-banking assets acquired in satisfaction of claims which are stated at revalued amounts less accumulated depreciation.
- Investments classified as held-for-trading and available-for-sale and derivative financial instruments, which are measured at fair value.
- Net obligations in respect of defined benefit schemes which are carried at their present values.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these unconsolidated financial statements are consistent with those of previous financial year except as disclosed below in note 4.1.

4.1 Adoption of IFRS 16 - Leases

International Accounting Standards Board (IASB) has issued IFRS 16 'Leases' in January 2016 which supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The new standard sets out the principles for:

- Lessees to account for all leases under a single on-balance sheet model and governs recognition, measurement, presentation and disclosure of leases; and
- Lessor accounting which is substantially unchanged. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

Therefore, IFRS 16 did not have an impact for leases where the Bank is a lessor.

The Bank has lease contracts for various properties. Before the adoption of IFRS 16, the Bank classified each of its leases (as lessee) at the inception date as an operating lease.

In an operating lease, the leased asset was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other asset and other liabilities, respectively.

The Bank has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application as January 01, 2019. Under this method, the standard has been applied retrospectively, with the cumulative effect of initially applying the standard, recognised at the date of initial application. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period.

Upon adoption of IFRS 16, the lessees are required to recognise a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. Under IAS 17, leased assets, under operating lease mode, were not recognised on bank's balance sheets and it only required lessees to recognise a periodic lease expense (rent) on a straight-line basis over the term for leases tenure and relevant lease commitments were disclosed.

New accounting policies of the Bank upon adoption of IFRS 16 are:

Right-of-use (RoU) assets

At the commencement date of the lease, the right-of-use asset is initially measured at the present value of lease liability. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any premeasurement of lease liabilities. RoU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liability

At the commencement date of the lease, the Bank recognises lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

4.1.1 The effect of adoption of IFRS 16 as at January 01, 2019 (increase / (decrease)) is as follows:

	January 01, 2019
	Rupees in '000
Assets	
Right-of-use (RoU) asset	4,461,250
Prepayments	(308,006)
Total Assets	4,153,244
Liabilities	
Lease liability	4,153,244

4.1.2 The carrying amounts of the Bank's right-of-use assets, lease liabilities and the movements during the period is as below:

	RoU asset	Lease liability
	----- Rupees in '000 -----	
As at January 1, 2019	4,461,250	4,153,244
Additional impact arised during the period - net	42,563	42,563
Depreciation	(910,321)	-
Borrowing cost	-	507,361
Payments	-	(1,006,797)
As at December 31, 2019	3,593,492	3,696,371

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

4.1.3 Had this standard not been applied, below impacts have not been arised in these unconsolidated financial statements:

	December 31, 2019 Rupees in '000
Impact on Statement of Financial Position as at	
Increase in fixed assets - right-of-use assets	3,593,492
Decrease in other assets - advances, deposits, advance rent and other prepayments	(225,683)
Increase in other assets - advance taxation	-
Increase in total assets	3,367,809
Increase in other liabilities - lease liability against right-of-use assets / other payable	3,696,371
Decrease in net assets	(328,562)

	December 31, 2019 Rupees in '000
Impact on Profit and Loss account for the year ended	
Increase in mark-up expense - lease liability against right-of-use assets	507,361
(Increase) / decrease in administrative expenses	
- Depreciation on right-of-use assets	910,321
- Rent expense	(1,089,120)
	(178,799)
Decrease in profit before tax	328,562
Decrease in tax	-
Decrease in profit after tax	328,562

4.1.4 When measuring lease liabilities for leases that were classified as operating leases, the Bank discounted lease payments using its incremental borrowing rate at 01 January 2019.

	December 31, 2019 Rupees in '000
Operating lease commitments at December 31, 2018 as disclosed under IAS 17	6,591,558
Discounted operating lease commitments as at January 01, 2019	4,166,583
Less:	
Commitments relating to short term leases	(13,339)
Lease liabilities recognised at January 01, 2019	4,153,244

4.2 Cash and cash equivalents

Cash and cash equivalents represent cash and balances with treasury banks and balances with other banks net of any overdrawn nostro accounts.

4.3 Lendings to / borrowings from financial institutions

The Bank enters into transactions of lendings to / borrowings from financial institutions at contracted rates for a specified period of time. These are recorded as under:

(a) Sale under repurchase obligation

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and liability to counter party is included in borrowings. The difference in sale and repurchase value is accrued over the period of the contract and recorded as an expense using effective interest rate method

(b) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of provision. Mark-up on such lendings is charged to profit and loss account on a time proportionate basis using effective interest rate method except mark-up on impaired/delinquent lendings, which are recognized on receipt basis in accordance with the requirements of the Prudential Regulations of the SBP.

(c) Purchase under resale obligation

Securities purchased under agreement to resell (reverse repo) are not included in statement of financial position as the Bank does not obtain control over the securities. Amount paid under these agreements is included in lendings to financial institutions or advances as appropriate. The difference between the contracted price and resale price is amortised over the period of the contract and recorded as income using effective interest method.

(d) Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the proceeds received. Mark-up paid on such borrowings is charged to the profit and loss account over the period of borrowings on time proportionate basis using effective interest method.

4.4 Investments

4.4.1 Initial recognition and measurement

4.4.1.1 The Management determines the appropriate classification of its investments at the time of purchase in held-for-trading, available-for-sale or held-to-maturity as per SBP guidelines vide BSD circular No. 10 of

2004 dated July 13, 2004. These are initially recognised at cost, being the fair value of the consideration given plus, in the case of investments not held-for-trading, directly attributable acquisition costs.

(a) Held-for-trading

These are securities which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealer's margin or are securities included in a portfolio in which a pattern of short-term profit taking exists. These securities are carried at fair value with any related gain or loss being recognized in profit and loss account.

(b) Held-to-maturity

These are securities with fixed or determinable payments and fixed maturities that are held with the intention and ability to hold till maturity. Investments classified as held-to-maturity are carried at amortised cost.

(c) Available-for-sale

These are investments that do not fall under the held-for-trading or held-to-maturity categories. These are initially recognised at cost, being the fair value of the consideration given including the acquisition cost. These securities are carried at fair value with any related surplus or deficit on revaluation shall be taken to other comprehensive income.

4.4.1.2 Associates

Associate is an entity over which the Bank has significant influence but not control. Investment in associate is carried at cost less accumulated impairment losses, if any.

4.4.1.3 Subsidiaries

Subsidiary is an entity over which the Bank has control. Investment in subsidiary is carried at cost less accumulated impairment losses, if any.

4.4.1.4 Regular way contracts

All 'regular way' purchases and sales of financial assets are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Bank. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

4.4.1.5 Premium or discount on acquisition of investments

Premium or discount on acquisition of investments is capitalised and amortised through the profit and loss account using effective yield over the remaining period of the investment.

4.4.2 Subsequent measurement

In accordance with the requirements of the SBP, quoted securities other than those classified as 'held-to-maturity' and investment in associates and subsidiaries, are subsequently remeasured on portfolio basis i.e. in case of government securities at PKRV rates whereas in case of other securities at market value. Investments classified as 'held-to-maturity' are carried at amortised cost using the effective interest method (less impairment, if any).

Further, in accordance with the requirements of the SBP, gain or loss on revaluation of the Bank's held-for-trading investments is taken to the profit and loss account. In case of investments classified as available-for-sale, surplus or deficit is taken directly to equity. The surplus or deficit arising on these securities is taken to the profit and loss account when actually realised upon disposal.

Unquoted equity securities, excluding investment in subsidiaries and associates are valued at lower of cost and the break-up value in accordance with the requirements of the Prudential Regulations issued by the SBP. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investment in subsidiaries and associates are carried at cost, less accumulated impairment losses, if any.

4.4.3 Impairment / diminution in the value of securities

Impairment loss in respect of quoted equity securities classified as available for sale, associates, subsidiaries and held to maturity is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. Objective evidence that the cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below average cost. A decline to be considered as:

- Significant if the fair value is below the weighted average cost by more than 30 percent.
- Prolonged if the fair value is below the weighted average cost for a period of more than one year.

(a) Available-for-sale

If an available-for-sale equity security is impaired, the cumulative loss that had been recognised in equity, shall be reclassified from equity to profit and loss as a reclassification adjustment even though the financial asset has not been derecognised, any further decline in the fair value at subsequent reporting dates is recognised as impairment. Therefore, at each reporting period, for an equity security that was determined to be impaired, additional impairment is recognised for the difference between the fair value and the original cost basis, less any previously recognised impairment.

If, in subsequent period, impairment losses recognised in profit and loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit and loss except in case of derecognition.

(b) Held to maturity, subsidiaries and associates

Impairment losses are incurred if, and only if, there is objective evidence of impairment after initial recognition of the investment. The impairment loss is recognised in the profit and loss account. If, in a subsequent period, any indication that an impairment loss recognised in prior periods no longer exist or may have decreased, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

(c) Debt Securities

PTCs, TFCs, Sukuk and other debt securities will be classified on the valuation date on the basis of default in their repayment in line with the criteria prescribed for classification of medium and long-term facilities in accordance with the requirements of the Prudential Regulations issued by the SBP.

4.5 Financial instruments

4.5.1 Financial assets and financial liabilities

Financial assets and financial liabilities are recognized at the time when the Bank becomes party to the contractual provision of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account at the time of de-recognition. The particular recognition and subsequent measurement method for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

4.5.2 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

4.6 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Bank intends either to settle the assets and liabilities on a net basis or to realise the assets and to settle the liabilities simultaneously. Income and expenses arising from such assets and liabilities are accordingly offset.

4.7 Advances

4.7.1 Loan and advances

Advances are stated net of general and specific provisions. General and specific provisions against funded loans are determined in accordance with the requirements of the Prudential Regulations issued by the SBP and charged to the profit and loss account. Advances are written off when there are no realistic prospects of recovery.

4.7.2 Finance lease receivables

Leases, where the bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to the present value of the lease payment including any guaranteed residual value, if any. Net investment in finance lease is included in loans and advances to customers.

4.8 Fixed assets

4.8.1 Property and equipment

Operating fixed assets except office premises are shown at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Office premises (which includes leasehold land and buildings) are stated at revalued amount less accumulated depreciation and impairment loss, if any.

Depreciation is calculated and charged to profit and loss account using the straight-line method so as to write down the cost of the assets to their residual values over their estimated useful lives at the rates given in note 10.2. A full month's depreciation is charged from the month in which assets are brought into use and no depreciation is charged for the month in which the disposal is made. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, annually.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

An item of property and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is recognised in the profit and loss account in the year the asset is de-recognised.

4.8.2 Surplus / deficit on revaluation of fixed assets

The surplus arising on revaluation is credited to other comprehensive income. However, the increase shall be recognised in profit and loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss account.

The deficit arising on a particular property as a result of a revaluation is recognised in profit and loss account as an impairment. However, the decrease to be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Depreciation on buildings which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and an amount equal to incremental depreciation for the year net of deferred taxation is transferred from “Surplus on Revaluation of Fixed Assets Account” to unappropriated profit through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

Gains or losses on disposal of assets are included in the profit and loss account currently, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to equity.

4.8.3 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any. These are transferred to specified assets as and when assets are available for use.

4.9 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Intangible assets are amortised from the month when the assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Bank. The useful life and amortisation method are reviewed and adjusted, if appropriate, annually.

Intangible assets having an indefinite useful life are carried at cost less any impairment in value and are not amortised. However these are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

4.10 Non-banking assets acquired in satisfaction of claims

4.10.1 Non-banking assets acquired in satisfaction of claims under Debt Property Swap (DPS) transactions, against the loans in category of loss, are initially carried at cost and subsequently at revalued amounts at each year-end date of the statement of financial position, being the fair value at the date of revaluation less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The valuation of properties acquired under this head is conducted regularly, so as to ensure that their net carrying value does not materially differ from their fair value.

All direct cost including legal fees, valuation and transfer costs of acquiring title to property shall be expensed when incurred through profit and loss account.

Subsequent costs are included in the asset’s carrying amounts only when it is probable that future benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other subsequent costs including repair and maintenance are charged to the profit and loss account as and when incurred.

Depreciation on assets acquired in satisfaction of claims is charged to the profit and loss account in line with the depreciation charged on operating fixed assets.

Any reductions in non-performing loans and corresponding reductions in provisions held against non-performing loans, as a result of the recognition of such assets, are disclosed separately in the notes to the unconsolidated financial statements.

These assets are generally intended for sale. Gains and losses realised on the sale of such assets are disclosed separately from gains and losses realised on the sale of operating fixed assets in the notes to the unconsolidated financial statements. If such asset is subsequently used by the Bank for its own operations, the asset, along with any related surplus, is transferred to operating fixed assets.

4.10.2 Surplus / deficit on revaluation of non banking assets

Revaluation of non-banking assets acquired in satisfaction of claims under DPS transactions is carried out under criteria given in regulations for DPS issued by the SBP vide BPRD Circular 01 dated January 01, 2016 i.e. valuation of property shall be done on individual property basis and not on portfolio basis, whereas accounting treatment of revaluation is accounted for in accordance with applicable financial reporting standards i.e. International Accounting Standard (IAS) 16 as referred in note no. 4.8.2.

Furthermore, revaluation surplus on such assets shall not be admissible for calculating Bank's Capital Adequacy Ratio and exposure limits under the Prudential Regulations. However, the surplus can be adjusted upon realization of sale proceeds.

4.11 Impairment

At each balance sheet date, the Bank reviews the carrying amounts of its assets (other than investment and deferred tax asset) to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of net selling price (being fair value less cost to sell) and value-in-use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit and loss account immediately.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognized as income.

4.12 Borrowings / Deposits and their cost

Borrowings / deposits are recorded at the proceeds received. Borrowing / deposit costs are recognised as an expense in the period in which these are incurred.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

4.13 Subordinated debts

Subordinated debts are recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognised separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

4.14 Taxation

4.14.1 Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover, whichever is higher. The charge for current tax also includes adjustments, where considered necessary, relating to prior years arising from assessments made during the year.

4.14.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognized on taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus / (deficit) arising on revaluation in accordance with the requirements of IAS-12 “Income Taxes”.

4.15 Provisions

Provisions are recognised when the Bank has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists for the Bank to settle the obligation. The loss is charged to profit and loss account net of expected recovery.

4.16 Staff retirement benefits

4.16.1 Defined contribution plan

The Bank has established a provident fund scheme for all permanent employees effective from January 01, 2007. Equal monthly contributions are made, both by the Bank and the employees, to the fund at the rate of 10 percent of basic salary which has been revised to 7.1 percent with effect from July 01, 2015 due to change in salary structure. Contribution by the Bank is charged to profit and loss account.

4.16.2 Defined benefit plan

The Bank operates an approved funded gratuity scheme covering all its eligible employees who have completed minimum qualifying period. An actuarial valuation of defined benefit scheme is conducted at the end of every year or on occurrence of any significant change. The most recent valuation in this regard was carried out as at December 31, 2019, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Past-service costs are recognised immediately in profit and loss account and actuarial gains and losses are recognised immediately in other comprehensive income.

4.17 Revenue recognition

Revenue is recognized to the extent that economic benefits will flow to the Bank and the revenue can be reliably measured. These are recognized as follows:

- Advances and investments

  Mark-up income / interest / profit on performing advances and debt securities is recognized on a time proportion basis as per the terms of the contract.

  Mark-up income / interest / profit on non-performing advances and debt securities is recognized on a receipt basis in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan.

  Interest / returns / mark-up income/ profit on rescheduled / restructured advances and debt securities are recognised as permitted by the State Bank of Pakistan or by the regulatory authorities of the countries where the Bank operates, except where, in the opinion of the management, it would not be prudent to do so.

  Premium or discount on acquisition of debt investments is capitalised and amortised through the profit and loss account over the remaining maturity of the debt security using the effective yield method.

- Lease financing

  Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (defined as the excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease.

Unrealised finance income in respect of non-performing lease finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations issued by the SBP.

Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

- Non Mark-up / interest income

Commission is recognised as income on time proportion basis. Fees are recognised when earned.

Financial advisory fee is recognised when the right to receive the fee is established.

Dividend income from investments is recognised when the Bank's right to receive the dividend is established.

4.18 Dividend and appropriation to reserves

Dividend and appropriation to reserves, except for statutory reserves, are recognised in the financial statements in the periods in which these are approved.

4.19 Foreign currencies

4.19.1 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates. The financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

4.19.2 Transactions and balances

Transactions in foreign currencies are translated into Pakistani rupees at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Forward contracts relating to foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contract. The forward cover received / paid on forward purchase contracts relating to foreign currency deposits are realised / charged directly to profit and loss account.

4.19.3 Foreign operations

Assets and liabilities of foreign operations are translated into rupees at the exchange rate prevailing at the reporting date. The results of foreign operations are translated at average rate of exchange for the year.

4.19.4 Translation gains and losses

Translation gains and losses arising on revaluations of net investment in foreign operations are taken to Exchange Translation Reserve in the statement of comprehensive income. These are recognised in the profit and loss account on disposal.

4.19.5 Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities/commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the balance sheet date.

4.20 Goodwill

Goodwill acquired in a business combination before July 01, 2009 is initially measured at cost, being the excess of the cost of the business combination over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Bank's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units or groups of units.

4.21 Earnings per share

The Bank presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Bank (less preferrence dividend, if any) with the weighted average number of ordinary shares outstanding during the period / year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity holders of the Bank and by dividing the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

4.22 Non-current assets held for sale and associated liabilities

The Bank classifies an asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A held for sale asset is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised in the unconsolidated profit and loss account for any initial or subsequent write down of the asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent these do not exceed the cumulative impairment losses previously recorded. An asset is not depreciated while classified as held for sale.

4.23 Segment reporting

A segment is a distinguishable component of the Bank that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment.

Segment information is presented as per the Bank's functional structure and the guidance given under International Financial Reporting Standard (IFRS) 8. For management purposes, the Bank has been organised into five operating segments based on products and services, as follows:

4.23.1 Business segments

Corporate finance

This includes investment banking activities such as mergers and acquisitions, underwriting, privatization, securitization, Initial Public Offers (IPOs), specialised financial advice and trading and secondary private placements

Trading and sales

This segment undertakes the Bank's treasury, money market and capital market activities.

Retail banking

Retail banking provides services to small borrowers i.e. consumers, small and medium enterprises (SMEs) and agricultural sector. It includes loans, deposits and other transactions with retail customers.

Commercial banking

This includes loans, deposits and other transactions with corporate customers.

Others

This includes the head office related activities and other functions which cannot be classified in any of the above segments.

The Executive Management Committee (ManCom) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Interest income is reported net as management primarily relies on net interest revenue as a performance measure, along with the gross income and expense

Transfer prices between operating segments are based on the Bank's internal pricing framework.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2018 or 2019.

4.23.2 Geographical segment

The Bank operates with 359 (December 31, 2018: 344) branches / sub-branches in Pakistan region and one wholesale banking branch in Bahrain (December 31, 2018: one).

4.24 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in statement of financial position.

5. CASH AND BALANCES WITH TREASURY BANKS

	Note	2019	2018
		-------- Rupees in '000 --------	
In hand			
Local currency		5,572,604	4,415,520
Foreign currencies		896,523	488,292
		6,469,127	4,903,812
With State Bank of Pakistan in:			
Local currency current account	5.1	13,292,331	22,166,628
Foreign currency current account - non remunerative	5.2	831,532	785,958
Foreign currency deposit account - remunerative	5.3	2,566,714	2,409,442
		16,690,577	25,362,028
With National Bank of Pakistan in:			
Local currency current accounts		2,286,205	1,839,396
National Prize Bonds		143,440	5,604
		25,589,349	32,110,840

5.1 These include local currency current accounts maintained with SBP as per the requirements of Section 22 of the Banking Companies Ordinance, 1962.

5.2 As per BSD Circular No. 9 dated December 03, 2007, cash reserve of 5% is required to be maintained with the State Bank of Pakistan in deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits).

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5.3 This represents deposit accounts maintained with SBP under the requirements of BSD Circular No. 14 dated June 21, 2008 and mandatory reserve maintained to facilitate collection and settlement of foreign currency accounts under FE-25, as prescribed by the SBP, carrying a mark-up rate 0.70% (2018: 1.5%) as per specific circular issued by SBP at year end.

	Note	2019	2018
		-------- Rupees in '000 --------	
6. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		143,754	124,962
In deposit accounts		67	67
		143,821	125,029
Outside Pakistan			
In current accounts	6.1	319,083	843,673
		462,904	968,702
Less: General provision under IFRS 9	6.2	(68)	(127)
Balances with other banks - net of provision		462,836	968,575

6.1 This includes amount held in Automated Investment Plans. The Bank is entitled to earn interest from the correspondent banks at agreed upon rates when the balance exceeds a specified amount which comes 1.05% per annum (2018: 1%-2% per annum).

6.2 This represents general provision held under IFRS 9 by Bahrain branch of the Bank.

	Note	2019	2018
		-------- Rupees in '000 --------	
7. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	7.2	283,887	1,758,917
Repurchase agreement lendings (Reverse Repo)	7.3	30,037,915	-
Due against bills re-discounting		-	182,742
		30,321,802	1,941,659
Less: General provision under IFRS 9	7.4	(1,262)	(4,312)
Lending to Financial Institutions - net of provision		30,320,540	1,937,347

		2019	2018
7.1 Particulars of lendings - gross			
In local currency		30,037,915	-
In foreign currencies		283,887	1,941,659
		30,321,802	1,941,659

7.2 These represent unsecured call money lendings to financial institutions carrying interest at the rates ranging from 2.50% to 4.52% (2018: 2.85% to 8.06%) per annum. These will mature between January 30, 2020 and September 22, 2020 (2018: January 24, 2019 and September 23, 2019).

7.3 These are secured short-term lendings to various financial institutions, carrying mark-up rate from 12.00% to 13.60% (2018: Nil) per annum. These are collateralized by Market Treasury Bills and Pakistan Investment Bonds as shown in note 7.3.1 below.

7.3.1 Market value of securities held as collateral against Lending to financial institutions

	2019			2018		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000					
Market Treasury Bills	24,252,002	-	24,252,002	-	-	-
Pakistan Investment Bonds	2,081,639	3,673,117	5,754,756	-	-	-
	26,333,641	3,673,117	30,006,758	-	-	-

7.4 This represents general provision held under IFRS 9 by Bahrain branch of the Bank.

8. INVESTMENTS

8.1 Investments by type

	2019				2018			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in '000							
Held-for-trading securities								
Federal Government Securities	55,601,087	-	(2,618)	55,598,469	41,381,420	-	(12,906)	41,368,514
Available-for-sale securities								
Federal Government Securities	47,828,618	-	(809,244)	47,019,374	55,434,989	-	(2,893,867)	52,541,122
Shares	2,092,667	(136,589)	20,675	1,976,753	3,141,015	(478,346)	(94,766)	2,567,903
Non Government Debt Securities	3,367,738	(370,051)	(6,461)	2,991,226	1,898,582	(373,594)	606	1,525,594
Foreign Securities	2,406	-	-	2,406	6,326,797	-	(456,009)	5,870,788
	53,291,429	(506,640)	(795,030)	51,989,759	66,801,383	(851,940)	(3,444,036)	62,505,407
Held-to-maturity securities								
Federal Government Securities	32,859,882	-	-	32,859,882	42,716,932	-	-	42,716,932
Associates	201,239	-	-	201,239	180,000	-	-	180,000
Subsidiaries	1,919,121	-	-	1,919,121	1,919,121	-	-	1,919,121
Total Investments	143,872,758	(506,640)	(797,648)	142,568,470	152,998,856	(851,940)	(3,456,942)	148,689,974

8.1.1 Investments include certain approved / government securities which are held by the Bank to comply with the Statutory Liquidity Requirement determined on the basis of the Bank's demand and time liabilities as set out under section 29 of the Banking Companies Ordinance, 1962.

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	Note	2019 Cost / Amortised cost	2019 Provision for diminution	2019 Surplus / (Deficit)	2019 Carrying Value	2018 Cost / Amortised cost	2018 Provision for diminution	2018 Surplus / (Deficit)	2018 Carrying Value
8.2 Investments by segment		----------	----------	----------	Rupees in ‹000	----------	----------	----------	----------
Held-for-trading securities									
Federal Government Securities									
Market Treasury Bills	8.4.1	55,601,087	-	(2,618)	55,598,469	41,376,995	-	(12,844)	41,364,151
Pakistan Investment Bonds	8.4.1	-	-	-	-	4,425	-	(62)	4,363
		55,601,087	-	(2,618)	55,598,469	41,381,420	-	(12,906)	41,368,514
Available-for-sale securities									
Federal Government Securities:									
Market Treasury Bills	8.5.1	12,071,266	-	(364)	12,070,902	3,010,920	-	(13)	3,010,907
Pakistan Investment Bonds	8.5.1	35,757,352	-	(808,880)	34,948,472	52,424,069	-	(2,893,854)	49,530,215
		47,828,618	-	(809,244)	47,019,374	55,434,989	-	(2,893,867)	52,541,122
Shares:									
Listed Companies									
Ordinary shares	8.5.2	1,945,078	-	20,675	1,965,753	2,993,426	(341,757)	(94,766)	2,556,903
Preference shares	8.5.2	136,589	(136,589)	-	-	136,589	(136,589)	-	-
Unlisted Companies									
Ordinary shares	8.5.2.3	11,000	-	-	11,000	11,000	-	-	11,000
		2,092,667	(136,589)	20,675	1,976,753	3,141,015	(478,346)	(94,766)	2,567,903
Non Government Debt Securities									
Listed									
Term Finance Certificates	8.5.3.1	305,183	(155,169)	(14)	150,000	308,727	(158,712)	(15)	150,000
Sukuk Certificates	8.5.3.2	396,750	-	(6,447)	390,303	529,000	-	621	529,621
Unlisted									
Term Finance Certificates	8.5.3.3	1,179,739	(214,882)	-	964,857	779,188	(214,882)	-	564,306
Sukuk Certificates	8.5.3.4	1,458,333	-	-	1,458,333	281,667	-	-	281,667
Preference shares	8.5.3.5	27,733	-	-	27,733	-	-	-	-
		3,367,738	(370,051)	(6,461)	2,991,226	1,898,582	(373,594)	606	1,525,594
Foreign Securities									
Government Debt Securities	8.5.4.1	-	-	-	-	3,434,089	-	(202,645)	3,231,444
Non Government Debt Securities	8.5.4.2	-	-	-	-	2,890,302	-	(253,364)	2,636,938
Ordinary shares	8.5.2.3	2,406	-	-	2,406	2,406	-	-	2,406
		2,406	-	-	2,406	6,326,797	-	(456,009)	5,870,788
Held-to-maturity securities									
Federal Government Securities:									
Pakistan Investment Bonds	8.6.1	32,859,882	-	-	32,859,882	42,716,932	-	-	42,716,932
Associates									
Omar Jibran Engineering Industries Limited	8.7	180,000	-	-	180,000	180,000	-	-	180,000
Veda Transit Solutions Private Limited	8.7	972	-	-	972	-	-	-	-
Intercity Touring Company Private Limited	8.7	20,267	-	-	20,267	-	-	-	-
		201,239	-	-	201,239	180,000	-	-	180,000
Subsidiaries									
JS Global Capital Limited	8.7	1,357,929	-	-	1,357,929	1,357,929	-	-	1,357,929
JS Investments Limited	8.7	561,192	-	-	561,192	561,192	-	-	561,192
		1,919,121	-	-	1,919,121	1,919,121	-	-	1,919,121
Total Investments		143,872,758	(506,640)	(797,648)	142,568,470	152,998,856	(851,940)	(3,456,942)	148,689,974

	2019 Cost	2019 Market value	2018 Cost	2018 Market value
	---------- Rupees in '000	----------	----------	----------
8.2.1 Investments given as collateral				
Held-for-trading securities				
Federal Government Securities				
Market Treasury Bills	-	-	19,927,891	19,922,073
Pakistan Investment Bonds	-	-	4,123	4,066
	-	-	19,932,014	19,926,139
Available-for-sale securities				
Federal Government Securities:				
Market Treasury Bills	4,453,165	4,452,597	-	-
Pakistan Investment Bonds	22,232,264	21,475,720	49,667,336	46,935,112
	26,685,429	25,928,317	49,667,336	46,935,112
Foreign Debt Securities				
Government Debt Securities	-	-	2,243,194	2,113,551
Non Government Debt Securities	-	-	425,354	416,293
	-	-	2,668,548	2,529,844
	26,685,429	25,928,317	72,267,898	69,391,095

	2019	2018
	----- Rupees in '000	-----
8.3 Provision for diminution in value of investments		
8.3.1 Opening balance	851,940	1,071,851
Charge for the year	251,675	30,032
Reversal on disposals / redemptions	(596,975)	(249,943)
Reversals	(345,300)	(219,911)
Closing Balance	506,640	851,940

8.3.2 Particulars of provision against debt securities	2019		2018	
Category of classification	NPI	Provision	NPI	Provision
	---------- Rupees in '000	----------	----------	----------
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	370,051	370,051	373,594	373,594
	370,051	370,051	373,594	373,594

8.4 Quality of Held for Trading Securities

Details regarding quality of Held for Trading (HFT) securities are as follows:

	Note	2019 Cost	2019 Market value	2018 Cost	2018 Market value
8.4.1 Federal Government Securities - Government guaranteed		---------- Rupees in '000	----------	----------	----------
Market Treasury Bills		55,601,087	55,598,469	41,376,995	41,364,151
Pakistan Investment Bonds		-	-	4,425	4,363
	8.4.1.1	55,601,087	55,598,469	41,381,420	41,368,514

8.4.1.1 Principal terms of investment in Federal Government Securities

Name of investment	Note	Maturity	Redemption	Coupon
Market treasury bills	8.4.1.2	January 02, 2020 to October 08, 2020	On maturity	On maturity

8.4.1.2 Market Treasury Bills are for the period of three to twelve months. The effective rates of profit on Market Treasury Bills range from 13.04% to 13.70% per annum (2018: 8.82% to 10.30% per annum).

8.5 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows:

	Note	2019 Cost	2019 Market value	2018 Cost	2018 Market value
8.5.1 Federal Government Securities - Government guaranteed		---------- Rupees in '000 ----------			
Market Treasury Bills		12,071,266	12,070,902	3,010,920	3,010,907
Pakistan Investment Bonds		35,757,352	34,948,472	52,424,069	49,530,215
	8.5.1.1	47,828,618	47,019,374	55,434,989	52,541,122

8.5.1.1 Principal terms of investment in Federal Government Securities

Name of investment	Note	Maturity	Redemption	Coupon
Market treasury bills	8.5.1.2	January 16, 2020 to December 17, 2020	On maturity	On maturity
Pakistan investment bonds	8.5.1.3	March 26, 2020 to August 22, 2029	On maturity	Half yearly

8.5.1.2 Market Treasury Bills are for the period of three to twelve months. The effective rates of profit on Market Treasury Bills range from 13.02% to 13.75% per annum (2018: 10.20% per annum).

8.5.1.3 Pakistan Investment Bonds (PIBs) are for the period of three to twenty years. The rates of profit ranging from 6.40% to 14.27% per annum (2018: 6.30% to 10.42% per annum).

8.5.2 Shares	Rating	Industry Sector	Shares 2019	Shares 2018	2019 Cost	2019 Market value	2018 Cost	2018 Market value
			------- Numbers -------		---------- Rupees in '000 ----------			
Listed Companies								
Ordinary shares								
- National Foods Limited	AA-	Food & Personal Care Products	742,968	470,940	153,492	164,946	127,291	92,069
- Matco Foods Limited	A-	Food & Personal Care Products	1,078,500	514,000	31,795	27,707	14,900	14,274
- Shifa International Hospitals	AA-	Miscellaneous	264,300	264,300	68,273	88,509	68,273	54,557
- Pakistan Petroleum Limited	Unrated	Oil & Gas Marketing Companies	949,800	-	139,212	130,256	-	-
- Power Cement Limited	A-	Cement	-	33,002,500	-	-	600,167	258,410
- Amreli Steels Limited	A-	Engineering	-	4,302,200	-	-	283,707	205,989
Investment in related parties								
- EFU General Insurance Limited	AA+	Insurance	5,440,575	4,077,375	645,414	600,095	507,848	407,738
- EFU Life Assurance Limited	AA+	Insurance	1,189,600	1,196,300	250,735	275,476	252,148	272,661
- Sitara Chemical Industries Limited	A+	Chemical	1,790,250	1,790,250	548,781	534,318	548,781	537,075
- TRG Pakistan Limited	Unrated	Technology & Communication	5,883,760	32,023,760	107,376	144,446	590,311	714,130
					1,945,078	1,965,753	2,993,426	2,556,903
Preference Shares								
Agritech Limited (note 8.5.2.1 & 8.5.2.3)	Unrated	Chemical	4,823,746	4,823,746	48,236	-	48,236	-
Chenab Limited (note 8.5.2.2 & 8.5.2.3)	Unrated	Textile Composite	12,357,000	12,357,000	88,353	-	88,353	-
					136,589	-	136,589	-

Unlisted Companies	Break-up value per share 2019	Break-up value per share 2018	Name of Chief Executive / Managing Director	Shares 2019	Shares 2018	Cost 2019	Breakup value 2019	Cost 2018	Breakup value 2018
				------- Numbers -------		----------------- Rupees in '000 -----------------			
Ordinary shares									
- ISE Towers REIT Management Limited (formerly Islamabad Stock Exchange Limited) (note 8.5.2.4)	* 14.49	14.09	Mr. Sagheer Mushtaq	1,213,841	1,213,841	11,000	17,592	11,000	17,106
Foreign securities									
Ordinary shares									
- Society for Worldwide Interbank Financial Telecommunication (SWIFT) (note 8.5.2.5)	** 638,551	672,911	Mr. Gottfried Leibbrandt	6	6	2,406	3,831	2,406	4,037

* Based on audited accounts as of June 30, 2019
** Based on audited accounts as of December 31, 2018

8.5.2.1 These are non-voting cumulative preference shares, carrying preference dividend @ 10% p.a and are convertible into ordinary shares at the option of the Bank after five years from the date of issuance i.e. February 2012. The investee company also has the option to redeem these preference shares plus any unpaid dividend in full or in part, within ninety days after expiry of each anniversary of the issue date. The Bank has recognised full impairment on these shares amounting to Rs. 48.236 million (2018: Rs.48.236 million) due to weak financial position of the company.

8.5.2.2 These are cumulative preference shares, carrying preference dividend @ 9.25% p.a and are redeemable in part after four years from the date of issuance i.e. August 2008. The investee company also has an option to redeem, in part, cumulative preference shares after August 2008. The Bank has recognized full impairment on these shares amounting to Rs. 88.353 million (2018: Rs.88.353 million) due to weak financial position of the company.

8.5.2.3 Surplus arising due to re-measurement of these shares to the market value has not been recognized as the management believes that the market value may not be realized while selling them in open market.

8.5.2.4 In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Bank has received 3,034,603 shares of Rs.10 each including trading right entitlement certificate (TREC) of the Islamabad Stock Exchange (ISE), in lieu of its Membership Card held by the Bank. Further, upon integration of Islamabad Stock Exchange under the “ISE Scheme of Integration” in 2016 TRE Certificates holders of ISE have been issued 1,213,841 shares of “ISE Towers REIT Management Limited”.

8.5.2.5 The Bank qualified as a member based on the financial contribution to SWIFT for network-based services. The Bank has made an investment as per the requirements of By-Laws of SWIFT, under the Share Re-allocation Process, as a result becoming entitled to invest in for six shares. The participation is mandatory to avail the desired network-based services for financial message transmission for cross-border payments and receipt. Further, the share re-allocation occurs every three years and will result in either an increase, decrease, or a status quo in individual shareholding.

	Cost 2019	Cost 2018
8.5.3 Non Government Debt Securities / Preference Shares (Debt Securities)	----- Rupees in '000 -----	
Listed		
Unrated	155,169	158,712
A	150,014	150,015
AAA	396,750	529,000
	701,933	837,727
Unlisted		
AAA	142,857	214,286
AA+, AA, AA-	-	340,020
A+, A, A-	1,992,333	291,667
Unrated	530,615	214,882
	2,665,805	1,060,855
	3,367,738	1,898,582

8.5.3.1 Term finance certificates - listed *	Certificates 2019	Certificates 2018	Rating 2019	Rating 2018	2019 Cost	2019 Market value	2018 Cost	2018 Market value
	---- Numbers ----				--------------- Rupees in '000 ---------------			
Worldcall Telecom Limited (note 8.5.3.1.2)	90,650	90,650	Unrated	Unrated	155,169	-	158,712	-
Soneri Bank Limited	30,000	30,000	A	A	150,014	150,000	150,015	150,000
					305,183	150,000	308,727	150,000

* Secured and have a face value of Rs.5,000 each unless specified otherwise.

8.5.3.1.1 Other particulars of listed term finance certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Worldcall Telecom Limited	Semi-annually	6 Month KIBOR ask rate plus 1.60%	September 20, 2026
Soneri Bank Limited	Semi-annually	6 Month KIBOR ask rate plus 2.00%.	December 06, 2028

8.5.3.1.2 Due to weak financial position of the company the Bank has recognised full impairment loss on these term finance certificates.

8.5.3.2 Sukuk certificates - listed	Certificates 2019	Certificates 2018	Rating 2019	Rating 2018	2019 Cost	2019 Market value	2018 Cost	2018 Market value
	---- Numbers ----				--------------- Rupees in '000 ---------------			
Byco Petroleum Pakistan Limited	5,290	5,290	AAA	AAA	396,750	390,303	529,000	529,621
					396,750	390,303	529,000	529,621

8.5.3.2.1 Other particulars of unlisted sukuk certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Byco Petroleum Pakistan Limited (Chief Executive: Mr. Amir Abbassciy)	Quarterly	3 Month KIBOR ask rate plus 1.05%.	January 18, 2022

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	Certificates 2019	Certificates 2018	Rating 2019	Rating 2018	Face value per certificate	Cost 2019	Cost 2018
8.5.3.3 Term finance certificates - unlisted	----- Numbers -----				----- Rupees -----	----- Rupees in '000 -----	
Azgard Nine Limited - related party (note 8.5.3.3.1)	29,998	29,998	Unrated	Unrated	5,000	65,022	65,022
Agritech Limited (note 8.5.3.3.1)	30,000	30,000	Unrated	Unrated	5,000	149,860	149,860
Pakistan Water & Power Development Authority (WAPDA)	100,000	100,000	AAA	AAA	5,000	142,857	214,286
Khushhali Microfinance Bank Limited	1,500	1,500	A	A	100,000	150,000	150,000
Airlink Communication Private Limited	384	-	A-	-	1,000,000	384,000	-
Secure Logistics Group Private Limited	288	-	Unrated	-	1,000,000	288,000	-
Bank Al Habib Limited	-	40,000	-	AA-	5,000	-	200,020
						1,179,739	779,188

8.5.3.3.1 Due to weak financial position of the company the Bank has recognised full impairment loss on these term finance certificates.

8.5.3.3.2 Other particulars of unlisted term finance certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Azgard Nine Limited - related party (Chief Executive: Mr. Ahmed H. Shaikh)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	December 04, 2017
Agritech Limited (Chief Executive: Mr. Faisal Muzammil)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	November 29, 2019
Pakistan Water & Power Development Authority (WAPDA) (Chairman: Lieutenant General Muzammil Hussain (Retd.))	Semi-annually	6 Month KIBOR ask rate plus 1.00%.	September 27, 2021
Khushhali Microfinance Bank Limited (President & CEO: Mr. Ghalib Nishtar)	Semi-annually	6 Month KIBOR ask rate plus 2.05%.	March 19, 2026
Airlink Communication Private Limited (President & CEO: Mr. Muzaffar Hayat Piracha)	Quarterly	3 Month KIBOR ask rate plus 1.00%.	January 7, 2022
Secure Logistics Group Private Limited (President & CEO: Mr. Gulraiz A. Khan)	Quarterly	3 Month KIBOR ask rate minus 1.00%.	January 2, 2024

	Certificates 2019	Certificates 2018	Rating 2019	Rating 2018	Face value per certificate	Cost 2019	Cost 2018
8.5.3.4 Sukuk certificates - unlisted	----- Numbers -----				----- Rupees -----	----- Rupees in '000 -----	
Ghani Global Holdings Limited	2,000	2,000	A	A	87,500	108,333	141,667
Pakistan Services Limited	1,350	-	A+	-	90,000	1,350,000	-
Engro Fertilizers Limited	-	80,000	-	AA	3,500	-	140,000
						1,458,333	281,667

8.5.3.4.1 Other particulars of unlisted sukuk certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Ghani Global Holdings Limited (Chief Executive: Mr. Atique Ahmad Khan)	Quarterly	3 Month KIBOR ask rate plus 1.00%	February 03, 2023
Pakistan Services Limited (Chief Executive: Mr. Murtaza Hashwani)	Semi-annually	6 Month KIBOR ask rate plus 1.00%.	January 17, 2024

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		Certificates		Rating		Face value per certificate	Cost	
		2019	2018	2019	2018		2019	2018
8.5.3.5	Preference shares - unlisted	----- Numbers -----				----- Rupees -----	----- Rupees in '000 -----	
	Intercity Touring Company Private Limited (note 8.5.2.6) (related party)	1,848,888	-	-	-	100,000	27,733	-

8.5.3.5.1 As per the criteria given under Prudential Regulations, these instruments are classified as a debt instruments as payment and distribution of dividend would be cumulative and accrue in preference to any dividend on the Ordinary Shares, and are convertible at any time, at the option of the Bank, into Ordinary Shares. Following the directives issued by SBP, these instruments are classified as a debt instruments.

8.5.4 Foreign Securities

Name of Bond	Rating		Coupon rate per annum	Date of Maturity	2019		2018	
	2019	2018			Cost	Market Value	Cost	Market Value
8.5.4.1 Government debt securities			%		------------------ Rupees in '000 ------------------			
Saudi International Bond	-	A+	2.38%	October 26, 2021	-	-	405,743	401,218
Republic of Kenya	-	B+	6.88%	June 24, 2024	-	-	288,956	260,463
Arab Republic of Egypt	-	B	4.75%	April 16, 2026	-	-	191,725	172,415
Islamic Republic of Pakistan	-	B	8.25%	September 30, 2025	-	-	439,712	417,536
Islamic Republic of Pakistan	-	B	8.25%	April 15, 2024	-	-	435,814	419,831
Arab Republic of Egypt	-	B	5.58%	February 21, 2023	-	-	420,198	394,315
Islamic Republic of Pakistan	-	B	6.88%	December 5, 2027	-	-	336,731	314,491
Arab Republic of Egypt	-	B	7.50%	January 31, 2027	-	-	294,142	264,732
Arab Republic of Egypt	-	B	5.88%	June 11, 2025	-	-	274,682	252,095
The 3rd Pakistan International Sukuk Company Limited	-	B-	5.50%	October 13, 2021	-	-	346,386	334,348
					-	-	3,434,089	3,231,444
8.5.4.2 Non Government debt securities								
African Export - Import Bank	-	Baa1	4.13%	June 20, 2024	-	-	280,626	260,438
PTA Bank	-	Baa3	5.38%	March 14, 2022	-	-	141,063	137,297
Petrobras Global Finance	-	Ba2	7.38%	January 17, 2027	-	-	148,456	143,160
Petrobras Global Finance	-	Ba2	6.25%	March 17, 2024	-	-	144,790	140,653
State Oil Company of the Azerbaijan	-	BB+	4.75%	March 13, 2023	-	-	139,506	138,343
Export Credit Bank of Turkey	-	BB-	5.38%	October 24, 2023	-	-	137,180	126,166
Turkiye Garanti Bankasi A.S	-	BB-	5.88%	March 16, 2023	-	-	144,603	130,854
Turkiye Garanti Bankasi	-	B+	5.25%	September 13, 2022	-	-	284,844	261,280
Turkiye Vakiflar Bankasi	-	B+	5.75%	January 30, 2023	-	-	277,211	243,428
Turkiye Is Bankasi A.S	-	B+	5.50%	April 21, 2022	-	-	630,283	563,822
Turkiye Is Bankasi A.S	-	B+	5.38%	October 6, 2021	-	-	69,257	63,234
Turkiye Is Bankasi A.S	-	B+	6.13%	April 25, 2024	-	-	281,758	233,480
Akbank Tas	-	B1	5.00%	October 24, 2022	-	-	210,725	194,783
					-	-	2,890,302	2,636,938

8.6 Quality of Held to Maturity Securities

Details regarding quality of Held to Maturity (HTM) securities are as follows

		Cost	
		2019	2018
8.6.1	Federal Government Securities - Government guaranteed	---- Rupees in '000 ----	
	Pakistan Investment Bonds	32,859,882	42,716,932

8.6.1.1 Principal terms of investment in Federal Government Securities

Security type	Maturity	Redemption	Coupon
Pakistan investment bonds	March 26, 2020 to August 22, 2029	On maturity	Half yearly

8.6.1.2 Pakistan Investment Bonds (PIBs) having maturity of three to fifteen years. The rates of profits ranging from 7.75% to 14.69% per annum (2018: 7.00% to 12.00% per annum). The market value of securities as at December 31, 2019 amounted Rs. 31,341.410 million (2018: Rs. 39,836.881 million)

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8.7 Investment in subsidiary and associated companies

	Note	Shares 2019	Shares 2018	Percentage holding 2019	Percentage holding 2018	Cost 2019	Cost 2018
						------ Rupees in '000 ------	
Subsidiary companies							
JS Global Capital Limited	8.7.1	25,525,169	25,525,169	83.53%	67.16%	1,357,929	1,357,929
JS Investments Limited	8.7.2 & 8.7.3	52,236,978	52,236,978	84.56%	65.16%	561,192	561,192
						1,919,121	1,919,121
Associated company - unlisted companies							
Omar Jibran Engineering Industries Limited	8.7.4	7,200,000	7,200,000	9.60%	9.60%	180,000	180,000
Veda Transit Solutions Private Limited	8.7.4	48,000	-	8.00%	-	972	-
Intercity Touring Company Private Limited	8.7.4	1,351,111	-	9.12%	-	20,267	-
						201,239	180,000

8.7.1 The Bank acquired effective controlling interest in JS Global Capital Limited (JSGCL) on December 21, 2011, April 15, 2016 and October 03, 2019 of 51.05%, 16.11% and 16.37% respectively. The ownership interest has increased by 32.42%, without any change in the cost of investment, due to the fact that JSGCL has bought back its 19,443,000 ordinary shares out of its 50 million ordinary.

8.7.2 The Bank acquired effective controlling interest in JS Investments Limited (JSIL) on November 01, 2012, December 22, 2015 and August 31, 2019 of 52.24%,12.92% and 19.40% respectively. The ownership interest has increased by 32.32% without any change in the cost of investment, due to the fact that JSIL has bought back its 38,225,744 ordinary shares out of its 100 million ordinary shares.

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

8.7.4 The investments classified as asscociate on account of it's significant influence over the investee company.

8.7.5 All subsidiaries and associated companies are incorporated in Pakistan.

8.7.6 The following is summarised audited financial information before inter-company eliminations with other companies in the group.

	Subsidiary companies			
	JS Global Capital Limited		JS Investments Limited	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	------------ Rupees in '000 ------------			
Total income / sales	718,541	757,765	408,539	432,700
Profit after tax	47,248	25,637	(86,645)	41,728
Other comprehensive (loss) / income	(2,649)	(18,653)	-	(236,053)
Total assets	4,091,855	4,840,047	2,562,025	2,435,726
Total liabilities	1,858,302	2,231,646	747,237	285,049
Net assets	2,233,553	2,608,401	1,814,788	2,150,677
Cash flow from / (used in) operating activities	(308,598)	612,827	(158,745)	(51,761)
Cash flow (used in) / from investing activities	427,747	(719,825)	522,027	63,019
Cash flow from / (used in) financing activities	(487,693)	69	(372,856)	(3,779)
Net increase / (decrease) in cash and cash equivalents	(368,544)	(106,929)	(9,574)	7,479
Rating	AA	AA	A+	A+

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

	Associated company					
	Omar Jibran Engineering Industries Limited		Veda Transit Solutions Private Limited		Intercity Touring Company Private Limited	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	Rupees in '000					
Total income / sales	2,628,975	2,241,313	922,200	642,732	290	-
Profit after tax	117,796	129,548	47,436	(147,815)	(21,636)	(6,456)
Other comprehensive (loss) / income	343,881	2,092	-	-	-	-
Total assets	3,727,961	2,886,438	688,142	698,591	191,414	51
Total liabilities	1,888,745	1,508,899	743,324	888,293	50,879	15,456
Net assets	1,839,216	1,377,539	(55,182)	(189,702)	140,535	(15,405)
Cash flow from / (used in) operating activities	(73,759)	(83,651)	152,254	73,311	(62,405)	(90)
Cash flow (used in) / from investing activities	(233,038)	(149,197)	(189)	(8,320)	(141,183)	-
Cash flow from / (used in) financing activities	212,791	364,445	(137,300)	(60,120)	219,994	-
Net increase / (decrease) in cash and cash equivalents	(94,006)	131,597	14,765	4,871	16,406	(90)
Rating	A-	A-	Unrated	-	Unrated	-

9. ADVANCES

	Note	Performing		Non Performing		Total	
		2019	2018	2019	2018	2019	2018
		Rupees in '000					
Loans, cash credits, running finances, etc.	9.1	224,986,858	232,162,303	10,353,164	8,309,467	235,340,022	240,471,770
Bills discounted and purchased		11,113,114	14,675,443	-	-	11,113,114	14,675,443
Advances - gross		236,099,972	246,837,746	10,353,164	8,309,467	246,453,136	255,147,213
Provision against advances							
General		(161,166)	(155,661)	-	-	(161,166)	(155,661)
General provision - under IFRS-9	9.4.3	(7,520)	(10,746)	-	-	(7,520)	(10,746)
Specific		-	-	(3,339,941)	(2,989,888)	(3,339,941)	(2,989,888)
	9.4	(168,686)	(166,407)	(3,339,941)	(2,989,888)	(3,508,627)	(3,156,295)
Advances - net of provision		235,931,286	246,671,339	7,013,223	5,319,579	242,944,509	251,990,918

9.1 Particulars of net investment in finance lease

	2019				2018			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000							
Lease rentals receivable	6,860,218	6,637,949	3,527	13,501,694	7,137,126	9,082,944	138,766	16,358,836
Guaranteed residual value	1,599,605	2,538,848	10,783	4,149,236	1,008,255	3,552,926	7,138	4,568,319
Minimum lease payments	8,459,823	9,176,797	14,310	17,650,930	8,145,381	12,635,870	145,904	20,927,155
Finance charges for future periods	(1,468,867)	(1,098,697)	(259)	(2,567,823)	(1,246,019)	(1,229,811)	(5,144)	(2,480,974)
Present value of minimum lease payments	6,990,956	8,078,100	14,051	15,083,107	6,899,362	11,406,059	140,760	18,446,181

9.2 Particulars of advances (gross)

	2019	2018
	Rupees in '000	
In local currency	237,733,122	247,577,882
In foreign currencies	8,720,014	7,569,331
	246,453,136	255,147,213

9.3 Advances include Rs.10,353.164 million (2018: Rs.8,309.467 million) which have been placed under non-performing status as detailed below:

	2019		2018	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Category of Classification	Rupees in '000			
Domestic				
Other Assets Especially Mentioned	841,058	1,721	231,430	-
Substandard	1,159,072	64,681	1,488,616	83,945
Doubtful	2,442,270	426,283	3,189,709	146,592
Loss	5,910,764	2,847,256	3,399,712	2,759,351
Total	10,353,164	3,339,941	8,309,467	2,989,888

9.4 Particulars of provision against advances

	Note	2019				2018			
		Specific	General	General provision - under IFRS-9	Total	Specific	General	General provision - under IFRS-9	Total
		Rupees in '000							
Opening balance		2,989,888	155,661	10,746	3,156,295	2,638,960	100,353	-	2,739,313
Exchange adjustments		-	-	1,095	1,095	-	-	1,321	1,321
Charge for the year		880,994	5,505	-	886,499	422,994	55,308	9,425	487,727
Reversals		(526,146)	-	(4,321)	(530,467)	(72,066)	-	-	(72,066)
		354,848	5,505	(4,321)	356,032	350,928	55,308	9,425	415,661
Amounts written off									
Amounts charged off - transportation	9.5	(4,795)	-	-	(4,795)	-	-	-	-
Closing balance		3,339,941	161,166	7,520	3,508,627	2,989,888	155,661	10,746	3,156,295

9.4.1 Particulars of provision against advances

	2019			2018		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	3,339,941	161,166	3,501,107	2,989,888	155,661	3,145,549
In foreign currencies	-	7,520	7,520	-	10,746	10,746
	3,339,941	168,686	3,508,627	2,989,888	166,407	3,156,295

9.4.2 The general provision is maintained to create general reserves against following advances portfolios in accordance with the prudential regulations issued by State Bank of Pakistan as follows:

	2019	2018	2019	2018
	Secured portfolio		Unsecured portfolio	
	Percentages			
Consumer financing	1%	1%	4%	4%
Housing finance	0.5%	0.5%	-	-

9.4.3 This represents general provision held under IFRS 9 by Bahrain branch of the Bank.

9.4.4 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at December 31, 2019, the Bank has availed cumulative benefit of FSV of Rs.4,120.009 million (2018: Rs.2,386.448 million) under the directives of the SBP. Had the benefit not been taken the unappropriated profit after tax would have reduced by Rs.2,678.006 million (2018: Rs.1,551.191 million). Further, as required by the SBP directives, this unappropriated profit will not be available for distribution as dividend or other appropriations.

		2019	2018
9.5	Particulars of Write Offs:	----- Rupees in '000 -----	
9.5.1	Against provisions	4,795	-
	Directly charged to profit and loss account	315	-
		5,110	-
9.5.2	Write offs of Rs.500,000 and above - Domestic	4,795	-
	Write offs of below Rs.500,000	315	-
		5,110	-

9.6 Details of loan write off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the Statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended is given in Annexure-1.

		Note	2019	2018
			----- Rupees in '000 -----	
10.	FIXED ASSETS			
	Capital work-in-progress	10.1	138,167	162,193
	Property and equipment	10.2	5,961,042	6,083,135
	Right-of-use Assets	4.1	3,593,492	-
			9,692,701	6,245,328
10.1	Capital work-in-progress			
	Civil works		116,365	133,928
	Advance for purchase of furniture and fixtures		290	4,479
	Advance for purchase of vehicles		-	14,182
	Advance for purchase of equipment		21,512	9,604
			138,167	162,193

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For the year ended December 31, 2019

10.2 Property and equipment

2019

	Note	Leasehold land	Building on leasehold land	Leasehold improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
		Rupees in '000						
At January 1, 2019								
Cost / Revalued amount		1,457,289	1,920,603	1,285,074	547,573	2,846,077	1,064,359	9,120,975
Accumulated depreciation		-	(167,577)	(591,448)	(286,876)	(1,661,236)	(330,703)	(3,037,840)
Net book value		1,457,289	1,753,026	693,626	260,697	1,184,841	733,656	6,083,135
Year ended December 2019								
Opening net book value		1,457,289	1,753,026	693,626	260,697	1,184,841	733,656	6,083,135
Additions			649,228	221,721	78,546	559,189	349,137	1,857,821
Movement in surplus on assets revalued during the year	20.2	62,965	(49,200)	-	-	-	-	13,765
Disposals - cost		-	-	(10,382)	(4,034)	(95,467)	(1,282,023)	(1,391,906)
Depreciation on disposal		-	-	7,444	3,493	87,218	440,064	538,219
		-	-	(2,938)	(541)	(8,249)	(841,959)	(853,687)
Depreciation charge			(76,365)	(116,392)	(57,353)	(382,678)	(136,591)	(769,379)
Exchange rate adjustments - cost		-	-	2,900	922	641	488	4,951
Exchange rate adjustments - accumulated		-	-	(814)	(293)	(288)	(169)	(1,564)
		-	-	2,086	629	353	319	3,387
Other adjustments								
Cost		-	(427,044)	-	-	-	-	(427,044)
Accumulated		-	53,044	-	-	-	-	53,044
	10.3	-	(374,000)	-	-	-	-	(374,000)
Closing net book value		1,520,254	1,902,689	798,103	281,978	1,353,456	104,562	5,961,042
At December 31, 2019								
Cost / Revalued amount		1,520,254	2,093,587	1,499,313	623,007	3,310,440	131,961	9,178,562
Accumulated depreciation		-	(190,898)	(701,210)	(341,029)	(1,956,984)	(27,399)	(3,217,520)
Net book value		1,520,254	1,902,689	798,103	281,978	1,353,456	104,562	5,961,042
Rate of depreciation (percentage)		-	1.01 - 4.78	10	12.5	12.5 - 33.3	20	

2018

	Leasehold land	Building on leasehold land	Leasehold improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	Rupees in '000						
At January 1, 2018							
Cost / Revalued amount	1,089,566	1,462,426	1,169,409	485,001	2,489,307	866,091	7,561,800
Accumulated depreciation	-	(112,743)	(537,810)	(243,329)	(1,370,954)	(339,038)	(2,603,874)
Net book value	1,089,566	1,349,683	631,599	241,672	1,118,353	527,053	4,957,926
Year ended December 2018							
Opening net book value	1,089,566	1,349,683	631,599	241,672	1,118,353	527,053	4,957,926
Additions	50,000	13,510	186,211	70,664	393,963	382,576	1,096,924
Movement in surplus on assets revalued during the year	317,723	420,204	-	-	-	-	737,927
Adjustments in surplus	-	3,210	-	-	-	-	3,210
Disposals - cost	-	-	(71,906)	(9,606)	(38,275)	(185,176)	(304,963)
Depreciation on disposal	-	-	61,990	8,005	32,499	155,198	257,692
	-	-	(9,916)	(1,601)	(5,776)	(29,978)	(47,271)
Depreciation charge	-	(52,781)	(114,537)	(51,167)	(322,447)	(146,636)	(687,568)
Exchange rate adjustments - cost	-	-	5,045	1,514	1,058	868	8,485
Exchange rate adjustments - accumulated	-	-	(1,091)	(385)	(376)	(227)	(2,079)
	-	-	3,954	1,129	682	641	6,406
Other adjustments - Cost	-	21,253	(3,685)	-	24	-	17,592
Other adjustments - Accumulated	-	(2,053)	-	-	42	-	(2,011)
	-	19,200	(3,685)	-	66	-	15,581
Closing net book value	1,457,289	1,753,026	693,626	260,697	1,184,841	733,656	6,083,135
At December 31, 2018							
Cost / Revalued amount	1,457,289	1,920,603	1,285,074	547,573	2,846,077	1,064,359	9,120,975
Accumulated depreciation	-	(167,577)	(591,448)	(286,876)	(1,661,236)	(330,703)	(3,037,840)
Net book value	1,457,289	1,753,026	693,626	260,697	1,184,841	733,656	6,083,135
Rate of depreciation (percentage)	-	1.01 - 4.78	10	12.5	12.5 - 33.3	20	

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			Carrying value	
			2019	2018
10.2.1	Temporarily idle property and equipment		----- Rupees in '000 -----	
	Leasehold land		979,990	837,731
	Building on leasehold land	10.3	-	508,897
			979,990	1,346,628

		2019	2018
		----- Rupees in '000 -----	
10.2.2	Fully depreciated property and equipment still in use		
	Leasehold improvements	323,271	155,841
	Furniture and fixture	139,146	113,313
	Electrical, office and computer equipment	992,625	828,290
	Vehicles	11,921	26,677
		1,466,963	1,124,121

10.2.3 The details of disposals of assets to related parties are given in Annexure II to these unconsolidated financial statements.

10.2.4 The properties of the Bank are revalued by independent professional valuers as at December 31, 2019. The revaluation was carried out by M/s. Tristar International Consultants Pvt Ltd. on the basis of professional assessment of present market values and resulted in an increase in net surplus by Rs.13.765 million. The total surplus arising against revaluation of fixed assets as at December 31, 2019 amounts to Rs. 1,359.727 million.

Had there been no revaluation, the carrying value of revalued land and building on land as at December 31, 2019 would have been lower by Rs.505.342 million and Rs.854.385 million respectively, and net surplus on revaluation of fixed assets, deferred tax liability and incremental depreciation expense would have been lower by Rs.1060.693 million, Rs.299.034 million and Rs.33.782 million respectively.

		2019	2018
10.3	Assets held for sale	----- Rupees in '000 -----	
	Building on leasehold land	374,000	-

10.3.1 In 2019, the Board of Directors accorded its in-principle approval and authorised the management of the Bank to explore the possibility to sell a property located at 13th floor of Ocean Tower, plot No. G-3, Khayaban-e-Iqbal, Block 9, KDA Scheme No. 5, Clifton Karachi, Pakistan ("Property"). Accordingly, the Bank located a buyer and entered into an agreement to sell the Property subject to completion of certain legal formalities, after which a formal conveyance deed will be executed with the buyer. As per the terms of the agreement the Bank has received ten percent of the agreed sale proceed as an advance token money and remaining payment is expected to be received at the time of final execution of the transaction when the legal formalities are complete. The Bank has initiated the necessary legal proceedings which are expected to be completed subsequent to the year end, accordingly, the property is classified as non-current asset held for sale.

The Board considered the property to meet the criteria to be classified as held for sale at that date for the following reasons:

i) The Property is available for immediate sale and can be sold in its current condition subject to completion of certain legal formalities

ii) The actions to complete the sale were initiated and expected to be completed within one year from the date

iii) The Bank expects the legal and procedural formalities for the sale to be completed by 2020.

Immediately before the classification of the property as a held for sale, the Property was revalued resulting in a revaluation deficit of Rs.123.320 million which has accordingly been adjusted in equity against the revaluation surplus pertaining to the said Property and the carrying amount of the property. Following the classification as held for sale, no impairment loss was recognised as fair value less cost to sell of the property exceeds its carrying value.

11. INTANGIBLE ASSETS

	Note	2019	2018
		----- Rupees in '000 -----	
Capital work-in-progress	11.1	97,744	75,760
Computer software and goodwill	11.2	2,173,616	2,094,117
		2,271,360	2,169,877

11.1 Capital work-in-progress

	2019	2018
Advance for purchase of software	97,744	75,760

11.2 Computer software and goodwill

	2019		
	Computer software	Goodwill	Total
	------------------- Rupees in '000 -------------------		
At January 1, 2019			
Cost	979,872	1,463,624	2,443,496
Accumulated amortisation and impairment	(349,379)	-	(349,379)
Net book value	630,493	1,463,624	2,094,117
Year ended December 2019			
Opening net book value	630,493	1,463,624	2,094,117
Additions:			
- directly purchased	172,381	-	172,381
Amortisation charge	(93,316)	-	(93,316)
Exchange rate adjustments - cost	647	-	647
Exchange rate adjustments - accumulated	(213)	-	(213)
	434	-	434
Closing net book value	709,992	1,463,624	2,173,616
At December 31, 2019			
Cost	1,152,900	1,463,624	2,616,524
Accumulated amortisation and impairment	(442,908)	-	(442,908)
Net book value	709,992	1,463,624	2,173,616
Rate of amortisation (percentage)	10	See note 11.5	
Useful life	10		

	2018		
	Computer software	Goodwill	Total
	--------- Rupees in '000 ---------		
At January 1, 2018			
Cost	673,321	1,463,624	2,136,945
Accumulated amortisation and impairment	(278,023)	-	(278,023)
Net book value	395,298	1,463,624	1,858,922
Year ended December 2018			
Opening net book value	395,298	1,463,624	1,858,922
Additions: - directly purchased	305,240	-	305,240
Amortisation charge	(71,069)	-	(71,069)
Exchange rate adjustments - cost	1,311	-	1,311
Exchange rate adjustments - accumulated	(287)	-	(287)
	1,024	-	1,024
Closing net book value	630,493	1,463,624	2,094,117
At December 31, 2018			
Cost	979,872	1,463,624	2,443,496
Accumulated amortisation and impairment	(349,379)	-	(349,379)
Net book value	630,493	1,463,624	2,094,117
Rate of amortisation (percentage)	10	See note 11.5	
Useful life	10		

	2019	2018
	----- Rupees in '000 -----	
11.3 Fully amortized computer software still in use	146,687	100,938

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

11.5 Key assumptions used in value in use calculation

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

	2019	2018
	Percentages	
Discount rate	22.87	28.13
Terminal growth rate	10.00	10.00

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

a) Interest margins

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

b) Discount rates

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

c) Key business assumptions

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

Management believes that any significant change in key assumptions, on which CGU's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value in use calculation of the CGU are sensitive to changes in assumptions for interest rate spreads, Non Funded Income (NFI), long term growth rates and discount rates.

d) Sensitivity to changes in assumption

The estimated recoverable amount of the 'Trading and Sales' CGU exceeds its carrying amount by approximately Rs. 5,554 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

	Changes required for carrying amount to equal recoverable amount (%)	
	2019	2018
- Discount rate	4.85	0.21
- Terminal growth rate	9.00	(0.30)

12. DEFERRED TAX ASSETS / (LIABILITIES)

	Note	2019			
		Balance as at January 01, 2019	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at December 31, 2019
		---------- Rupees in '000 ----------			
Deferred tax debits arising from:					
Provision against investments		57,149	-	-	57,149
Provision against loans and advances		34,278	98,027	-	132,305
Provision against other assets		124,078	504,491	-	628,569
General provision under IFRS-9		36,820	(33,723)	-	3,097
Intangible other than Goodwill		2,246	268	-	2,514
Unrealised loss on revaluation of investments classified as held for trading		4,517	(3,299)	-	1,218
Deficit on revaluation of investments classified as available for sale	20	1,173,907	-	(895,646)	278,261
		1,432,995	565,764	(895,646)	1,103,113
Deferred tax credits arising due to:					
Fixed assets		(225,855)	(25,003)	-	(250,858)
Goodwill		(512,268)	-	-	(512,268)
Surplus on revaluation of operating fixed assets	20	(328,079)	11,825	17,220	(299,034)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	(1,010)	43	-	(967)
Mark to market gain on forward foreign exchange contracts		(74,177)	51,092	-	(23,085)
Unrealized gain on revaluation of derivative instruments		(4,544)	(3,601)	-	(8,145)
		(1,145,933)	34,356	17,220	(1,094,357)
		287,062	600,120	(878,426)	8,756

	Note	2018			
		Balance as at January 01, 2018	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at December 31, 2018
		---------- Rupees in '000 ----------			
Deferred tax debits arising from:					
Provision against investments		57,149	-	-	57,149
Provision against loans and advances		3,523	30,755	-	34,278
Provision against other assets		15,682	108,396	-	124,078
General provision under IFRS-9		-	36,820	-	36,820
Intangible other than Goodwill		1,997	249	-	2,246
Unrealised loss on revaluation of investments classified as held for trading		871	3,646	-	4,517
Deficit / (surplus) on revaluation of investments classified as available for sale	20	42,167	-	1,131,740	1,173,907
Provision for Workers' Welfare Fund		26,145	(26,145)	-	-
		147,534	153,721	1,131,740	1,432,995
Deferred tax credits arising due to:					
Fixed assets		(216,790)	(9,065)	-	(225,855)
Goodwill		(512,268)	-	-	(512,268)
Surplus on revaluation of operating fixed assets	20	(187,861)	7,978	(148,196)	(328,079)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	(2,191)	57	1,124	(1,010)
Unrealized gain on revaluation of derivative instruments		(25,227)	(53,494)	-	(78,721)
		(944,337)	(54,524)	(147,072)	(1,145,933)
		(796,803)	99,197	984,668	287,062

13. OTHER ASSETS	Note	2019	2018
		----- Rupees in '000 -----	
Income/ Mark-up accrued in local currency		8,731,263	5,586,015
Income/ Mark-up accrued in foreign currency		48,511	133,707
Advances, deposits, advance rent and other prepayments	4.1	446,321	535,055
Acceptances		3,221,212	3,217,002
Dividend receivable		208,948	-
Taxation (payments less provision)		573,873	936,133
Receivable against bancassurance / bancatakaful		67,952	75,056
Stationery and stamps in hand		23,290	18,536
Receivable from other banks in respect of remittance	13.1	495,660	283,469
Non-banking assets acquired in satisfaction of claims	13.2	1,088,682	91,421
Mark to market gain on derivative instruments	22.2	22,408	12,983
Mark to market gain on forward foreign exchange contracts		65,955	211,933
Advance for subscription of TFC - unsecured	13.3	40,828	845,917
ATM settlement account		106,119	195,927
Others	13.4	367,089	132,992
		15,508,110	12,276,146
Less: Provision held against other assets	13.4	(13,580)	(15,860)
Other assets (net of provisions)		15,494,530	12,260,286
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		93,743	93,869
Other assets - total		15,588,273	12,354,155

13.1 This includes an amount of Rs.455.370 million (2018: Rs.232.239 million) receivable from State Bank of Pakistan in respect of home remittance services provided by the Bank.

	2019	2018
13.2 Market value of non-banking assets acquired in satisfaction of claims	1,182,425	185,290

13.2.1 Movement of Non banking assets acquired in satisfaction of claims at market value:

	2019	2018
As at January 01	185,290	203,339
Addition during the year	998,848	1,295
Transferred during the year	-	(18,771)
Depreciation during the year	(1,713)	(573)
	1,182,425	185,290

13.2.2 Non-banking assets acquired in satisfaction of claims are carried at revalued amount according to the requirements of the 'Regulation for Debt Property Swap' (the regulations) issued by SBP vide the BPRD Circular No. 1 of 2016, dated January 01, 2016.

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuers as at December 31, 2019 and resulted no change is observed in valuations of these assets with respect to last year. Therefore, no impact has been taken in these unconsolidated financial statements. The revaluation was carried out by M/s. Tristar International Consultants Pvt Ltd., bfa (Pvt) Ltd. and Engineering Pakistan International (Pvt) Ltd. on the basis of professional assessment of present market values.

Had there been no revaluation, the carrying value of non-banking assets acquired in satisfaction of claims would have been lower by Rs.93.743 million (2018: Rs.93.869 million), and surplus on revaluation of assets net, deferred tax liability and depreciation expense would have been lower by Rs.92.776 million (2018: Rs.92.858 million), Rs.0.967 million (2018: Rs.1.011 million) and Rs.0.126 million (2018: Rs.0.163 million) respectively.

13.2.3 Particulars of Non banking assets	Note	2019	2018
		----- Rupees in '000 -----	
Leasehold land		866,695	88,640
Building on leasehold land		221,987	2,781
		1,088,682	91,421

13.3 The Bank has signed a Shareholder Agreement (SHA) and a Share Subscription Agreement (SSA) with VEDA Transit Solutions (Private) Limited for an investment of approximately of Rs 40.828 million in a form of equity subject to the obtaining of scheme of arrangement approval from Lahore High Court. Subsequently, the scheme of arrangement has been approved and shares will be issued and transferred to the bank once the regulatory formalities have been completed.

13.4 Movement in provision held against other assets

	2019	2018
Opening balance	15,860	55,667
Charge for the year	-	2,561
Reversal for the year	(2,280)	(42,368)
Net charge for the year	(2,280)	(39,807)
Closing balance	13,580	15,860

14. BILLS PAYABLE

	2019	2018
In Pakistan	3,583,500	3,326,595
Outside Pakistan	220,991	193,329
	3,804,491	3,519,924

15. BORROWINGS

	Note	2019	2018
Secured			
Borrowings from State Bank of Pakistan under:			
Export Refinancing Scheme (ERF)	15.2.1	17,792,778	15,329,309
Long-Term Finance Facility (LTFF)	15.2.2	1,877,760	1,055,928
Financing Facility for Storage of Agricultural Produce (FFSAP)	15.2.3	300,440	121,922
Repurchase agreement borrowings	15.2.4	16,849,097	12,609,714
		36,820,075	29,116,873
Borrowing from financial institutions			
Repurchase agreement borrowings	15.2.5	12,746,732	57,228,252
Refinancing facility for mortgage loans	15.2.6	1,961,128	-
		14,707,860	57,228,252
Total secured		51,527,935	86,345,125
Unsecured			
Call borrowings	15.2.7	2,303,356	8,323,290
Overdrawn nostro accounts		636,992	501,629
Due against bills re-discounting	15.2.8	-	1,388,619
Total unsecured		2,940,348	10,213,538
		54,468,283	96,558,663

	2019	2018
	----- Rupees in '000 -----	
15.1 Particulars of borrowings		
In local currency	51,527,935	89,413,109
In foreign currencies	2,940,348	7,145,554
	54,468,283	96,558,663

15.2.1 The Bank has entered into agreement with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable on a quarterly basis and to be matured between January 02, 2020 and February 08, 2027 (2018: January 02, 2019 and February 08, 2027). These carry mark-up at the rate from 1% to 3% (2018: 1% to 4.50%) per annum.

15.2.2 These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings will mature between November 30, 2020 and August 08, 2029 (2018: November 30, 2020 and November 30, 2028). These carry mark-up at rates ranging from 2.00% to 3.50% (2018: 2.00% to 3.50%) per annum.

15.2.3 These borrowings have been obtained from SBP under "Financing Facility for Storage of Agricultural Produce (FFSAP)" to encourage Private Sector to establish Silos, Warehouses and Cold Storages. These borrowings will mature between May 09, 2020 and May 14, 2026 (2018: May 09, 2020 and July 23, 2025) and carry mark-up at the rate ranging from 2.00% to 2.50% (2018: 2% to 2.50%) per annum.

15.2.4 This represents borrowing against Pakistan Investment Bonds (2018: Market Treasury Bills and Pakistan Investment Bonds) carrying mark-up at the rate of 13.32% (2018: 10.18%) per annum and will be matured on January 03, 2020 (2018: January 04, 2019). The cost and market value of securities given as collateral of amounting to Rs. 17,484.926 million (2018: Rs. 12,905.687 million) and Rs. 16,805.697 million (2018: Rs. 12,634.148 million) respectively.

15.2.5 This represents borrowing against Market Treasury Bills, Pakistan Investment Bonds and Bai Muajjal (2018: Market Treasury Bills, Pakistan Investment Bonds, Bai Muajjal and Foreign Currency Bonds) carrying mark-up at the rates ranging from 12.70% to 13.19% (2018: 3.30% to 10.36%) per annum and will be matured between January 02, 2020 and March 26, 2020 (2018: January 02, 2019 and April 19, 2019). The cost and market value of securities given as collateral of amounting to Rs. 9,200.503 million (2018: Rs. 59,362.211 million) and Rs. 9,122.620 million (2018: Rs. 56,756.947 million) respectively.

15.2.6 The Bank has entered into agreement with the Pakistan Mortgage Refinance Company Limited (PMRC) for extending housing finance facilities to the Bank's customers on the agreed terms and conditions. The borrowing carries mark-up rate of 3 years PKRV less 100bps and will be matured on February 28, 2022.

15.2.7 These represent call money borrowings from financial institutions which will be matured between January 16, 2020 and June 16, 2020 (2018: January 02, 2019 and February 28, 2019), carrying interest at the rates ranging from 2.65% to 3.61% (2018: 0.90% to 10.30%) per annum.

Notes to the Unconsolidated Financial Statements

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15.2.8 This represents obligation to the foreign corresponding banks on the discounting of foreign documentary bills purchased by the Bank on discount. These carry interest at the rate of Nil (2018: 4.22%) per annum.

16. DEPOSITS AND OTHER ACCOUNTS

	2019			2018		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	Rupees in '000			Rupees in '000		
Customers						
Current deposits	70,341,319	6,412,941	76,754,260	71,943,824	5,321,812	77,265,636
Savings deposits	73,442,779	2,898,794	76,341,573	58,972,091	2,576,579	61,548,670
Term deposits	164,602,876	11,409,815	176,012,691	121,221,987	12,970,997	134,192,984
Margin accounts	5,455,786	15,234	5,471,020	3,566,455	4,937	3,571,392
	313,842,760	20,736,784	334,579,544	255,704,357	20,874,325	276,578,682
Financial Institutions						
Current deposits	859,151	-	859,151	740,325	-	740,325
Savings deposits	13,450,440	-	13,450,440	29,900,556	-	29,900,556
Term deposits	20,900,829	-	20,900,829	14,193,700	-	14,193,700
	35,210,420	-	35,210,420	44,834,581	-	44,834,581
	349,053,180	20,736,784	369,789,964	300,538,938	20,874,325	321,413,263

16.1 Composition of deposits

	2019	2018
	Rupees in '000	
- Individuals	135,583,867	111,596,311
- Government (Federal and Provincial)	73,503,161	56,875,882
- Public Sector Entities	37,475,517	11,242,328
- Banking Companies	2,926,436	8,541,316
- Non-Banking Financial Institutions	32,283,984	33,406,690
- Private Sector	88,016,999	99,750,736
	369,789,964	321,413,263

16.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 87,425.180 million (2018: Rs.87,350.615 million).

17. SUBORDINATED DEBT

	Note	2019	2018
		Rupees in '000	
Term Finance Certificates - First Issue	17.1	2,996,400	2,997,600
Term Finance Certificates - Second Issue	17.2	1,998,400	1,999,200
Term Finance Certificates - Third Issue	17.3	2,500,000	2,500,000
		7,494,800	7,496,800

17.1 In 2016, the Bank has issued Rs.3 billion of rated, privately placed, unsecured and subordinated term finance certificates («TFCs» or «the Issue») as an instrument of redeemable capital under Section 120 of the Companies Ordinance, 1984 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute toward the Bank›s Tier II Capital for complying with the Capital Adequacy Ratio requirement and to utilize the funds in the Bank›s business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 14, 2016
Tenure:	Up to Seven years from the Issue date.
Maturity Date:	December 14, 2023
Rating:	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP›s approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule vide BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger as declared by SBP of the non-viability event as declared by SBP, subject to a cap of 467,836,257 shares.

17.2 In 2017, the Bank has issued Rs.2 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose: To contribute toward the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.

Issue date:	December 29, 2017
Tenure:	Up to Seven years from the Issue date.
Maturity Date:	December 29, 2024
Rating:	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, with prior approval of SBP.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 319,982,544 shares.

17.3 In 2018, the Bank has issued Rs.2.5 billion of rated, privately placed and listed, unsecured, subordinated, perpetual and non-cumulative additional Tier I capital term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 (the "Circular") and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute toward the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 31, 2018
Maturity date:	Perpetual
Rating:	A (Single A)
Profit Rate:	Floating rate of return at Base rate + 2.25 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment frequency:	Semi-annually on a non-cumulative basis
Redemption:	Not applicable
Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other claims except common shares.
Call Option:	Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause:	Payment of profit will me be made from current year's earning and subject to compliance with MCR or CAR set by SBP.

Loss absorbency clause:

Pre-Specified Trigger ("PST")	Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013,, which stipulates that if an Issuer's Common Equity Tier 1 ("CET 1") ratio falls to or below 6.625% of Risk Weighted Assets ("RWA"), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to: - If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible);

- The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and

- In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the Issuer.

Point of Non-Viability ("PONV") Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below:

The PONV trigger event is the earlier of:

- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;

- The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP; and

- The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

18. OTHER LIABILITIES

	Note	2019	2018
		----- Rupees in ‹000 -----	
Mark-up / return / interest payable in local currency		4,092,845	2,638,441
Mark-up / return / interest payable in foreign currency		72,782	107,641
Accrued expenses		304,086	575,943
Acceptances		3,221,212	3,217,002
Unclaimed dividends		4,214	4,214
Payable in respect of defined benefit obligation - net	36.5	151,881	102,494
Government duties		352,575	159,236
Donation payable	28.2.1	1,991	14,500
Lease key money deposit		4,149,235	4,568,145
Sindh Workers› Welfare Fund	18.1	73,777	72,712
Payable against remittance		446,387	442,811
Visa debit card payable		158,574	80,202
Retention money payable		34,248	35,053
Lease liability against right-of-use assets	4.1	3,696,371	-
Advance against assets held for sale	10.3	37,500	-
Others		132,323	130,006
		16,930,001	12,148,400

18.1 As a consequence of the 18th amendment to the Constitution, levy for the WWF was introduced by the Government of Sindh through the Sindh WWF Act, 2014, (the Act). As per the Act, Banks are liable to pay SWWF. The Bank has challenged the issue of jurisdiction claimed by Sindh Revenue Board before the Honorable High Court of Sindh (the Court) through Constitutional Petition 1546/2017 i.e. the Act will be applied to trans-provincial companies to the extent that the obligation under the provincial law is to make distribution only to the proportionate profit of Sindh Province. The Court has restrained the Sindh Revenue Board to collect / recover Sindh Worker Welfare Fund till the next date of hearing.

In 2018, the Bank reassessed the SWWF provision which was previously held on the entire operating results of the Bank (including other provinces, part of Pakistan, AJK and Bahrain Operations) and based on the above legal status and also based on the legal opinion, is of the view that the Bank will only liable to SWWF to the extent to its operations within Sindh.

19. SHARE CAPITAL - NET

19.1 Authorised capital

19.1.1 Ordinary shares

2019	2018		2019	2018
-------- Number of shares --------			----- Rupees in '000 -----	
2,350,000,000	2,350,000,000	Ordinary shares of Rs.10 each	23,500,000	23,500,000

19.1.2 Preference shares

150,000,000	150,000,000	Convertible preference shares of Rs.10 each	1,500,000	1,500,000

19.2 Issued, subscribed and paid-up capital

		Ordinary shares		
763,558,965	763,558,965	Fully paid in cash	7,635,590	7,635,590
533,905,297	533,905,297	Issued for consideration other than cash	5,339,053	5,339,053
1,297,464,262	1,297,464,262		12,974,643	12,974,643
-	-	Less: Discount on issue of shares	(2,855,401)	(2,855,401)
1,297,464,262	1,297,464,262		10,119,242	10,119,242

19.3 As at December 31, 2019, Jahangir Siddiqui & Co. Ltd. (the parent company) held 973,307,324 (December 31, 2018: 973,307,324) ordinary shares of Rs.10 each i.e. 75.02% holding (December 31, 2018: 75.02%).

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

	Note	2019	2018
		----- Rupees in '000 -----	
20. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of:			
Available-for-sale securities	8.1 & 21.1	(795,030)	(3,354,020)
Fixed assets	20.2	1,359,727	1,379,744
Non-banking assets acquired in satisfaction of claims	20.3	93,743	93,869
		658,440	(1,880,407)
Deferred tax on (deficit) / surplus on revaluation of:			
Available-for-sale securities		278,261	1,173,907
Fixed assets		(299,034)	(328,078)
Non-banking assets acquired in satisfaction of claims		(967)	(1,011)
		(21,740)	844,818
		636,700	(1,035,589)

20.1 This includes general provision under IFRS 9 of Rs. Nil (2018: Rs. 90.015 million) by Bahrain branch of the Bank.

	Note	2019	2018
		----- Rupees in '000 -----	
20.2 Fixed assets			
Surplus on revaluation as at January 01		1,379,744	661,400
Recognised during the year - net		13,765	741,138
		1,393,509	1,402,538
Less: Transferred to unappropriated profit:			
Incremental depreciation during the year		(21,958)	(14,816)
Related deferred tax liability		(11,824)	(7,978)
Realised on asset classified under held for sale		-	-
Related deferred tax liability		-	-
		(33,782)	(22,794)
	20.2.1	1,359,727	1,379,744
Less: Related deferred tax liability on:			
Surplus on revaluation as at January 01		(328,078)	(187,861)
Recognised / transfered during the year		17,220	(148,195)
Transferred to profit and loss account on account of incremental depreciation		11,824	7,978
Realised on asset classified under held for sale		-	-
		(299,034)	(328,078)
		1,060,693	1,051,666

20.2.1 This includes Rs. 141.731 million which relates to assets held for sale as disclosed in note 10.3.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

20.3 Non-banking assets acquired in satisfaction of claims

	Note	2019	2018
		----- Rupees in '000 -----	
Surplus on revaluation as at January 01		93,869	97,242
(Transferred) / recognized during the year		-	(3,210)
		93,869	94,032
Less: Transferred to unappropriated profit:			
Incremental depreciation during the year		(82)	(106)
Related deferred tax liability		(44)	(57)
		(126)	(163)
Surplus on revaluation as at December 31		93,743	93,869
Less: Related deferred tax liability on:			
Surplus on revaluation as at January 01		(1,011)	(2,192)
Transferred to profit and loss account on account of incremental depreciation		44	57
Transferred during the year		-	1,124
		(967)	(1,011)
		92,776	92,858

21. CONTINGENCIES AND COMMITMENTS

	Note	2019	2018
Guarantees	21.1	45,650,803	41,116,520
Commitments	21.2	76,025,492	58,341,133
		121,676,295	99,457,653

21.1 Guarantees:

	Note	2019	2018
Financial guarantees		2,464,411	3,552,003
Performance guarantees		21,483,841	19,549,043
Other guarantees		21,702,551	18,015,474
	21.1.1	45,650,803	41,116,520

21.1.1 Included herein the outstanding guarantees of Rs.14.217 million (2018: Rs.19.201 million) of related parties.

21.2 Commitments:

	Note	2019	2018
		----- Rupees in '000 -----	
Documentary credits and short-term trade-related transactions			
- letters of credit	21.2.1	13,965,258	14,957,752
Commitments in respect of:			
- Forward foreign exchange contracts	21.2.2	55,111,366	34,627,442
- Derivative instruments	21.2.3	6,745,592	8,327,868
- Forward lending	21.2.4	72,183	284,137
Commitments for acquisition of:			
- Fixed assets	21.2.5	131,093	143,934
		76,025,492	58,341,133

21.2.1 Included herein the outstanding letter of credits of Rs.44.368 million (2018: Rs.44.016 million) of related parties.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

		2019	2018
		----- Rupees in '000 -----	
21.2.2	Commitments in respect of forward foreign exchange contracts		
	Purchase	33,104,108	21,521,180
	Sale	22,007,258	13,106,262
		55,111,366	34,627,442

The Bank utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At year end, all foreign exchange contracts have a remaining maturity of less than one year.

		2019	2018
		----- Rupees in '000 -----	
21.2.3	Commitments in respect of derivative instruments		
	Purchase	3,622,107	2,205,353
	Sale	3,123,485	6,122,515
		6,745,592	8,327,868
21.2.3.1	Interest rate swaps (notional principal)		
	Purchase	2,099,175	1,995,882
	Sale	2,100,175	1,996,882
		4,199,350	3,992,764
21.2.3.2	Options (notional principal)		
	Purchase	1,023,310	-
	Sale	1,023,310	2,631,433
		2,046,620	2,631,433
21.2.3.3	Commitments in respect of forward government securities		
	Purchase	499,622	209,471
	Sale	-	1,494,200
		499,622	1,703,671
21.2.4	Commitments in respect of forward lending		
	Undrawn formal standby facilities, credit lines and other commitments to lend	72,183	284,137

21.2.4.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.

		2019	2018
21.2.5	Commitments for acquisition of fixed assets	131,093	143,934

21.2.6 Tax related contingencies are disclosed in notes 32.2 to 32.5.

22. DERIVATIVE INSTRUMENTS

Derivative instruments, such as Forward Exchange Contracts, Interest Rate Swaps, Interest Rate Swaps and Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business also provides risk solutions for the existing and potential customers of the Bank.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

The Bank has entered into a Cross Currency Swap transaction with its customer on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan. Policies in line with SBP instructions have been formulated and are operative.

The Bank has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities.

These transactions cover the aspects of both market making and hedging. The risk management related to derivative is disclosed in note 45 to the financial statements.

Accounting policies in respect of derivative financial instruments are described in note 4.5.2.

	2019					
	Interest Rate Swaps		Options		Forward securities	
	Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
22.1 Product analysis	---------- Rupees in '000 ----------					
With Banks for						
Hedging	4,199,350	13,327	-	8,885	-	-
Market making	-	-	-	-	499,622	196
With FIs other than banks						
Hedging	-	-	-	-	-	-
Market making	-	-	-	-	-	-
Total						
Hedging	4,199,350	13,327	-	8,885	-	-
Market making	-	-	-	-	499,622	196

22.1.1 The notional value of options is Rs. 1,023.310 million and the Bank has entered back to back arrangement to close the position at year end.

	2018					
	Interest Rate Swaps		Options		Forward securities	
	Notional principal	Mark to market	Notional principal	Mark to Market	Notional principal	Mark to Market
	---------- Rupees in '000 ----------					
With Banks for						
Hedging	3,992,763	16,931	-	-	-	-
Market making	-	-	2,631,433	(3,652)	1,703,671	(296)
With FIs other than banks						
Hedging	-	-	-	-	-	-
Market making	-	-	-	-	-	-
Total						
Hedging	3,992,763	16,931	-	-	-	-
Market making	-	-	2,631,433	(3,652)	1,703,671	(296)

At the exchange rate prevailing at the end of the reporting period.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

22.2 Maturity analysis

Remaining maturity of Contracts	2019				
	Number of contracts	Notional principal	Mark to market		
			Positive	Negative	Net
	------------------- Rupees in '000 -------------------				
Upto 1 month	-	-	-	-	-
1 to 3 months	1	499,622	196	-	196
3 to 6 months	-	-	-	-	-
6 months to 1 year	4	-	9,376	(491)	8,885
1 to 2 years	3	2,516,330	7,785	-	7,785
2 to 3 years	1	1,683,020	5,542	-	5,542
	9	4,698,972	22,899	(491)	22,408

Remaining maturity of Contracts	2018				
	Number of contracts	Notional principal	Mark to market		
			Positive	Negative	Net
	------------------- Rupees in '000 -------------------				
Upto 1 month	3	1,863,596	438	(566)	(128)
1 to 3 months	-	-	-	-	-
3 to 6 months	2	1,750,000	42,958	(42,122)	836
6 months to 1 year	14	2,887,108	12,961	(16,145)	(3,184)
1 to 2 years	-	-	-	-	-
2 to 3 years	4	1,827,163	67,492	(52,033)	15,459
	23	8,327,867	123,849	(110,866)	12,983

23. MARK-UP / RETURN / INTEREST EARNED

	Note	2019	2018
		----- Rupees in '000 -----	
On:			
Loans and advances		30,944,739	19,657,396
Investments		9,683,494	10,071,454
Lendings to financial institutions		52,679	111,081
Balance with banks		54,857	20,120
Securities purchased under resale agreements		858,930	136,977
		41,594,699	29,997,028

24. MARK-UP / RETURN / INTEREST EXPENSED

	Note	2019	2018
Deposits		28,414,651	15,098,769
Borrowings	24.1	1,804,192	705,007
Securities sold under repurchase agreements		2,810,910	4,975,964
Sub-ordinated loans		1,029,228	407,992
Lease liability against right-of-use assets	4.1	507,361	-
		34,566,342	21,187,732

24.1 Borrowings

	2019	2018
Export Refinancing Scheme (ERF)	337,916	260,801
Long-Term Finance Facility (LTFF)	35,388	12,606
Financing Facility for Storage of Agricultural Produce (FFSAP)	3,942	2,249
Cost of foreign currency swaps against foreign currency deposits / borrowings	936,986	124,709
Other borrowings	489,960	304,642
	1,804,192	705,007

25. FEE AND COMMISSION INCOME	Note	2019	2018
		----- Rupees in '000 -----	
Branch banking customer fees		174,723	176,703
Consumer finance related fees		21,098	32,640
Card related fees (debit and credit cards)		594,713	291,035
Credit related fees		328,927	239,166
Investment banking fees		47,997	335,639
Commission on trade		570,108	468,623
Commission on guarantees		266,999	313,685
Commission on cash management		5,966	4,423
Commission on remittances including home remittances	25.1	111,288	116,004
Commission on bancassurance		180,770	188,040
Commission on distribution of mutual funds		117,298	183,824
Commission on online Services		186,396	157,052
Postage & Courier income		22,143	13,890
Rebate income		224,598	144,081
Rebate on primary dealership		6,918	4,118
		2,859,942	2,668,923

25.1 This includes Rs.82.373 million (2018: Rs.66.003 million) in respect of commission income from home remittance services provided by the Bank. The amount is earned from State Bank of Pakistan at the rate of Saudi Riyal 20 (2018: Saudi Riyal 20) per transaction over USD 200 (2017: USD 200) and is shared between the Bank and various exchange companies as per terms of agreement with them.

26. LOSS ON SALE OF SECURITIES	Note	2019	2018
		----- Rupees in '000 -----	
Realised - net	26.1	(708,527)	(1,421,128)
Unrealised - held for trading		(2,618)	(12,906)
		(711,145)	(1,434,034)

26.1 Realised (loss) / gain on:

	2019	2018
Federal government securities		
Market treasury bills	3,518	(15,587)
Pakistan investment bonds	(248,555)	(1,042,947)
Ijara sukuk certificates	633	572
	(244,404)	(1,057,962)
Shares		
Listed companies	(393,203)	(325,660)
Non Government Debt Securities		
Term finance certificates	(19)	-
Mutual fund units	3,272	1,367
Foreign currency bonds	(74,323)	(42,838)
Sukuk certificates	150	3,965
	(708,527)	(1,421,128)

27. OTHER INCOME	Note	2019	2018
Gain on sale of operating fixed assets - net	27.1	483,600	108,964

27.1 This includes gain of Rs.383.269 on disposal of Bank's vehicles which result of implementation of Car Monetization Policy as approved by Board of Directors in their 86th meeting dated October 24, 2019 on recommendation of the 'Board HR, Remuneration & Nomination Committee.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

28. OPERATING EXPENSES	Note	2019	2018
		----- Rupees in '000 -----	
Total compensation expense	28.1	5,237,267	4,886,572
Property expense			
Rent & taxes	4.1	28,522	1,061,698
Insurance		10,550	8,144
Utilities cost		345,722	263,416
Security (including guards)		364,826	353,030
Repair & maintenance (including janitorial charges)		242,838	229,620
Depreciation		192,757	167,319
Depreciation - right of use assets	4.1	910,321	-
Depreciation on non banking assets		1,713	573
		2,097,249	2,083,800
Information technology expenses			
Software maintenance		162,489	125,023
Hardware maintenance		233,562	189,412
Depreciation		173,734	141,947
Amortisation		93,316	71,069
Network charges		115,973	104,620
		779,074	632,071
Other operating expenses			
Directors' fees and allowances		12,050	14,450
Legal & professional charges		114,265	59,126
Insurance		203,412	162,723
Outsourced services costs	35.1	131,109	123,375
Travelling & conveyance		93,640	91,168
NIFT clearing charges		40,394	35,228
Depreciation		402,887	378,302
Training & development		33,742	39,075
Postage & courier charges		81,069	72,422
Communication		119,523	95,557
Stationery & printing		271,491	212,657
Marketing, advertisement & publicity		324,628	362,558
Donations	28.2	2,609	21,244
Auditors remuneration	28.3	10,804	17,444
Staff auto fuel & maintenance		220,510	156,270
Bank charges		63,284	47,996
Stamp duty		55,533	27,698
Online verification charges		21,870	19,573
Brokerage, fee and commission		33,786	47,599
Card related fees (debit and credit cards)		8,662	6,683
CDC and other charges		5,306	5,692
Consultancy fee		30,949	61,887
Deposit protection corporation		139,761	59,736
Entertainment expenses		63,921	58,764
Fee and subscription		69,708	58,205
Employees social security		8,124	7,147
Generator fuel & maintenance		79,858	79,162
Others		35,223	31,876
		2,678,118	2,353,617
		10,791,708	9,956,060

Notes to the Unconsolidated Financial Statements
For the year ended December 31, 2019

		Note	2019	2018
			----- Rupees in '000 -----	
28.1	**Total compensation expense**			
	Fees and Allowances etc.		162,077	158,260
	Managerial Remuneration			
	i) Fixed		3,689,496	3,329,747
	ii) Variable			
	of which;			
	a) Cash Bonus / Awards etc.	28.1.1	306,849	394,289
	b) Commission		224,474	289,877
	Charge for defined benefit plan		134,712	129,556
	Contribution to defined contribution plan		209,871	177,360
	Leaving indemnity		4,246	2,313
	Medical		357,269	324,835
	Conveyance		81,851	13,706
	Insurance staff		66,422	66,629
			5,237,267	4,886,572

28.1.1 The Bank operates a short term employee benefit scheme which includes cash awards / special bonus for all employees. Under this scheme, the bonus for all employees, including the Chief Executive Officer (CEO) is determined on the basis of employees› evaluation and the Bank›s performance during the year.

		Note	2019	2018
28.2	**Donations**		----- Rupees in '000 -----	
	Future Trust	28.2.1	1,991	14,500
	Hope Uplift Foundation		618	-
	The Supreme Court of Pakistan and The Prime Minister of Pakistan Diamer-Bhasha and Mohmand Dams Fund		-	6,744
			2,609	21,244

28.2.1 This represents donation to a related party, wherein below mentioned persons are trustees. The registered office of the donee is located at 20th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi- 74400, Pakistan.

- Mr. Suleman Lalani	Chief Executive Officer of Jahangir Siddiqui & Co. Ltd. (the parent company)
- Ms. Rukhsana Shah	Director of the parent company (resigned subsequent to year end)
- Mr. Kalim-ur-Rahman	Chairman of the Bank
- Mr. Hasan Shahid	Director of JS Investments Limited, subsidiary company
- Mr. Najmulul Hoda Khan	Chief Financial Officer of the parent company
- Mr. Tariq Usman Bhatti	Head of Money Market and Forex of JS Global Capital Limited, subsidiary company

		Note	2019	2018
28.3	Auditors' remuneration		----- Rupees in '000 -----	
	Audit fee - Pakistan		1,794	1,631
	Audit fee - Bahrain		1,640	1,131
	Half-yearly review		619	563
	Fee for audit of employees funds		143	130
	Fee for other statutory certifications		591	805
	Special certification and sundry advisory services		4,103	10,438
	Taxation services		275	180
	Out of pocket expenses and sales tax on services		1,639	2,566
			10,804	17,444
28.3.1	Geographical analysis			
	Pakistan		8,651	13,175
	Bahrain		2,153	4,269
			10,804	17,444
29.	WORKERS WELFARE FUND			
	Sindh Workers Welfare Fund			
	Charge during the year	18.1 & 29.1	1,065	7,238
	Reversal of prior years		-	(98,210)
			1,065	(90,972)
	Reversal of Federal Workers Welfare Fund		-	(74,702)
			1,065	(165,674)

29.1 Provision held at 2% of the higher of profit before tax or taxable income to the extent of operations carried out under Sindh Workers Welfare Act, 2014.

		2019	2018
30.	OTHER CHARGES	----- Rupees in '000 -----	
	Penalties imposed by State Bank of Pakistan	131,444	14,748
	Others	6,199	1,455
		137,643	16,203
31.	(REVERSALS) / PROVISIONS AND WRITE OFFS - NET		
	Reversal in diminution in value of investments	(345,300)	(219,911)
	Provisions against loans & advances	360,353	406,236
	Other reversals	(2,280)	(39,807)
	General (reversal) / provision - under IFRS-9	(105,018)	92,270
	Bad debts written off directly	315	-
		(91,930)	238,788

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

		2019	2018
32.	**TAXATION**	----- Rupees in '000 -----	
	Current	708,542	440,917
	Prior years	-	699
	Deferred	(600,120)	(99,197)
		108,422	342,419

32.1 Relationship between income tax expense and accounting profit

	2019	2018
Profit before taxation	133,075	904,757
Tax on income @ 35% (2018: 35%)	46,576	316,665
Effect of permanent differences	46,005	5,162
Effects of prior year deferred taxation	-	(12,876)
Effects of prior year current tax	20,559	33,468
Others	(4,718)	-
Tax charge for the year	108,422	342,419

32.2 Income Tax

The income tax returns filed under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2007 through 2019. These returns filed were deemed to have been assessed in terms the provisions prevailing under income tax laws as applicable in Pakistan. However, the Officers of Inland Revenue Services (OIR) conducted the proceedings for making certain amendments in the deemed assessments for tax years 2008 to 2017. This was done by taking recourse of conducting tax audit or alternatively a direct amendment in the assessment contending that certain matters in the deemed assessments were not admissible as not conforming to the law and prejudiced the interest of revenue.

Based on the amended assessments in tax year 2008 to tax year 2017, the department had made certain dis-allowances of expenses and tax deductible claims besides creating minimum tax and Workers' Welfare Fund liabilities in the tax years 2010, 2011 & 2012 and tax years 2009, 2012 & 2013 respectively.

In respect of WWF, the Supreme Court of Pakistan has held in Judgement, PLD 2017 SC 28, that the amendments made in the WWF Ordinance through Finance Act, 2006 and 2008 were illegal and without lawful authority i.e. the banks do not fall into definition of Industrial Undertaking and thus, not liable to pay WWF. Therefore based on this, the Bank's contention is mandated and it is likely that its pending appeals in this will be decided favorably. The Bank has obtained appeal effect orders of respective years except 2013 and resultantly no demand is payable in this respect.

As a consequence of introduction of Sindh Workers' Welfare Fund Act, the Bank is required to pay WWF to Sindh Revenue Board effective from tax year 2015. The Bank has filed petition before the Honourable High Court of Sindh to contest applicability of SWWF in its case and stay has been granted against recovery of SWWF.

In respect of minimum tax, the Commissioner Inland Revenue-Appeals (the CIRA) has the not accepted the Bank's contentions of gross loss position and also decided that non-mark-up income is the fall in the definition of turnover including capital gains and dividend income. As result the demand of Rs. 38.907 million has been payable. The Bank has contested the matter in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing.

For tax year 2008-2017, the Bank has not accepted the amendments of Rs. 6.27 billion and have filed appeals before the Commissioner Inland Revenue-Appeals (the CIRA).

CIRA has admitted the contention of the Bank in case of tax year 2008 that the amended order is barred by time and decided that any addition made in impugned order is annulled and not required to be further adjudicated. However, the department has filed an appeal against the decision of CIRA in ATIR which has been partly heard.

With regard to appeals filed for tax year 2009 to 2017, the CIRA has decided the appeals accepting the Bank's contentions in respect of significant issues, and certain disallowance including amortization claim of goodwill have been decided in favor of department in all tax years. However, the Bank and the tax department are contesting the matters in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are being heard.

During the year, the tax department has passed appeal effect/rectification orders and allowed deleted and set-aside issues in the light of CIR(A) orders for tax year 2008 to 2014. As a result of these orders, the Bank's taxable losses has increased to Rs. 3.464 billion and reduced the demand of Rs. 1.212 billion in relevant tax years after adjustment of these losses.

Further for the tax year 2013, the ATIR has decided appeal filed by tax department in respect of calculating the amount of provisions against advances as allowable under Rule 1(c) of Seventh Schedule to the Income Tax Ordinance, 2001 and has maintained the CIRA decision that the allowability of provision for advances to be calculated at 1% of gross amount of advances as against the tax department contention that the same is to be calculated on net advances after deducting the amount of provisions created and allowed against advances.

The matter of allowability of amortization relating to goodwill is contentious issue, therefore based on the opinion of lawyer there are arguments available to contend that goodwill on merger is a tax claimable deduction. Especially in the recent decision given by the High Court of Sindh in the case of merger of other bank in Pakistan where the court has ruled favorably that goodwill generated in merger is 'intangible' and amortization relating to goodwill is allowable deduction.

The Bank has not been accepting levy of Super Tax and has been contesting the matter in high court and other appellate forums.

The management of Bank is confident that the appeals filed on various forums in respect of the above matters will be decided in the Bank's favor and accordingly no demand for payment would arise.

32.3 Withholding tax monitoring

Withholding tax monitoring was initiated against the Bank for tax year 2014-2019.Orders in respect of tax years 2014, 2015 and 2017 has been passed against which appeals have been filed before the CIR(A). CIR(A) has reminded back the matters for rectification in respect of tax years 2014 and 2015 against which rectified orders has been passed and demands have been rectified. Appeal for tax year 2017 has been heard and reserved for order. In respect of tax year 2018 and 2019, proceedings are pending.

32.4 Sales tax

The Bank as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued a Sales Tax Order from the Sindh Revenue Board (SRB) creating a demand of Rs.48.838 million (besides Rs.4.440 million is charged as penalty) against the Bank for allegedly non-payment of Sindh sales tax on certain 'presumed non-taxable services / incomes'(i.e. Bancassurance, Home Remittances under Pakistan Remittance Initiative Scheme, SBP rebates on Government securities, Rebates from foreign correspondent Banks, and FX gain on remittance by Western Union)' on total amounting to Rs.277.488 million for the tax periods July 2011 to December 2013. An appeal was filed before Commissioner (Appeals) Sindh Revenue Board, CA-SRB against the decision of AC-SRB which was decided in favor of the tax department except tax imposed on FX gain on remittance by Western Union. Thereafter, both the Bank and AC-SRB filed appeals before the Appellate Tribunal SRB against the decision of CA-SRB. Through its Order dated April 18, 2019, the Appellate Tribunal SRB quashed the demand raised by deciding the Bank's appeal in the Bank's favour and dismissing the AC-SRB's appeal. The Bank and tax department have filed appeals before Appellate Tribunal which are pending for hearing.

The management of Bank is confident that the appeals filed in respect of the above matter will be decided in the Bank's favor and accordingly no demand for payment would arise.

32.5 Azad Jammu & Kashmir Operations

The Bank has commenced operations in Azad Jammu & Kashmir from tax year 2009 and has filed returns for the tax years 2009 to 2018 with the tax authorities of such region. The Commissioner has issued notices for amendment of assessment under section 122 of the Income Tax Ordinance, 2001 (as adopted in AJK Region) for the tax year 2011 to 2017. All assessments orders are rectified and no additional demand has been raised.

33. BASIC AND DILUTED EARNINGS PER SHARE

	Note	2019	2018
		-------- Rupees in '000 --------	
Profit after taxation for the year - attributable to ordinary equity holders of the Bank for diluted earnings		24,653	562,338
Preference dividend paid for the year December 31, 2018 @ 12% p.a (2017: @ 12% p.a.)	33.1	(24,164)	(180,000)
Profit after taxation for the year - attributable to ordinary equity holders of the Bank for basic earnings		489	382,338
		----------- Number -----------	
Weighted average number of outstanding ordinary shares during the year for basic earnings	33.2	1,297,464,262	1,267,258,783
		----------- Rupee -----------	
Basic and diluted earnings per share		0.0004	0.30

33.1 The shareholders of the Bank in their meeting held on March 28, 2019 approved non-cumulative preference dividend of Rs.24.164 million (2018: Rs.180 million) for the preference shareholders. Since it was not recognised as a liability at reporting period as of December 31, 2018 due to non-adjusting event in accordance with International Accounting Standard - IAS 10 "Events after the Reporting Period", the basic earnings per share of the current period has been adjusted accordingly

33.2 During 2018, the diluted earnings per share increased for the year 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.

34. CASH AND CASH EQUIVALENTS

	Note	2019	2018
		----- Rupees in '000 -----	
Cash and balances with treasury banks	5	25,589,349	32,110,840
Balances with other banks	6	462,904	968,702
Overdrawn nostro accounts	15	(636,992)	(501,629)
		25,415,261	32,577,913
		(68)	(127)
		25,415,193	32,577,786

35. STAFF STRENGTH

	2019	2018
	----------- Number -----------	
Permanent	3,607	3,528
On Bank's contract	825	1,148
Bank's own staff strength at the end of the year	4,432	4,676
Third party contract (other guards and janitorial)	472	451
	4,904	5,127

35.1 Geographical segment analysis

	2019	2018
Pakistan	4,897	5,121
Bahrain	7	6
	4,904	5,127

36. DEFINED BENEFIT PLAN

36.1 General description

The Bank operates a recognized gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007.

The defined benefit is administered by a separate fund that is legally separate from the Bank. The plan is governed by the trust deed dated September 01, 2007. The trustees of the gratuity fund are composed of representatives from employers. The trustees of the gratuity fund are required by the trust deed to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees and employers. The trustees of the gratuity fund are responsible for the investment policy with regard to the assets of the fund.

36.2 The plan in Pakistan typically exposes the Bank to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:

- Salary increase risk:
  The risk that the final salary at the time of cessation of services is greater than assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.
- Discount rate risk

  The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.
- Demographic Risks
  - Withdrawal risk

    The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.
  - Longevity Risk

    The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.
- Investment risk
  This is the risk that the assets are under-performing and are not sufficient to meet the liabilities.

36.3 Number of employees under the schemes

The number of employees covered under defined benefit scheme (gratuity fund) is 3,595 (2018: 3,522).

36.4 Principal actuarial assumptions

Principal actuarial assumptions at the end of the reporting period expressed as weighted averages. The actuarial valuations were carried out on December 31, 2019 based on the Projected Unit Credit Method, using the following significant assumptions:

		2019	2018
Valuation discount rate for year end obligation	per annum	11.75%	13.75%
Valuation discount rate for interest cost for the year	per annum	13.75%	9.50%
Expected return on plan assets	per annum	11.75%	13.75%
Future salary increase rate			
- upto one years	per annum	8.00%	10.50%
- from two to three years	per annum	10.00%	10.50%
- more than three years	per annum	11.75%	13.75%
Effective duration of the discounted future cash flows	years	10	10
Normal retirement age	years	60	60
Withdrawal rates		Moderate	Moderate
Mortality rates		SLIC 2001-2005, Setback 1 Year	SLIC 2001-2005, Setback 1 Year

36.5 Movement in defined benefit obligations, fair value of plan assets and their components

	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability / (asset)	
	2019	2018	2019	2018	2019	2018
	Rupees in '000					
Balance as at January 01	649,062	548,530	546,568	373,412	102,494	175,118
Included in profit or loss						
Current service cost	125,676	119,060	-	-	125,676	119,060
Past service cost	2,113	2,525	-	-	2,113	2,525
Interest cost / income	87,892	51,168	80,969	43,197	6,923	7,971
	215,681	172,753	80,969	43,197	134,712	129,556
Included in other comprehensive income						
Actuarial gains / losses arising from:						
- financial assumptions	(8,792)	(127,462)	(18,005)	(25,329)	9,213	(102,133)
- experience adjustments	7,956	75,071	-	-	7,956	75,071
	(836)	(52,391)	(18,005)	(25,329)	17,169	(27,062)
Other movements						
Contribution made during the year	-	-	102,494	175,118	(102,494)	(175,118)
Benefits paid during the year	(19,695)	(19,830)	(19,695)	(19,830)	-	-
	(19,695)	(19,830)	82,799	155,288	(102,494)	(175,118)
Balance as at December 31	844,212	649,062	692,331	546,568	151,881	102,494

36.6 The composition of the plan assets at the end of the reporting period for each category, are as follows:

	Note	Cost		Fair value of plan assets			
		2019	2018	2019	2018	2019	2018
		Rupees in '000				Percentage	
Cash and cash equivalents		171,000	245,411	171,000	245,411	24.6%	44.7%
Debt securities	36.6.1	519,162	315,000	509,776	304,063	73.4%	55.3%
Ordinary Shares of listed companies		14,929	-	13,346	-	1.9%	0.0%
		705,091	560,411	694,122	549,474	100%	100%

36.6.1 This represents investments held in Pakistan Investment Bonds (PIBs), Term Finance Certificates (TFCs) and Ordinary shares of listed companies. The fair values of these securities are determined based on quoted market prices in active markets.

36.7 Maturity profile

36.7.1 Expected maturity analysis of undiscounted defined benefit obligation (benefit payments) for the gratuity fund is as follows:

	Up to one year	Over 1-2 years	Over 3- 5 years	Over 6-10 years	Over 10 and above years	Total
	Rupees in '000					
Balance as at December 31, 2019	37,261	44,550	217,395	901,479	14,564,443	15,765,128
Balance as at December 31, 2018	27,055	38,929	184,327	848,062	18,055,928	19,154,301

36.8 Sensitivity analysis

36.8.1 Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Particulars	Rate	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
		---------------- Rupees in '000 ----------------		
Current results	-	844,212	692,331	151,881
Discount rate				
1% Increase	12.75%	768,104	692,331	75,773
1% Decrease	10.75%	931,799	692,331	239,468
Salary Rate				
1% Increase	12.75%	933,130	692,331	240,799
1% Decrease	10.75%	765,579	692,331	73,248
Withdrawal rate				
10% Increase	Moderate + one year	822,373	692,331	130,042
10% Decrease	Moderate - one year	867,979	692,331	175,648
Mortality rate				
One year age set back	Adjusted SLIC 2001-2005 - one year	843,784	692,331	151,453
One year age set forward	Adjusted SLIC 2001-2005 + one year	844,669	692,331	152,338

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as applied in calculating the defined benefit obligation liability recognised in this unconsolidated statement of financial position.

36.9 Maturity profile

The weighted average duration of the defined benefit obligation works out to 10 years.

36.10 Experience Adjustments

The re-measurement gains / losses arise due to actual experience varying from the actuarial assumptions for the year.

Particulars	2019	2018	2017	2016	2015
	--------------------------	--------------------------	Rupees in '000	--------------------------	--------------------------
Defined benefit obligation	844,212	649,062	550,729	367,635	235,572
Fair value of plan assets	(692,331)	(546,568)	(375,611)	(249,327)	(171,567)
Net defined benefit liability	151,881	102,494	175,118	118,308	64,005
Re-measurement loss / (gain) on obligation	(836)	(52,391)	75,269	56,598	12,774
Re-measurement loss / (gain) on plan assets	18,005	25,329	10,273	393	(3,104)
Other comprehensive income	17,169	(27,062)	85,542	56,991	9,670

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36.11 The average duration of the payment of benefit obligation at December 31, 2019 is within one year.

36.12 The Bank contributes to the gratuity fund as per actuarial's expected charge for the next financial year. Based on actuarial advice and management estimates, the charge in respect of defined benefit obligation for the next one year works out to be Rs.157.616 million. The amount of re-measurements to be recognised in other comprehensive income for year ending December 31, 2020 will be worked out as at the next valuation.

37. DEFINED CONTRIBUTION PLAN

The Bank operates a contributory provident fund for all permanent employees. The employer and employee both contribute 7.1% of the basic salaries (2018: 7.1% of the basic salaries) to the funded scheme every month. Number of employees covered under this plan are 3,092 (2018: 2,726). During the year, the Bank has made a contribution of Rs 209.871 million (2018: Rs.177.359 million) to the fund. The employees have also made a contribution of equal amount to the fund.

38. COMPENSATION OF DIRECTORS AND EXECUTIVES

38.1 The aggregate amount charged in the financial statements for the year in respect of the remuneration and benefits to the President and Chief Executive Officer, Directors and Executives are as follows:

	2019				
	Directors				
Items	Chairman	Non-Executives	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Rupees in ‹000				
Fees and Allowances etc.	1,950	10,100	-	-	-
Managerial Remuneration					
i) Fixed	-	-	32,727	249,705	365,567
ii) Total Variable - Cash Bonus / Awards	-	-	-	-	1,440
Charge for defined benefit plan	-	-	1,934	14,757	20,606
Contribution to defined contribution plan	-	-	3,279	20,306	30,326
Medical	-	-	3,273	24,934	36,557
Conveyance	-	-	667	11,196	32,466
Car allowance	-	-	-	4,924	11,852
Others	-	-	300	912	1,885
Total	1,950	10,100	42,180	326,734	500,699
Number of persons	1	7	1	24	87

	2018				
	Directors				
Items	Chairman	Non-Executives	President / CEO	Key Management Personnel	Other Executives
	Rupees in ‹000				
Fees and Allowances etc.	600	13,850	-	-	-
Managerial Remuneration					
i) Fixed	-	-	26,833	246,458	1,158,103
ii) Total Variable - Cash Bonus / Awards	-	-	25,000	86,025	164,245
Charge for defined benefit plan	-	-	889	13,652	63,798
Contribution to defined contribution plan	-	-	1,068	24,806	110,461
Medical	-	-	2,683	24,646	115,810
Conveyance	-	-	203	9,744	117,064
Others	-	-	391	808	4,566
Total	600	13,850	57,067	406,139	1,734,047
Number of persons	1	7	1	27	502

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38.1.1 The SBP, vide its BPRD Circular No. 01 dated January 25, 2017, issued Guidelines on Remuneration Practices. Certain disclosure related to remuneration of Directors and key executives and other material risk takers (MRTs) and material risk controllers (MRCs) of the Bank were required to be presented in the financial statements in terms of such guidelines with effective from December 31, 2019. Therefore, the Bank has reported the disclosures on remuneration practices in these unconsolidated financial statements in accordance with such 'Guidelines' for December 31, 2019. However, for 2018, due to deferment of above guidelines by SBP through its circular number BPRD/ R&PD/ 2018/ 17232 dated August 08, 2018, the Bank has disclosed numbers on the basis of definition given under the Companies Act, 2017. i.e. Executives from individuals with an annual basic salary exceeding Rs 1.2 million.

The CEO and Deputy CEO are provided with free use of Bank maintained cars in accordance with their entitlement.

Managerial remuneration includes joining related payments made to certain Executives in line with their terms of employment.

All Executives, including the CEO of the Bank, are also entitled to certain short term employee benefits which are disclosed in note 28.1 to these unconsolidated financial statements.

38.2 Meeting Fees and Allowances Paid

		2019					
			Board Committees				
	Name of Director	Board Meetings	Audit Committee	Human Resource, Remuneration & Nomination Committee	Risk Management Committee	I.T Committee	Total Amount Paid
		---- Rupees in '000 ----					
1	Mr. Kalim-ur-Rahman	1,250	-	200	200	300	700
2	Mr. Adil Matcheswala	1,000	300	300	-	-	600
3	Mr. Ashraf Nawabi	1,000	-	-	200	-	200
4	Mr. G.M. Sikander	1,250	300	400	-	-	700
5	Mr. Hassan Afzal *	750	-	-	-	300	300
6	Mr. Munawar Alam Siddiqui	1,250	300	300	-	-	600
7	Ms. Nargis Ghaloo	1,250	200	100	200	-	500
8	Mr. Sohail Aman **	250	-	-	-	100	100
9	Mr. Suleman Lalani **	-	-	-	-	-	-
10	Mr. Shahab Anwar Khawaja *	250	100	-	-	-	100
	Total amount paid	8,250	1,200	1,300	600	700	3,800

* The term of Mr. Shahab Anwar Khawaja as Director of JS Bank Limited completed on March 28, 2019 and Mr. Hassan Afzal is elected as Director of JS Bank Limited on March 28, 2019.

** Mr. Suleman Lalani resigned as Director & Chairman of the Board of Directors of JS Bank Limited w.e.f. June 13, 2019 and Mr. Sohail Aman has been appointed as Director of JS Bank Limited with effect from October 24, 2019.

		2018					
			Board Committees				
		Board Meetings	Audit Committee	Human Resource, Remuneration & Nomination Committee	Risk Management Committee	I.T Committee	Total Amount Paid
		-----	-----	-----	Rupees in '000	-----	-----
	Meeting Fees and Allowances Paid						
	Name of Director						
1	Mr. Ali Jehangir Siddiqui	500	-	100	-	-	100
2	Mr. Adil Matcheswala	1,500	400	-	-	300	700
3	Mr. Ashraf Nawabi	1,250	-	-	300	-	300
4	Mr. G.M. Sikander	1,500	400	200	-	-	600
5	Mr. Kalim-ur-Rahman	1,500	-	-	400	300	700
6	Mr. Munawar Alam Siddiqui	1,500	-	-	400	-	400
7	Ms. Nargis Ghaloo	1,500	-	200	-	300	500
8	Mr. Shahab Anwar Khawaja	1,500	400	-	-	-	400
	Total amount paid	10,750	1,200	500	1,100	900	3,700

39. 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 4.7 to these unconsolidated financial statements.

The repricing profile, effective rates and maturity are stated in note 44.3.4 to these financial statements.

In the opinion of the management, 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.

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.

39.1 Valuation techniques used in determination of fair values within level 2

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.

39.2 Valuation techniques used in determination of fair values within level 3

Fixed assets - Land and building Non-banking assets under satisfaction of claims	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 10 and 13 respectively. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

39.3 The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the year.

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39.4 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.

	2019			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	-------------------- Rupees in '000 --------------------			
Financial assets classified as 'held-for-trading securities'				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	55,598,469	-	55,598,469
Financial assets classified as 'available-for-sale securities'				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	47,019,374	-	47,019,374
Shares	1,965,753	-	-	1,965,753
Non Government Debt Securities	-	540,303	-	540,303
	1,965,753	47,559,677	-	49,525,430
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	31,341,410	-	31,341,410
	1,965,753	134,499,556	-	136,465,309
Non-Financial Assets				
Revalued fixed assets	-	-	3,797,180	3,797,180
Non-banking assets acquired in satisfaction of claims	-	-	1,182,425	1,182,425
	-	-	4,979,605	4,979,605
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	32,885,546	-	32,885,546
Sale	-	21,772,741	-	21,772,741
Derivative instruments:				
Forward government securities				
Purchase	-	499,818	-	499,818
Interest rate swaps (notional principal)				
Purchase	-	1,474,016	-	1,474,016
Sale	-	2,738,661	-	2,738,661
Options				
Purchase	-	1,024,638	-	1,024,638
Sale	-	1,030,868	-	1,030,868

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	2018			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---------------------- Rupees in '000 ----------------------			
Financial assets classified as 'held-for-trading securities'				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	41,368,514	-	41,368,514
Financial assets classified as 'available-for-sale securities'				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	52,541,122	-	52,541,122
Shares	2,556,903	-	-	2,556,903
Non Government Debt Securities	-	679,621	-	679,621
Foreign Securities	-	5,868,382	-	5,868,382
	2,556,903	59,089,125	-	61,646,028
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	39,836,881	-	39,836,881
	2,556,903	140,294,520	-	142,851,423
Non-Financial Assets				
Revalued fixed assets	-	-	3,149,352	3,149,352
Non-banking assets acquired in satisfaction of claims	-	-	185,290	185,290
	-	-	3,334,642	3,334,642
Off balance sheet financial instruments				
Forward foreign exchange contracts				
Purchase	-	21,946,624	-	21,946,624
Sale	-	13,319,774	-	13,319,774
Forward government securities				
Purchase	-	209,530	-	209,530
Sale	-	1,494,554	-	1,494,554
Derivative instruments				
Interest rate swaps	-	5,254,792	-	5,254,792
Options	-	2,627,781	-	2,627,781

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40. SEGMENT INFORMATION

40.1 Segment Details with respect to Business Activities

	2019					
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Others	Total
Profit & Loss	-------------------	-------------------	Rupees in '000	-------------------	-------------------	-------------------
Net mark-up/return/profit	-	5,005,807	(7,592,022)	9,614,572	-	7,028,357
Inter segment revenue - net	-	(11,813,244)	19,091,812	(7,278,568)	-	-
Non mark-up / return / interest income	59,843	437,628	1,996,345	965,788	483,600	3,943,204
Total Income	59,843	(6,369,809)	13,496,135	3,301,792	483,600	10,971,561
Segment direct expenses	115,306	136,150	5,506,958	719,110	852,887	7,330,411
Inter segment expense allocation	-	323,430	2,003,084	1,273,491	-	3,600,005
Total expenses	115,306	459,580	7,510,042	1,992,601	852,887	10,930,416
Provisions	-	(424,361)	(251,729)	584,160	-	(91,930)
Profit before tax	(55,463)	(6,405,028)	6,237,822	725,031	(369,287)	133,075
Balance Sheet						
Cash & Bank balances	-	17,153,413	8,898,772	-	-	26,052,185
Investments	-	142,568,470	-	-	-	142,568,470
Net inter segment lending	-	-	202,362,517	-	8,089,077	210,451,594
Lendings to financial institutions	-	30,320,540	-	-	-	30,320,540
Advances - performing	-	-	94,201,743	141,898,229	-	236,099,972
Advances - non-performing	-	-	3,508,735	6,844,429	-	10,353,164
Advances - (Provisions)/reversals - Net	-	-	(469,382)	(3,039,245)	-	(3,508,627)
	-	-	97,241,096	145,703,413	-	242,944,509
Others	-	4,831,115	3,925,690	5,017,351	14,160,934	27,935,090
Total Assets	-	194,873,538	312,428,075	150,720,764	22,250,011	680,272,388
Borrowings	-	36,295,878	7,090,687	11,081,718	-	54,468,283
Subordinated debt	-	7,494,800	-	-	-	7,494,800
Deposits & other accounts	-	-	295,347,351	74,442,613	-	369,789,964
Net inter segment borrowing	-	150,619,213	-	59,832,381	-	210,451,594
Others	-	463,647	9,990,037	5,364,052	4,916,756	20,734,492
Total liabilities	-	194,873,538	312,428,075	150,720,764	4,916,756	662,939,133
Equity	-	-	-	-	17,333,255	17,333,255
Total Equity & liabilities	-	194,873,538	312,428,075	150,720,764	22,250,011	680,272,388
Contingencies & Commitments	-	59,810,338	43,939,275	17,795,589	131,093	121,676,295

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

	2018					
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Others	Total
Profit & Loss	---------- Rupees in '000 ----------					
Net mark-up/return/profit	-	4,594,203	(3,613,379)	7,828,472	-	8,809,296
Inter segment revenue - net	-	(5,978,814)	10,459,169	(4,480,355)	-	-
Non mark-up / return / interest income	335,946	(544,403)	1,526,940	713,390	108,965	2,140,838
Total Income	335,946	(1,929,014)	8,372,730	4,061,507	108,965	10,950,134
Segment direct expenses	111,513	172,382	5,010,617	1,414,121	389,851	7,098,484
Inter segment expense allocation	-	232,680	1,106,741	1,368,684	-	2,708,105
Total expenses	111,513	405,062	6,117,358	2,782,805	389,851	9,806,589
Provisions	-	(11,844)	92,534	197,904	(39,806)	238,788
Profit before tax	224,433	(2,322,232)	2,162,838	1,080,798	(241,080)	904,757
Balance Sheet						
Cash & Bank balances	-	26,330,603	6,748,812	-	-	33,079,415
Investments	-	148,689,974	-	-	-	148,689,974
Net inter segment lending	-	-	142,567,445	-	6,556,733	149,124,178
Lendings to financial institutions	-	1,937,347	-	-	-	1,937,347
Advances - performing	-	-	93,802,563	155,702,540	-	249,505,103
Advances - non-performing	-	-	1,647,085	3,995,026	-	5,642,111
Advances - (Provisions)/reversals - Net	-	-	(527,295)	(2,629,001)	-	(3,156,296)
	-	-	94,922,353	157,068,565	-	251,990,918
Others	-	2,622,494	1,707,032	2,587,220	14,139,676	21,056,422
Total Assets	-	179,580,418	245,945,642	159,655,785	20,696,409	605,878,254
Borrowings	-	80,051,504	4,290,751	12,216,408	-	96,558,663
Subordinated debt	-	7,496,800	-	-	-	7,496,800
Deposits & other accounts	-	-	232,859,517	88,553,746	-	321,413,263
Net inter segment borrowing	-	91,475,842	-	57,648,336	-	149,124,178
Others	-	556,272	8,795,374	1,237,295	5,079,383	15,668,324
Total liabilities	-	179,580,418	245,945,642	159,655,785	5,079,383	590,261,228
Equity	-	-	-	-	15,617,026	15,617,026
Total Equity & liabilities	-	179,580,418	245,945,642	159,655,785	20,696,409	605,878,254
Contingencies & Commitments	-	43,239,446	34,959,767	21,114,506	143,934	99,457,653

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

40.2 Segment details with respect to geographical locations

	2019		
	Pakistan	Bahrain	Total
Profit & Loss	---------- Rupees in '000 ----------		
Net mark-up/return/profit	6,756,389	271,968	7,028,357
Inter segment revenue - net	(21,863)	21,863	-
Non mark-up / return / interest income	3,937,975	5,229	3,943,204
Total Income	10,672,501	299,060	10,971,561
Segment direct expenses	7,157,913	172,498	7,330,411
Inter segment expense allocation	3,600,005	-	3,600,005
Total expenses	10,757,918	172,498	10,930,416
Provisions	13,088	(105,018)	(91,930)
Profit before tax	(98,505)	231,580	133,075
Balance Sheet			
Cash & Bank balances	25,973,213	78,972	26,052,185
Investments	142,568,470	-	142,568,470
Net inter segment lending	208,787,632	1,663,962	210,451,594
Lendings to financial institutions	30,037,273	283,267	30,320,540
Advances - performing	232,347,686	3,752,286	236,099,972
Advances - non-performing	10,353,164	-	10,353,164
Advances - (Provisions)/reversals - Net	(3,508,627)	-	(3,508,627)
	239,192,223	3,752,286	242,944,509
Others	27,810,301	124,789	27,935,090
Total Assets	674,369,112	5,903,276	680,272,388
Borrowings	53,452,873	1,015,410	54,468,283
Subordinated debt	7,494,800	-	7,494,800
Deposits & other accounts	365,972,359	3,817,605	369,789,964
Net inter segment borrowing	210,203,389	248,205	210,451,594
Others	20,686,967	47,525	20,734,492
Total liabilities	657,810,388	5,128,745	662,939,133
Equity	16,558,723	774,532	17,333,255
Total Equity & liabilities	674,369,111	5,903,277	680,272,388
Contingencies & Commitments	118,799,101	2,877,194	121,676,295

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

	2018		
	Pakistan	Bahrain	Total
Profit & Loss	---------- Rupees in '000 ----------		
Net mark-up/return/profit	8,588,720	220,576	8,809,296
Inter segment revenue - net	-	-	-
Non mark-up / return / interest income	2,120,745	20,093	2,140,838
Total Income	10,709,465	240,669	10,950,134
Segment direct expenses	6,977,034	121,450	7,098,484
Inter segment expense allocation	2,708,105	-	2,708,105
Total expenses	9,685,139	121,450	9,806,589
Provisions	174,802	63,986	238,788
Profit before tax	849,524	55,233	904,757
Balance Sheet			
Cash & Bank balances	32,764,181	315,234	33,079,415
Investments	143,082,032	5,607,942	148,689,974
Net inter segment lending	147,036,382	2,087,796	149,124,178
Lendings to financial institutions	-	1,937,347	1,937,347
Advances - performing	247,631,460	1,873,643	249,505,103
Advances - non-performing	5,642,111	-	5,642,111
Advances - (Provisions)/reversals - Net	(3,156,296)	-	(3,156,296)
	250,117,275	1,873,643	251,990,918
Others	20,894,399	162,023	21,056,422
Total Assets	593,894,269	11,983,985	605,878,254
Borrowings	89,602,007	6,685,944	96,287,951
Subordinated debt	7,496,800	-	7,496,800
Deposits & other accounts	316,958,104	4,725,871	321,683,975
Net inter segment borrowing	148,853,466	270,712	149,124,178
Others	15,275,055	393,268	15,668,323
Total liabilities	578,185,432	12,075,795	590,261,227
Equity	15,708,837	(91,810)	15,617,027
Total Equity & liabilities	593,894,269	11,983,985	605,878,254
Contingencies & Commitments	96,788,490	2,669,162	99,457,652

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

41. TRUST ACTIVITIES

The Bank under takes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations.These are not assets of the Bank and, therefore, are not included as such in these unconsolidated financial statements. Assets held under trust are shown in the table below:

	2019				
		Securities Held (Face Value)			
	No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuk	Total
Category	----------Rupees in '000----------				
Assets Management Companies	7	320,000	1,843,000	-	2,163,000
Charitable Institutions	1	35,000	-	-	35,000
Companies	15	4,709,075	9,099,300	-	13,808,375
Employees Funds	56	11,200,690	12,887,550	-	24,088,240
Individuals	48	1,135,755	404,400	-	1,540,155
Insurance Companies	10	16,930,900	99,466,700	597,500	116,995,100
Others	12	16,305,465	3,126,200	-	19,431,665
Total	149	50,636,885	126,827,150	597,500	178,061,535

	2018				
		Securities Held (Face Value)			
	No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuk	Total
Category	----------Rupees in '000----------				
Assets Management Companies	1	800	-	-	800
Charitable Institutions	1	800,000	-	-	800,000
Companies	13	18,469,510	1,269,600	-	19,739,110
Employees Funds	54	11,622,225	2,394,000	-	14,016,225
Individuals	18	230,575	132,500	-	363,075
Insurance Companies	10	42,594,900	45,758,100	1,127,000	89,480,000
Others	10	4,114,995	1,317,800	-	5,432,795
Total	107	77,833,005	50,872,000	1,127,000	129,832,005

42. RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its associates, parent, subsidiaries, companies having common directors, companies in which parent holds more than 20% shares, employee benefit plans, and its key management personnel (including their associates). The details of investments in subsidiaries and associates are stated in note 8.7 to these unconsolidated financial statements.

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 these unconsolidated financial statements are as follows:

	As at December 31, 2019 (Audited)						As at December 31, 2018 (Audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)											
Lendings to financial institutions												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	-	-	-	-	-	-	1,600,000
Repaid during the year	-	-	-	-	-	-	-	-	-	-	-	(1,600,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
Investments												
Opening balance	-	-	-	1,919,121	180,000	1,964,110	-	-	-	1,919,121	-	1,828,603
Investment made during the period / year	-	-	-	-	48,972	1,542,991	-	-	-	-	180,000	989,767
Investment redeemed / disposed off during the year	-	-	-	-	-	(1,889,774)	-	-	-	-	-	(854,260)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	1,919,121	228,972	1,617,327	-	-	-	1,919,121	180,000	1,964,110
Provision for diminution in value of investments	-	-	-	-	-	65,022	-	-	-	-	-	65,022
Advances												
Opening balance	-	5,230	448,575	-	-	2,823,598	-	5,505	394,773	-	-	2,114,695
Addition during the period / year	-	316	322,590	-	-	5,086,823	-	26,921	297,001	-	-	6,894,300
Repaid during the period / year	-	(5,546)	(120,115)	-	-	(6,320,068)	-	(25,203)	(259,373)	-	-	(6,351,154)
Transfer in / (out) - net	-	-	(54,793)	-	-	356,128	-	(1,993)	16,174	-	-	165,757
Closing balance	-	-	596,257	-	-	1,946,481	-	5,230	448,575	-	-	2,823,598
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Assets												
Purchase of building	-	-	-	607,299	-	-	-	-	-	-	-	-
Purchase of Vehicle	-	-	-	-	-	-	-	-	7,223	-	-	-
Cost of disposal	-	-	43,410	-	-	17,657	-	-	4,546	-	-	-
Accumulated depreciation of disposal	-	-	(12,927)	-	-	(8,002)	-	-	(3,677)	-	-	-
WDV of disposal	-	-	30,483	-	-	9,655	-	-	869	-	-	-
Other Assets												
Interest mark-up accrued	-	48	473	-	-	49,640	-	241	612	-	-	72,735
Receivable against bancassurance / bancatakaful	-	-	-	-	-	67,952	-	-	-	-	-	74,935
Advance for subscription of TFC - unsecured	-	-	-	-	40,828	-	-	-	-	-	-	-
Receivable from staff retirement funds	-	-	-	-	-	-	-	-	-	-	-	-
Acceptances	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	97,806	-	-	-	-	-	3,468
Dividend Receivable	-	-	-	208,948	-	-	-	-	-	-	-	-
Other receivable	-	-	-	6,133	-	1,000	-	-	-	9,106	-	-
Provision against other assets	-	-	-	-	-	2,438	-	-	-	-	-	2,438

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

	As at December 31, 2019 (Audited)						As at December 31, 2018 (Audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)											
Borrowings												
Opening balance	-	-	-	-	-	4,800,000	-	-	-	-	-	4,000,000
Borrowings during the period / year	-	-	-	-	-	174,209,491	-	-	-	-	-	280,850,000
Settled during the period / year	-	-	-	-	-	(179,009,491)	-	-	-	-	-	(280,050,000)
Closing balance	-	-	-	-	-	-	-	-	-	-	-	4,800,000
Deposits and other accounts												
Opening balance	336,515	24,308	74,950	1,606,413	-	9,656,833	1,502,578	75,080	42,502	1,712,553	-	8,227,301
Received during the period / year	4,332,699	160,210	1,437,872	538,270,222	1,023,592	235,460,531	7,208,060	397,578	1,762,699	409,842,869	-	160,708,700
Withdrawn during the period / year	(4,364,266)	(137,680)	(1,450,123)	(538,630,272)	(1,042,362)	(236,784,614)	(8,374,123)	(444,420)	(1,728,031)	(409,949,009)	-	(159,396,796)
Transfer in / (out) - net	(33,300)	(22,394)	(3,106)	-	41,874	289,451	-	(3,930)	(2,220)	-	-	117,628
Closing balance	271,648	24,444	59,593	1,246,363	23,104	8,622,201	336,515	24,308	74,950	1,606,413	-	9,656,833
Subordinated debts	-	-	-	-	-	889,588	-	-	-	-	-	389,744
Other Liabilities												
Interest / return / mark-up payable on deposits	-	-	114	-	-	286,949	-	6	333	129	-	42,582
Interest / return / mark-up payable on borrowings	-	-	-	-	-	-	-	-	-	-	-	1,355
Interest / return / mark-up payable on subordinated loans	-	-	-	-	-	2,220	-	-	-	-	-	1,541
Payable to defined benefit plan	-	-	-	-	-	147,885	-	-	-	-	-	102,494
Others payable	-	-	-	5,638	-	-	-	-	-	4,609	-	-
Represented By												
Share Capital	9,733,073	17,330	900	-	-	81,765	9,733,073	17,417	900	-	-	81,678
Contingencies and Commitments												
Letter of guarantee	-	-	-	-	-	14,217	-	-	-	-	-	19,201
Letter of Credit	-	-	-	-	-	44,368	-	-	-	-	-	38,440
Mark-up / return / interest earned	-	212	14,846	-	-	322,478	-	1,113	26,412	-	-	282,622
Fee and commission income	-	29	368	-	-	330,904	-	99	240	21,000	-	404,468
Dividend income	-	-	-	208,948	-	85,332	-	-	-	-	-	78,358
Gain / (loss) on sale of securities - Net	-	-	-	-	-	155,288	-	-	-	-	-	1,617
Other income	-	-	13,456	-	-	-	-	-	(869)	7,499	-	-
Mark-up / return / interest paid	35,406	2,227	4,309	232,715	2,930	1,383,816	112,872	3,201	2,596	108,866	-	742,792
Remuneration paid	-	-	343,874	-	-	-	-	-	303,378	-	-	-
Commission / charges paid	-	-	-	4,670	-	-	-	-	-	1,543	-	-
Preference Dividend Paid	23,419	161	-	-	-	38	174,450	-	1,479	-	-	-
Non-executive directors' fee	-	11,000	-	-	-	-	-	14,450	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	209,871	-	-	-	-	-	177,360
Net charge / (reversal) for defined benefit plans	-	-	-	-	-	134,313	-	-	-	-	-	129,556
Fee and subscription	9,588	-	-	-	-	-						
Donation	-	-	-	-	-	-	-	-	-	-	-	14,500
Rental expense	-	-	-	2,945	-	-	1,712	-	-	6,972	-	-
Advisory fee	-	-	-	-	-	15,000	-	-	-	-	-	55,500
Reimbursement of expenses	1,886	1,240	-	1,145	-	-	6,921	1,205	-	2,214	-	-
Other expenses	-	-	-	-	-	2,162	-	-	-	786	-	1,384
Insurance premium paid	-	-	-	-	-	345,092	-	-	-	-	-	306,985
Insurance claims settled	-	-	-	-	-	8,036	-	-	-	-	-	18,314
Defined benefit plans paid	-	-	-	-	-	102,494	-	-	-	-	-	175,118

43. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2019	2018
	----- Rupees in '000 -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,119,242	10,119,242
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	14,619,607	13,417,429
Eligible Additional Tier 1 (ADT 1) Capital	2,500,000	2,500,000
Total Eligible Tier 1 Capital	17,119,607	15,917,429
Eligible Tier 2 Capital	4,306,756	4,260,437
(Total Eligible Capital (Tier 1 + Tier 2	21,426,362	20,177,866
Risk Weighted Assets (RWAs):		
Credit Risk	144,380,673	148,178,402
Market Risk	924,762	1,895,587
Operational Risk	20,468,251	17,946,043
Total	165,773,686	168,020,033
Common Equity Tier 1 Capital Adequacy ratio	8.82%	7.99%
Tier 1 Capital Adequacy Ratio	10.33%	9.47%
Total Capital Adequacy Ratio	12.93%	12.01%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	17,119,607	15,917,429
Total Exposures	501,440,747	484,967,925
Leverage Ratio	3.41%	3.28%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	83,221,592	55,404,403
Total Net Cash Outflow	55,819,412	52,473,282
Liquidity Coverage Ratio	149.09%	106%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	308,715,925	298,128,452
Total Required Stable Funding	274,288,642	280,794,715
Net Stable Funding Ratio	112.55%	106%

43.1 The link to the full disclosure is available at https://www.jsbl.com/information/financial-report

44. RISK MANAGEMENT

Risk Management is a discipline at the core of every financial institution and encompasses all the activities that affect its risk profile. At the Bank, it involves identification, measurement, monitoring and controlling risks to ensure that:

a) The individuals who take or manage risks clearly understand it;

b) The Bank's Risk exposure is within the limits established by Board of Directors (BoD);

c) Risk taking decisions are in line with the business strategy and objectives set by BoD;

d) The expected payoffs compensate for the risks taken;

e) Risk taking decisions are explicit and clear;

f) Sufficient capital as a buffer is available to take risk; and

g) Risk management function is independent of risk taking unit.

The Bank has a comprehensive set of Risk Management Policies, practices and procedures which enable the Bank to take into consideration, in an appropriate manner, all major kinds of risks mainly credit, market, liquidity, operational and IT security risks. Keeping in view the dynamics of internal and external environment, we regularly review and update our Risk Management policies and procedures in accordance with regulatory environment and international standards.

Risk Management activities remain at the forefront of all activities of the Bank which places the highest priority on conducting its business in a prudent manner in line with the relevant laws and regulatory requirements.

Risk management framework of the Bank includes:

a) Clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting and control.

b) Well constituted organizational structure, defining clearly roles and responsibilities of individuals involved in risk taking as well as managing it. The Bank, in addition to risk management functions for various risk categories, has instituted an Integrated Risk Management Committee (IRMC), Credit Risk Committee (CRC), Operational Risk Management Committee (ORMC) as well as Central Credit Committee (CCC). IRMC oversees the overall risk management at the bank and provide guidance in setting strategic targets as well as concentration limits and monitor progress related to earnings growth, keeping in view the capital constraints and also adhere to the concentration limits. The IRMC monitors the strategic target and aggregate limits at the Business Group level and concentration limits (by industry, geography, size, tenor) so that one category of assets or dimension of risk cannot materially harm the performance of the Bank. CRC monitors the advances portfolio, concentrations limits, aggregate limits at business level and various house keeping elements under Credit Administration. ORMC oversees the effectiveness of operational risk management for maintenance and implementation of operational risk management framework. It also monitors the Business Continuity Planning and reviews findings of any other management or board's sub committee. Whereas, Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the bank. CCC meets regularly to actively supervise credit risk across its lending portfolio.

c) An effective management information system that ensures flow of information from operational level to top management and a system to address any exceptions observed; and

d) A mechanism to ensure an ongoing review of systems, policies and procedures for risk management and procedures to adopt changes.

While the overall responsibility of risk management rests with the BoD, it is the duty of Senior Management to devise risk management strategy by setting up well defined policies and procedures for mitigating / controlling risks, duly approved by the Board.

Giving due consideration to the above, the Bank has put in place the following hierarchy of Risk Management:

- Board Risk Management Committee (BRMC);
- Integrated Risk Management Committee (IRMC) comprises of the President / Chief Executive Officer (CEO), Deputy CEO, Chief Risk Officer, Chief Financial Officer, Group Head Investment Banking & Emerging Business, Group Head Operations & Technology, Head of Compliance, Chief of Staff, Head of Treasury and Head Internal Audit (guest member).
- Asset - Liability Committee (ALCO) comprises of the President / Chief Executive Officer (CEO), Deputy CEO, Treasurer, Chief Risk Officer, Chief Financial Officer, Group Head Investment Banking & Emerging Business, Head of Product Management & Business Head Consumer Banking and attended by Other Business Heads.
- Central Credit Committee (CCC) comprising of the President / CEO, Deputy CEO, Chief Risk Officer, Chief Financial Officer, Group Head Investment Banking & Emerging Business, Chief of Staff and Head of Operational and Environmental Risk (for environmental risk only).
- Credit Risk Committee (CRC) comprises of President/CEO, Deputy CEO, Chief Risk Officer, Chief Financial Officer, Group Head Investment Banking & Emerging Business, Regional Credit Heads, Head CAD, Head of Consumer Risk, Head Enterprise Risk Management and Head Internal Audit (guest member).
- Operational Risk Management Committee comprises of the Deputy CEO, Chief Risk Officer, Group Head Operations & Technology, Country Head Branch Banking Operations, Group Head Human Resources Head of Compliance, Head of Service Management, Head Enterprise Risk Management and Head Internal Audit (guest member).
- IT Steering Committee (ITSC) comprises of President/CEO, Deputy CEO, Chief Risk Officer, Chief Financial Officer, Group Head Operations & Technology, Chief Information Officer, Chief Information Security Officer, Chief of Staff, Group Head Investment Banking & Emerging Business, Chief Digital Officer, Country Head Branch Banking Operations and Head Product Development & Consumer Business.
- Risk Management Group (RMG), a dedicated and independent set-up headed by Chief Risk Officer and comprises of Regional Credit Heads, Heads of Market & Liquidity Risks, Operational Risk and Treasury Middle Office, Consumer Risk, Credit Administration, Special Assets Management, Information Security, Strategic Projects & Quantitative Analysis and Enterprise Risk Management.

RMG is managed by Chief Risk Officer to supervise the following Divisions:

a) Credit Risk Management (CRM) covering Corporate / Commercial, Agricultural and Retail Banking Risks

b) Operational Risk Management (ORM)

c) Market Risk Management (MRM)

d) Treasury Middle Office

e) Basel II / III Implementation Unit

f) Credit Administration Department (CAD

g) Special Assets Management (SAM)

h) Information Security Risk Management

i) Consumer Risk

j) Strategic Projects & Quantitative Analysis

The Bank's RMG generates the requisite risk reporting for the different tiers of management. These are also subjected to internal audit review.

Risk Matrix / Categories

The Bank, in common with other banks, generates its revenues by accepting Country, Credit, Liquidity, Interest Rate Risk in the Banking Book, Market, Operational and other risks. Effective management of these risks is the decisive factor in the Bank's profitability.

Risk Appetite

The Bank's risk appetite is reflected in its endeavours to maintain a favourable credit rating and encompasses the following:

- The business strategy
- The expectations of stakeholders at different time horizons
- The characteristics of the risk-bearing entities
- The nature and characteristics of the risks undertaken
- The possible spread of risk situations across organizational units, assets-at-risk, and future time horizons.

Risk appetite drives business activity. It combines anticipations in risk and profitability with management preferences to control capital and resource allocation, as well as the distribution of exposure across activities and portfolios.

The Bank's hedging strategy is embedded in its risk management practices for addressing material categories of risk.

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44.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit risk is managed in terms of credit policies, approved by the BoD and regulations issued by the SBP. The bank is exposed to credit risk on loans and advances, fund placements with financial institutions and certain investments.

Credit risk management is an ongoing process. The overall credit policy and the credit risk instructions are issued by the Board of Directors. In this regards, a Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the bank. In order to maintain healthy growth of the credit portfolio, the Bank's Credit Risk Management processes are consistently upgraded and improved to meet future challenges.

The Bank's strategy is to minimise credit risk through product, geography, industry and customer diversification. Credit limits are established for all counter-parties after a careful assessment of their credit worthiness. An effective credit granting procedure, which requires pre-sanction evaluation of credit proposal, adequacy of security and pre-disbursement examination of charge documents is in place and managed by Risk Management Group (RMG) & Credit Administration Department (CAD). The Bank maintains a sound portfolio diversified in nature to counter the risk of credit concentration and further confines risk through diversification of its assets by geographical and industrial sector. For managing impaired assets in the portfolio, the Bank follows the Prudential Regulations and Risk Management guidelines issued by SBP and the Remedial Management Policy approved by the Board.

44.1.1 Credit risk: Standardised approach

The Bank has adopted the Standardised Approach of Basel II for risk weighing its Credit Risk Exposures.

The following table illustrates the approved External Credit Assessment Institutions (ECAIs) whose ratings are being utilised by the Bank with respect to material categories of exposures:

Exposures	JCR-VIS	PACRA	MOODY'S	FITCH	S&P
Corporate	✓	✓	-	-	-
Banks	✓	✓	✓	✓	✓
SME's (retail exposures)	✓	✓	-	-	-
Sovereigns	✓	✓	✓	✓	✓
Securitisations	N/A	N/A	N/A	N/A	N/A
Others (specify)	N/A	N/A	N/A	N/A	N/A

The Bank has used Issue Specific Ratings for rating / risk weighing Issue Specific Exposures and Entity Ratings for rating / risk weighing claims against specific counterparties. Both short and long term ratings have been used to rate corresponding short and long term exposures. For this purpose, Mapping Grid has been provided by SBP as given below:

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Long - Term Ratings Grades Mapping

SBP Rating Grade	PACRA	JCR-VIS	Fitch	Moody's	S&P	ECA Scores
1	AAA AA+ AA AA-	AAA AA+ AA AA-	AAA AA+ AA AA-	Aaa Aa1 Aa2 Aa3	AAA AA+ AA AA-	1
2	A+ A A-	A+ A A-	A+ A A-	A1 A2 A3	A+ A A-	2
3	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-	3
4	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	Ba1 Ba2 Ba3	BB+ BB BB-	4
5	B+ B B-	B+ B B-	B+ B B-	B1 B2 B3	B+ B B-	5,6
6	CCC+ and below	CCC+ and below	CCC+ and below	Caa1 and below	CCC+ and below	7

Short - Term Ratings Grades Mapping

SBP	PACRA	JCR-VIS	Fitch	Moody's	S&P
S1	A-1	A-1	F-1	P-1	A-1+, A-1
S2	A-2	A-2	F-2	P-2	A-2
S3	A-3	A-3	F-3	P-3	A-3
S4	Others	Others	Others	Others	Others

44.1.2 Policies and processes for collateral valuation and management as regards Basel II

For Credit Risk Mitigation purposes the Bank uses only the eligible collaterals under Comprehensive Approach of Credit Risk Mitigation under Standardised Approach as prescribed by SBP under Circular No. 8 of 2006, which includes Cash and Cash Equivalent Securities including Government Securities (like Cash Margins, Lien on Bank Accounts, Foreign Deposit Receipts, Term Deposit Receipts, Pledge of Defense Saving Certificates, Regular Income Certificates, Special Saving Certificates, T-Bills and Pakistan Investment Bonds etc.) and Shares Listed on the Main Index.

Under the Bank's policy all collaterals are subject to periodic valuations to monitor the adequacy of margins held. Shares / Marketable securities are valued by the Bank on daily basis to calculate the Drawing Power (DP). In case of any shortfall in the requisite margins, the DP is adjusted to the appropriate level and the business units are informed to take appropriate action as per the agreement with the customer.

Particulars of bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

44.1.3 Lendings to financial institutions

	Gross lendings		Non-performing lendings		Provision held	
	2019	2018	2019	2018	2019	2018
	----- Rupees in '000 -----					
Credit risk by public / private sector						
Public/ Government	8,186,732	-	-	-	-	-
Private	22,135,070	1,941,659	-	-	1,262	4,312
	30,321,802	1,941,659	-	-	1,262	4,312

44.1.4 Investment in debt securities

	Gross investments		Non-performing investments		Provision held	
	2019	2018	2019	2018	2019	2018
	----- Rupees in '000 -----					
Credit risk by industry sector						
Textile	65,022	65,022	65,022	65,022	65,022	65,022
Chemical and Pharmaceuticals	258,193	149,860	149,860	149,860	149,860	149,860
Power (electricity), Gas, Water, Sanitary	142,857	355,953	-	-	-	-
Refinery	390,303	529,621	-	-	-	-
Fertilizer	-	140,000	-	-	-	-
Transport, Storage and Communication	854,902	158,712	155,169	158,712	155,169	158,712
Financial	300,000	500,020	-	-	-	-
Others	1,350,000	5,868,382	-	-	-	-
	3,361,277	7,767,570	370,051	373,594	370,051	373,594

	Gross investments		Non-performing investments		Provision held	
	2019	2018	2019	2018	2019	2018
Credit risk by public / private sector	----- Rupees in '000 -----					
Public/ Government	-	3,231,444	-	-	-	-
Private	3,361,277	4,536,126	370,051	373,594	370,051	373,594
	3,361,277	7,767,570	370,051	373,594	370,051	373,594

44.1.5 Advances

Credit risk by industry sector

	Gross Advances 2019	Gross Advances 2018	Non-performing Advances 2019	Non-performing Advances 2018	Provision held 2019	Provision held 2018
	----- Rupees in '000 -----					
Agri finance	5,285,334	4,260,641	207,192	73,275	397	824
Automobile and transportation equipment	3,854,727	4,582,078	227,878	84,018	69,596	61,832
Brokerage	6,929,558	4,846,099	-	156,801	-	156,801
Cement	2,958,936	1,606,779	-	-	-	-
Chemical	1,910,636	3,037,111	314,405	324,584	-	-
Construction	5,806,032	4,960,152	112,803	-	3,236	-
Electronics and electrical appliances	237,458	260,812	35,911	-	-	-
Engineering, IT and other services	5,013,829	5,591,012	38,738	27,598	26,325	2,600
Fertilizer	4,446,138	3,811,120	1,348,824	1,348,383	1,348,943	1,348,943
Financial	2,110,683	2,194,635	-	-	-	-
Food / confectionery / beverages	32,353,949	34,546,699	157,010	119,192	63,221	60,727
Individuals	31,512,186	32,991,120	1,533,451	658,355	238,185	114,847
Insurance and security	176,116	169,843	-	-	-	-
Metal and steel	8,824,579	10,075,944	1,614,845	1,933,979	339,372	120,648
Mining and quarrying	159,069	56,973	-	-	-	-
Paper / board / furniture	1,506,878	1,462,601	8,000	8,000	-	-
Petroleum, oil and gas	4,135,890	4,530,087	80,053	32,559	29,618	21,357
Pharmaceuticals	5,722,234	5,300,071	4,577	-	-	-
Plastic	2,001,738	2,128,861	538,745	-	483	-
Power and water	27,878,617	26,446,393	159,806	-	-	-
Real estate	3,493,350	2,305,823	1,300,000	1,300,000	-	-
Shipbreaking	1,074,589	1,950,437	805,000	963,164	256,706	220,048
Storage	103,525	57,734	-	-	-	-
Sugar	2,609,984	2,794,493	200,000	279,579	200,000	203,363
Tele-communication	2,709,181	2,474,279	-	-	-	-
Textile						
Composite	6,639,722	8,543,776	339,310	324,114	303,094	302,781
Ginning	1,612,059	1,669,933	48,949	48,949	20,157	3,270
Spinning	5,349,247	7,657,631	278,441	278,441	278,441	278,441
Weaving	9,988,010	10,360,474	47,284	46,650	3,726	-
	23,589,038	28,231,814	713,984	698,154	605,418	584,492
Transportation	39,397,687	44,020,624	127,290	21,341	53,493	18,901
Trust and non-profit organisations	475,240	478,904	-	-	-	-
Tyre	288,551	313,531	-	-	-	-
Wholesale and retail trade	10,671,924	13,490,993	502,852	81,463	64,928	14,255
Others	9,215,480	6,169,550	321,800	199,022	40,020	60,250
	246,453,136	255,147,213	10,353,164	8,309,467	3,339,941	2,989,888

Credit risk by public / private sector

	Gross Advances 2019	Gross Advances 2018	Non-performing Advances 2019	Non-performing Advances 2018	Provision held 2019	Provision held 2018
	----- Rupees in '000 -----					
Public/ Government	56,471,970	59,571,898	-	-	-	-
Private	189,981,166	195,575,315	10,353,164	8,309,467	3,339,941	2,989,888
	246,453,136	255,147,213	10,353,164	8,309,467	3,339,941	2,989,888

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44.1.6 Credit risk by industry sector

	Contingencies and commitments 2019	Contingencies and commitments 2018
	---------- Rupees in '000 ----------	
Automobile and transportation equipment	2,163,575	1,845,619
Brokerage	796,500	226,400
Cement	247,368	700,638
Chemical	779,205	614,360
Construction	18,350,913	20,726,673
Electronics and electrical appliances	190,170	220,084
Engineering, IT and other services	3,033,858	5,822,923
Fertilizer	4,262,960	3,469,510
Financial	62,151,629	44,428,613
Food / confectionery / beverages	3,054,819	2,664,450
Individuals	989,889	1,496,003
Insurance and security	12,197	20,197
Metal and steel	3,709,350	1,944,885
Mining and quarrying	-	148,415
Paper / board / furniture	888,015	816,494
Petroleum, oil and gas	586,136	1,243,540
Pharmaceuticals	721,858	664,106
Plastic	324,356	453,318
Power and water	495,534	1,790,608
Real estate	4,299,209	3,000
Shipbreaking	77,614	120,887
Sugar	24,301	43,198
Tele-communication	1,460,186	128,892
Textile		
Composite	1,037,819	1,629,969
Ginning	369,793	316,425
Spinning	1,485,788	1,098,879
weaving	1,118,339	1,280,623
	4,011,739	4,325,896
Transportation	24,896	-
Trust and non-profit organisations	217,780	5,666
Tyre	9,584	23,010
Wholesale and retail trade	4,328,745	3,021,803
Others	4,463,909	2,488,465
	121,676,295	99,457,653

Credit risk by public / private sector

	Contingencies and commitments 2019	Contingencies and commitments 2018
	---------- Rupees in '000 ----------	
Public / Government	-	-
Private	121,676,295	99,457,653
	121,676,295	99,457,653

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44.1.7 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 85,938. million (2018: Rs. 91,153.787 million) are as following:

	Note	2019	2018
		----- Rupees in '000 -----	
Funded	44.1.7.1	65,309,390	70,831,917
Non Funded	44.1.7.2	20,628,577	20,321,870
Total Exposure		85,937,967	91,153,787

44.1.7.1 There are no classified advances placed under top 10 exposures.

44.1.7.2 The sanctioned limits against these top 10 exposures aggregated to Rs. 85,937.967 million (2018: 95,322.310 million).

44.1.8 Advances - Province/Region-wise Disbursement & Utilization

	2019							
		Utilization						
Province/Region	Disbursements	Punjab	Sindh	KPK & FATA	Balochistan	Islamabad	AJK & Gilgit-Baltistan	Bahrain
Punjab	80,305,925	80,305,925	-	-	-	-	-	-
Sindh	146,330,605	-	146,330,605	-	-	-	-	-
KPK including FATA	1,456,326	-	-	1,456,326	-	-	-	-
Balochistan	111,734	-	-	-	111,734	-	-	-
Islamabad	13,423,194	-	-	-	-	13,423,194	-	-
AJK including Gilgit-Baltistan	197,627	-	-	-	-	-	197,627	-
Bahrain	4,727,124	-	-	-	-	-	-	4,727,124
Total	246,552,535	80,305,925	146,330,605	1,456,326	111,734	13,423,194	197,627	4,727,124

	2018							
		Utilization						
Province/Region	Disbursements	Punjab	Sindh	KPK & FATA	Balochistan	Islamabad	AJK & Gilgit-Baltistan	Bahrain
Punjab	97,465,307	97,465,307	-	-	-	-	-	-
Sindh	162,256,475	-	162,256,475	-	-	-	-	-
KPK including FATA	1,358,209	-	-	1,358,209	-	-	-	-
Balochistan	526,629	-	-	-	526,629	-	-	-
Islamabad	12,456,464	-	-	-	-	12,456,464	-	-
AJK including Gilgit-Baltistan	506,255	-	-	-	-	-	506,255	-
Bahrain	948,540	-	-	-	-	-	-	948,540
Total	275,517,879	97,465,307	162,256,475	1,358,209	526,629	12,456,464	506,255	948,540

44.2 Market Risk

Market risk is the risk of loss due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. From the perspective of the Bank, market risk comprises of interest rate risk, foreign exchange risk and equity position risk, which the Bank is exposed to in its trading book.

The Bank has an approved market risk policy wherein the governance structure for managing market risk, measurement tools used and the market risk exposure limits have been addressed. The Bank's strategy for managing market risk is to relate the level of risk exposures to their risk appetite and the capital at hand.

The Board of Directors (BoD) and the Asset and Liability Committee (ALCO) are responsible for addressing market risk from a strategic perspective and are assisted by the market risk function in meeting these objectives.

The Market Risk Unit reports directly to Chief Risk Officer and is responsible for ensuring the implementation of market risk policy in line with the Bank's strategy.

Risk reporting undertaken by the market risk function includes:

a) Portfolio Reports
b) Limit monitoring reports
c) Sensitivity analysis ; and
d) Stress testing of the portfolio

Currently, the Bank is using the market risk standardised approach for the purpose of computing regulatory capital, the details of which are set out above.

44.2.1 Balance sheet split by trading and banking books

	2019			2018		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	--- Rupees in '000					---
Cash and balances with treasury banks	25,589,349	-	25,589,349	32,110,840	-	32,110,840
Balances with other banks	462,836	-	462,836	968,575	-	968,575
Lendings to financial institutions	30,320,540	-	30,320,540	1,937,347	-	1,937,347
Investments	86,970,001	55,598,469	142,568,470	107,321,460	41,368,514	148,689,974
Advances	242,944,509	-	242,944,509	251,990,918	-	251,990,918
Fixed assets	9,692,701	-	9,692,701	6,245,328	-	6,245,328
Intangible assets	2,271,360	-	2,271,360	2,169,877	-	2,169,877
Deferred tax assets	8,756	-	8,756	287,062	-	287,062
Other assets	15,588,273	-	15,588,273	12,354,155	-	12,354,155
Assets held for sale	374,000	-	374,000	-	-	-
	414,222,325	55,598,469	469,820,794	415,385,562	41,368,514	456,754,076

44.2.2 Foreign Exchange Risk

Main objective of foreign exchange risk management is to ensure that the foreign exchange exposure of the Bank lies within the defined appetite of the Bank.

Daily reports are generated to monitor the internal and regulatory limits with respect to the overall foreign currency exposures. The overall net open position, whether short or long has the potential to negatively impact the profit and loss depending upon the direction of movement in foreign exchange rates.

Foreign exchange open and mismatched positions are marked to market on a daily basis.

Currency risk arises where the value of financial instruments changes due to changes in foreign exchange rates. In order to manage currency risk exposure the bank enters into ready / spot, forward and swap transactions with SBP and in the interbank market. The Bank's foreign exchange exposure comprises of forward contracts, foreign currencies cash in hand, balances with banks abroad, foreign placement with SBP and foreign currencies assets and liabilities. The net open position is managed within the statutory limits, as fixed by SBP. Counter parties limit are also fixed to limit risk concentration. Appropriate segregation of duties exists between the front and back office functions while compliance with the net open position limit is independently monitored on an ongoing basis.

	2019			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	---------- Rupees in '000 ----------			
United States Dollar	12,248,588	20,805,267	8,586,023	29,344
Great Britain Pound	879,840	2,696,794	1,778,936	(38,018)
Euro	585,843	901,267	326,018	10,594
Other currencies	41,154	34,019	4,829	11,964
	13,755,425	24,437,347	10,695,806	13,884

	2018			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	---------- Rupees in '000 ----------			
United States Dollar	17,831,833	24,723,033	7,101,304	210,104
Great Britain Pound	740,134	2,687,806	1,520,893	(426,779)
Euro	1,054,817	873,899	(226,641)	(45,723)
Other currencies	203,665	366,289	217,570	54,946
	19,830,449	28,651,027	8,613,126	(207,452)

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	---------- Rupees in '000 ----------			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	-	159	-	(2,075)
- Other comprehensive income	-	-	-	-

44.2.3 Equity position Risk

Equity positions in the banking book include Investment in equities that are available-for-sale or held for strategic investment purposes. These investments are generally regarded as riskier relative to fixed income securities owing to the inherent volatility of stock market prices. The Bank mitigates these risks through diversification and capping maximum exposures in a single company, compliance with regulatory requirement, and following the guidelines laid down in the Bank's Investment Policy as set by the Board of Directors (BoD). The Bank follows a delivery versus payment settlement system thereby minimizing risk available in relation to settlement risk.

Equity price risk is managed by applying trading limit and scrip-wise and portfolio wise nominal limits.

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	------------------ Rupees in '000 ------------------			
Impact of 5% change in equity prices on				
- Profit and loss account	-	-	-	-
- Other comprehensive income	105,788	-	127,845	-

44.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Yield/ Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. This also refers to the non-trading market risk. Apart from the gap analysis between the market rate sensitive assets and liabilities as per the table given below, the banks/DFIs are required to disclose as the following also:

- The nature of IRRBB and key assumptions, including assumptions regarding loan repayments and behavior of non-maturity deposits, and frequency of IRRBB measurements.
- The increase (decline) in earnings or economic value (or any other relevant measures used by management) for upward and downward shocks according to management's method for measuring IRRBB, broken down by currencies (if any, and than translated into Rupees).

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	------------------ Rupees in '000 ------------------			
Impact of 1% change in interest rates on				
- Profit and loss account	301,595	534,770	(487,440)	401,571
- Other comprehensive income	248,246	-	113,353	-

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44.3 Mismatch of interest rate sensitive assets and liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Bank is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark up based assets and liabilities that mature or re-price in a given period. The Bank manages this risk by matching/re-pricing of assets and liabilities. The assets and liabilities committee (ALCO) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Bank.

	Effective yield interest rate - %	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instrument
		2019										
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	25,589,349	2,566,714	-	-	-	-	-	-	-	-	23,022,635
Balances with other banks	0.17	462,836	97,659	-	-	-	-	-	-	-	-	365,177
Lendings to financial institutions	11.80	30,320,540	30,192,074	-	-	128,466	-	-	-	-	-	-
Investments	9.73	142,568,470	66,158,225	41,046,043	582,500	1,656,084	20,378,927	7,910,850	503,646	204,943	-	4,127,252
Advances	12.89	242,944,509	197,864,614	20,967,630	9,393,863	488,932	356,955	494,838	2,397,894	1,256,532	2,710,028	7,013,223
Other assets	-	13,936,237	-	-	-	-	-	-	-	-	-	13,936,237
		455,821,941	296,879,286	62,013,673	9,976,363	2,273,482	20,735,882	8,405,688	2,901,540	1,461,475	2,710,028	48,464,524
Liabilities												
Bills payable	-	3,804,491	-	-	-	-	-	-	-	-	-	3,804,491
Borrowings	9.26	54,468,283	31,977,964	13,068,280	4,693,216	193,571	207,839	2,120,779	1,179,549	1,027,085	-	-
Deposits and other accounts	8.70	369,789,964	131,156,503	47,296,616	29,670,550	68,670,264	6,673,436	1,515,724	1,722,440	-	-	83,084,431
Sub-ordinated loans	13.73	7,494,800	-	-	2,996,400	4,498,400	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	16,930,001	60,983	121,966	182,949	365,898	731,796	682,219	1,168,857	381,703	-	13,233,630
		452,487,539	163,195,450	60,486,862	37,543,115	73,728,133	7,613,071	4,318,722	4,070,846	1,408,788	-	100,122,552
On-balance sheet financial instruments		3,334,402	133,683,836	1,526,811	(27,566,752)	(71,454,651)	13,122,811	4,086,966	(1,169,306)	52,687	2,710,028	(51,658,028)
Commitments in respect of forward purchase, currency swaps, options and commitments to extent credits		24,679,238	10,902,900	8,103,044	4,037,072	458,398	1,120,185	57,639	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
Commitments in respect of forward sale, currency swaps and options contacts		(35,203,283)	(10,834,905)	(7,721,576)	(10,450,305)	(5,019,673)	(1,119,185)	(57,639)	-	-	-	-
Off-balance sheet gap		(10,524,045)	67,995	381,468	(6,413,233)	(4,561,275)	1,000	-	-	-	-	-
Total yield / interest risk sensitivity gap			133,751,831	1,908,279	(33,979,985)	(76,015,926)	13,123,811	4,086,966	(1,169,306)	52,687	2,710,028	(51,658,028)
Cumulative yield / interest risk sensitivity gap			133,751,831	135,660,110	101,680,124	25,664,199	38,788,010	42,874,976	41,705,670	41,758,357	44,468,385	

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	Effective yield interest rate - %	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instrument
		2018										
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		32,110,840	2,409,442	-	-	-	-	-	-	-	-	29,701,398
Balances with other banks	0 - 1.00	968,575	109,724	-	-	-	-	-	-	-	-	858,851
Lendings to financial institutions	1.38 - 6.93	1,937,347	692,522	693,980	320,214	230,631	-	-	-	-	-	-
Investments - net	2.88 - 12	148,689,974	43,725,233	1,919,780	8,248,188	39,565,376	16,411,250	21,104,693	9,825,787	3,220,239	-	4,669,428
Advances - net	4.00 - 40.00	251,990,918	170,044,002	36,938,051	33,390,503	754,809	342,746	536,305	1,359,373	1,105,829	2,199,721	5,319,579
Other assets	-	11,615,274	-	-	-	-	-	-	-	-	-	11,615,274
		447,312,928	216,980,923	39,551,811	41,958,905	40,550,816	16,753,996	21,640,998	11,185,160	4,326,068	2,199,721	52,164,530
Liabilities												
Bills payable	-	3,519,924	-	-	-	-	-	-	-	-	-	3,519,924
Borrowings	1.00 - 6.20	96,558,663	62,931,449	21,953,065	9,423,293	141,529	29,827	216,947	963,707	898,846	-	-
Deposits and other accounts	0.75 - 11.00	321,413,263	138,825,036	47,897,606	24,357,189	30,664,239	1,187,357	265,347	210,529	-	-	78,005,960
Sub-ordinated loans	7.57 - 7.61	7,496,800	-	-	4,997,800	2,499,000	-	-	-	-	-	-
Other liabilities	-	12,148,400	-	-	-	-	-	-	-	-	-	12,148,400
		441,137,050	201,756,485	69,850,671	38,778,282	33,304,768	1,217,184	482,294	1,174,236	898,846	-	93,674,284
On-balance sheet financial instruments		6,175,878	15,224,438	(30,298,860)	3,180,623	7,246,048	15,536,812	21,158,704	10,010,924	3,427,222	2,199,721	(41,509,754)
Commitments in respect of forward purchase contacts and commitments to extent credits		30,348,378	9,244,215	8,427,285	4,054,070	743,298	530,417	727,248	-	-	-	-
Commitments in respect of forward exchange contracts - sale		(9,344,185)	(7,427,832)	(2,648,585)	(4,802,946)	(459,317)	(530,417)	(728,248)	-	-	-	-
Off-balance sheet gap		21,004,193	1,816,383	5,778,700	(748,876)	283,981	-	(1,000)	-	-	-	-
Total yield / interest risk sensitivity gap			17,040,821	(24,520,160)	2,431,747	7,530,029	15,536,812	21,157,704	10,010,924	3,427,222	2,199,721	(41,509,754)
Cumulative yield / interest risk sensitivity gap			17,040,821	(7,479,339)	(5,047,591)	2,482,438	18,019,250	39,176,954	49,187,878	52,615,100	54,814,821	

	2019	2018
	Rupees in '000	
Reconciliation to total assets		
Balance as per balance sheet	469,820,794	456,754,076
Less: Non financial assets		
Fixed assets	9,692,701	6,245,328
Intangible assets	2,271,360	2,169,877
Deferred tax assets - net	8,756	287,062
Other assets	1,652,036	738,881
Assets held for sale	374,000	-
	13,998,853	9,441,148
	455,821,941	447,312,928

	2019	2018
	Rupees in '000	
Reconciliation to total liabilities		
Balance as per balance sheet	452,487,539	441,137,050
Less: Non financial liabilities	-	-
	452,487,539	441,137,050

44.4 Liquidity risk

Liquidity risk is the risk that the Bank will not be able to raise funds to meet its commitments. The Bank's Asset and Liability Committee (ALCO) manages the liquidity position on a continuous basis.

Bank's policy to liquidity management is to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet our contractual and potential payment obligations without incurring additional and unacceptable cost to the business.

Treasury is responsible for the managing liquidity risk under the guidance of Asset-Liability Committee of the Bank. The Bank's liquidity risk management approach starts at the intraday level (operational liquidity) managing the daily payments queue and factoring in our access to the qualifying securities of State Bank of Pakistan. It then covers tactical liquidity risk management dealing with the access to unsecured funding sources and the liquidity characteristics of our asset inventory (asset liquidity). Finally, the strategic perspective comprises the maturity profile of all assets and liabilities on our statement of financial position.

For monitoring and controlling liquidity risk, the Bank generates a scenario sensitive maturity statement of financial position, and run controlled mismatches that are monitored and discussed by ALCO members regularly. The Bank prepares various types of reports and analysis for assisting ALCO in taking necessary strategic actions for managing liquidity risk in the Bank. These include liquidity ratios, Concentration analysis, Gap reports, Stress testing, Liquidity Coverage ratio & Net Stable Funding Ratio analysis etc.

44.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank

	2019													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	25,589,349	25,589,349	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	462,836	462,836	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	30,320,540	-	28,037,915	2,000,000	154,159	-	-	-	128,466	-	-	-	-	-
Investments	142,568,470	-	28,164,802	-	37,843,425	465,080	15,594,332	2,627,054	1,616,458	177,474	20,654,625	8,003,353	4,135,006	23,286,861
Advances	242,944,509	85,571,596	1,362,955	1,547,981	5,108,573	16,502,480	10,860,877	18,301,471	5,730,118	11,227,145	27,467,362	26,536,887	19,525,477	13,201,587
Fixed assets	9,692,701	3,941	23,255	27,132	62,014	253,908	115,232	343,568	339,980	335,195	1,291,426	1,143,993	1,899,643	3,853,414
Intangible assets	2,271,360	280	1,677	1,957	4,472	106,130	8,386	24,979	24,841	24,829	97,819	96,371	176,318	1,703,301
Deferred tax assets - net	8,756	-	-	-	(1,291)	30,869	56,850	354,806	354,413	32,583	18,223	48,402	12,706	(898,805)
Other assets	15,588,273	13,121,593	-	-	-	-	385,063	-	56,984	-	351,755	399,257	81,864	1,191,757
Assets held for sale	374,000	-	-	-	-	-	-	374,000	-	-	-	-	-	-
	469,820,794	124,749,595	57,590,604	3,577,070	43,171,352	17,358,467	27,020,740	22,025,878	8,251,260	11,797,226	49,881,210	36,228,263	25,831,014	42,338,115
Liabilities														
Bills payable	3,804,491	3,804,491	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	54,468,283	797,376	29,889,829	85,924	1,204,836	7,828,925	5,239,354	4,693,216	174,347	19,224	207,839	2,120,779	1,179,549	1,027,085
Deposits and other accounts	369,789,964	167,415,021	8,285,705	7,047,887	26,021,300	20,516,154	26,780,462	29,670,550	20,422,018	53,719,267	6,673,436	1,515,724	1,722,440	-
Sub-ordinated loans	7,494,800	-	-	-	-	-	-	600	400	1,000	2,000	2,000	7,488,800	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	16,930,001	2,033	12,197	14,229	217,922	9,146,741	210,882	536,333	182,949	801,705	1,897,282	1,757,650	1,741,881	408,197
	452,487,539	172,018,921	38,187,731	7,148,040	27,444,058	37,491,820	32,230,698	34,900,699	20,779,714	54,541,196	8,780,557	5,396,153	12,132,670	1,435,282
Net assets	17,333,255	(47,269,326)	19,402,873	(3,570,970)	15,727,294	(20,133,353)	(5,209,958)	(12,874,821)	(12,528,454)	(42,743,970)	41,100,653	30,832,110	13,698,344	40,902,833

Share capital	10,119,242
Statutory reserve	1,749,673
Surplus on revaluation of assets - net	636,700
Unappropriated profit	4,827,640
	17,333,255

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	2018													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	32,110,840	32,110,840	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	968,575	968,575	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	1,937,347	-	-	-	692,522	-	693,980	320,214	230,631	-	-	-	-	-
Investments	148,689,974	90,015	29,193,124	70,000	13,772,470	27,848	1,470,422	10,503,797	700,493	39,068,053	16,677,589	21,551,032	10,262,365	5,302,766
Advances	251,990,918	86,557,215	1,567,111	2,690,265	6,989,923	10,548,317	13,326,240	15,592,229	4,384,676	7,375,561	29,110,196	27,903,133	35,955,762	9,990,290
Fixed assets	6,245,328	2,400	15,611	32,600	66,852	295,690	202,210	402,818	611,322	364,677	896,294	688,756	371,840	2,294,258
Intangible assets	2,169,877	242	1,695	3,390	7,265	90,485	21,770	43,165	64,536	76,129	156,892	125,146	114,330	1,464,832
Deferred tax assets - net	287,062	-	(2,742)	-	(9,814)	(14,331)	111,629	128,277	56,961	185,793	220,647	164,934	194,068	(748,359)
Other assets	12,354,155	10,903,885	-	-	-	-	-	109,108	33,252	23,095	443,945	358,535	422,454	59,881
	456,754,076	130,633,172	30,774,799	2,796,255	21,519,218	10,948,009	15,826,251	27,099,608	6,081,871	47,093,308	47,505,563	50,791,536	47,320,819	18,363,668
Liabilities														
Bills payable	3,519,924	3,519,924	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	96,558,663	501,628	53,797,467	1,081,509	7,550,844	2,913,396	19,039,670	9,423,293	133,726	7,803	29,827	216,947	963,707	898,846
Deposits and other accounts	321,413,263	173,028,148	10,500,849	11,722,567	21,579,433	27,798,853	20,098,752	24,357,189	5,427,169	25,237,070	1,187,357	265,347	210,529	-
Sub-ordinated loans	7,496,800	-	-	-	-	-	-	1,000	-	1,000	2,000	2,000	2,996,200	4,494,600
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	12,148,400	7,580,834	-	-	97,423	-	164,442	261,943	-	484,408	1,288,951	1,203,208	1,061,299	5,892
	441,137,050	184,630,534	64,298,316	12,804,076	29,227,700	30,712,249	39,302,864	34,043,425	5,560,895	25,730,281	2,508,135	1,687,502	5,231,735	5,399,338
Net assets	15,617,026	(53,997,362)	(33,523,517)	(10,007,821)	(7,708,482)	(19,764,240)	(23,476,613)	(6,943,817)	520,976	21,363,027	44,997,428	49,104,034	42,089,084	12,964,330
Share capital - net	10,119,242													
Reserves	1,712,171													
Deficit on revaluation of assets - net	(1,035,589)													
Unappropriated profit	4,821,202													
	15,617,026													

44.4.2 Maturity of assets and liabilities - Based on working prepared by the Asset and Liability Committee (ALCO) of the Bank:

	2019									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	25,589,349	25,589,349	-	-	-	-	-	-	-	-
Balances with other banks	462,836	462,836	-	-	-	-	-	-	-	-
Lendings to financial institutions	30,320,540	30,192,074	-	-	128,466	-	-	-	-	-
Investments	142,568,470	66,008,226	16,059,413	2,627,054	1,793,932	20,654,625	8,003,353	4,135,006	23,286,861	-
Advances	242,944,509	24,262,803	30,936,980	24,733,994	76,279,419	27,467,362	26,536,887	19,525,477	3,898,657	9,302,930
Fixed assets	9,692,701	116,342	369,140	343,568	675,175	1,291,426	1,143,993	1,899,643	1,181,797	2,671,617
Intangible assets	2,271,360	8,386	114,516	24,979	49,670	97,819	96,371	176,318	239,677	1,463,624
Deferred tax assets - net	8,756	(1,291)	87,719	354,806	386,996	18,223	48,402	12,706	(386,519)	(512,286)
Other assets	15,588,273	13,121,593	385,063	-	56,984	351,755	399,257	81,864	1,191,757	-
	374,000	-	-	374,000	-	-	-	-	-	-
	469,820,794	159,760,318	47,952,831	28,458,401	79,370,642	49,881,210	36,228,263	25,831,014	29,412,230	12,925,885
Liabilities										
Bills payable	3,804,491	3,804,491	-	-	-	-	-	-	-	-
Borrowings	54,468,283	31,977,964	13,068,280	4,693,216	193,571	207,839	2,120,779	1,179,549	1,027,085	-
Deposits and other accounts	369,789,964	44,619,483	52,175,941	36,130,812	81,513,876	18,875,634	12,491,223	123,982,995	-	-
Sub-ordinated loans	7,494,800	-	-	600	1,400	2,000	2,000	7,488,800	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-
Other liabilities	16,930,001	246,381	9,357,623	536,333	984,654	1,897,282	1,757,650	1,741,881	408,197	-
	452,487,539	80,648,319	74,601,844	41,360,961	82,693,501	20,982,755	16,371,652	134,393,225	1,435,282	-
Net assets	17,333,255	79,111,999	(26,649,013)	(12,902,560)	(3,322,859)	28,898,455	19,856,611	(108,562,211)	27,976,948	12,925,885
Share capital - net	10,119,242									
Reserves	1,749,673									
Surplus on revaluation of assets	636,700									
Unappropriated profit	4,827,640									
	17,333,255									

44.4.3 To identify the behavioural maturities of non-contractual assets and liabilities, the Bank has used the following methodology:

For determining the core portion of non contractual liabilities (non-volatile portion), the bank has used the average method whereby average balance maintained over past five year has been classified as core and has been placed in 'over 3 to 5 years' maturity bucket. Non contractual assets and remaining volatile portion of non contractual liabilities have been stratified in relevant maturity bucket using bucket wise percentages determined by using average volatility in respective period / bucket.

	2018									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	32,110,840	32,110,840	-	-	-	-	-	-	-	-
Balances with other banks	968,575	968,575	-	-	-	-	-	-	-	-
Lending to financial institutions	1,937,347	692,522	693,980	320,214	230,631	-	-	-	-	-
Investments	148,689,974	43,125,610	1,498,269	10,503,797	39,768,546	16,677,589	21,551,032	10,262,365	3,370,239	1,932,527
Advances	251,990,918	26,323,214	38,636,999	37,347,407	46,723,916	29,110,196	27,903,133	35,955,762	6,485,478	3,504,813
Fixed assets	6,245,328	66,910	293,642	191,652	358,990	640,416	532,886	881,008	994,758	2,285,066
Intangible assets	2,169,877	7,265	90,290	21,699	41,430	82,530	80,518	155,753	226,768	1,463,624
Deferred tax assets - net	287,062	(37,504)	114,861	118,517	41,196	341,434	136,155	161,997	52,325	(641,919)
Other assets	12,354,155	10,903,885	-	109,108	56,347	443,945	358,535	422,454	59,881	-
	456,754,076	114,161,317	41,328,041	48,612,394	87,221,056	47,296,110	50,562,259	47,839,339	11,189,449	8,544,111
Liabilities										
Bills payable	3,519,924	3,519,924	-	-	-	-	-	-	-	-
Borrowings	96,558,663	62,931,449	21,953,065	9,423,293	141,529	29,827	216,947	963,707	898,846	-
Deposits and other accounts	321,413,263	53,100,064	55,998,171	34,916,968	41,419,807	16,857,435	14,600,423	104,520,395	-	-
Sub-ordinated loans	7,496,800	-	-	1,000	1,000	2,000	2,000	2,996,200	4,494,600	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-
Other liabilities	12,148,400	7,678,257	164,442	261,943	484,408	1,288,951	1,203,208	1,061,299	5,892	-
	441,137,050	127,229,694	78,115,678	44,603,204	42,046,744	18,178,213	16,022,578	109,541,601	5,399,338	-
Net assets	15,617,026	(13,068,377)	(36,787,637)	4,009,190	45,174,312	29,117,897	34,539,681	(61,702,262)	5,790,111	8,544,111
Share capital - net	10,119,242									
Reserves	1,712,171									
Deficit on revaluation of assets - net	(1,035,589)									
Unappropriated profit	4,821,202									
	15,617,026									

44.5 Operational risk

The Bank currently uses Basic Indicator Approach to Operational Risk for regulatory capital calculations. We define operational risk as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. With the evolution of Operational Risk Management into a separate distinct discipline, the Bank's strategy is to further strengthen its risk management system along new industry standards. Accordingly the Bank has set up a separate Operational Risk Management (ORM) Unit. ORM Unit resides within Risk Management Group (RMG). Its responsibility is to implement Operational Risk management framework across the bank for effective measurement and monitoring of operational risk faced by different areas of the Bank.

Bank's operational risk management process involves a structured and uniform approach across the Bank. It includes risk identification and assessments, the monitoring of Key Risk Indicators (KRIs) and Risk & Control Self-Assessment (RCSA) activities for key operational risks. In order to build a robust operational risk monitoring mechanism, an Operational Risk Management Committee (ORMC) has been constituted to effectively address operational risk issues.

The bank has implemented a comprehensive "Operational Risk Management Policy" which has also been approved by the Board of Directors. The purpose of bank-wide Operational Risk Management Policy is aimed at laying out clearly defined roles and responsibilities of individuals / units across different functions of the Bank that are involved in performing various operational risk management tasks. Operational risk is much more pervasive in a financial institution and every operating unit is exposed to operational risk, regardless of whether it is a business or a support function. This policy has been devised to explain the various building blocks of the operational risk management functions and their inter-relationships. The policy also captures both qualitative and quantitative guidelines for managing and quantifying operational risks across the Bank.

The ORM Unit conducts operational risk assessment for all major functions of the Bank and assists various functions of the Bank in developing RCSA and KRIs which are monitored against predefined thresholds. Findings from KRIs are used as predictive indicators of potential operational risks.

Operation risk incidents and loss data collection is governed by Bank's Operational Risk Policy and process documents which have been developed and implemented to collate operational losses and near misses in a systematic and organized way.

The Bank's Business Continuity (BCP) Policy includes risk management strategies to mitigate inherent risks and prevent interruption of mission critical services caused by disaster events. The resilience of BCP is tested and rehearsed on an annual basis by the Bank.

45. DERIVATIVE RISK

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BOD). Bank's Asset & Liability Committee (ALCO) is responsible for reviewing and managing associated risks of the transactions.

The nature, scope and purpose of derivatives business, for trading purposes or hedging purpose and the types of derivative in which they deal.

The overall responsibility for offering derivative products and sustaining profitability lies with the Treasurer and in his absence with his delegate. The Market Risk Unit / Treasury Middle Office of the Bank responsible for measurement & monitoring of the market risk exposures, analysis of present and potential risk factors.

The Market Risk Unit also monitors associated Credit, Market and Liquidity Risk in line with Board of Directors approved limit framework. The unit coordinates with the business regarding approvals for derivatives risk limits and produces various reports / analysis for ALCO / BRMC on periodic basis. These reports provide details of outstanding un-hedged positions, profitability and status of compliance with limits. Treasury Operations records derivatives activity in the Bank's books and is responsible for reporting to the SBP.

The derivative transaction such as Cross Currency Swaps carries credit risk which is the risk that a party to a derivative contract will fail to perform its obligation. There are two types of credit risk associated with derivative transactions; 1) settlement, and 2) pre-settlement risk. Bank's Central Credit Committee is responsible for reviewing and managing associated Counterparty Credit Risks of the transaction.

The Bank has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities. The Bank can hedge its risk by taking on & off-balance sheet position in interbank market, where available.

46. CUSTOMER SATISFACTION AND FAIR TREATMENT

We are committed to providing our customers with the highest level of service quality and satisfaction and have therefore set-up an independent service management function that oversees service quality, phone banking, problem resolution and the fair treatment of customers.

The average time taken to resolve these complaints was 5 days. Our complaint handling policy and grievance redressal mechanism ensures that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible. Customers have the option of registering their complaints at our Branches, phone banking center, the Bank's website and via email. Complaint management process is kept as transparent as possible through registration, acknowledgement, interim response where applicable, resolution and root cause analysis of recurring complaints. Customers are also given the option of contacting the Banking Mohtasib office in case they are dissatisfied with the response received from the Bank.

To create enhanced visibility of the recourse mechanism available to its customers, the Bank has incorporated awareness messages of its complaint handling function in several customer communications such as account statements, ATM screens, letters and SMS messages. Complete grievance redressal mechanism, contact channels and online feedback forms have been made available through the Bank website, and email broadcasts have been sent to the customers for customer education and awareness.

Fair Treatment of Customers is an integral part of our corporate culture. The Bank has institutionalized a 'Consumer Protection Framework'. Our priority is to keep customer benefits in mind while designing, selling and managing products and services, without any discrimination. Our focus is to maintain fairness in our customer dealings, clarity in communication, develop a service culture and design an effective grievance handling mechanism. We also focus on financial literacy of our customers, for promoting responsible conduct and informed financial decisions by consumers, through our consumer education and Financial Literacy Program.

47. GENERAL

47.1 These unconsolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular no. 2 dated January 25, 2018 and related clarifications / modifications.

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

48. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on February 27, 2020.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Consolidated

Financial Statements

DIRECTORS' REPORT
ON CONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2019

On behalf of the Board of Directors, we are pleased to present the Annual Report on the audited consolidated financial statements of JS Bank Limited (the 'Bank) and its subsidiaries and the auditors' report thereon for the year ended December 31, 2019.

Consolidated financial highlights

	2019	2018
	(PKR Million)	
(Loss) / Profit before taxation	(86)	1,071
Taxation	171	432
(Loss) / Profit after taxation	(257)	639
(Loss) / Profit attributable to non-controlling interest	11	(24)
(Loss) / Profit attributable to equity holders of the Bank	(245)	615
(Loss) / Earnings per share - Basic (Rupees)	(0.21)	0.34
Investments – net	143,125	149,601
Total assets	473,213	460,541
Deposits	368,544	319,807
Shareholders' equity	19,481	18,439

Pattern of Shareholding

The pattern of shareholding as at December 31, 2019 is included in the Annual Report.

Subsidiary Companies

JS Global Capital Limited

JS Global Capital Limited is one of the largest securities brokerage and investment banking firms in Pakistan with a leadership position in the domestic capital markets. It is in the business of equity, fixed income, currencies and commodities brokerage and investment banking. It was incorporated in Pakistan on June 28, 2000 and is the successor to the securities business of Jahangir Siddiqui & Co. Ltd. and Bear Stearns Jahangir Siddiqui Limited. JS Bank has 83.5% ownership in the company.

JS Global has a paid-up capital of PKR 305.570 million and shareholder equity of PKR 2,224 million as at December 31, 2019. It is listed on the Pakistan Stock Exchange.

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 the company are set out below:

PKR Million

Particulars	December 31,2019 (Audited)	December 31,2018 (Audited)
Profit Before Tax	107	99
Profit After Tax	47	26
EPS (Rupees)	1.31	0.67

JS Investments Limited

JS Investments has a paid-up capital of PKR 617.742 million and shareholder equity of PKR 1,815 million as on December 31, 2019. It is listed on the Pakistan Stock Exchange. JS Bank has 84.5% ownership in the company.

The Company is a licensed 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, the Company is also a licensed Pension Fund Manager under the Voluntary Pension System Rules 2005. Recently, JSIL also acquired the Private Equity and Venture Capital

Fund Management Services license(s) from the Securities and Exchange Commission of Pakistan.

Summarized results of the Company are set out below:

PKR Million

Particulars	December 31,2019 (Audited)	December 31,2018 (Audited)
Profit Before Tax	(59)	57
Profit After Tax	(87)	42
EPS (Rupees)	(1.17)	0.52

JS ABAMCO Commodities Limited (Sub-Subsidiary)

The Company has not commenced commercial operations with source of income being realized from short term investment in Collective Investment Schemes (CIS) and saving account interest.

Summarized results of the company are set out below:

PKR Million

Particulars	December 31,2019 (Audited)	December 31,2018 (Audited)
Profit Before Tax	5.1	3.3
Profit After Tax	4.2	2.7
EPS (Rupees)	1.13	0.71

For and on behalf of the Board,

Basir Shamsie
President & CEO

Kalim-ur-Rahman
Chairman

February 27, 2020

کمپنی کی طرف سے ترتیب دیے گئے مختص کردہ نتائج درج ذیل ہیں:

مندرجات	31 دسمبر 2019(آڈیٹڈ)	31 دسمبر 2018(آڈیٹڈ)
قبل از ٹیکس منافع	107	99
بعد از ٹیکس منافع	47	26
ای پی ایس (روپے)	1.31	0.67

جے ایس انویسٹمنٹ لمیٹڈ

جے ایس انویسٹمنٹ کا 31دسمبر 2019تک ادا شدہ سرمایہ617,742ملین روپے اور ایکویٹی شیئرز1,815 ملین روپے ہے جو پاکستان اسٹاک ایکسچینج پر درج ہے۔جے ایس بینک کی کمپنی میں ملکیت 84.5فیصد ہے۔

کمپنی انویسٹمنٹ کے مشیر اور اثاثہ جات کی انتظامی کمپنی، جس کے تحت غیر بینکنگ فنانس کمپنیوں (قیام و ضوابط) کے قوانین، 2003(این بی ایف سی قواعد) اور غیر بینکنگ فنانس کمپنیوں اور مطلع شدہ اداروں کے قوانین، 2008(این بی ایف سی ضوابط) کے تحت لائسنس کا اختیار رکھتا ہے۔ اس کے علاوہ رضاکارانہ پنشن اسکیم کا نظام چلانے کیلئے کمپنی رضاکارانہ پنشن نظام 2005کے قوانین کے تحت لائسنس یافتہ پنشن فنڈ منتظم بھی ہے۔
کمپنی کی طرف سے ترتیب دیے گئے مختص کردہ نتائج درج ذیل ہیں:

مندرجات	31 دسمبر 2019(آڈیٹڈ)	31 دسمبر 2018(آڈیٹڈ)
قبل از ٹیکس منافع	(59)	57
بعد از ٹیکس منافع	(87)	42
ای پی ایس (روپے)	(1.17)	0.52

JS ABAMCOکموڈیٹیز لمیٹڈ (سب۔ سبسیڈیری)

کمپنی نے ابھی تک اپنے تجارتی آپریشنز کاآغاز نہیں کیا ہے۔ مجموعی سرمایہ کاری کے منصوبوں (CIS)میں مختصر مدت کی سرمایہ کاری اور بینک سیونگ اکاؤنٹ کمپنی کی آمدنی کا واحد ذریعہ ہے۔
کمپنی کی طرف سے ترتیب دیے گئے مختص کردہ نتائج درج ذیل ہیں:

مندرجات	31 دسمبر 2019(آڈیٹڈ)	31 دسمبر 2018(آڈیٹڈ)
قبل از ٹیکس منافع	5.1	3.3
بعد از ٹیکس منافع	4.2	2.7
ای پی ایس (روپے)	1.13	0.71

منجانب بورڈ

باصر شمسی
پریزیڈنٹ اور سی ای او

کلیم الرحمان
چیئرمین

کراچی:27فروری 2020

مجموعی فنانشل اسٹیٹمنٹس کی ڈائریکٹرز رپورٹ

31دسمبر 2019کو ختم ہونے والے سال کے لئے بورڈ آف ڈائریکٹرز کی جانب سے ہم JS بینک لمیٹڈ (بینک) کی مجموعی آڈٹ شدہ مالیاتی اسٹیٹمنٹس پر سالانہ رپورٹ اور اس کی آڈیٹرز رپورٹ مسرت کے ساتھ پیش کر رہے ہیں۔

مجموعی فنانشل سرخیاں

	2019	2018
	ملین پاکستانی روپے	
قبل از ٹیکس منافع/(نقصان)	(86)	1,071
ٹیکس	171	(432)
بعدازٹیکس منافع/(نقصان)	(257)	639
ناقابل ضبط سود سے منسوب منافع/(نقصان)	11	(24)
بینک کے ایکویٹی ہولڈرز سے منسوب منافع/(نقصان)	(245)	615
فی شیئر آمدنی بنیادی (روپے)/(نقصان)	(0.21)	0.34
سرمایہ کاری	143,125	149,601
کل اثاثہ	473,213	460,541
ڈیپازٹس	368,544	319,807
شیئرہولڈرز کی ایکویٹی	19,481	18,439

شیئر ہولڈنگ کاپیٹرن

31دسمبر 2019تک کا شیئر ہولڈنگ کا پیٹرن بھی سالانہ رپورٹ میں شامل ہے۔

سبسڈری کمپنیز

جے ایس گلوبل کیپٹل لمیٹڈ

جے ایس گلوبل لمیٹڈ، پاکستان کی ڈومیسٹک کیپٹل مارکیٹ میں سیکیوریٹی پروکریج اور انویسٹمنٹ بینکنگ کے اداروں میں ایک رہنما کا درجہ رکھتا ہے۔ یہ ایکویٹی بزنس، فکسڈ آمدنی،کرنسی اور اشیاء کی بروکریج اور انویسٹمنٹ بینکنگ ہے۔ اس کی تشکیل 28جون 2000کو پاکستان میں ہوئی اور یہ جہانگیر صدیقی اینڈ کمپنی اور Bear Stearnsجہانگیر صدیقی لمیٹڈ کے سیکیوریٹی بزنس کے جانشین ہیں۔ جے ایس بینک کی کمپنی میں ملکیت 83.5فیصد ہے۔
جے ایس گلوبل کا 31دسمبر 2019تک ادا شدہ سرمایہ 305.57 ملین روپے اور ایکویٹی شیئر 2,224 ملین روپے ہے جو پاکستان اسٹاک ایکسچینج پر درج ہے۔

PACRAنے جے ایس گلوبل کے «AA»(ڈبل اے) اور «A1+»(اے ون پلس) کی بالترتیب طویل المدتی اور قلیل مدتی ریٹنگ کو مقرر کیا ہے۔ ریٹنگز نے کریڈٹ کے اس خطرے کی بہت کم امید ظاہر کی ہے جو فنانشل کمٹ منٹس کی بروقت ادائیگی کے لئے شدید گنجائش سے پیدا ہوتا ہے۔

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INDEPENDENT AUDITOR'S REPORT

To the members of JS Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **JS Bank Limited** (the Bank) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at **31 December 2019**, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

Key audit matters	How the matter was addressed in our audit
1. Provision against non-performing credit exposure (note 9.4)	
The Group's credit portfolios include loans and advances, and non-funded credit facilities. The credit portfolio is spread across various domestic branches and overseas operation. As per the Group's accounting policy, the Group determines provisions against non-performing financing exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) in respect of potential credit losses in the portfolio. The Prudential Regulations require specific provisioning against loan losses on the basis of an age based criteria which should be supplemented by a subjective evaluation of Group's credit portfolio. The determination of loan loss provision against certain vulnerable corporate financing, therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and realisability of collateral held by the Group. In view of the significance of this area in terms of its impact on the consolidated financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of loan loss provision as a significant area of audit judgment and a key audit matter.	We applied a range of audit procedures including the following: - We tested Group's compliance of Prudential Regulations relating to the identification and classification of non-performing loans into various categories including an analysis of downgrading of the classified loans and declassification from non-performing to regular; - We re-computed on test basis, the provision calculated by the Group, to check compliance with the Prudential Regulations. We also reviewed, on a sample basis, the underlying independent valuations of the collaterals used against the outstanding exposures to calculate the amount of provision; - We also tested internal controls over the approval, recording and monitoring of loans and advances. In addition, we selected a representative sample of borrowers from the financing portfolios and other loans kept by the Group in the watch list category and performed credit assessments. Our procedures includes review of credit documentation, repayment trends and ageing reports, borrowers financial statements to assess its financial condition, collateral held by the Group and litigation status, if any; and - We also reviewed the adequacy of disclosures made in the accompanying consolidated financial statements regarding non-performing loans and provisions in terms of the requirements of Prudential Regulation and applicable reporting framework.

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Key audit matters	How the matter was addressed in our audit
2. Impairment testing of goodwill allocated to a cash generating unit (note 11.7)	

As of the balance sheet date, the intangible assets of the Group includes Goodwill of Rs. 1,463.62 million, which is required to be tested for impairment in accordance with the applicable accounting standard. Goodwill impairment testing of cash generating units ('CGUs') relies on estimates of value-in-use based on estimated future cash flows which involve used of various assumptions taking into account the factors such as economic and business conditions of the industry and environment in which entity operates. Due to the involvement of key estimates and judgments in evaluating the recoverable amount of this intangible, we have considered the same as a key audit matter.	We applied a range of audit procedures to address the risk as identified above including the following:
	- We assessed the reasonableness of cash flow projections and compared key inputs, such as discount rates and growth rates, to externally available industry, economic and financial data and the Group's own historical data and performance;
	- We evaluated the assumptions, on which the valuation is based, are realistic and consistent with:
	  - the general economic environment, the economic environment of the specific industry, existing market information and the entity's economic circumstances; and
	  - assumptions made in prior periods the risks associated with cash flows, including the potential variability in the amount and timing of the cash flows and the related effect on the discount rate.
	- We also assessed whether the consolidated financial statements disclosures of application of judgement in estimating CGU cash flows and the sensitivity of the results of those estimates adequately reflects the risk associated with goodwill impairment; and
	- We used our own valuation specialists to test the assumptions used in valuation.

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Key audit matters	How the matter was addressed in our audit
3. Adoption of IFRS 16 "Leases" (note 4.1.1)	
IFRS 16 'Leases' (the standard) has become effective for the current financial year as per the SECP notification S.R.O. 434 (I)/2018 dated 09 April 2018 read with SBP's directive BPRD Circular Letter No. 08 of 2019 dated 30 April 2019. The standard has introduced a new accounting model for operating lease contracts from the standpoint of a lessee. As per the new requirements, the Group is required to recognize right of use assets for leased assets and liabilities for the lease payments over the lease term. The impacts of the adoption of the standard on the consolidated financial statements of the Group are disclosed in note 4.1.1 to the consolidated financial statements. The application of the new standard requires management to make significant estimates and judgements such as in related to determination of lease term and appropriate discount rate for measurement of lease liability. We considered the adoption of the standard as a key audit matter due to the significance of the accounting change and the involvement of significant management judgements in respect of the application of the new standard.	We applied a range of audit procedures including the following: - We evaluated the appropriateness of the new accounting policies for recognition of lease contracts and their measurement in the unconsolidated financial statements - We obtained an understanding of the process and controls in place for identification of in-scope and material lease contracts and capturing of relevant data regarding the terms and condition of the lease contracts in lease database; - We corroborated the completeness of lease database by comparing the previously identified operating lease contracts and the lease/rent expenses with the contracts appearing in the lease database; - We also considered the use of automated solutions for the lease accounting and IT controls in place for such application; - We performed independent checks of lease accounting computations for a sample of lease contracts through reperformance of such computations; - We evaluated the appropriateness of the assumptions used by the management in measuring lease liabilities such as discount rate and lease term; and - We evaluated the adequacy of disclosures made regarding the application of the standard and its impact on the consolidated financial statements of the Group for the year.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditors' Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditors' reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 05 March 2020

Consolidated Statement of Financial Position

As at December 31, 2019

2019	2018		Note	2019	2018
----- USD in ‹000 -----				----- Rupees in ‹000 -----	
		ASSETS			
165,260	207,373	Cash and balances with treasury banks	5	25,590,173	32,111,176
3,076	6,316	Balances with other banks	6	476,302	978,024
195,809	12,511	Lendings to financial institutions	7	30,320,540	1,937,347
924,293	966,119	Investments	8	143,124,623	149,601,215
1,571,127	1,629,396	Advances	9	243,285,308	252,308,117
69,061	44,868	Fixed assets	10	10,693,945	6,947,725
14,869	14,250	Intangible assets	11	2,302,474	2,206,512
813	2,641	Deferred tax assets	12	125,857	408,992
109,269	90,684	Other assets	13	16,919,996	14,042,139
2,415	-	Assets held for sale	10.3	374,000	-
3,055,992	2,974,158			473,213,218	460,541,247
		LIABILITIES			
24,569	22,732	Bills payable	14	3,804,491	3,519,924
351,754	623,572	Borrowings	15	54,468,283	96,558,663
2,380,041	2,065,301	Deposits and other accounts	16	368,543,603	319,806,852
-	-	Liabilities against assets subject to finance lease		-	-
48,401	48,414	Subordinated debt	17	7,494,800	7,496,800
-	-	Deferred tax liabilities		-	-
125,418	95,062	Other liabilities	18	19,420,729	14,720,189
2,930,183	2,855,081			453,731,906	442,102,428
125,809	119,077	**NET ASSETS**		19,481,312	18,438,819
		REPRESENTED BY			
65,350	65,350	Share capital - net	19	10,119,242	10,119,242
11,299	11,057	Reserves		1,749,672	1,712,170
8,450	(5,312)	Surplus / (deficit) on revaluation of assets	20	1,308,531	(822,532)
37,428	37,622	Unappropriated profit		5,795,596	5,825,742
122,527	108,717			18,973,041	16,834,622
3,282	10,360	Non-controlling interest		508,271	1,604,197
125,809	119,077			19,481,312	18,438,819

CONTINGENCIES AND COMMITMENTS 21

The annexed notes from 1 to 48 and annexure I & annexure II form an integral part of these consolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Consolidated Profit and Loss Account

For the year ended December 31, 2019

2019	2018		Note	2019	2018
----- USD in ‹000 -----				----- Rupees in ‹000 -----	
269,243	194,184	Mark-up / return / interest earned	23	41,691,587	30,068,981
222,781	136,315	Mark-up / return / interest expensed	24	34,497,048	21,107,974
46,462	57,869	Net mark-up / interest income		7,194,539	8,961,007
		NON MARK-UP / INTEREST INCOME			
22,036	21,434	Fee, commission and brokerage income	25	3,412,160	3,318,985
1,281	1,260	Dividend income		198,432	195,185
6,220	4,334	Foreign exchange income		963,208	671,061
305	395	Income from derivatives		47,210	61,142
(4,301)	(8,648)	Loss on securities	26	(665,997)	(1,339,160)
27	43	Share of profit from associates		4,180	6,674
3,262	1,012	Other income	27	505,189	156,632
28,830	19,830	Total non mark-up / interest income		4,464,382	3,070,519
75,292	77,699	Total Income		11,658,921	12,031,526
		NON MARK-UP / INTEREST EXPENSES			
75,956	70,707	Operating expenses	28	11,761,773	10,948,842
(426)	(1,049)	Workers Welfare Fund	29	(65,991)	(162,429)
889	105	Other charges	30	137,643	16,203
76,419	69,763	Total non-mark-up / interest expenses		11,833,425	10,802,616
(1,127)	7,936	(Loss) / profit before provisions		(174,504)	1,228,910
(573)	1,022	(Reversals) / provisions and write offs - net	31	(88,703)	158,298
-	-	Extraordinary / unusual items		-	-
(554)	6,914	(LOSS) / PROFIT BEFORE TAXATION		(85,801)	1,070,612
1,103	2,787	Taxation	32	170,807	431,577
(1,657)	4,127	(LOSS) / PROFIT AFTER TAXATION		(256,608)	639,035
		Attributable to:			
(1,584)	3,973	Equity holders of the Bank		(245,285)	615,152
(73)	154	Non-controlling interest		(11,323)	23,883
(1,657)	4,127			(256,608)	639,035
--------- US Dollar ---------				--------- Rupee ---------	
(0.001)	0.002	Basic and diluted (loss) / earnings per share	33	(0.21)	0.34

The annexed notes from 1 to 48 and annexure I & annexure II form an integral part of these consolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2019

2019	2018		2019	2018
----- USD in ‹000 -----			----- Rupees in ‹000 -----	
(1,657)	4,127	(Loss) / profit after tax for the year	(256,608)	639,035
		Other comprehensive income / (loss)		
		Items that may be reclassified to profit and loss account in subsequent periods:		
210	379	Effect of translation of net investment in foreign branches	32,571	58,715
11,286	(15,596)	Movement in deficit on revaluation of investments - net of tax	1,747,631	(2,415,018)
(378)	378	Movement in general provision under IFRS 9 - net	(58,510)	58,510
10,908	(15,218)		1,689,121	(2,356,508)
11,118	(14,839)		1,721,692	(2,297,793)
		Items that will not be reclassified to profit and loss account in subsequent periods:		
(72)	114	Remeasurement (loss) / gain on defined benefit obligations - net of tax	(11,160)	17,590
2,325	3,829	Movement in surplus on revaluation of fixed assets - net of tax	359,994	592,943
-	(13)	Movement in surplus on revaluation of non-banking assets - net of tax	-	(2,086)
205	8	Share of other comprehensive income of an associate - net of tax	31,797	1,216
2,458	3,938		380,631	609,663
11,919	(6,774)	Total comprehensive income / (loss)	1,845,715	(1,049,095)
		Attributable to:		
12,648	(6,337)	Equity holders of the Bank	1,958,664	(981,418)
(729)	(437)	Non-controlling interest	(112,949)	(67,677)
11,919	(6,774)		1,845,715	(1,049,095)

The annexed notes from 1 to 48 and annexure I & annexure II form an integral part of these consolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Consolidated Statement of Changes in Equity

For the year ended December 31, 2019

	Share capital	Preference shares	Reserves: Statutory reserve *	Reserves: Exchange translation	Surplus/(Deficit) on revaluation of: Investments	Surplus/(Deficit) on revaluation of: Fixed Assets	Surplus/(Deficit) on revaluation of: Non Banking Assets	Unappro-priated profit	Sub-total	Non-controlling interest	Total
	------	------	------	------	Rupees in '000	------	------	------	------		
Balance as at December 31, 2017	8,619,242	1,500,000	1,528,768	12,219	190,759	589,839	95,050	5,463,357	17,999,234	1,668,680	19,667,914
Profit after taxation	-	-	-	-	-	-	-	615,152	615,152	23,883	639,035
Other comprehensive income / (loss) - net of tax	-	-	-	58,715	(2,264,948)	592,943	(2,086)	18,806	(1,596,570)	(91,560)	(1,688,130)
	-	-	-	58,715	(2,264,948)	592,943	(2,086)	633,958	(981,418)	(67,677)	(1,049,095)
Transfer to statutory reserve	-	-	112,468	-	-	-	-	(112,468)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax											
Fixed assets	-	-	-	-	-	(23,983)	-	20,789	(3,194)	3,194	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	-	(106)	106	-	-	-
Transaction with owners recorded directly in equity											
Issuance of ordinary shares on conversion of preference shares during the year	2,250,000	-	-	-	-	-	-	-	2,250,000	-	2,250,000
Discount on issue of ordinary shares during the period	(750,000)	-	-	-	-	-	-	-	(750,000)	-	(750,000)
	1,500,000	-	-	-	-	-	-	-	1,500,000	-	1,500,000
Preference shares cancelled on conversion into ordinary shares during the year	-	(1,500,000)	-	-	-	-	-	-	(1,500,000)	-	(1,500,000)
Preference dividend paid for the year ended December 31, 2017 @ 12% p.a.	-	-	-	-	-	-	-	(180,000)	(180,000)	-	(180,000)
Balance as at December 31, 2018	10,119,242	-	1,641,236	70,934	(2,074,189)	1,158,799	92,858	5,825,742	16,834,622	1,604,197	18,438,819
Loss after taxation	-	-	-	-	-	-	-	(245,285)	(245,285)	(11,323)	(256,608)
Other comprehensive income / (loss) - net of tax	-	-	-	32,571	1,714,569	452,297	-	(11,082)	2,188,355	(86,032)	2,102,323
	-	-	-	32,571	1,714,569	452,297	-	(256,367)	1,943,070	(97,355)	1,845,715
Transfer to statutory reserve	-	-	4,931	-	-	-	-	(4,931)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax											
Fixed assets	-	-	-	-	-	(35,721)	-	35,721	-	-	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	-	(82)	82	-	-	-
Transaction with owners recorded directly in equity											
Interim cash dividend to non-controlling interest by subsidiary company @ Rs. 4 per share	-	-	-	-	-	-	-	-	-	(38,152)	(38,152)
Preference dividend paid for the year ended December 31, 2018 @ 12% p.a.	-	-	-	-	-	-	-	(24,164)	(24,164)	-	(24,164)
Buy-back of shares by subsidiary from NCI	-	-	-	-	-	-	-	-	-	(1,001,653)	(1,001,653)
Gain arised on buy back of shares by subsidiary	-	-	-	-	-	-	-	219,513	219,513	41,234	260,747
Balance as at December 31, 2019	10,119,242	-	1,646,167	103,505	(359,620)	1,575,375	92,776	5,795,596	18,973,041	508,271	19,481,312

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

The annexed notes from 1 to 48 and annexure I & annexure II form an integral part of these consolidated financial statements.

President and Chief Executive Officer | Chief Financial Officer | Director | Director | Chairman

Consolidated Cash Flow Statement

For the year ended December 31, 2019

2019	2018		Note	2019	2018
----- USD in ‹000 -----				----- Rupees in ‹000 -----	
		CASH FLOW FROM OPERATING ACTIVITIES			
(554)	6,914	(Loss) / profit before taxation		(85,801)	1,070,612
(1,281)	(1,260)	Less: Dividend income		(198,432)	(195,185)
(27)	(43)	Share of profit from associates		(4,180)	(6,674)
(1,862)	5,611			(288,413)	868,753
		Adjustments:			
5,529	4,829	Depreciation	10.2	856,131	747,791
11	4	Depreciation on non-banking assets	13.2.1	1,713	573
6,364	-	Depreciation - right of use assets	4.1	985,498	-
633	482	Amortisation of intangible assets	11.2	97,968	74,660
(575)	1,022	(Reversals) / provisions / write offs - net		(89,018)	158,298
(3,188)	(785)	Gain on sale of fixed assets - net	27	(493,680)	(121,599)
3,750	67	Mark-up / return / interest expensed on lease liability against right-of-use assets	4.1	580,610	10,441
870	837	Charge for defined benefit plan	36.5	134,712	129,556
(54)	360	Unrealised (gain) / loss on revaluation of investments classified as held-for-trading - net		(8,368)	55,773
(426)	(1,049)	Reversals for workers welfare fund	29	(65,991)	(162,429)
(136)	(47)	Unrealised gain on revaluation of derivative instruments		(21,126)	(7,315)
(426)	(1,369)	Unrealised gain on revaluation of forward foreign exchange contracts		(65,955)	(211,933)
12,352	4,351			1,912,494	673,816
10,490	9,962			1,624,081	1,542,569
		(Increase) / decrease in operating assets			
(183,278)	7,585	Lendings to financial institutions		(28,380,143)	1,174,540
(88,215)	(217,265)	Held-for-trading securities		(13,659,848)	(33,642,907)
55,963	(442,783)	Advances		8,665,682	(68,563,924)
(20,243)	(16,159)	Other assets (excluding advance taxation)		(3,134,606)	(2,502,254)
(235,773)	(668,622)			(36,508,915)	(103,534,545)
		Increase / (decrease) in operating liabilities			
1,838	(1,966)	Bills payable		284,567	(304,354)
(272,692)	204,711	Borrowings		(42,225,743)	31,698,987
314,740	203,050	Deposits and other accounts		48,736,751	31,441,838
2,950	18,661	Other liabilities		456,786	2,889,593
46,836	424,456			7,252,361	65,726,064
(188,937)	(244,166)			(29,256,554)	(37,808,481)
(662)	(1,131)	Gratuity paid	36.5	(102,494)	(175,118)
(2,880)	(7,928)	Income tax paid		(445,904)	(1,227,666)
(181,989)	(243,263)	Net cash used in operating activities		(28,180,871)	(37,668,696)
		CASH FLOW FROM INVESTING ACTIVITIES			
86,562	339,001	Net investment in available-for-sale securities		13,403,936	52,493,495
63,656	(8,514)	Net investment in held-to-maturity securities		9,857,050	(1,318,447)
(137)	(1,162)	Investment in associated company		(21,239)	(180,000)
1,281	1,248	Dividend income received		198,432	193,320
(8,929)	(8,077)	Investments in fixed assets		(1,382,668)	(1,250,706)
(1,273)	(2,610)	Investments in intangible assets		(197,157)	(404,185)
210	379	Effect of translation of net investment in foreign branches		32,571	58,715
8,731	1,131	Proceeds from sale of fixed assets		1,351,903	175,167
150,101	321,396	Net cash flow from investing activities		23,242,828	49,767,359
		CASH FLOW FROM FINANCING ACTIVITIES			
(156)	(1,162)	Dividend paid on preference shares		(24,164)	(180,000)
(13)	16,132	(Payments) / receipts of subordinated debt		(2,000)	2,498,000
(9,137)	(88)	Payment of lease liability against right of use assets		(1,414,882)	(13,576)
(246)	-	Dividend paid to non controlling interest	4.1	(38,152)	-
(4,785)	-	Shares bought back from non-controlling interest		(740,906)	-
(14,337)	14,882	Net cash (used in) / flow from financing activities		(2,220,104)	2,304,424
(46,225)	93,015	(Decrease) / increase in cash and cash equivalents		(7,158,147)	14,403,087
210,451	117,436	Cash and cash equivalents at beginning of the year		32,587,698	18,184,611
164,226	210,451	Cash and cash equivalents at end of the year	34	25,429,551	32,587,698

The annexed notes from 1 to 48 and annexure I & annexure II form an integral part of these consolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

1. STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

1.1.1 Holding Company: JS Bank Limited, Pakistan

JS Bank Limited (the Bank / JSBL) is a banking company incorporated in Pakistan as a public limited company on March 15, 2006. The Bank is a subsidiary company of Jahangir Siddiqui & Co. Ltd. (JSCL) and its shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank commenced its banking operations on December 30, 2006 and its registered office is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi.

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 359 (December 31, 2018: 344) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2018: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained 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.

1.1.2 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.

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

The ultimate parent of the Group is Jahangir Siddiqui & Co. Ltd. which holds 75.02% shares of the Bank.

	Ownership interest and voting power held by			
	2019		2018	
	The Group	NCI	The Group	NCI
1.1.3 Composition of the Group				
Subsidiary				
JS Global Capital Limited	83.53%	16.47%	67.16%	32.84%
JS Investment Limited	84.56%	15.44%	65.16%	34.84%
JS ABAMCO Commodities Limited	84.56%	15.44%	65.16%	34.84%
1.1.4 Composition of the associates				
Omar Jibran Engineering Industries Limited	9.60%	-	9.60%	-
Veda Transit Solutions (Private) Limited	8.00%	-	-	-
Intercity Touring Company (Private) Limited	9.12%	-	-	-

1.1.5 Subsidiary Companies

JS Global Capital Limited (JSGCL)

JSGCL, is principally owned by the Bank, holding 83.53% of its equity interest. The Bank acquired effective controlling interest in JSGCL on December 21, 2011, April 15, 2016 and October 02, 2019 of 51.05%, 16.11% and 16.37% respectively. The ownership interest has increased by 32.42%, without any change in the cost of investment, due to the fact that JSGCL has bought back its 19,443,000 ordinary shares out of its 50 million ordinary. JSGCL is a public listed company incorporated in Pakistan under the repealed Companies Ordinance, 1984. 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 Company is situated at 17th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi, Pakistan. The Company has ten branches (2018: eleven) in eight cities of Pakistan.

JS Investments Limited (JSIL)

JSIL, is principally owned by the Bank, holding 84.56% of its equity interest. The Bank acquired effective controlling interest in JS Investments Limited (JSIL) on November 01, 2012, December 22, 2015 and August 31, 2019 of 52.24%,12.92% and 19.40% respectively. The ownership interest has increased by 32.32% without any change in the cost of investment, due to the fact that JSIL has bought back its 38,225,744 ordinary shares out of its 100 million ordinary shares. JSIL is a public listed company incorporated in Pakistan on February 22, 1995 under the repealed Companies Ordinance, 1984. The shares of the JSIL are listed on the Pakistan Stock Exchange (PSX), formerly since April 24, 2007. The registered office of the Company is situated at The Centre, 19th Floor, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

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, JSIL has also obtained registration to act as Pension Fund Manager under the Voluntary Pension System Rules, 2005.

JSIL is an asset management company of the following funds:

Open end 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
- JS Cash Fund
- JS Large Cap. Fund
- JS Islamic Hybrid Fund of Funds(JSIHFOF)
- JS Islamic Hybrid Fund of Funds -2 (JSIHFOF2)
- JS Islamic Hybrid Fund of Funds -3 (JSIHFOF3)
- JS Islamic Dedicated Equity Fund

Private Equity & Venture Capital fund:
- JS Motion Picture Fund

Pension funds:
- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

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

JS ABAMCO Commodities Limited (JSACL)

JS Bank owns 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 repealed Companies Ordinance, 1984 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 JSACL is situated at The Centre, 19th Floor, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi.

1.1.6 Associated Companies

Omar Jibran Engineering Industries Limited (OJEIL)

The Bank has invested in the shares of OJEIL, a public unlisted company. The Bank has classified the investment as an associate on account of its significant influence over the investee company. OJEIL was incorporated on June 25, 1987 in Pakistan as an unquoted public limited company under the repealed Companies Ordinance, 1984. The registered office of the OJEIL is situated at DSU-10, Pakistan Steel Industries Estate Bin Qasim, Karachi. The OJEIL is mainly engaged in the manufacture and sale of automotive parts and armoring of vehicles.

Veda Transit Solutions (Private) Limited (VEDA)

The Bank has invested in the shares of VEDA, a private limited company. The Bank has classified the investment as an associate on account of its significant influence over the investee company. VEDA was incorporated on June 10, 2016 in Pakistan as private limited company under the repealed Companies Ordinance, 1984. The registered office of the VEDA is situated at Raaziq Logistics Centre 16 KM, Multan Road, Near Dina Nath Stop, Lahore. The VEDA is mainly engaged in the rural / urban, intracity / intercity transportation of passenger and goods.

Intercity Touring Company (Private) Limited (ITC)

The Bank has invested in the shares of ITC, a private limited company. The Bank has classified the investment as an associate on account of its significant influence over the investee company. ITC was incorporated on April 25, 2014 in Pakistan as private limited company under the repealed Companies Ordinance, 1984. The registered office of the ITC is situated at 147-P Gulberg III, Lahore. The ITC is mainly engaged in the transportation, touring, and logistics related services.

2. BASIS OF PRESENTATION

2.1 These consolidated financial statements include financial statements of JS Bank Limited and its subsidiary companies (the "Group") and share of the profit or loss / reserves of associates.

These consolidated financial statements have been presented in Pakistan Rupees (PKR), which is the currency of the primary economic environment in which the Group operates and functional currency of the Group, in that environment as well. The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

The US Dollar amounts shown on the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are stated as additional information solely for the convenience of readers and have not been subject to audit by the external auditors. For the purpose of conversion to US Dollars, the rate of Rs. 154.8476 to 1 US Dollar has been used for 2019 and 2018 as it was the prevalent rate as on December 31, 2019.

2.2 Statement of Compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. These comprise of

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the SBP and the Securities & Exchange Commission of Pakistan (SECP) from time to time.

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 IFRS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies vide BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks vide its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

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 through S.R.O56(I)/2016 dated January28, 2016, that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of the consolidated financial statements.

Through S.R.O. 229 (I)/2019 dated February 14, 2019, the SECP has notified that the applicability of the IFRS 9 'Financial Instruments' for all companies required to prepare their financial statements in accordance with the requirements of IFRS for reporting period/year ending on or after June 30, 2019 (earlier application is permitted). However, State Bank of Pakistan has notified that the effective date of the applicablity of IFRS 9 to annual periods beginning on or after January 01, 2021 vide SBP BPRD Circular No.4 dated October 23, 2019. Therefore, the Group has not considered the impact of IFRS 9 for its Pakistan operations in the consolidated financial statements.

Further, the Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing loans and advances, the implementation of IFRS 9 may require changes in the regulatory regime and for this SBP would issue guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan.

2.3 BASIS OF CONSOLIDATION

2.3.1 Subsidiary

- The consolidated financial statements include the financial statements of the Bank (The Holding Company) and its subsidiary companies together - "the Group".
- Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with investee and has the ability to effect those return through its power over the investee except investment in mutual funds established under trust structure where IFRS 10 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under Trust structure.

- These consolidated financial statements incorporate the financial statements of subsidiaries from the date that control commences until the date that control ceases.
- The financial statements of the subsidiary companies are prepared for the same reporting year as the holding company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Non-controlling interests are that part of the net results of operations and of net assets of subsidiaries attributable to interest which are not owned by the holding company.
- Material intra-group balances and transactions are eliminated.

2.3.2 Associate

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating polices. Associates are accounted for using the equity method.

2.3.3 Acquisition of business not under common control

Acquisitions of businesses not under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the bank, liabilities incurred by the bank to the former owners of the acquiree and the equity interests issued by the bank in exchange for control of the acquiree. Acquisition-related costs are recognised in profit and loss account as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill on acquisition after July 01, 2009 is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill acquired in a business combination before July 01, 2009 is initially measured at cost, being the excess of the cost of business combination over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation is measured at proportionate share of net assets of the acquiree at the date of the acquisition.

2.3.4 Acquisition of business under common control

Acquisition of business under common control are accounted for under 'pooling of interest method'.

The assets and liabilities of the combining businesses for the period in which the combination occurs are merged on the date of combination at their respective book values. Appropriate adjustments are made to the book values to reflect application consistent accounting policies in the combining businesses. Any difference between the amount of net assets merged and consideration transferred in form of cash or other assets are adjusted against equity.

Expenditure incurred in relation to the business combination are recognized as expenses in the period in which they are incurred.

2.4 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year

Following are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2019:

Standard, Interpretation or Amendment

- IFRIC 23 - Uncertainty over Income Tax Treatments
- IFRS 15 - Revenue from contracts with customers
- IFRS 16 - Leases
- Amendment to IAS 28 - Investments in Associates and Joint Ventures - Long Term Interests in Associates
- Amendments to IAS 19 - Employee Benefits - Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement
  - IAS 12 Income Taxes
  - IAS 23 Borrowing Costs

The adoption of the above standards / amendments to accounting standards are not considered to be relevant or did not have any significant effect on the Holding company's operations and therefore not detailed in the consolidated financial statements other than IFRS 16. The nature and effect of the changes as a result of adoption of IFRS 16 are disclosed in Note 4.1.

2.5 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2020:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 3 - Definition of a Business (Amendments)	January 01, 2020

The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

IAS 1 and IAS 8 – Definition of Material – Amendments to IAS 1 and IAS 8 January 01, 2020

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

IFRS 14 'Regulatory Deferral Accounts' July 01, 2019

IFRS 14 'Regulatory Deferral Accounts' permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account for, with some limited changes, 'regulatory deferral account balances' in accordance with its previous reporting framework, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and profit and loss account and statement of other comprehensive income, and specific disclosures are required. IFRS 14 was originally issued by IASB in January 2014 with Initial application date for a period beginning on or after 01 January 2016. During November 2019, the SECP notified the effective date for applicability of IFRS 14 for the annual reporting periods begining on or after 01 July 2019.

The above standards, amendments and interpretations are not expected to have any material impact on the Bank's financial statements in the period of initial application

In addition to the above, the IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	January 01, 2004
IFRS 17 – Insurance Contracts	January 01, 2021

2.6 Critical accounting estimates and key sources of estimation uncertainty

The preparation of these consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions in accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in application of accounting policies are as follows:

i) Classification of investments

- In classifying investments as 'held-for-trading' the Group has determined securities which are acquired with an intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days of acquisition.
- In classifying investments as 'held-to-maturity' the Group follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.
- The investments which are not classified as 'held-for-trading' or 'held-to-maturity' are classified as 'available-for-sale'.

ii) Provision against non performing loans and advances

The Holding company reviews its loan portfolio to assess amount of non-performing loans and advances and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers, the value of securities and the requirements of the Prudential Regulations are considered. For portfolio impairment / provision on consumer advances, the Bank follows requirements set out in Prudential Regulations.

iii) Impairment on investments

The Holding company determines that investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Holding company evaluates among other factors, the normal volatility in securities price. In addition, impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

iv) Income taxes

In making the estimates for income taxes currently payable by the Group, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Group's future taxable profits are taken into account.

v) Depreciation of fixed assets and amortization of intangible assets

In making estimates of the depreciation / amortisation method, the management uses a method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the underlying assets, the method is changed to reflect the change in pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

vi) Defined benefits plans and other benefits

Liability is determined on the basis of actuarial advice using the Projected Unit Credit Method.

vii) Impairment of Goodwill

Impairment testing involves a number of judgmental areas which are subject to inherent significant uncertainty, including the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting and the assessment of the discount rate appropriate to the business. The carrying amount of goodwill at the balance sheet date was Rs.1,464 million. The detailed assumptions underlying impairment testing of goodwill are given in note 11.7 to these consolidated financial statements.

viii) Lease term

The Bank applies judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options.The assessment of whether the Bank is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

3. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for:

- Certain classes of fixed assets and non-banking assets acquired in satisfaction of claims which are stated at revalued amounts less accumulated depreciation.
- Investments classified as held-for-trading and available-for-sale and derivative financial instruments, which are measured at fair value.
- Net obligations in respect of defined benefit schemes which are carried at their present values.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are consistent with those of previous financial year except as disclosed below in note 4.1.

4.1 Adoption of IFRS 16 - Leases

International Accounting Standards Board (IASB) has issued IFRS 16 'Leases' in January 2016 which supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The new standard sets out the principles for:

- Lessees to account for all leases under a single on-balance sheet model and governs recognition, measurement, presentation and disclosure of leases; and
- Lessor accounting which is substantially unchanged. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

Therefore, IFRS 16 did not have an impact for leases where the Bank is a lessor.

The Group has lease contracts for various properties. Before the adoption of IFRS 16, the Bank classified each of its leases (as lessee) at the inception date as an operating lease.

In an operating lease, the leased asset was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other asset and other liabilities, respectively.

The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application as January 01, 2019. Under this method, the standard has been applied retrospectively, with the cumulative effect of initially applying the standard, recognised at the date of initial application. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

Upon adoption of IFRS 16, the lessees are required to recognise a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. Under IAS 17, leased assets, under operating lease mode, were not recognised on Group's balance sheets and it only required lessees to recognise a periodic lease expense (rent) on a straight-line basis over the term for leases tenure and relevant lease commitments were disclosed.

New accounting policies of the Group upon adoption of IFRS 16 are:

Right-of-use (RoU) assets

At the commencement date of the lease, the right-of-use asset is initially measured at the present value of lease liability. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any premeasurement of lease liabilities. RoU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liability

At the commencement date of the lease, the Group recognises lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

4.1.1 The effect of adoption of IFRS 16 as at January 01, 2019 (increase / (decrease)) is as follows:

	January 01, 2019 Rupees in '000
Assets	
Right-of-use (RoU) asset	5,068,076
Prepayments	(320,934)
Total Assets	4,747,142
Liabilities	
Lease liability	4,781,777

4.1.2 The carrying amounts of the Group's right-of-use assets, lease liabilities and the movements during the period is as below:

	Rupees in '000
Right of use assets	
As at January 1, 2019	5,068,076
Addition during the period	42,563
Deletion during the period	(16,010)
Depreciation	(985,497)
As at December 31, 2019	4,109,132

	Rupees in '000
Lease liability	
As at January 1, 2019	4,781,777
Addition / (deletion) during the period - net	24,333
Borrowing cost	580,688
Payments	(1,126,440)
As at December 31, 2019	4,260,358

4.1.3 Had this standard not been applied, below impacts have not been arised in these consolidated financial statements:

	December 31, 2019 Rupees in '000
Impact on Statement of Financial Position as at	
Increase in fixed assets - right-of-use assets	4,109,132
Decrease in other assets - advances, deposits, advance rent and other prepayments	(252,620)
Increase in total assets	3,856,512
Increase in other liabilities - lease liability against right-of-use assets / other payable	4,260,358
Decrease in net assets	(403,846)

	December 31, 2019 Rupees in '000
Impact on Profit and Loss account during the year	
Increase in mark-up expense - lease liability against right-of-use assets	580,688
(Increase) / decrease in administrative expenses	
- Depreciation on right-of-use assets	985,497
- Rent expense	(1,162,339)
	(176,842)
Decrease in profit before tax	403,846
Decrease in tax	-
Decrease in profit after tax	403,846

4.1.4 When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 01 January 2019.

	December 31, 2019 Rupees in '000
Operating lease commitments at December 31, 2018 as disclosed under IAS 17	6,652,916
Discounted operating lease commitments as at January 01, 2019	4,221,881
Add:	
Lease payments relating to renewal periods not included in operating lease commitments as at December 31, 2018	573,235
Less:	
Commitments relating to short term leases	(13,339)
Lease liabilities recognised at January 01, 2019	4,781,777

4.2 Cash and cash equivalents

Cash and cash equivalents represent cash and balances with treasury banks and balances with other banks net of any overdrawn nostro accounts.

4.3 Lendings to / borrowings from financial institutions

The Group enters into transactions of lendings to / borrowings from financial institutions at contracted rates for a specified period of time. These are recorded as under:

(a) Purchase under resale obligation

Securities purchased under agreement to resell (reverse repo) are not included in statement of financial position as the Bank does not obtain control over the securities. Amount paid under these agreements is included in lendings to financial institutions or advances as appropriate. The difference between the contracted price and resale price is amortised over the period of the contract and recorded as income using effective interest method.

(b) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of provision. Mark-up on such lendings is charged to profit and loss account on a time proportionate basis using effective interest rate method except mark-up on impaired/delinquent lendings, which are recognized on receipt basis in accordance with the requirements of the Prudential Regulations of the SBP.

(c) Sale under repurchase obligation

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and liability to counter party is included in borrowings. The difference in sale and repurchase value is accrued over the period of the contract and recorded as an expense using effective interest rate method.

(d) Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the proceeds received. Mark-up paid on such borrowings is charged to the profit and loss account over the period of borrowings on time proportionate basis using effective interest method.

4.4 Investments

4.4.1 Initial recognition and measurement

4.4.1.1 The Management determines the appropriate classification of its investments at the time of purchase in held-for-trading, available-for-sale or held-to-maturity as per SBP guidelines vide BSD circular No. 10 of

2004 dated July 13, 2004. These are initially recognised at cost, being the fair value of the consideration given plus, in the case of investments not held-for-trading, directly attributable acquisition costs.

(a) Held-for-trading

These are securities which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealer's margin or are securities included in a portfolio in which a pattern of short-term profit taking exists. These securities are carried at fair value with any related gain or loss being recognized in profit and loss account.

(b) Held-to-maturity

These are securities with fixed or determinable payments and fixed maturities that are held with the intention and ability to hold till maturity. Investments classified as held-to-maturity are carried at amortised cost.

(c) Available-for-sale

These are investments that do not fall under the held-for-trading or held-to-maturity categories. These are initially recognised at cost, being the fair value of the consideration given including the acquisition cost. These securities are carried at fair value with any related surplus or deficit on revaluation shall be taken to other comprehensive income.

4.4.1.2 Associates

Associates are all entities over which the Group has significant influence but not control. These are accounted for using the equity method of accounting.

Under the equity method, the investment in associates are initially recognised at cost and the carrying amount of investment is increased or decreased to recognise the investor's share of the post acquisition profits or losses, share of other comprehensive income or loss and share of the post acquisition movement in other reserves. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. However, in case where associates are considered as fully impaired and financial statements are not available these investments are stated at cost less provision.

4.4.1.3 Regular way contracts

All 'regular way' purchases and sales of financial assets are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Group. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

4.4.1.4 Premium or discount on acquisition of investments

Premium or discount on acquisition of investments is capitalised and amortised through the consolidated profit and loss account using effective yield over the remaining period of the investment.

4.4.2 Subsequent measurement

In accordance with the requirements of the State Bank of Pakistan, SBP, quoted securities other than those classified as 'held-to-maturity' and investment in associates and subsidiaries, are subsequently remeasured on portfolio basis i.e. in case of Government securities at PKRV rates whereas in case of other securities at market value. Investments classified as 'held-to-maturity' are carried at amortised cost using the effective interest method (less impairment, if any).

Further, in accordance with the requirements of the SBP, gain or loss on revaluation of the Group's held-for-trading investments is taken to the profit and loss account. In case of investments classified as available-for-sale, surplus or deficit is taken directly to equity. The surplus or deficit arising on these securities is taken to the profit and loss account when actually realised upon disposal.

Unquoted equity securities, excluding investment in subsidiaries and associates are valued at lower of cost and the break-up value in accordance with the requirements of the Prudential Regulations issued by the SBP. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investment in subsidiaries and associates are carried at cost, less accumulated impairment losses, if any.

4.4.3 Impairment / diminution in the value of securities

Impairment loss in respect of quoted equity securities classified as available for sale, associates, subsidiaries and held to maturity is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. Objective evidence that the cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below average cost. A decline to be considered as:

- Significant if the fair value is below the weighted average cost by more than 30 percent.
- Prolonged if the fair value is below the weighted average cost for a period of more than one year.

(a) Available-for-sale

If an available-for-sale equity security is impaired, the cumulative loss that had been recognised in equity, shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised, any further decline in the fair value at subsequent reporting dates are recognised as impairment. Therefore, at each reporting period, for an equity security that was determined to be impaired, additional impairment are recognised for the difference between the fair value and the original cost basis, less any previously recognised impairment.

If, in subsequent period, impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit and loss except in case of derecognition.

(b) Held to maturity, Subsidiaries and Associates

Impairment losses are incurred if, and only if, there is objective evidence of impairment after initial recognition of the investment. The impairment loss is recognised in the profit and loss account. If, in a subsequent period, any indication that an impairment loss recognised in prior periods no longer exist or may have decreased, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

(c) Debt Securities

PTCs, TFCs, Sukuk and other debt securities will be classified on the valuation date on the basis of default in their repayment in line with the criteria prescribed for classification of medium and long-term facilities in accordance with the requirements of the Prudential Regulations issued by the SBP.

4.5 Financial instruments

4.5.1 Financial assets and financial liabilities

Financial assets and financial liabilities are recognized at the time when the Bank becomes party to the contractual provision of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account at the time of de-recognition. The particular recognition and subsequent measurement method for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

4.5.2 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

4.6 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Group intends either to settle the assets and liabilities on a net basis or to realise the assets and to settle the liabilities simultaneously. Income and expenses arising from such assets and liabilities are accordingly offset.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

4.7 Advances

4.7.1 Loan and advances

Advances are stated net of general and specific provisions. General and specific provisions against funded loans are determined in accordance with the requirements of the Prudential Regulations issued by the SBP and charged to the profit and loss account. Advances are written off when there are no realistic prospects of recovery.

4.7.2 Finance lease receivables

Leases, where the bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to the present value of the lease payment including any guaranteed residual value, if any. Net investment in finance lease is included in loans and advances to customers.

4.8 Fixed assets

4.8.1 Property and equipment

Fixed assets except office premises are shown at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Office premises (which includes leasehold land and buildings) are stated at revalued amount less accumulated depreciation and impairment loss, if any.

Depreciation is calculated and charged to profit and loss account using the straight-line method so as to write down the cost of the assets to their residual values over their estimated useful lives at the rates given in note 10. A full month's depreciation is charged from the month in which assets are brought into use and no depreciation is charged for the month in which the disposal is made. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, annually.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

An item of property and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is recognised in the profit and loss account in the year the asset is de-recognised.

4.8.2 Surplus / deficit on revaluation of fixed assets

The surplus arising on revaluation is credited to other comprehensive income. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss account.

The deficit arising on a particular property as a result of a revaluation is recognised in profit and loss account as an impairment. However, the decrease to be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Depreciation on buildings which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets Account" to unappropriated profit through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

Gains or losses on disposal of assets are included in the profit and loss account currently, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to equity.

4.8.3 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any. These are transferred to specified assets as and when assets are available for use.

4.9 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Intangible assets are amortised from the month when the assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortisation method are reviewed and adjusted, if appropriate, annually.

Intangible assets having an indefinite useful life are carried at cost less any impairment in value and are not amortised. However these are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

4.10 Assets subject to finance leases

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the lease, net of financial charges allocated to future periods, are shown as a liability.

The financial charges are allocated to accounting periods in a manner so as to provide a period rate of interest on the outstanding liability.

4.11 Non-banking assets acquired in satisfaction of claims

4.11.1 Non-banking assets acquired in satisfaction of claims under Debt Property Swap (DPS) transactions, against the loans in category of loss, are initially carried at cost and subsequently at revalued amounts at each year-end date of the statement of financial position, being the fair value at the date of revaluation less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The valuation of properties acquired under this head is conducted regularly, so as to ensure that their net carrying value does not materially differ from their fair value.

All direct cost including legal fees, valuation and transfer costs of acquiring title to property shall be expensed when incurred through profit and loss account.

Subsequent costs are included in the asset's carrying amounts only when it is probable that future benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other subsequent costs including repair and maintenance are charged to the profit and loss account as and when incurred.

Depreciation on assets acquired in satisfaction of claims is charged to the profit and loss account in line with the depreciation charged on operating fixed assets.

Any reductions in non-performing loans and corresponding reductions in provisions held against non-performing loans, as a result of the recognition of such assets, are disclosed separately in the notes to these unconsolidated financial statements.

These assets are generally intended for sale. Gains and losses realised on the sale of such assets are disclosed separately from gains and losses realised on the sale of fixed assets in the notes to these consolidated financial statements. If such asset is subsequently used by the Bank for its own operations, the asset, along with any related surplus, is transferred to fixed assets.

4.11.2 Surplus / deficit on revaluation of non banking assets

Revaluation of non-banking assets acquired in satisfaction of claims under Debt Property Swap (DPS) transactions are carried out under criteria given in regulations for DPS issued by State Bank of Pakistan vide BPRD Circular 01 dated January 01, 2016 i.e. valuation of property shall be done on individual property basis and not on portfolio basis, whereas accounting treatment of revaluation is accounted for in accordance with applicable financial reporting standards i.e. International Accounting Standard (IAS) 16.

Furthermore, revaluation surplus on such assets shall not be admissible for calculating Group's Capital Adequacy Ratio and exposure limits under the Prudential Regulations. However, the surplus can be adjusted upon realization of sale proceeds.

4.12 Impairment

At each balance sheet date, the Bank reviews the carrying amounts of its assets (other than investment and deferred tax asset) to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of net selling price (being fair value less cost to sell) and value-in-use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit and loss account immediately.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognized as income.

4.13 Borrowings / deposits and their cost

Borrowings / deposits are recorded at the proceeds received. Borrowing / deposit costs are recognised as an expense in the period in which these are incurred.

4.14 Subordinated debts

Subordinated debts are recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognised separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

4.15 Taxation

4.15.1 Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income. For income covered under final tax regime, taxation is based on applicable tax rate under such regime. The charge for current tax also includes adjustments, where considered necessary, relating to prior years arising from assessments made during the year.

4.15.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the consolidated financial statements. Deferred tax liability is recognized on taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments, fixed assets and non banking assets are recognised as adjustment to surplus / (deficit) arising on revaluation in accordance with the requirements of IAS-12 “Income Taxes”.

4.16 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists for the Group to settle the obligation. The loss is charged to consolidated profit and loss account net of expected recovery.

4.17 Staff retirement benefits

Defined contribution plan - the Group

The Group has established a provident fund scheme for all its permanent employees in accordance with the trust deed and rules made there under. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate defined below of basic salary. Contribution by the Group is charged to profit and loss account.

- The Bank (Holding Company)	7.10%
- JS Global Capital Limited (Subsidiary)	7.33%
- JS Investment Limited (Subsidiary)	7.33%

4.17.1 Defined benefit plan as revised (Holding Company)

The Bank operates an approved funded gratuity scheme covering all its eligible employees who have completed minimum qualifying period. An actuarial valuation of defined benefit scheme is conducted at the end of every year or on occurrence of any significant change. The most recent valuation in this regard was carried out as at December 31, 2019, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Past-service costs are recognised immediately in profit and loss account and actuarial gains and losses are recognised immediately in other comprehensive income.

4.18 Revenue recognition

Revenue is recognized to the extent that economic benefits will flow to the Group and the revenue can be reliably measured. These are recognized as follows:

- Advances and investments

  Mark-up income / interest / profit on performing advances and debt securities is recognized on a time proportion basis as per the terms of the contract.

  Mark-up income / interest / profit on non-performing advances and debt securities is recognized on a receipt basis in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan.

Interest / returns / mark-up income / profit on rescheduled / restructured advances and debt securities are recognised as permitted by the State Bank of Pakistan or by the regulatory authorities of the countries where the Bank operates, except where, in the opinion of the management, it would not be prudent to do so.

Premium or discount on acquisition of debt investments is capitalised and amortised through the profit and loss account over the remaining maturity of the debt security using the effective yield method.

Unrealised interest income in respect of non-performing loans and advances are held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations issued by the SBP.

- Lease financing

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (defined as the excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease.

Unrealised finance income in respect of non-performing lease finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations issued by the SBP.

Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

- Non Mark-up / interest income

- Commission is recognised as income on time proportion basis. Fees are recognised when earned.
- Financial advisory fee is recognised when the right to receive the fee is established.
- Dividend income from investments is recognised when the Bank's right to receive the dividend is established.

4.19 Dividend and appropriation to reserves

Dividend and appropriation to reserves except for statutory reserves are recognised in the consolidated financial statements in the periods in which these are approved.

4.20 Foreign currencies

4.20.1 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

4.20.2 Transactions and balances

Transactions in foreign currencies are translated into Pakistani rupees at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Forward contracts relating to foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contract. The forward cover received / paid on forward purchase contracts relating to foreign currency deposits are realised / charged directly to profit and loss account.

4.20.3 Foreign operations

Assets and liabilities of foreign operations are translated into rupees at the exchange rate prevailing at the reporting date. The results of foreign operations are translated at average rate of exchange for the year.

4.20.4 Translation gains and losses

Translation gains and losses arising on revaluations of net investment in foreign operations are taken to Exchange Translation Reserve in the statement of comprehensive income. These are recognised in the profit and loss account on disposal.

4.20.5 Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these consolidated financial statements are translated at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the consolidated statement of financial position date.

4.21 Goodwill

Goodwill acquired in a business combination before July 01, 2009 is initially measured at cost, being the excess of the cost of the business combination over the Holding company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Holding company's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units or groups of units.

4.22 Earnings per share

The Group presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Holding company and dividing by the weighted average number of ordinary shares outstanding during the period / year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.23 Non-current assets held for sale and associated liabilities

The Holding Company classifies an asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A held for sale asset is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised in the consolidated profit and loss account for any initial or subsequent write down of the asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent these do not exceed the cumulative impairment losses previously recorded. An asset is not depreciated while classified as held for sale.

4.24 Segment reporting

A segment is a distinguishable component of the Group that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment.

Segment information is presented as per the Group's functional structure and the guidance given under International Financial Reporting Standard (IFRS) 8. For management purposes, the Group has been organised into Seven operating segments based on products and services, as follows:

4.24.1 Business segments

Corporate finance

This includes investment banking activities such as mergers and acquisitions, underwriting, privatization, securitization, Initial Public Offers (IPOs), specialised financial advice and trading and secondary private placements.

Trading and sales
This segment undertakes the Group's treasury, money market and capital market activities.

Retail banking
Retail banking provides services to small borrowers i.e. consumers, small and medium enterprises (SMEs) and agricultural sector. It includes loans, deposits and other transactions with retail customers.

Commercial banking
This includes loans, deposits and other transactions with corporate customers.

Brokerage
This includes brokerage commission earned on transactions in capital, money, foreign exchange and commodity markets.

Asset management
This includes fee for services rendered in connection with advisory and management of mutual funds.

Others

This includes the head office related activities and other functions which cannot be classified in any of the above segments.

The Executive Management Committee (ManCom) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Interest income is reported net as management primarily relies on net interest revenue as a performance measure, along with the gross income and expense

Transfer prices between operating segments are based on the Bank's internal pricing framework.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2018 and 2019.

4.24.2 Geographical segment

The Holding company operates with 359 (December 31, 2018: 344) branches / sub-branches in Pakistan region and one wholesale banking branch in Bahrain (December 31, 2018: one).

4.25 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in statement of financial position.

	Note	2019	2018
		-------- Rupees in '000 --------	
5. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		5,573,428	4,415,856
Foreign currencies		896,523	488,292
		6,469,951	4,904,148
With State Bank of Pakistan in:			
Local currency current account	5.1	13,292,331	22,166,628
Foreign currency current account - non remunerative	5.2	831,532	785,958
Foreign currency deposit account - remunerative	5.3	2,566,714	2,409,442
		16,690,577	25,362,028
With National Bank of Pakistan in:			
Local currency current accounts		2,286,205	1,839,396
National Prize Bonds		143,440	5,604
		25,590,173	32,111,176

5.1 These include local currency current accounts maintained with SBP as per the requirements of Section 22 of the Banking Companies Ordinance, 1962.

5.2 As per BSD Circular No. 9 dated December 03, 2007, cash reserve of 5% is required to be maintained with the State Bank of Pakistan in deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits).

5.3 This represents deposit accounts maintained with SBP under the requirements of BSD Circular No. 14 dated June 21, 2008 and mandatory reserve maintained to facilitate collection and settlement of foreign currency accounts under FE-25, as prescribed by the SBP, carrying a mark-up rate 0.70% (2018: 1.5%) as per specific circular issued by SBP at year end.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

6. BALANCES WITH OTHER BANKS

	Note	2019	2018
		-------- Rupees in '000 --------	
In Pakistan			
on current accounts		150,722	130,055
on deposit accounts	6.1	6,565	4,423
		157,287	134,478
Outside Pakistan			
on current accounts	6.2	319,083	843,673
		476,370	978,151
Less: General provision under IFRS 9	6.3	(68)	(127)
Balances with other banks - net of provision		476,302	978,024

6.1 These carry mark-up at the rate of 6.75% to 12.75% (2018: 0% to 9.6%) per annum.

6.2 This includes amount held in Automated Investment Plans. The Holding company is entitled to earn interest from the correspondent banks at agreed upon rates when the balance exceeds a specified amount which comes 1.05% per annum (2018: 1%-2% per annum).

6.3 This represents general provision held under IFRS 9 by Bahrain branch of the Holding company.

7. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2019	2018
		-------- Rupees in '000 --------	
Call money lendings	7.2	283,887	1,758,917
Repurchase agreement lendings (Reverse Repo)	7.3	30,037,915	
Due against bills re-discounting		-	182,742
		30,321,802	1,941,659
Less: General provision under IFRS 9	7.4	(1,262)	(4,312)
Lending to Financial Institutions - net of provision		30,320,540	1,937,347

7.1 Particulars of lendings

	2019	2018
In local currency	30,037,915	-
In foreign currencies	283,887	1,937,347
	30,321,802	1,937,347

7.2 These represent unsecured call money lendings to financial institutions carrying interest at the rates ranging from 2.50% to 4.52% (2018: 2.85% to 8.06%) per annum. These will mature between January 30, 2020 and September 22, 2020 (2018: January 24, 2019 and September 23, 2019).

7.3 These are secured short-term lendings to various financial institutions, carrying mark-up rate from 12.00% to 13.60% (2018: Nil) per annum. These are collateralized by Market Treasury Bills and Pakistan Investment Bonds as shown in note 7.3.1 below.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

7.3.1 Market value of securities held as collateral against Lending to financial institutions

	2019			2018		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000					
Market Treasury Bills	24,252,002	-	24,252,002	-	-	-
Pakistan Investment Bonds	2,081,639	3,673,117	5,754,756	-	-	-
	26,333,641	3,673,117	30,006,758	-	-	-

7.4 This represents general provision held under IFRS 9 by Bahrain branch of the Bank.

8. INVESTMENTS

8.1 Investments by type

	2019				2018			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in '000							
Held-for-trading securities								
Federal Government Securities	55,601,087	-	(2,618)	55,598,469	41,381,420	-	(12,906)	41,368,514
Shares	486,634	-	551	487,185	1,037,824	-	(44,012)	993,812
Non Government Debt Securities	-	-	-	-	133,616	-	(260)	133,356
Open end mutual funds	444,902	-	11,070	455,972	377,541	-	1,404	378,945
	56,532,623	-	9,003	56,541,626	42,930,401	-	(55,774)	42,874,627
Available-for-sale securities								
Federal Government Securities	47,828,618	-	(809,244)	47,019,374	55,434,989	-	(2,893,867)	52,541,122
Shares	2,115,728	(136,589)	25,107	2,004,246	3,164,076	(478,346)	(87,928)	2,597,802
Non Government Debt Securities	3,931,294	(696,507)	(6,889)	3,227,898	2,354,043	(700,050)	606	1,654,599
Open end mutual funds	969,276	(26,023)	279,616	1,222,869	971,353	(26,023)	212,125	1,157,455
Foreign Securities	2,406	-	-	2,406	6,326,797	-	(456,009)	5,870,788
	54,847,322	(859,119)	(511,410)	53,476,793	68,251,258	(1,204,419)	(3,225,073)	63,821,766
Held-to-maturity securities								
Federal Government Securities	32,859,882	-	-	32,859,882	42,716,932	-	-	42,716,932
Associates	246,322	-	-	246,322	187,890	-	-	187,890
Total Investments	144,486,149	(859,119)	(502,407)	143,124,623	154,086,481	(1,204,419)	(3,280,847)	149,601,215

8.1.1 Investments include certain approved / government securities which are held by the Bank to comply with the Statutory Liquidity Requirement determined on the basis of the Bank's demand and time liabilities as set out under section 29 of the Banking Companies Ordinance, 1962.

8.1.2 Surplus / (deficit) includes revaluation gain on available for sale investments of subsidiaries amounting to Rs.80.378 million (2018: 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.

		2019				2018			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
8.2 Investments by segments:		----------	----------	----------	---------- Rupees in ‹000 ----------	----------	----------	----------	----------
Held-for-trading securities									
Federal Government Securities									
Market Treasury Bills	8.4.1	55,601,087	-	(2,618)	55,598,469	41,376,995	-	(12,844)	41,364,151
Pakistan Investment Bonds	8.4.1	-	-	-	-	4,425	-	(62)	4,363
		55,601,087	-	(2,618)	55,598,469	41,381,420	-	(12,906)	41,368,514
Shares:									
Listed Companies									
Ordinary shares	8.5.2	486,634	-	551	487,185	1,037,824	-	(44,012)	993,812
Non Government Debt Securities									
Listed									
Term Finance Certificates	8.5.3.1	-	-	-	-	130,307	-	(45)	130,262
Sukuk Certificates	8.5.3.2	-	-	-	-	3,309	-	(215)	3,094
		-	-	-	-	133,616	-	(260)	133,356
Open End Mutual Funds	8.4.4	444,902	-	11,070	455,972	377,541	-	1,404	378,945
Available-for-sale securities									
Federal Government Securities:									
Market Treasury Bills	8.5.1	12,071,266	-	(364)	12,070,902	3,010,920	-	(13)	3,010,907
Pakistan Investment Bonds	8.5.1	35,757,352	-	(808,880)	34,948,472	52,424,069	-	(2,893,854)	49,530,215
		47,828,618	-	(809,244)	47,019,374	55,434,989	-	(2,893,867)	52,541,122
Shares:									
Listed Companies									
Ordinary shares	8.5.2	1,968,139	-	25,107	1,993,246	3,016,487	(341,757)	(87,928)	2,586,802
Preference shares	8.5.2	136,589	(136,589)	-	-	136,589	(136,589)	-	-
Unlisted Companies									
Ordinary shares	8.5.2	11,000	-	-	11,000	11,000	-	-	11,000
		2,115,728	(136,589)	25,107	2,004,246	3,164,076	(478,346)	(87,928)	2,597,802
Non Government Debt Securities									
Listed									
Term Finance Certificates	8.5.3.1	445,183	(155,169)	(134)	289,880	323,727	(158,712)	(15)	165,000
Sukuk Certificates	8.5.3.2	493,850	-	(6,755)	487,095	643,005	-	621	643,626
Unlisted									
Term Finance Certificates	8.5.3.3	1,506,195	(541,338)	-	964,857	1,105,644	(541,338)	-	564,306
Sukuk Certificates-unlisted	8.5.3.4	1,458,333	-	-	1,458,333	281,667	-	-	281,667
Preference shares	8.5.3.5	27,733	-	-	27,733	-	-	-	-
		3,931,294	(696,507)	(6,889)	3,227,898	2,354,043	(700,050)	606	1,654,599
Open End Mutual Funds	8.5.4	969,276	(26,023)	279,616	1,222,869	971,353	(26,023)	212,125	1,157,455
Foreign Securities									
Government Debt Securities	8.5.5.1	-	-	-	-	3,434,089	-	(202,645)	3,231,444
Non Government Debt Securities	8.5.5.2	-	-	-	-	2,890,302	-	(253,364)	2,636,938
Ordinary shares	8.5.2	2,406	-	-	2,406	2,406	-	-	2,406
		2,406	-	-	2,406	6,326,797	-	(456,009)	5,870,788
Held-to-maturity securities									
Federal Government Securities:									
Pakistan Investment Bonds	8.6.1	32,859,882	-	-	32,859,882	42,716,932	-	-	42,716,932
Associates									
Omar Jibran Engineering Industries Limited	8.7	224,782	-	-	224,782	187,890	-	-	187,890
Veda Transit Solutions Private Limited	8.7	4,774	-	-	4,774	-	-	-	-
Intercity Touring Company Private Limited	8.7	16,766	-	-	16,766	-	-	-	-
		246,322	-	-	246,322	187,890	-	-	187,890
Total Investments		144,486,149	(859,119)	(502,407)	143,124,623	154,086,481	(1,204,419)	(3,280,847)	149,601,215

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

	2019		2018	
	Cost	Market value	Cost	Market value
	------- Rupees in '000 -------			
8.2.1 Investments given as collateral				
Held-for-trading securities				
Federal Government Securities				
Market Treasury Bills	-	-	19,927,891	19,922,073
Pakistan Investment Bonds	-	-	4,123	4,066
	-	-	19,932,014	19,926,139
Available-for-sale securities				
Federal Government Securities:				
Market Treasury Bills	4,453,165	4,452,597	-	-
Pakistan Investment Bonds	22,232,264	21,475,720	49,667,336	46,935,112
	26,685,429	25,928,317	49,667,336	46,935,112
Foreign Securities				
Government Debt Securities	-	-	2,243,194	2,113,551
Non Government Debt Securities	-	-	425,354	416,293
	-	-	2,668,548	2,529,844
	26,685,429	25,928,317	72,267,898	69,391,095

	2019	2018
	----- Rupees in '000 -----	
8.3 Provision for diminution in value of investments		
8.3.1 Opening balance	1,204,419	1,504,819
Charge for the year	251,675	30,032
Reversal on disposals / redemptions	(596,975)	(330,432)
(Charge) / reversals	(345,300)	(300,400)
Closing Balance	859,119	1,204,419

8.3.2 Particulars of provision against debt securities	2019		2018	
Category of classification	NPI	Provision	NPI	Provision
	------- Rupees in '000 -------			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	696,507	696,507	700,050	700,050
	696,507	696,507	700,050	700,050

8.4 Quality of Held for Trading Securities

Details regarding quality of Held for Trading (HFT) securities are as follows:

	Note	2019		2018	
		Cost	Market value	Cost	Market value
8.4.1 Federal Government Securities - Government guaranteed		------- Rupees in '000 -------			
Market Treasury Bills		55,601,087	55,598,469	41,376,995	41,364,151
Pakistan Investment Bonds		-	-	4,425	4,363
	8.4.1.1	55,601,087	55,598,469	41,381,420	41,368,514

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8.4.1.1 Principal terms of investment in Federal Government Securities

Name of investment	Note	Maturity	Redemption	Coupon
Market treasury bills	8.4.1.2	January 02, 2020 to October 08, 2020	On maturity	On maturity

8.4.1.2 Market Treasury Bills are for the period of three to twelve months. The effective rates of profit on Market Treasury Bills range from 13.04% to 13.70% per annum (2018: 8.82% to 10.30% per annum).

8.4.2 Shares

	Rating	Industry Sector	Shares 2019	Shares 2018	2019 Cost	2019 Market value	2018 Cost	2018 Market value
			------- Numbers -------		---------------- Rupees in '000 ----------------			
Listed Companies								
Ordinary shares								
- Pak Elektron Limited	A+	Cable & Electrical Goods	513,000	2,849,500	13,662	13,887	75,232	70,953
- Cherat Cement Company Limited	-	Cement	-	86,000	-	-	5,900	5,990
- D.G. Khan Cement Limited	AA-	Cement	633,000	1,033,000	47,315	47,013	89,946	82,795
- Fauji Cement Company Limited	Unrated	Cement	253,000	92,000	3,980	3,937	1,904	1,926
- Lucky Cement Limited	-	Cement	-	8,500	-	-	3,946	3,695
- Maple Leaf Cement Factory Limited	Unrated	Cement	190,000	138,500	4,188	4,397	6,068	5,630
- Pioneer Cement Limited	A	Cement	153,500	72,000	4,585	4,680	3,092	3,018
- Power Cement Limited	-	Cement	-	1,069,000	-	-	8,295	8,370
- Descon Oxychem Limited	-	Chemical	-	9,000	-	-	267	259
- Engro Polymer & Chemicals Limited	AA-	Chemical	549,000	62,000	18,788	18,232	2,321	2,303
- Lotte Chemical Pakistan Limited	Unrated	Chemical	227,000	111,000	3,154	3,183	1,963	1,875
- Askari Bank Limited	-	Commercial Bank	-	85,000	-	-	1,981	2,033
- Amreli Steels Limited	A-	Engineering	227,500		8,323	8,217	-	-
- Habib Bank Limited	AAA	Commercial Bank	6,000	745,000	950	945	92,628	89,735
- National Bank of Pakistan Limited	AAA	Commercial Bank	519,500	1,401,000	22,854	22,494	63,087	58,884
- The Bank of Punjab	AA	Commercial Bank	598,500	3,988,500	6,881	6,781	50,322	47,742
- Fauji Fertilizer Bin Qasim Limited	A+	Fertilizer	211,500	-	4,039	4,128	-	-
- National Refinery Limited	AA+	Refinery	5,000	-	720	705	-	-
- The General Tyre and Rubber	A	Automobile Parts and Accessories	12,000	-	668	669	-	-
- The Hub Power Company Limited	AA+	Power Generation And Distribution	61,000	-	5,483	5,694	-	-
- K-Electric Limited	AA	Power Generation And Distribution	1,985,500	-	8,182	8,677	-	-
- Mughal Iron and Steel Industries Limited	A-	Engineering	19,000	-	751	778	-	-
- NetSol Technologies Limited	Unrated	Technology and Communication	75,500	-	4,953	4,972	-	-
- Pakistan Petroleum Limited	Unrated	Oil & Gas Exploration Companies	85,000	-	11,531	11,657	-	-
- United Bank Limited	AAA	Commercial Bank	3,500	375,500	587	576	49,014	46,051
- International Steels Limited	A+	Engineering	638,000	638,000	53,700	54,127	43,445	41,961
- Engro Corporation Limited	-	Fertilizer	-	64,500	-	-	19,954	18,775
- Engro Fertilizer Limited	AA	Fertilizer	316,500	1,187,000	22,967	23,241	85,499	81,962
- Fatima Fertilizer Company Limited	AA-	Fertilizer	21,500	3,019,500	2,191	2,182	107,046	110,121
- Engro Foods Limited	Unrated	Food & Personal Care Products	3,500	22,500	280	278	1,906	1,794
- Fauji Foods Limited	Unrated	Food & Personal Care Products	158,500	197,000	2,255	2,293	6,142	5,965
- Oil & Gas Development Company Limited	AAA	Oil & Gas Exploration Companies	153,000	324,000	21,283	21,775	42,477	41,472
- Pakistan Oilfields Limited	Unrated	Oil & Gas Exploration Companies	18,000	3,000	8,162	8,041	1,248	1,274
- Pakistan State Oil Limited	AA+	Oil & Gas Marketing Companies	382,500	27,000	72,233	73,302	6,508	6,087
- Sui Northern Gas Pipelines Limited	-	Oil & Gas Marketing Companies	-	1,453,000	-	-	115,146	111,983
- Sui Southern Gas Company Limited	A+	Oil & Gas Marketing Companies	559,500	962,000	12,365	12,040	23,672	22,222
- The Searle Company Limited	AA-	Pharmaceuticals	319,500	37,000	61,227	60,302	8,805	9,087
- Nishat Chunian Limited	A	Power Generation And Distribution	40,500	1,162,000	1,714	1,727	60,710	56,450
- Attock Refinery Limited	AA	Refinery	420,000	210,000	47,857	46,910	34,527	30,979
- Gul Ahmed Textile Mills Limited	-	Textile Composite	-	5,000	-	-	235	231
- Nishat Mills Limited	AA	Textile Composite	17,000	1,000	1,810	1,805	133	127
- Unity Foods Limited	A-	Vanaspati & Allied Industries	468,000	857,500	6,996	7,540	24,405	22,063
					486,634	487,185	1,037,824	993,812

	Cost 2019	Cost 2018
	---- Rupees in '000 ----	
8.4.3 Non Government Debt Securities		
Listed		
- AA+, AA, AA-	-	133,616
- Unrated	-	-
	-	133,616

8.4.3.1 Details of investment in term finance certificates - listed *

Name of the company	Certificates 2019	Certificates 2018	Rating 2019	Rating 2018	2019 Cost	2019 Market value	2018 Cost	2018 Market value
	-------- Numbers --------				------------------ Rupees in '000 ------------------			
Jahangir Siddiqui & Co. Limited. - VIII - related party	-	6,000	-	AA+	-	-	5,307	5,262
Bank AL-Habib Limited	-	25,000	-	AA-	-	-	125,000	125,000
					-	-	130,307	130,262

* Secured and have a face value of Rs.5,000 each unless specified otherwise.

8.4.3.2 Sukuk certificates - listed

Name of the company	Certificates 2019	Certificates 2018	Rating 2019	Rating 2018	2019 Cost	2019 Market value	2018 Cost	2018 Market value
	-------- Numbers --------				------------------ Rupees in '000 ------------------			
Engro Corporation Limited - Islamic Rupiya II	-	597	-	AA+	-	-	3,309	3,094
Dawood Hercules Corporation Limited - Sukuk - I	-	-	-	-	-	-	-	-
					-	-	3,309	3,094

8.4.4 Open End Mutual Fund

Name of fund	Units 2019	Units 2018	Rating 2019	Rating 2018	Net asset value per unit Rupees	2019 Cost	2019 Market value	2018 Cost	2018 Market value
	-------- Numbers --------					------------------ Rupees in '000 ------------------			
Investment in related parties									
JS Income Fund	3,541,402	924,642	A+ (f)	A+ (f)	98.96	344,902	355,982	91,365	91,504
JS Motion Picture Fund	1,000,000	-		-		100,000	99,990	-	-
JS Cash Fund	-	2,358,284	-	AA+ (f)	102.18	-	-	240,737	241,040
JS Islamic Income Fund (Formerly: JS IGSF)	-	442,295	-	AA- (f)	104.91	-	-	45,439	46,401
						444,902	455,972	377,541	378,945

8.5 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows:

	Note	2019 Cost	2019 Market value	2018 Cost	2018 Market value
		------------------ Rupees in '000 ------------------			
8.5.1 Federal Government Securities - Government guaranteed					
Market Treasury Bills		12,071,266	12,070,902	3,010,920	3,010,907
Pakistan Investment Bonds		35,757,352	34,948,472	52,424,069	49,530,215
	8.5.1.1	47,828,618	47,019,374	55,434,989	52,541,122

8.5.1.1 Principal terms of investment in Federal Government Securities

Name of investment	Note	Maturity	Redemption	Coupon
Market treasury bills	8.5.1.2	January 16, 2020 to December 17, 2020	On maturity	On maturity
Pakistan investment bonds	8.5.1.3	March 26, 2020 to August 22, 2029	On maturity	Half yearly

8.5.1.2 Market Treasury Bills are for the period of three to twelve months. The effective rates of profit on Market Treasury Bills range from 13.02% to 13.75% per annum (2018: 10.20% per annum).

8.5.1.3 Pakistan Investment Bonds (PIBs) are for the period of three to twenty years. The rates of profit ranging from 6.40% to 14.27% per annum (2018: 6.30% to 10.42% per annum).

8.5.2 Shares

	Rating	Industry Sector	Shares 2019	Shares 2018	2019 Cost	2019 Market value	2018 Cost	2018 Market value
			------- Numbers -------		---------------------- Rupees in '000 ----------------------			
Listed Companies								
Ordinary shares								
- National Foods Limited	AA-	Food & Personal Care Products	742,968	470,940	153,492	164,946	127,291	92,069
- Matco Foods Limited	A-	Food & Personal Care Products	1,078,500	514,000	31,795	27,707	14,900	14,274
- Shifa International Hospitals	AA-	Miscellaneous	264,300	264,300	68,273	88,509	68,273	54,557
- Pakistan Petroleum Limited	Unrated	Oil & Gas Marketing Companies	949,800	-	139,212	130,256	-	-
- Power Cement Limited	A-	Cement	-	33,002,500	-	-	600,167	258,410
- Amreli Steels Limited	A-	Engineering	-	4,302,200	-	-	283,707	205,989
- Pakistan Stock Exchange Limited (PSXL)			2,202,953	2,202,953	23,061	27,493	23,061	29,899
Investment in related parties								
- EFU General Insurance Limited	AA+	Insurance	5,440,575	4,077,375	645,414	600,095	507,848	407,738
- EFU Life Assurance Limited	AA+	Insurance	1,189,600	1,196,300	250,735	275,476	252,148	272,661
- Sitara Chemical Industries Limited	A+	Chemical	1,790,250	1,790,250	548,781	534,318	548,781	537,075
- TRG Pakistan Limited	Unrated	Technology & Communication	5,883,760	32,023,760	107,376	144,446	590,311	714,130
					1,968,139	1,993,246	3,016,487	2,586,802
Preference Shares								
Agritech Limited (note 8.5.2.1 & 8.5.2.3)	Unrated	Chemical	4,823,746	4,823,746	48,236	-	48,236	-
Chenab Limited (note 8.5.2.2 & 8.5.2.3)	Unrated	Textile Composite	12,357,000	12,357,000	88,353	-	88,353	-
					136,589	-	136,589	-

Unlisted Companies	Break-up value per share 2019	Break-up value per share 2018	Name of Chief Executive / Managing Director	Shares 2019	Shares 2018	Cost 2019	Breakup value 2019	Cost 2018	Breakup value 2018
				------- Numbers -------		----------------- Rupees in '000 -----------------			
Ordinary shares									
- ISE Towers REIT Management Limited (formerly Islamabad Stock Exchange Limited) (note 8.5.2.4)	* 14.49	14.09	Mr. Sagheer Mushtaq	1,213,841	1,213,841	11,000	17,592	11,000	17,106
Foreign securities									
Ordinary shares									
- Society for Worldwide Interbank Financial Telecommunication (SWIFT) (note 8.5.2.5)	** 638,551	672,911	Mr. Gottfried Leibbrandt	6	6	2,406	3,831	2,406	4,037

* Based on audited accounts as of June 30, 2019
** Based on audited accounts as of December 31, 2018

8.5.2.1 These are non-voting cumulative preference shares, carrying preference dividend @ 10% p.a and are convertible into ordinary shares at the option of the Holding company after five years from the date of issuance i.e. February 2012. The investee company also has the option to redeem these preference shares plus any unpaid dividend in full or in part, within ninety days after expiry of each anniversary of the issue date. The Holding company has recognised full impairment on these shares amounting to Rs. 48.236 million (2018: Rs.48.236 million) due to weak financial position of the company.

8.5.2.2 These are cumulative preference shares, carrying preference dividend @ 9.25% p.a and are redeemable in part after four years from the date of issuance i.e. August 2008. The investee company also has an option to redeem, in part, cumulative preference shares after August 2008. The Bank has recognized full impairment on these shares amounting to Rs. 88.353 million (2018: Rs.88.353 million) due to weak financial position of the company.

8.5.2.3 Surplus arising due to re-measurement of these shares to the market value has not been recognized as the management believes that the market value may not be realized while selling them in open market.

8.5.2.4 In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the holding company has received 3,034,603 shares of Rs.10 each including trading right entitlement certificate (TREC) of the Islamabad Stock Exchange (ISE), in lieu of its Membership Card held by the Bank. Further, upon integration of Islamabad Stock Exchange under the “ISE Scheme of Integration” in 2016 TRE Certificates holders of ISE have been issued 1,213,841 shares of “ISE Towers REIT Management Limited”.

8.5.2.5 The Holding company qualified as a member based on the financial contribution to SWIFT for network-based services. The Bank has made an investment as per the requirements of By-Laws of SWIFT, under the Share Re-allocation Process, as a result becoming entitled to invest in for six shares. The participation is mandatory to avail the desired network-based services for financial message transmission for cross-border payments and receipt. Further, the share re-allocation occurs every three years and will result in either an increase, decrease, or a status quo in individual shareholding.

8.5.3 Non Government Debt Securities

	Cost	
	2019	2018
	----- Rupees in ‘000 -----	
Listed		
AAA	398,250	531,000
AA+, AA, AA-	235,600	127,005
A+, A, A-	150,014	150,015
Unrated	155,169	158,712
	939,033	966,732
Unlisted		
AAA	142,857	355,953
AA+, AA, AA-	-	340,020
A+, A, A-	1,992,333	150,000
Unrated	857,071	541,338
	2,992,261	1,387,311
	3,931,294	2,354,043

8.5.3.1 Term finance certificates - listed *	Certificates		Rating		2019		2018	
	2019	2018	2019	2018	Cost	Market value	Cost	Market value
	---- Numbers ----				--------------- Rupees in ‘000 ---------------			
Worldcall Telecom Limited (note 8.5.3.1.2)	90,650	90,650	Unrated	Unrated	155,169	-	158,712	-
Jahangir Siddiqui & Co. Limited. - XI - related party	3,000	3,000	AA+	AA+	15,000	14,880	15,000	15,000
Bank Al Habib Limited	25,000	-	AA-	-	125,000	125,000	-	-
Soneri Bank Limited	30,000	30,000	A	A	150,014	150,000	150,015	150,000
					445,183	289,880	323,727	165,000

* Secured and have a face value of Rs.5,000 each unless specified otherwise.

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8.5.3.1.1 Other particulars of listed term finance certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Worldcall Telecom Limited	Semi-annually	6 Month KIBOR ask rate plus 1.60%	September 20, 2026
Jahangir Siddiqui & Co. Limited. - XI - related party	Semi-annually	6 Months KIBOR ask rate plus 1.75%	March 6, 2023
Bank Al Habib Limited	Semi-annually	6 Months KIBOR ask rate plus 1.50%	
Soneri Bank Limited	Semi-annually	6 Month KIBOR ask rate plus 2.00%.	December 06, 2028

8.5.3.1.2 Due to weak financial position of the company the Bank has recognised full impairment loss on these term finance certificates.

8.5.3.2 Sukuk certificates - listed	Certificates 2019	Certificates 2018	Rating 2019	Rating 2018	2019 Cost	2019 Market value	2018 Cost	2018 Market value
	---- Numbers ----				------------ Rupees in '000 ------------			
Byco Petroleum Pakistan Limited	5,310	5,310	AAA	AAA	398,250	391,779	531,000	531,621
Dawood Hercules Corporation Limited - Sukuk - I	520	520	AA	AA	41,600	41,492	52,000	52,000
Dawood Hercules Corporation Limited - Sukuk - II	600	600	AA	AA	54,000	53,824	60,005	60,005
					493,850	487,095	643,005	643,626

8.5.3.2.1 Other particulars of listed sukuk certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Byco Petroleum Pakistan Limited (Chief Executive: Mr. Amir Abbassciy)	Quarterly	3 Month KIBOR ask rate plus 1.05%.	January 18, 2022
Dawood Hercules Corporation Limited - Sukuk - I (Chief Executive: Inam ur Rahman)	Quarterly	3 month kibor +1.00%	November 16, 2022
Dawood Hercules Corporation Limited - Sukuk - II (Chief Executive: Inam ur Rahman)	Quarterly	3 month kibor +1.00%	March 01, 2023

8.5.3.3 Term finance certificates - unlisted	Certificates 2019	Certificates 2018	Rating 2019	Rating 2018	Face value per certificate	Cost 2019	Cost 2018
	----- Rupees -----				----- Rupees -----	----- Rupees in '000 -----	
Azgard Nine Limited - related party (note 8.5.3.3.1)	29,998	29,998	Unrated	Unrated	5,000	65,022	65,022
Azgard Nine Limited (related party) (privately placed TFCs) (note 8.5.3.3.2)	12	12	Unrated	Unrated	N/A 29,998	326,456	326,456
Agritech Limited (note 8.5.3.3.1)	30,000	30,000	Unrated	Unrated	5,000	149,860	149,860
Pakistan Water & Power Development Authority (WAPDA)	100,000	100,000	AAA	AAA	5,000	142,857	214,286
Khushhali Microfinance Bank Limited	1,500	1,500	A	A	100,000	150,000	150,000
Airlink Communication Private Limited	384	-	A-	-	1,000,000	384,000	-
Secure Logistics Group Private Limited	288	-	Unrated	-	1,000,000	288,000	-
Bank Al Habib Limited	-	40,000	-	AA-	5,000	-	200,020
						1,506,195	1,105,644

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8.5.3.3.1 Due to weak financial position of the company the Bank has recognised full impairment loss on these term finance certificates.

8.5.3.3.2 These PPTFCs are held by JS Global Capital Limited has recognised full provision considering the financial position of the issuer amounting to Rs.326.456 million (2018: Rs.326.456 million).

8.5.3.3.3 Other particulars of unlisted term finance certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Azgard Nine Limited - related party (Chief Executive: Mr. Ahmed H. Shaikh)	Semi-annually	6 Month KIBOR ask rate plus 1.75% and 11%.	December 04, 2017 and October 19, 2020
Agritech Limited (Chief Executive: Mr. Faisal Muzammil)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	November 29, 2019
Pakistan Water & Power Development Authority (WAPDA) (Chairman: Lieutenant General Muzammil Hussain (Retd.))	Semi-annually	6 Month KIBOR ask rate plus 1.00%.	September 27, 2021
Khushhali Microfinance Bank Limited (President & CEO: Mr. Ghalib Nishtar)	Semi-annually	6 Month KIBOR ask rate plus 2.05%.	March 19, 2026
Airlink Communication Private Limited (President & CEO: Mr. Muzaffar Hayat Piracha)	Quarterly	3 Month KIBOR ask rate plus 1.00%.	January 7, 2022
Secure Logistics Group Private Limited (President & CEO: Mr. Gulraiz A. Khan)	Quarterly	3 Month KIBOR ask rate minus 1.00%.	January 2, 2024

	Certificates		Rating		Face value per certificate	Cost	
	2019	2018	2019	2018		2019	2018
8.5.3.4 Sukuk certificates - unlisted	----- Rupees -----				----- Rupees -----	----- Rupees in '000 -----	
Ghani Global Holdings Limited	2,000	2,000	A	A	87,500	108,333	141,667
Pakistan Services Limited	1,350	-	A+	-	90,000	1,350,000	-
Engro Fertilizers Limited	-	80,000	-	AA	3,500	-	140,000
						1,458,333	281,667

8.5.3.4.1 Other particulars of unlisted sukuk certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Ghani Global Holdings Limited (Chief Executive: Mr. Atique Ahmad Khan)	Quarterly	3 Month KIBOR ask rate plus 1.00%	February 03, 2023
Pakistan Services Limited (Chief Executive: Mr. Murtaza Hashwani)	Semi-annually	6 Month KIBOR ask rate plus 1.00%.	January 17, 2024

	Number of certificates		Face value per certificate	Cost	
	2019	2018		2019	2018
8.5.3.5 Preference shares - unlisted	----- Rupees -----		----- Rupees -----	----- Rupees in '000 -----	
Intercity Touring Company Private Limited (note 8.5.2.6) (related party)	1,848,888	-	-	27,733	-

8.5.3.5.1 As per the criteria given under Prudential Regulations, these instruments are classified as a debt instruments as payment and distribution of dividend would be cumulative and accrue in preference to any dividend on the Ordinary Shares, and are convertible at any time, at the option of the Holding company, into Ordinary Shares. Following the directives issued by SBP, these instruments are classified as a debt instruments.

8.5.4 Open End Mutual Fund

Name of fund	Number of units 2019	Number of units 2018	Net asset value per unit	2019 Cost	2019 Market value	2018 Cost	2018 Market value
	------- Numbers -------		Rupees	----------------- Rupees in '000 -----------------			
Related parties (note: 8.5.4.1)							
JS IAAP2	-	100,000		-	-	10,000	9,781
JS ICPAP4	157,204	150,000	107.12	15,720	16,840	15,000	15,054
JS ICPAP4	153,647	-	108.10	15,365	16,609		
JS Value Fund	1,716,379	1,716,379	198.87	341,336	341,336	349,798	349,386
JS Growth Fund	1,903,901	1,903,901	169.38	336,417	322,483	336,417	302,073
JS Fund of Funds	2,772,987	2,772,987	58.70	146,286	162,774	146,286	141,034
JS Islamic Pension Savings Fund - Equity	182,354	182,354	573.66	18,235	104,609	18,235	101,071
JS Islamic Pension Savings Fund - Debt	213,852	213,852	229.54	21,385	49,088	21,385	44,359
JS Islamic Pension Savings Fund - Money Market	222,303	222,303	198.97	22,230	44,232	22,230	39,990
JS Pension Savings Fund - Money Market	177,463	177,463	222.16	17,746	39,425	17,746	35,329
JS Pension Savings Fund - Debt	137,349	137,349	280.53	13,735	38,531	13,735	34,079
JS Pension Savings Fund - Equity	205,210	205,210	422.27	20,521	86,654	20,521	85,299
JS Islamic Capital Preservation	3,305	-	87.13	300	288		
				969,276	1,222,869	971,353	1,157,455

8.5.4.1 The Group has recognised impairment on these units amounting to Rs.26.023 million (2018: Rs.26.023).

8.5.4 Foreign Securities

Name of Bond	Rating 2019	Rating 2018	Coupon rate per annum	2019 Cost	2019 Market Value	2018 Cost	2018 Market Value
			%	----------------- Rupees in ‹000 -----------------			
8.5.4.1 Government debt securities							
Arab Republic of Egypt	-	B	4.75%	-	-	191,725	172,415
Islamic Republic of Pakistan	-	B	8.25%	-	-	439,712	417,536
Islamic Republic of Pakistan	-	B	8.25%	-	-	435,814	419,831
The 3rd Pakistan International	-			-	-		
Sukuk Company Limited	-	B-	5.50%	-	-	346,386	334,348
Republic of Kenya	-	B+	6.88%	-	-	288,956	260,463
Saudi International Bond	-	A+	2.38%	-	-	405,743	401,218
Arab Republic of Egypt	-	B	5.58%	-	-	420,198	394,315
Islamic Republic of Pakistan	-	B	6.88%	-	-	336,731	314,491
Arab Republic of Egypt		B	7.50%			294,142	264,732
Arab Republic of Egypt	-	B	5.88%	-	-	274,682	252,095
				-	-	3,434,089	3,231,444
8.5.4.2 Non Government debt securities							
Turkiye Garanti Bankasi	-	B+	5.25%	-	-	284,844	261,280
Petrobras Global Finance	-	Ba2	6.25%	-	-	144,790	140,653
Turkiye Vakiflar Bankasi	-	B+	5.75%	-	-	277,211	243,428
Turkiye Is Bankasi A.S	-	B+	5.50%	-	-	630,283	563,822
Turkiye Is Bankasi A.S	-	B+	5.38%	-	-	69,257	63,234
Turkiye Is Bankasi A.S	-	B+	6.13%	-	-	281,758	233,480
State Oil Company of the Azerbaijan	-	BB+	4.75%	-	-	139,506	138,343
Export Credit Bank of Turkey	-	BB-	5.38%	-	-	137,180	126,166
PTA Bank	-	Baa3	5.38%	-	-	141,063	137,297
Akbank Tas	-	B1	5.00%	-	-	210,725	194,783
Petrobras Global Finance	-	Ba2	7.38%	-	-	148,456	143,160
Turkiye Garanti Bankasi A.S	-	BB-	5.88%	-	-	144,603	130,854
African Export - Import Bank	-	Baa1	4.13%	-	-	280,626	260,438
				-	-	2,890,302	2,636,938

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8.6 Quality of Held to Maturity Securities

Details regarding quality of Held to Maturity (HTM) securities are as follows

	Cost 2019	Cost 2018
	---- Rupees in '000 ----	
8.6.1 Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	32,859,882	42,716,932

8.6.1.1 Principal terms of investment in Federal Government Securities

Security type	Maturity	Redemption	Coupon
Pakistan investment bonds	March 26, 2020 to August 22, 2029	On maturity	Half yearly

8.6.1.2 Pakistan Investment Bonds (PIBs) having maturity of three to fifteen years. The rates of profits ranging from 7.75% to 14.69% per annum (2018: 7.00% to 12.00% per annum). The market value of securities as at December 31, 2019 amounted Rs. 31,341.410 million (2018: Rs. 39,836.881 million)

8.7 Investment in associated company

	Note	Number of shares 2019	Number of shares 2018	Percentage holding 2019	Percentage holding 2018	Cost 2019	Cost 2018
		--- Numbers ---				------ Rupees in '000 ------	
Associated company - unlisted companies							
Omar Jibran Engineering Industries Limited	8.7.1	7,200,000	7,200,000	9.60%	9.60%	187,890	187,890
Veda Transit Solutions Private Limited	8.7.1	48,000	-	8.00%	-	972	-
Intercity Touring Company Private Limited	8.7.1	1,351,111	-	9.12%	-	20,267	-
						209,129	187,890

8.7.1 The investments classified as asscociate on account of it's significant influence over the investee companies. All associated companies are incorporated in Pakistan.

8.7.2 The following is summarised financial information before inter-company eliminations with other companies in the group:

	Associated company					
	Omar Jibran Engineering Industries Limited		Veda Transit Solutions Private Limited		Intercity Touring Company Private Limited	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	------ Rupees› in 000 ------					
Total income / sales	2,628,975	2,241,313	922,200	642,732	290	-
Profit after tax	117,796	129,548	47,436	(147,815)	(21,636)	(6,456)
Other comprehensive (loss) / income	343,881	2,092	-	-	-	-
Total assets	3,727,961	2,886,438	688,142	698,591	191,414	51
Total liabilities	1,888,745	1,508,899	743,324	888,293	50,879	15,456
Net assets	1,839,216	1,377,539	(55,182)	(189,702)	140,535	(15,405)
Cash flow from operating activities	(73,759)	(83,651)	152,254	73,311	(62,405)	(90)
Cash flow from investing activities	(233,038)	(149,197)	(189)	(8,320)	(141,183)	-
Cash flow from financing activities	212,791	364,445	(137,300)	(60,120)	219,994	-
Net increase / (decrease) in cash and cash equivalents	(94,006)	131,597	14,765	4,871	16,406	- (90)

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9. ADVANCES

	Note	Performing 2019	Performing 2018	Non Performing 2019	Non Performing 2018	Total 2019	Total 2018
		----------	----------	Rupees in '000	----------	----------	----------
Loans, cash credits, running finances, etc.	9.1	225,327,657	232,479,502	10,353,164	8,309,467	235,680,821	240,788,969
Bills discounted and purchased		11,113,114	14,675,443	-	-	11,113,114	14,675,443
Advances - gross		236,440,771	247,154,945	10,353,164	8,309,467	246,793,935	255,464,412
Provision against advances							
General		(161,166)	(155,661)	-	-	(161,166)	(155,661)
General provision - under IFRS-9	9.4.3	(7,520)	(10,746)	-	-	(7,520)	(10,746)
Specific		-	-	(3,339,941)	(2,989,888)	(3,339,941)	(2,989,888)
	9.4	(168,686)	(166,407)	(3,339,941)	(2,989,888)	(3,508,627)	(3,156,295)
Advances - net of provision		236,272,085	246,988,538	7,013,223	5,319,579	243,285,308	252,308,117

9.1 Particulars of net investment in finance lease

	2019 Not later than one year	2019 Later than one and less than five years	2019 Over five years	2019 Total	2018 Not later than one year"	2018 Later than one and less than five years	2018 Over five years	2018 Total
	----------	----------	----------	Rupees in '000	----------	----------	----------	----------
Lease rentals receivable	6,860,218	6,637,949	3,527	13,501,694	7,137,126	9,082,944	138,766	16,358,836
Guaranteed residual value	1,599,605	2,538,848	10,783	4,149,236	1,008,255	3,552,926	7,138	4,568,319
Minimum lease payments	8,459,823	9,176,797	14,310	17,650,930	8,145,381	12,635,870	145,904	20,927,155
Finance charges for future periods	(1,468,867)	(1,098,697)	(259)	(2,567,823)	(1,246,019)	(1,229,811)	(5,144)	(2,480,974)
Present value of minimum lease payments	6,990,956	8,078,100	14,051	15,083,107	6,899,362	11,406,059	140,760	18,446,181

9.2 Particulars of advances (gross)

	2019	2018
	----- Rupees in '000	-----
In local currency	238,073,921	247,895,081
In foreign currencies	8,720,014	7,569,331
	246,793,935	255,464,412

9.3 Advances include Rs. 10,353.164 million (2018: Rs.8,309.468 million) which have been placed under non-performing status as detailed below:

Category of Classification	2019 Non Performing Loans	2019 Provision	2018 Non Performing Loans	2018 Provision
	----------	Rupees in '000	----------	----------
Domestic				
Other Assets Especially Mentioned	841,058	1,721	231,430	-
Substandard	1,159,072	64,681	1,488,616	83,945
Doubtful	2,442,270	426,283	3,189,709	146,592
Loss	5,910,764	2,847,256	3,399,712	2,759,351
Total	10,353,164	3,339,941	8,309,467	2,989,888

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9.4 Particulars of provision against non-performing advances

	Note	2019 Specific	2019 General	2019 General provision - under IFRS-9	2019 Total	2018 Specific	2018 General	2018 General provision - under IFRS-9	2018 Total
		Rupees in '000							
Opening balance		2,989,888	155,661	10,746	3,156,295	2,638,960	100,353	-	2,739,313
Exchange adjustments		-	-	1,095	1,095	-	-	1,321	1,321
Charge for the year		880,994	5,505	-	886,499	422,994	55,308	9,425	487,727
Reversals		(526,146)	-	(4,321)	(530,467)	(72,066)	-	-	(72,066)
		354,848	5,505	(4,321)	356,032	350,928	55,308	9,425	415,661
Amount written off from the opening balance	9.5	(4,795)	-	-	(4,795)	-	-	-	-
Closing balance		3,339,941	161,166	7,520	3,508,627	2,989,888	155,661	10,746	3,156,295

9.4.1 Particulars of provision against non-performing advances

	2019 Specific	2019 General	2019 Total	2018 Specific	2018 General	2018 Total
	Rupees in '000					
In local currency	3,339,941	161,166	3,501,107	2,989,888	155,661	3,145,549
In foreign currencies	-	7,520	7,520	-	10,746	10,746
	3,339,941	168,686	3,508,627	2,989,888	166,407	3,156,295

9.4.2 The general provision is maintained to create general reserves against following advances portfolios in accordance with the prudential regulations issued by State Bank of Pakistan as follows:

	Secured portfolio 2019	Secured portfolio 2018	Unsecured portfolio 2019	Unsecured portfolio 2018
	Percentages			
Consumer financing	1%	1%	4%	4%
Housing finance	0.5%	0.5%	-	-

9.4.3 This represents general provision held on adoption of IFRS 9 by Bahrain branch of the Bank (see note 4.1.3).

9.4.4 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at December 31, 2019, the Holding company has availed cumulative benefit of FSV of Rs.4,120.009 million (2018: Rs.2,386.448 million) under the directives of the SBP. Had the benefit not been taken the unappropriated profit after tax would have reduced by Rs.2,678.006 million (2018: Rs.1,551.191 million). Further, as required by the SBP directives, this unappropriated profit will not be available for distribution as dividend or other appropriations.

	2019	2018
9.5 Particulars of Write Offs:	Rupees in '000	
9.5.1 Against provisions	4,795	-
Directly charged to profit and loss account	315	-
	5,110	-
9.5.2 Write offs of Rs.500,000 and above	5,110	-
Write offs of below Rs.500,000	-	-
	5,110	-

9.6 Details of loan write off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the Statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended is given in Annexure I.

		Note	2019	2018
			----- Rupees in '000 -----	
10.	**FIXED ASSETS**			
	Capital work-in-progress	10.1	146,181	439,199
	Property and equipment	10.2	6,438,632	6,508,526
	Right-of-use Assets	4.1	4,109,132	-
			10,693,945	6,947,725

10.1 Capital work-in-progress

	2019	2018
Civil works	124,350	388,449
Advance for purchase of furniture and fixtures	290	4,479
Advance for purchase of vehicles	-	18,175
Advance for purchase of equipment and software	21,541	28,096
	146,181	439,199

10.2 Property and equipment

	2019						
	Leasehold land	Building on leasehold land	Leasehold improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	------------------------	------------------------	------------------------	Rupees in '000	------------------------	------------------------	------------------------
At January 01, 2019							
Cost / Revalued amount	1,457,289	2,293,263	1,288,065	602,028	3,070,323	1,196,462	9,907,430
Accumulated depreciation	-	(252,978)	(594,439)	(322,718)	(1,852,560)	(376,207)	(3,398,902)
Net book value	1,457,289	2,040,285	693,626	279,310	1,217,763	820,255	6,508,528
Year ended December 2019							
Opening net book value	1,457,289	2,040,285	693,626	279,310	1,217,763	820,255	6,508,528
Additions	-	41,929	349,196	310,749	617,147	353,254	1,672,275
Movement in surplus on assets revalued during the year	62,965	279,809	-	-	-	-	342,774
Adjustments in surplpus	-	-	-	-	-	-	-
Disposals - cost	-	12	10,512	42,079	(165,404)	(1,296,372)	(1,409,173)
Depreciation on disposal	-	-	(13,141)	(42,783)	156,842	450,032	550,950
	-	12	(2,629)	(704)	(8,562)	(846,340)	(858,223)
Depreciation charge	-	(85,801)	(125,610)	(77,361)	(410,264)	(157,073)	(856,109)
Exchange rate adjustments - cost	-	-	2,900	922	641	488	4,951
Exchange rate adjustments - accumulated	-	-	(814)	(293)	(288)	(169)	(1,564)
	-	-	2,086	629	353	319	3,387
Other adjustments - Cost	-	(427,044)	-	-	-	-	(427,044)
Other adjustments - Accumulated	-	53,044	-	-	-	-	53,044
	-	(374,000)	-	-	-	-	(374,000)
Closing net book value	1,520,254	1,902,234	916,669	512,623	1,416,437	170,415	6,438,632
At December 31, 2019							
Cost / Revalued amount	1,520,254	2,187,969	1,650,673	955,778	3,522,707	253,832	10,091,213
Accumulated depreciation	-	(285,735)	(734,004)	(443,155)	(2,106,270)	(83,417)	(3,652,581)
Net book value	1,520,254	1,902,234	916,669	512,623	1,416,437	170,415	6,438,632
Rate of depreciation (percentage)	-	1.01 - 4.78	10	12.5	12.5 - 33.3	20	

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	2018							
	Leasehold land	Building on leasehold land	Building on leasehold land	Leasehold improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	Rupees in '000							
At January 1, 2018								
Cost / Revalued amount	1,089,566	372,660	1,462,426	1,172,840	542,750	2,707,824	990,170	8,338,236
Accumulated depreciation	-	(66,768)	(112,743)	(541,241)	(283,943)	(1,554,613)	(381,498)	(2,940,806)
Net book value	1,089,566	305,892	1,349,683	631,599	258,807	1,153,211	608,672	5,397,430
Year ended December 2018								
Opening net book value	1,089,566	305,892	1,349,683	631,599	258,807	1,153,211	608,672	5,397,430
Additions	50,000	-	13,510	186,211	74,616	411,975	413,020	1,149,332
Movement in surplus on assets revalued during the year	317,723	-	420,204	-	-	-	-	737,927
Adjustments in surplus	-	-	3,210	-	-	-	-	3,210
Disposals - cost	-	-	-	(72,346)	(16,852)	(50,559)	(207,596)	(347,353)
Depreciation on disposal	-	-	-	62,430	15,225	44,767	171,363	293,785
	-	-	-	(9,916)	(1,627)	(5,792)	(36,233)	(53,568)
Depreciation charge	-	(18,633)	(52,781)	(114,537)	(53,614)	(342,380)	(165,847)	(747,792)
Exchange rate adjustments - cost	-	-	-	5,045	1,514	1,058	868	8,485
Exchange rate adjustments - accumulated	-	-	-	(1,091)	(385)	(376)	(227)	(2,079)
	-	-	-	3,954	1,129	682	641	6,406
Other adjustments - Cost	-	-	21,253	(3,685)	-	24	-	17,592
Other adjustments - Accumulated	-	-	(2,053)	-	-	42	-	(2,011)
	-	-	19,200	(3,685)	-	66	-	15,581
Closing net book value	1,457,289	287,259	1,753,026	693,626	279,311	1,217,762	820,253	6,508,526
At December 31, 2018								
Cost / Revalued amount	1,457,289	372,660	1,920,603	1,288,065	602,028	3,070,322	1,196,462	9,907,429
Accumulated depreciation	-	(85,401)	(167,577)	(594,439)	(322,717)	(1,852,560)	(376,209)	(3,398,903)
Net book value	1,457,289	287,259	1,753,026	693,626	279,311	1,217,762	820,253	6,508,526
Rate of depreciation (percentage)	-	-	1.01 - 4.78	10	12.5	12.5 - 33.3	20	

		Carrying value	
		2019	2018
10.2.1 Temporarily idle property and equipment		----- Rupees in '000 -----	
Leasehold land		979,990	837,731
Building on leasehold land	10.3	-	508,897
		979,990	1,346,628

10.2.2 Fully depreciated property and equipment still in use

	326,262	155,841
Leasehold improvements	147,216	113,313
Furniture and fixture	1,104,265	828,290
Electrical, office and computer equipment	19,752	26,677
Vehicles	1,597,495	1,124,121

10.2.3 The details of disposals of assets to related parties are given in Annexure II of these consolidated financial statements.

10.2.4 The properties of the Holding company are revalued by independent professional valuers as at December 31, 2019. The revaluation was carried out by M/s. Tristar International Consultants Pvt Ltd. on the basis of professional assessment of present market values and resulted in an increase in net surplus by Rs.374.493 million. The total surplus arising against revaluation of fixed assets as at December 31, 2019 amounts to Rs. 1,955.940 million.

Had there been no revaluation, the carrying value of revalued land and building on land as at December 31, 2019 would have been lower by Rs. 505.342 million and Rs. 1,450,598 million respectively, and net surplus on revaluation of fixed assets, deferred tax liability and incremental depreciation expense would have been lower by Rs.1,591.550 million, Rs.374.390 million and Rs. 47.545 million respectively.

	2019	2018
10.3 Assets held for sale	----- Rupees in '000 -----	
Building on leasehold land	374,000	-

10.3.1 In 2019, the Board of Directors accorded its in-principle approval and authorised the management of the Holding company to explore the possibility to sell a property located at 13th floor of Ocean Tower, plot No. G-3, Khayaban-e-Iqbal, Block 9, KDA Scheme No. 5, Clifton Karachi, Pakistan ("Property"). Accordingly, the Holding company located a buyer and entered into an agreement to sell the Property subject to completion of certain legal formalities, after which a formal conveyance deed will be executed with the buyer. As per the terms of the agreement the Holding company has received ten percent of the agreed sale proceed as an advance token money and remaining payment is expected to be received at the time of final execution of the transaction when the legal formalities are complete. The Holding company has initiated the necessary legal proceedings which are expected to be completed subsequent to the year end, accordingly, the property is classified as non-current asset held for sale.

The Board considered the property to meet the criteria to be classified as held for sale at that date for the following reasons:

i) The Property is available for immediate sale and can be sold in its current condition subject to completion of certain legal formalities

ii) The actions to complete the sale were initiated and expected to be completed within one year from the date

iii) The Holding company expects the legal and procedural formalities for the sale to be completed by 2020.

Immediately before the classification of the property as a held for sale, the Property was revalued resulting in a revaluation deficit of Rs.123.320 million which has accordingly been adjusted in equity against the revaluation surplus pertaining to the said Property and the carrying amount of the property. Following the classification as held for sale, no impairment loss was recognised as fair value less cost to sell of the property exceeds its carrying value.

	Note	2019	2018
11. INTANGIBLE ASSETS		----- Rupees in '000 -----	
Capital work-in-progress	11.1	107,533	86,801
Computer software and goodwill	11.2	2,194,941	2,119,711
		2,302,474	2,206,512

	2019	2018
11.1 Capital work-in-progress		
Advance for purchase of software	107,255	86,801

11.2 INTANGIBLE ASSETS

	2019				
	Trading right entitlement certificate (TREC)	Membership card - Pakistan Mercantile Exchange Limited	Computer software	Goodwill	Total
	---- Rupees in '000 ----				
At January 1, 2018					
Cost	5,727	3,500	1,046,019	1,463,624	2,518,870
Accumulated amortisation and impairment	-	-	(399,159)	-	(399,159)
Net book value	5,727	3,500	646,860	1,463,624	2,119,711
Year ended January 1, 2019					
Opening net book value	5,727	3,500	646,860	1,463,624	2,119,711
Additions:					
- directly purchased	-	-	175,991	-	175,991
Impairment loss recognised in the profit and loss account - net	(3,227)	-	-	-	(3,227)
Disposals	-	-	-	-	-
Amortisation charge	-	-	(97,968)	-	(97,968)
Exchange rate adjustments - cost	-	-	647	-	647
Exchange rate adjustments - accumulated	-	-	(213)	-	(213)
	-	-	434	-	434
Other adjustments	-	-	-	-	-
Closing net book value	2,500	3,500	725,317	1,463,624	2,194,941
At December 31, 2019					
Cost	5,727	3,500	1,222,657	1,463,624	2,695,508
Accumulated amortisation and impairment	-	-	(497,340)	-	(497,340)
Net book value	5,727	3,500	725,317	1,463,624	2,198,168
Rate of amortisation (percentage)	-	-	10%	See note 11.7	

	2018				
	Trading right entitlement certificate (TREC)	Membership card - Pakistan Mercantile Exchange Limited	Computer software	Goodwill	Total
	---- Rupees in '000 ----				
At January 1, 2018					
Cost	5,727	3,500	728,348	1,463,624	2,201,199
Accumulated amortisation and impairment	-	-	(324,212)	-	(324,212)
Net book value	5,727	3,500	404,136	1,463,624	1,876,987
Year ended December 2018					
Opening net book value	5,727	3,500	404,136	1,463,624	1,876,987
Additions: - directly purchased	-	-	316,360	-	316,360
Disposals	-	-	-	-	-
Amortisation charge	-	-	(74,660)	-	(74,660)
Exchange rate adjustments - cost	-	-	1,311	-	1,311
Exchange rate adjustments - accumulated	-	-	(287)	-	(287)
	-	-	1,024	-	1,024
Closing net book value	5,727	3,500	646,860	1,463,624	2,119,711
At December 31, 2018					
Cost	5,727	3,500	1,046,019	1,463,624	2,518,870
Accumulated amortisation and impairment	-	-	(399,159)	-	(399,159)
Net book value	5,727	3,500	646,860	1,463,624	2,119,711
Rate of amortisation (percentage)	-	-	10%	See note 11.7	
Useful life	-	-	10		

		2019	2018
		----- Rupees in '000 -----	
11.3	Fully amortized computer software still in use	146,687	100,938

11.4 This represents Trading Right Entitlement Certificate (TREC) received from PSX in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutalization and integration) Act, 2012 (the Act). The company has also received shares of PSX after completion of the demutualisation process.

11.5 This represents membership cards of Pakistan Mercantile Exchange. It has an indefinite useful life and is carried at cost.

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

11.7 Key assumptions used in value in use calculation

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

	2019	2018
	Percentages	
Discount rate	22.87	28.13
Terminal growth rate	10.00	10.00

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

a) Interest margins

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

b) Discount rates

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

c) Key business assumptions

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

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Management believes that any significant change in key assumptions, on which CGU's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value in use calculation of the CGU are sensitive to changes in assumptions for interest rate spreads, Non Funded Income (NFI), long term growth rates and discount rates.

d) Sensitivity to changes in assumption

The estimated recoverable amount of the 'Trading and Sales' CGU exceeds its carrying amount by approximately Rs.5,554 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

	Changes required for carrying amount to equal recoverable amount (%)	
	2019	2018
- Discount rate	4.85	0.21
- Terminal growth rate	9.00	(0.30)

12 DEFERRED TAX ASSETS / (LIABILITIES)

12.1 Movement in temporary differences during the year:

	2019			
	Balance as at January 01, 2019	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at December 31, 2019
	---------------------- Rupees in '000 ------------------------			
Deferred tax debits arising from:				
Provision against investments	57,149	-	-	57,149
Provision against loans and advances	147,207	102,060	-	249,267
Provision against other assets	171,011	557,270	-	728,281
General provision under IFRS-9	36,820	(33,723)	-	3,097
Intangible other than Goodwill	2,235	272	-	2,507
Unrealised (loss) / gain on revaluation of investments classified as held for trading	3,976	(3,575)	264	665
Surplus / (deficit) on revaluation of investments classified assets as available for sale	1,188,415	-	(934,788)	253,627
Provision for donation	186	(186)	-	-
Provision for workers' welfare fund	17,114	(13,971)	-	3,143
	1,624,113	608,147	(934,524)	1,297,736
Deferred tax credits arising due to:				
Operating fixed assets	(232,731)	(27,372)	-	(260,103)
Liability against assets subject to finance lease - net	-	7,082	-	7,082
Goodwill	(512,268)	-	-	(512,268)
Surplus on revaluation of operating fixed assets	(390,391)	(1,223)	17,220	(374,394)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	(1,010)	43	-	(967)
Mark to market gain on forward foreign exchange contracts	-	51,092	-	51,092
Unrealized (loss) / gain on revaluation of derivative financial instruments	(78,721)	(3,600)	-	(82,321)
	(1,215,121)	26,022	17,220	(1,171,879)
	408,992	634,169	(917,304)	125,857

	2018			
	Balance as at January 01, 2018	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at December 31, 2018
	Rupees in '000			
Deferred tax debits arising from:				
Provision against investments	57,149	-	-	57,149
Provision against loans and advances	124,518	22,689	-	147,207
Provision against other assets	63,725	107,286	-	171,011
General provision under IFRS-9	-	36,820		36,820
Intangible other than Goodwill	1,997	238	-	2,235
Unrealised (loss) / gain on revaluation of investments classified as held for trading	620	3,356	-	3,976
Surplus / (Deficit) on revaluation of investments classified assets as available for sale	46,941	-	1,141,474	1,188,415
Provision for donation	197	(11)	-	186
Provision for Workers' Welfare Fund	46,332	(29,218)	-	17,114
	341,479	141,160	1,141,474	1,624,113
Deferred tax credits arising due to:				
Operating fixed assets	(222,460)	(10,271)	-	(232,731)
Goodwill	(512,268)	-	-	(512,268)
Surplus on revaluation of operating fixed assets	(266,274)	24,079	(148,196)	(390,391)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	(2,191)	57	1,124	(1,010)
Unrealized (loss) / gain on revaluation of derivative financial instruments	(25,227)	(53,494)	-	(78,721)
	(1,028,420)	(39,629)	(147,072)	(1,215,121)
	(686,941)	101,531	994,402	408,992

12.1.1 As of December 31, 2019, the JSIL has accumulated losses of Rs. 239.238 million. The deferred tax on such losses works out to Rs. 69.379 million, however, the JSIL has recognised deferred tax asset on such losses to the extent of deferred tax liability of Rs. 24.352 million. Unrecognized deferred tax asset on carried forward business losses as at December 31 ,2019 amounted to Rs. 45.027 million.

13. OTHER ASSETS - NET

	Note	2019	2018
		Rupees in '000	
Income/ Mark-up accrued in local currency - net of provision		8,746,909	5,598,744
Income/ Mark-up accrued in foreign currency		48,511	133,707
Trade receivable from brokerage and advisory business - net		976,902	1,505,318
Advances, deposits, advance rent and other prepayments	4.1	1,040,356	723,901
Acceptances		3,221,212	3,217,002
Taxation (payments less provision)		794,463	1,147,526
Dividend receivable		-	1,865
Balances due from funds under management		123,074	112,825
Receivable against bancassurance / bancatakaful		67,952	75,056
Stationery and stamps in hand		23,290	18,536
Receivable from other banks in respect of remittance	13.1	495,660	283,469
Non-banking assets acquired in satisfaction of claims	13.2	1,088,682	91,421
Mark to market gain on derivative instruments		22,498	57,418
Mark to market gain on forward foreign exchange contracts		65,955	211,933
Advance for subscription of investments securities	13.3	63,108	845,917
ATM settlement account		106,119	195,927
Others	13.4	374,470	162,893
		17,259,161	14,383,458
Less: Provision held against other assets	13.4	(432,908)	(435,188)
Other assets (net of provisions)		16,826,253	13,948,270
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		93,743	93,869
		16,919,996	14,042,139

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13.1 This includes an amount of Rs.455.370 million (2018: Rs.232.239 million) receivable from State Bank of Pakistan in respect of home remittance services provided by the Holding company.

13.2 Non banking assets acquired in satisfaction of claims

Market value of non-banking assets acquired in satisfaction of claims		
	1,182,425	185,290

13.2.1 Movement of Non banking assets acquired in satisfaction of claims at market value:

As at January 01	185,290	203,339
Addition during the year	998,848	1,295
Transferred during the year	-	(18,771)
Depreciation during the year	(1,713)	(573)
	1,182,425	185,290

13.2.2 Non-banking assets acquired in satisfaction of claims are carried at revalued amount according to the requirements of the ‘Regulation for Debt Property Swap’ (the regulations) issued by SBP vide the BPRD Circular No. 1 of 2016, dated January 01, 2016.

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuers as at December 31, 2019 and resulted no change in observed in valuations of these assets with respect to last year. The revaluation was carried out by M/S. Tristar International Consultants Pvt Ltd., bfa (Pvt) Ltd. and Engineering Pakistan International Limited. on the basis of professional assessment of present market values.

Had there been no revaluation, the carrying value of non-banking assets acquired in satisfaction of claims would have been lower by Rs.93.743 million (2018: Rs.93.869 million), and surplus on revaluation of assets net, deferred tax liability and depreciation expense would have been lower by Rs.92.776 million (2018: Rs.92.858 million), Rs.0.967 million (2018: Rs.1.011 million) and Rs.0.126 million (2018: Rs.0.163 million) respectively.

	2019	2018
	-------- Rupees in ‘000 --------	
13.2.3 Particulars of non banking assets		
Leasehold Land	866,695	88,640
Building on leasehold	221,987	2,781
	1,088,682	91,421

13.3 Advance for subscription of investments in securities

13.3.1 This includes, the Holding Company has signed a Shareholder Agreement (SHA) and a Share Subscription Agreement (SSA) with VEDA Transit Solutions (Private) Limited for an investment of approximately of Rs 40.828 million in a form of equity subject to the obtaining of scheme of arrangement approval from Lahore High Court. Subsequently, the scheme of arrangement has been approved and shares will be issued and transferred to the Holding Company once the regulatory formalities have been completed.

13.3.2 This includes advance of Rs. 2.280 against subscription of right shares of Maple Leaf Cement Factory (MLCF). These shares were released by the investee company subsequent to the year end.

13.3.3 This includes advance of Rs. 20 million against subscription of Sukuk certificates of Bank Islami Pakistan Limited - Ehad Sukuk I (a related party) having perpetual tenure and carrying mark-up at the rate of 2.75% + 3 months KIBOR.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

13.4 Provision held against other assets

	Note	2019	2018
		----- Rupees in '000 -----	
Trade receivable from brokerage and advisory business - net		403,318	403,318
Others		29,590	31,870
		432,908	435,188

13.4.1 Movement in provision held against other assets

	2019	2018
Opening balance	435,188	474,995
Charge for the year	-	2,561
Reversal for the year	(2,280)	(42,368)
Net (reversal) / charge for the year	(2,280)	(39,807)
Closing balance	432,908	435,188

14. BILLS PAYABLE

	2019	2018
In Pakistan	3,583,500	3,326,595
Outside Pakistan	220,991	193,329
	3,804,491	3,519,924

15. BORROWINGS

	Note	2019	2018
Secured			
Borrowings from State Bank of Pakistan under:			
Export refinancing scheme (ERF)	15.2.1	17,792,778	15,329,309
Long-Term Finance Facility (LTFF)	15.2.2	1,877,760	1,055,928
Financing Facility for Storage of Agricultural produce (FFSAP)	15.2.3	300,440	121,922
Repurchase agreement borrowings	15.2.4	16,849,097	12,609,714
		36,820,075	29,116,873
Borrowing from financial institutions			
Repurchase agreement borrowings	15.2.5	12,746,732	57,228,252
Refinancing facility for mortgage loans	15.2.6	1,961,128	-
		14,707,860	57,228,252
Total secured		51,527,935	86,345,125
Unsecured			
Call borrowings	15.2.7	2,303,356	8,323,290
Overdrawn nostro accounts		636,992	501,629
Due against bills re-discounting	15.2.8	-	1,388,619
Total unsecured		2,940,348	10,213,538
		54,468,283	96,558,663

15.1 Particulars of borrowings

	2019	2018
In local currency	51,527,935	89,413,109
In foreign currencies	2,940,348	7,145,554
	54,468,283	96,558,663

15.2.1 The Holding company has entered into agreement with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the terms of the agreement, the Holding company has granted SBP the right to recover the outstanding amount from the Holding company at the date of maturity of finances by directly debiting the current account maintained by the Holding company with SBP. These borrowings are repayable on a quarterly basis and to be matured between January 02, 2020 and February 08, 2027 (2018: January 02, 2019 and February 08, 2027). These carry mark-up at the rate from 1% to 3% (2018: 1% to 4.50%) per annum.

15.2.2 These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings will mature between November 30, 2020 and August 08, 2029 (2018: November 30, 2020 and November 30, 2028). These carry mark-up at rates ranging from 2.00% to 3.50% (2018: 2.00% to 3.50%) per annum.

15.2.3 These borrowings have been obtained from SBP under "Financing Facility for Storage of Agricultural Produce (FFSAP)" to encourage Private Sector to establish Silos, Warehouses and Cold Storages. These borrowings will mature between May 09, 2020 and May 14, 2026 (2018: May 09, 2020 and July 23, 2025) and carry mark-up at the rate ranging from 2.00% to 2.50% (2018: 2% to 2.50%) per annum.

15.2.4 This represents borrowing against Pakistan Investment Bonds (2018: Market Treasury Bills and Pakistan Investment Bonds) carrying mark-up at the rate of 13.32% (2018: 10.18%) per annum and will be matured on January 03, 2020 (2018: January 04, 2019). The cost and market value of securities given as collateral of amounting to Rs. 17,484.926 million (2018: Rs. 12,905.687 million) and Rs. 16,805.697 million (2018: Rs. 12,634.148 million) respectively.

15.2.5 This represents borrowing against Market Treasury Bills, Pakistan Investment Bonds and Bai Muajjal (2018: Market Treasury Bills, Pakistan Investment Bonds, Bai Muajjal and Foreign Currency Bonds) carrying mark-up at the rates ranging from 12.70% to 13.19% (2018: 3.30% to 10.36%) per annum and will be matured between January 02, 2020 and March 26, 2020 (2018: January 02, 2019 and April 19, 2019). The cost and market value of securities given as collateral of amounting to Rs. 9,200.503 million (2018: Rs. 59,362.211 million) and Rs. 9,122.620 million (2018: Rs. 56,756.947 million) respectively.

15.2.6 The Holding company has entered into agreement with the Pakistan Mortgage Refinance Company Limited (PMRC) for extending housing finance facilities to the Holding company's customers on the agreed terms and conditions. The borrowing carries mark-up rate of 3 years PKRV less 100bps and will be matured on February 28, 2022.

15.2.7 These represent call money borrowings from financial institutions which will be matured between January 16, 2020 and June 16, 2020 (2018: January 02, 2019 and February 28, 2019), carrying interest at the rates ranging from 2.65% to 3.61% (2018: 0.90% to 10.30%) per annum.

15.2.8 This represents obligation to the foreign corresponding banks on the discounting of foreign documentary bills purchased by the Bank on discount. These carry interest at the rate of Nil (2018: 4.22%) per annum.

Notes to the Consolidated Financial Statements

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16. DEPOSITS AND OTHER ACCOUNTS

	2019			2018		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	---------- Rupees in '000 ----------					
Customers						
Current deposits	70,341,319	6,412,941	76,754,260	71,824,038	5,321,812	77,145,850
Savings deposits	73,442,779	2,898,794	76,341,573	61,444,549	2,576,579	64,021,128
Term deposits	164,602,876	11,409,815	176,012,691	118,807,475	11,430,120	130,237,595
Margin accounts	5,455,786	15,234	5,471,020	3,566,455	4,937	3,571,392
	313,842,760	20,736,784	334,579,544	255,642,517	19,333,448	274,975,965
Financial Institutions						
Current deposits	858,905	-	858,905	860,064	-	860,064
Savings deposits	12,204,325	-	12,204,325	26,021,734	-	26,021,734
Term deposits	20,900,829	-	20,900,829	16,408,212	1,540,877	17,949,089
	33,964,059	-	33,964,059	43,290,010	1,540,877	44,830,887
	347,806,819	20,736,784	368,543,603	298,932,527	20,874,325	319,806,852

16.1 Composition of deposits

	2019	2018
	----- Rupees in '000 -----	
- Individuals	135,583,867	111,596,311
- Government (Federal and Provincial)	73,503,161	56,875,882
- Public Sector Entities	37,475,517	11,242,328
- Banking Companies	2,926,436	8,541,316
- Non-Banking Financial Institutions	31,037,623	31,800,279
- Private Sector	88,016,999	99,750,736
	368,543,603	319,806,852

16.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 87,425.180 million (2018: Rs.87,350.615 million).

17. SUBORDINATED DEBT

	Note	2019	2018
		----- Rupees in '000 -----	
Term Finance Certificates - First Issue	17.1	2,996,400	2,997,600
Term Finance Certificates - Second Issue	17.2	1,998,400	1,999,200
Term Finance Certificates - Third Issue	17.3	2,500,000	2,500,000
		7,494,800	7,496,800

17.1 In 2016, the Holding company has issued Rs.3 billion of rated, privately placed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 120 of the Companies Ordinance, 1984 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute toward the Bank's Tier II Capital for complying with the Capital Adequacy Ratio requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 14, 2016
Tenure:	Up to Seven years from the Issue date.
Maturity Date:	December 14, 2023
Rating:	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule vide BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger as declared by SBP of the non-viability event as declared by SBP, subject to a cap of 467,836,257 shares.

17.2 In 2017, the Holding company has issued Rs.2 billion of rated, over the counter listed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute toward the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 29, 2017
Tenure:	Up to Seven years from the Issue date.
Maturity Date:	December 29, 2024
Rating:	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 319,982,544 shares.

17.3 During the current year, the Holding company has issued Rs.2.5 billion of rated, privately placed, unsecured, subordinated, perpetual and non-cumulative term finance certificates (“TFCs” or “the Issue”) as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 (the “Circular”) and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute toward the Bank’s Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank’s business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 31, 2018
Maturity date:	Perpetual
Rating:	A (Single A)
Profit Rate:	Floating rate of return at Base rate + 2.25 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period
Profit payment frequency:	Semi-annually on a non-cumulative basis
Redemption:	Not applicable
Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other claims except common shares.
Call Option:	Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause:	Payment of profit will me be made from current year’s earning and subject to compliance with MCR or CAR set by SBP.

Loss absorbency clause:

Pre-Specified Trigger (“PST”)	Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013,, which stipulates that if an Issuer’s Common Equity Tier 1 (“CET 1”) ratio falls to or below 6.625% of Risk Weighted Assets (“RWA”), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to:

- If and when Bank’s CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible);

- The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%);

- In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the Issuer;

Point of Non-Viability ("PONV") Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below;

The PONV trigger event is the earlier of:

- "A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;

- The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP.

- The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

18. OTHER LIABILITIES

	Note	2019	2018
		----- Rupees in ‹000 -----	
Mark-up / return / interest payable in local currency		4,166,772	2,679,843
Mark-up / return / interest payable in foreign currency		72,782	107,641
Accrued expenses		415,112	707,824
Acceptances		3,221,212	3,217,002
Trade payable from brokerage business		1,426,057	2,054,051
Payable in respect of defined benefit obligation - net	36.5	151,881	102,494
Unclaimed dividends		7,576	10,529
Dividend payable		41,102	-
Donation payable	28.2.1	1,991	15,248
Lease key money deposit		4,149,235	4,568,145
Provision for Workers' Welfare Fund	18.1	113,795	179,890
Government duties		477,870	268,880
Payable against remittance		446,387	442,811
Retention money payable		34,248	35,053
Visa debit card payable		158,574	80,202
Lease liability against right-of-use assets	4.1	4,260,358	46,422
Advance against assets held for sale	10.3	37,500	-
Others		238,277	204,154
		19,420,729	14,720,189

18.1 As a consequence of the 18th amendment to the Constitution, levy for the WWF was introduced by the Government of Sindh through the Sindh WWF Act, 2014, (the Act.) As per the Act, Banks are liable to pay SWWF. The Group has challenged the issue of jurisdiction claimed by Sindh Revenue Board before the Honorable High Court of Sindh (the Court) through Constitutional Petition 1546/2017 i.e. the Act will be applied to trans-provincial companies to the extent that the obligation under the provincial law is to make distribution only to the proportionate profit of Sindh Province. The Court has restrained the Sindh Revenue Board to collect / recover Sindh Worker Welfare Fund till the next date of hearing.

The Group has reassessed the SWWF provision which was previously held on the entire operating results of the Group (including other provinces, part of Pakistan, AJK and Bahrain Operations) and based on the above legal status and also based on the legal opinion, is of the view that the Bank will only liable to SWWF to the extent to its operations within Sindh.

19. SHARE CAPITAL - NET

19.1 Authorised capital

19.1.1 Ordinary shares

2019	2018		2019	2018
-------- Number of shares --------			----- Rupees in '000 -----	
2,350,000,000	2,350,000,000	Ordinary shares of Rs.10 each	23,500,000	23,500,000

19.1.2 Preference shares

150,000,000	150,000,000	Convertible preference shares of Rs.10 each	1,500,000	1,500,000

19.2 Issued, subscribed and paid-up capital - net

		Ordinary shares		
763,558,965	763,558,965	Fully paid in cash	7,635,590	7,635,590
533,905,297	533,905,297	Issued for consideration other than cash	5,339,053	5,339,053
1,297,464,262	1,297,464,262		12,974,643	12,974,643
-	-	Less: Discount on issue of shares	(2,855,401)	(2,855,401)
1,297,464,262	1,297,464,262		10,119,242	10,119,242

19.3 As at December 31, 2019, Jahangir Siddiqui & Co. Ltd. (the parent company) held 973,307,324 (December 31, 2018: 973,307,324) ordinary shares of Rs.10 each i.e. 75.02% holding (December 31, 2018: 75.02%).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

	Note	2019	2018
		----- Rupees in '000 -----	
20. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS			
(Deficit) / surplus on revaluation of:			
Available-for-sale securities	8.1 & 20.2	(591,788)	(3,215,435)
Operating fixed assets	20.3	1,955,940	1,628,992
Non-banking assets acquired in satisfaction of claims	20.4	93,743	93,869
		1,457,895	(1,492,574)
Deferred tax on (deficit) / surplus on revaluation of:			
Available-for-sale securities		253,627	1,188,153
Operating fixed assets	20.3	(374,390)	(403,434)
Non-banking assets acquired in satisfaction of claims	20.4	(967)	(1,011)
		(121,730)	783,708
		1,336,165	(708,866)
20.1 Group's share		1,308,531	(822,532)
Non-controlling interest		27,634	113,666
		1,336,165	(708,866)

20.2 This includes general provision under IFRS 9 of Rs. Nil (2018: Rs. 90.015 million) by Bahrain branch of the Holding company.

	Note	2019	2018
		----- Rupees in '000 -----	
20.3 Fixed assets			
Surplus on revaluation as at January 01		1,628,992	922,871
Recognised during the year - net		374,493	741,138
		2,003,485	1,664,009
Less: Transferred to unappropriated profit:			
Incremental depreciation during the year		(35,721)	(23,983)
Related deferred tax liability		(11,824)	(11,034)
Realised on asset classified under held for sale		-	-
Related deferred tax liability		-	-
		(47,545)	(35,017)
Surplus on revaluation as at December 31	20.3.1	1,955,940	1,628,992
Less: Related deferred tax liability on:			
Surplus on revaluation as at January 01		(403,434)	(266,273)
Recognised / transfered during the year		17,220	(148,195)
Transferred to profit and loss account on account of incremental depreciation		11,824	11,034
Realised on asset classified under held for sale		-	-
		(374,390)	(403,434)
		1,581,550	1,225,558

20.3.1 This includes Rs. 141.731 million which relates to assets held for sale as disclosed in note 10.3.

20.4 Non-banking assets acquired in satisfaction of claims	Note	2019	2018
		----- Rupees in '000 -----	
Surplus on revaluation as at January 01		93,869	97,242
(Transferred) / recognized during the year		-	(3,210)
		93,869	94,032
Less: Transferred to unappropriated profit:			
Incremental depreciation during the year		(82)	(106)
Related deferred tax liability		(44)	(57)
		(126)	(163)
Surplus on revaluation as at December 31		93,743	93,869
Less: Related deferred tax liability on:			
Surplus on revaluation as at January 01		(1,011)	(2,192)
Transferred during the year		-	1,124
Transferred to profit and loss account on account of incremental depreciation		44	57
		(967)	(1,011)
		92,776	92,858

21. CONTINGENCIES AND COMMITMENTS

	Note	2019	2018
Guarantees	21.1	45,650,803	41,116,520
Commitments	21.2	77,013,578	59,868,870
		122,664,381	100,985,390

21.1 Guarantees:

	Note	2019	2018
Financial guarantees		2,464,411	3,552,003
Performance guarantees		21,483,841	19,549,043
Other guarantees		21,702,551	18,015,474
	21.1.1	45,650,803	41,116,520

21.1.1 Included herein the outstanding guarantees of Rs.14.217 million (2018: Rs.19.201 million) of related parties.

21.2 Commitments:

	Note	2019	2018
		----- Rupees in '000 -----	
Documentary credits and short-term trade-related transactions			
- letters of credit	21.2.1	13,965,258	14,957,752
Commitments in respect of:			
- Forward foreign exchange contracts	21.2.2	55,111,366	34,627,442
- Derivative instruments	21.2.3	7,238,695	9,331,236
- Forward lending	21.2.5	72,183	284,137
- Bank Guarantee from a commercial Bank in favor of National Clearing Company of Pakistan Limited	21.2.6	400,000	400,000
- Outstanding settlements against margin financing contracts - net	21.2.7	5,305	12,348
Commitments for acquisition of:			
- Fixed assets	21.2.8	220,771	255,955
		77,013,578	59,868,870

21.2.1 Included herein the outstanding letter of credits of Rs.44.368 million (2018: Rs.44.016 million) of related parties.

		2019	2018
		----- Rupees in '000 -----	
21.2.2	**Commitments in respect of forward foreign exchange contracts**		
	Purchase	33,104,108	21,521,180
	Sale	22,007,258	13,106,262
		55,111,366	34,627,442

The Holding company utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At year end, all foreign exchange contracts have a remaining maturity of less than one year.

		2019	2018
21.2.3	**Commitments in respect of derivative instruments**		
	Purchase	3,622,107	2,205,353
	Sale	3,616,588	7,125,883
		7,238,695	9,331,236
21.2.3.1	**Interest rate swaps (notional principal)**		
	Purchase	2,099,175	1,995,882
	Sale	2,100,175	1,996,882
		4,199,350	3,992,764
21.2.3.2	**Options (notional principal)**		
	Purchase	1,023,310	-
	Sale	1,023,310	2,631,433
		2,046,620	2,631,433
21.2.3.3	**Commitments in respect of forward government securities**		
	Purchase	499,622	209,471
	Sale	493,103	2,497,568
		992,725	2,707,039
21.2.4	**Commitments in respect of forward lending**		
	Undrawn formal standby facilities, credit lines and other commitments to lend	72,183	284,137

21.2.4.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.

		2019	2018
21.2.5	**Bank Guarantee from a commercial Bank in favor of National Clearing Company of Pakistan Limited**	400,000	400,000
21.2.6	**Outstanding settlements against margin financing contracts - net**	5,305	12,348
21.2.7	**Commitments for acquisition of operating fixed assets**	220,771	255,955

21.2.8 Tax related contingencies are disclosed in notes 32.2 to 32.5.

22. DERIVATIVE INSTRUMENTS

Derivative instruments, such as Forward Exchange Contracts, Interest Rate Swaps, Interest Rate Swaps and Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business also provides risk solutions for the existing and potential customers of the Holding company.

The Bank has entered into a Cross Currency Swap transaction with its customer on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan. Policies in line with SBP instructions have been formulated and are operative.

The Bank has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities.

These transactions cover the aspects of both market making and hedging. The risk management related to derivative is disclosed in note 45 to the financial statements.

Accounting policies in respect of derivative financial instruments are described in note 4.5.2.

	2019					
	Interest rate swap		Options		Forward securities	
	Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
22.1 Product analysis	------------------- Rupees in '000 -------------------					
With Banks						
Hedging	4,199,350	13,327	-	8,885	-	-
Market making	-	-	-	-	992,725	286
With Fis other banks						
Hedging	-	-	-	-	-	-
Market making	-	-	-	-	-	-
Total						
Hedging	4,199,350	13,327	-	8,885	-	-
Market making	-	-	-	-	992,725	286

22.1.1 The notional value of options is Rs. 1,023.310 million and the Holding company has entered back to back arrangement to close the position at year end.

	2018					
	Interest rate swap		Options		Forward securities	
	Notional principal	Mark to market	Notional principal	Mark to Market	Notional principal	Mark to Market
	------------------- Rupees in '000 -------------------					
With Banks						
Hedging	3,992,763	16,931	-	-	-	-
Market making	-	-	2,631,433	(3,652)	2,707,039	44,139
With Fis other banks						
Hedging	-	-	-	-	-	-
Market making	-	-	-	-	-	-
Total						
Hedging	3,992,763	16,931	-	-	-	-
Market making	-	-	2,631,433	(3,652)	2,707,039	44,139

At the exchange rate prevailing at the end of the reporting period.

22.2 Maturity analysis

Remaining maturity of Contracts	2019				
	Number of contracts	Notional principal	Mark to market		
			Positive	Negative	Net
Upto 1 month	34	493,103	90	-	90
1 to 3 months	1	499,622	196	-	196
3 to 6 months	-	-	-	-	-
6 months to 1 year	4	-	9,376	(491)	8,885
1 to 2 years	-	2,516,330	7,785	-	7,785
2 to 3 years	1	1,683,020	5,542	-	5,542
3 to 5 years	-	-	-	-	-
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-
	40	5,192,075	22,989	(491)	22,498

Remaining maturity of Contracts	2018				
	Number of contracts	Notional principal	Mark to market		
			Positive	Negative	Net
Upto 1 month	36	2,866,964	44,873	(566)	44,307
1 to 3 months	-	-	-	-	-
3 to 6 months	2	1,750,000	42,958	(42,122)	836
6 months to 1 year	14	2,887,108	12,961	(16,145)	(3,184)
1 to 2 years	-	-	-	-	-
2 to 3 years	4	1,827,163	67,492	(52,033)	15,459
3 to 5 years	-	-	-	-	-
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-
	56	9,331,235	168,284	(110,866)	57,418

23. MARK-UP / RETURN / INTEREST EARNED	Note	2019	2018
		----- Rupees in '000 -----	
On:			
Loans and advances		31,003,043	19,717,645
Investments		9,717,118	10,082,335
Lendings to financial institutions		52,679	111,081
Balance with banks		59,817	20,943
Securities purchased under resale agreements		858,930	136,977
		41,691,587	30,068,981

24. MARK-UP / RETURN / INTEREST EXPENSED

	Note	2019	2018
Deposits		28,272,108	15,019,011
Borrowings	24.1	1,804,192	705,007
Securities sold under repurchase agreements		2,810,910	4,975,964
Sub-ordinated debt		1,029,228	407,992
Lease liability against right-of-use assets		580,610	-
		34,497,048	21,107,974

	Note	2019	2018
		----- Rupees in '000 -----	

24.1 Borrowings

Export refinancing scheme (ERF)		337,916	260,801
Long-Term Finance Facility (LTFF)		35,388	12,606
Financing Facility for Storage of Agricultural produce (FFSAP)		3,942	2,249
Cost of foreign currency swaps against foreign currency deposits / borrowings		936,986	124,709
Other short term borrowings		489,960	304,642
		1,804,192	705,007

25. FEE AND COMMISSION INCOME

Branch banking customer fees		174,557	174,419
Consumer finance related fees		21,098	32,640
Card related fees (debit and credit cards)		594,713	291,035
Credit related fees		328,927	239,166
Investment banking fees		86,244	401,959
Commission on trade		570,108	468,623
Commission on guarantees		266,999	313,685
Commission on cash management		5,966	4,423
Commission on remittances including home remittances	25.1	111,288	116,004
Commission on bancassurance		180,770	188,040
Commission on distribution of mutual funds		93,343	178,971
Commission on online Services		186,396	157,052
Postage & Courier income		22,143	13,890
Rebate income		224,598	144,081
Rebate on primary dealership		6,918	4,118
Brokerage income		327,604	387,025
Management fee		210,488	203,854
		3,412,160	3,318,985

25.1 This includes Rs.82.373 million (2018: Rs.66.003 million) in respect of commission income from home remittance services provided by the Bank. The amount is earned from State Bank of Pakistan at the rate of Saudi Riyal 20 (2018: Saudi Riyal 20) per transaction over USD 200 (2018: USD 200) and is shared between the Bank and various exchange companies as per terms of agreement with them.

26. LOSS ON SALE OF SECURITIES - NET

	Note	2019	2018
		----- Rupees in '000 -----	
Realised	26.1	(674,365)	(1,283,387)
Unrealised - held for trading		8,368	(55,773)
		(665,997)	(1,339,160)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

		Note	2019	2018
			----- Rupees in '000 -----	
26.1	**Realised gain on:**			
	Federal government securities			
	Market treasury bills		3,671	(15,587)
	Pakistan investment bonds		(247,329)	(1,042,574)
	Ijara sukuk certificates		633	572
	Shares			
	Listed companies		(386,856)	(297,488)
	Unlisted companies		-	4,488
	Non Government Debt Securities			
	Term finance certificates		21,443	6,383
	Sukuk certificates		150	3,965
	Mutual fund units		8,246	99,692
	Foreign currency bonds		(74,323)	(42,838)
			(674,365)	(1,283,387)
27.	**OTHER INCOME - NET**			
	Rent on Property		4,079	16,063
	Gain on sale of fixed assets - net	27.1	493,680	121,599
	Others		7,430	18,970
			505,189	156,632

27.1 This includes gain of Rs.383.269 million on disposal of Bank's vehicles which result of implementation of Car Monetization Policy as approved by Board of Directors in their 86th meeting dated October 24, 2019 on recommendation of the 'Board HR, Remuneration & Nomination Committee.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

28. OPERATING EXPENSES	Note	2019	2018
		----- Rupees in '000 -----	
Total compensation expense	28.1	5,713,741	5,365,443
Property expense			
Rent & taxes	4.1	39,856	1,084,279
Insurance		10,553	8,610
Utilities cost		365,688	376,663
Security (including guards)		366,296	354,517
Repair & maintenance (including janitorial charges)		271,036	254,095
Depreciation		247,053	263,088
Depreciation on right-of-use assets	4.1	985,498	-
Depreciation on non banking assets		1,713	573
		2,287,693	2,341,825
Information technology expenses			
Software maintenance		170,840	131,238
Hardware maintenance		249,723	199,316
Depreciation		184,504	148,129
Amortisation		97,968	74,660
Network charges		125,505	113,113
		828,540	666,456
Other operating expenses			
Directors' fees and allowances		15,625	17,108
Legal & professional charges		151,056	89,742
Insurance		209,998	171,631
Outsourced services costs	38.1	135,005	127,430
Travelling & conveyance		145,186	144,835
NIFT clearing charges		40,394	35,228
Depreciation		424,574	336,574
Training & development		35,074	40,458
Postage & courier charges		82,010	73,574
Communication		134,965	109,754
Stationery & printing		276,707	218,080
Marketing, advertisement & publicity		338,130	389,448
Donations	28.2	2,809	22,592
Auditors Remuneration	28.3	14,293	21,927
Staff Auto fuel & maintenance		224,923	160,373
Bank Charges		63,468	50,519
Stamp Duty		55,570	27,897
Online verification charges		21,870	19,573
Brokerage, fee and commission		34,658	46,689
Card related fees (debit and credit cards)		8,662	6,683
CDC and other charges		31,186	42,964
Consultancy fee		36,949	71,932
Deposit protection corporation		139,761	59,736
Entertainment expenses		67,337	64,456
Fee and Subscription		106,166	96,742
Employees social security		9,035	8,479
Generator fuel & maintenance		80,002	79,289
Fee and allowances to Shariah Board		46	79
Royalty	28.4	30,000	27,500
Ijarah rentals		-	3,284
Others		38,026	33,984
		2,953,485	2,598,560
		11,783,459	10,972,284
Add: Reimbursement of selling and distribution expenses	28.5	(21,686)	(23,442)
		11,761,773	10,948,842

		2019	2018
		----- Rupees in '000 -----	
28.1	**Total compensation expense**		
	Fees and Allowances etc.	191,025	185,761
	Managerial Remuneration		
	i) Fixed	4,031,190	3,685,405
	ii) Variable		
	of which;		
	a) Cash Bonus / Awards etc.	344,693	421,789
	b) Commission	252,556	320,611
	Charge for defined benefit plan	134,712	129,556
	Contribution to defined contribution plan	233,459	200,790
	Leaving indemnity	4,246	2,313
	Medical	357,750	324,857
	House rent allowance	1,581	1,456
	Utilities	176	162
	Conveyance	81,851	14,611
	Insurance staff	74,941	76,139
	Others	5,561	1,993
		5,713,741	5,365,443

28.1.1 The Group operates a short term employee benefit scheme which includes cash awards / special bonus for all employees. Under this scheme, the bonus for all employees, including the Chief Executive Officer (CEO) is determined on the basis of employees' evaluation and the Bank's performance during the year.

		Note	2019	2018
28.2	**Donations**		----- Rupees in '000 -----	
	Future Trust	28.2.1	1,991	15,256
	Hope Uplift Foundation		618	
	Bait-ul-Sukoon Cancer Hospital		200	
	The Supreme Court of Pakistan and The Prime Minister of Pakistan Diamer-Bhasha And Mohmand Dams Fund		-	7,336
			2,809	22,592

28.2.1 This represents donation to a related party, wherein below mentioned persons are trustees. The registered office of the donee is located at 7th Floor, The Forum, Block 9, Clifton, Karachi.

- Mr. Suleman Lalani — Chief Executive Officer of Jahangir Siddiqui & Co. Ltd (the parent company)
- Ms. Rukhsana Shah — Director of the parent company (resigned subsequent to year end)
- Mr. Kalim-ur-Rahman — Chairman of the Holding company and the parent company
- Mr. Hasan Shahid — Director of JS Investments Limited, the subsidiary company
- Mr. Najmulul Hoda Khan — Chief Financial Officer of the parent company
- Mr. Tariq Usman Bhati — Head of Money Market And Forex of JS Global Capital Limited, subsidiary company

28.3 Auditors' remuneration	Note	2019	2018
		----- Rupees in '000 -----	
Audit fee - Pakistan		3,442	3,212
Audit fee - Bahrain		1,640	1,131
Half-yearly review		1,169	1,083
Fee for audit of employees funds		143	130
Fee for other statutory certifications		753	805
Special certification and sundry advisory services		4,473	12,038
Taxation services		275	180
Out of pocket expenses and sales tax on services		2,398	3,348
	28.3.1	14,293	21,927

28.3.1 Geographical analysis

Pakistan	12,140	20,296
Bahrain	2,153	1,631
	14,293	21,927

28.4 Royalty represents amounts payable to Mr. Jahangir Siddiqui on account of use of name in the subsidiary company of the Holding company..

28.5 The SECP vide Circular 40/2016 dated December 30, 2016, prescribed certain conditions on Asset Management Companies (AMC) for charging of selling and marketing expenses to open end equity funds, for opening of new branches in cities, except Karachi, Lahore, Islamabad and Rawalpindi. Expenses can be charged to the extent of 0.4% per annum of net assets of fund or actual expenses whichever is lower.

29. WORKERS WELFARE FUND	Note	2019	2018
		----- Rupees in '000 -----	
Sindh Workers' Welfare Fund			
Charge during the year	29.1	3,358	10,483
Reversal of prior years	18.1	-	(98,210)
		3,358	(87,727)
Reversal of Federal Workers' Welfare Fund	18.1	(69,349)	(74,702)
		(65,991)	(162,429)

29.1 Provision held at 2% of the higher of profit before tax or taxable income to the extent of operations carried out under Sindh Workers Welfare Act, 2014.

30. OTHER CHARGES	2019	2018
	----- Rupees in '000 -----	
Penalties imposed by State Bank of Pakistan	131,444	14,748
Others	6,199	1,455
	137,643	16,203

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

		Note	2019	2018
			----- Rupees in '000 -----	
31.	**(REVERSALS) / PROVISIONS AND WRITE OFFS - NET**			
	Provisions for diminution in value of investments		(345,300)	(300,401)
	Provisions against loans & advances		360,353	406,236
	Other reversals		(2,280)	-
	General provision - under IFRS-9		(105,018)	(39,807)
	Bad debts written off directly		315	92,270
	Impairment loss against intangible assets		3,227	-
			(88,703)	158,298
32.	**TAXATION**			
	Current		791,261	537,643
	Prior years		13,715	(4,535)
	Deferred		(634,169)	(101,531)
		32.1	170,807	431,577
32.1	**Relationship between income tax expense and accounting profit**			
	Profit before taxation		(85,801)	1,070,612
	Tax at applicable rates in the Group		80,035	362,828
	Effect of permanent differences		34,014	71,020
	Tax effect of income charged at different tax rates-net		18,617	(11,966)
	Tax effect of exempt capital gains		-	(30,213)
	Effect of prior year deferred taxation		11,251	(12,876)
	Effects of current and prior year super tax		31,608	51,169
	Deferred tax recognised at higher rate		-	(2,598)
	Others		(4,718)	4,213
		32.1.1	170,807	431,577

32.1.1 The Group has recognised taxation impact on the basis of deemed tax return to be file on applicable tax rate with tax authorities, which are as follows:

	Tax Rate	
	2019	2018
JS Bank Limited	35%	35%
JS Investments Limited	29%	29%
JS Global Capital Limited	29%	29%
JS ABAMCO Commodities limited	29%	29%

32.2 JS Bank Limited (Holding Company, the Bank)

32.2.1 Income Tax

The income tax returns filed under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2007 through 2019. These returns filed were deemed to have been assessed in terms the provisions prevailing under income tax laws as applicable in Pakistan. However, the Officers of Inland Revenue Services (OIR) conducted the proceedings for making certain amendments in the deemed assessments for tax years 2008 to 2017. This was done by taking recourse of conducting tax audit or alternatively a direct amendment in the assessment contending that certain matters in the deemed assessments were not admissible as not conforming to the law and prejudiced the interest of revenue.

Based on the amended assessments in tax year 2008 to tax year 2017, the department had made certain dis-allowances of expenses and tax deductible claims besides creating minimum tax and Workers' Welfare Fund liabilities in the tax years 2010, 2011 & 2012 and tax years 2009, 2012 & 2013 respectively.

In respect of WWF, the Supreme Court of Pakistan has held in Judgement, PLD 2017 SC 28, that the amendments made in the WWF Ordinance through Finance Act, 2006 and 2008 were illegal and without lawful authority i.e. the Holding companys do not fall into definition of Industrial Undertaking and thus, not liable to pay WWF. Therefore based on this, the Holding company's contention is mandated and it is likely that its pending appeals in this will be decided favorably. The Holding Company has obtained appeal effect orders of respective years except 2013 and resultantly no demand is payable in this respect.

As a consequence of introduction of Sindh Workers' Welfare Fund Act, the Holding Company is required to pay WWF to Sindh Revenue Board effective from tax year 2015. The Holding Company has filed petition before the Honourable High Court of Sindh to contest applicability of SWWF in its case and stay has been granted against recovery of SWWF.

In respect of minimum tax, the Commissioner Inland Revenue-Appeals (the CIRA) has the not accepted the Holding Company's contentions of gross loss position and also decided that non-mark-up income is the fall in the definition of turnover including capital gains and dividend income. As result the demand of Rs. 38.907 million has been payable. The Holding company has contested the matter in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing.

For tax year 2008-2017, the Holding Company has not accepted the amendments of Rs. 6.27 billion and have filed appeals before the Commissioner Inland Revenue-Appeals (the CIRA).

CIRA has admitted the contention of the Holding Company in case of tax year 2008 that the amended order is barred by time and decided that any addition made in impugned order is annulled and not required to be further adjudicated. However, the department has filed an appeal against the decision of CIRA in ATIR which has been partly heard.

With regard to appeals filed for tax year 2009 to 2017, the CIRA has decided the appeals accepting the Holding Company's contentions in respect of significant issues, and certain disallowance including amortization claim of goodwill have been decided in favor of department in all tax years. However, the Holding Company and the tax department are contesting the matters in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are being heard.

During the year, the tax department has passed appeal effect/rectification orders and allowed deleted and set-aside issues in the light of CIR(A) orders for tax year 2008 to 2014. As a result of these orders, the Holding Company's taxable losses has increased to Rs. 3.464 billion and reduced the demand of Rs. 1.212 billion in relevant tax years after adjustment of these losses.

Further for the tax year 2013, the ATIR has decided appeal filed by tax department in respect of calculating the amount of provisions against advances as allowable under Rule 1(c) of Seventh Schedule to the Income Tax Ordinance, 2001 and has maintained the CIRA decision that the allowability of provision for advances to be calculated at 1% of gross amount of advances as against the tax department contention that the same is to be calculated on net advances after deducting the amount of provisions created and allowed against advances.

The matter of allowability of amortization relating to goodwill is contentious issue, therefore based on the opinion of lawyer there are arguments available to contend that goodwill on merger is a tax claimable deduction. Especially in the recent decision given by the High Court of Sindh in the case of merger of other Bank in Pakistan where the court has ruled favorably that goodwill generated in merger is 'intangible' and amortization relating to goodwill is allowable deduction.

The Holding Company has not been accepting levy of Super Tax and has been contesting the matter in high court and other appellate forums.

The management of Holding Company is confident that the appeals filed on various forums in respect of the above matters will be decided in the Holding Company's favor and accordingly no demand for payment would arise.

32.2.2 Withholding tax monitoring

Withholding tax monitoring was initiated against the Holding Company for tax year 2014-2019.Orders in respect of tax years 2014, 2015 and 2017 has been passed against which appeals have been filed before the CIR(A). CIR(A) has reminded back the matters for rectification in respect of tax years 2014 and 2015 against which rectified orders has been passed and demands have been rectified. Appeal for tax year 2017 has been heard and reserved for order. In respect of tax year 2018 and 2019, proceedings are pending.

32.2.3 Sales Tax

The Holding Company as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued a Sales Tax Order from the Sindh Revenue Board (SRB) creating a demand of Rs.48.838 million (besides Rs.4.440 million is charged as penalty) against the Holding Company for allegedly non-payment of Sindh sales tax on certain 'presumed non-taxable services / incomes'(i.e. Bancassurance, Home Remittances under Pakistan Remittance Initiative Scheme, SBP rebates on Government securities, Rebates from foreign correspondent banks, and FX gain on remittance by Western Union)' on total amounting to Rs.277.488 million for the tax periods July 2011 to December 2013. An appeal was filed before Commissioner (Appeals) Sindh Revenue Board, CA-SRB against the decision of AC-SRB which was decided in favor of the tax department except tax imposed on FX gain on remittance by Western Union. Thereafter, both the Holding company and AC-SRB filed appeals before the Appellate Tribunal SRB against the decision of CA-SRB. Through its Order dated April 18, 2019, the Appellate Tribunal SRB quashed the demand raised by deciding appeal in the Holding Company's favour and dismissing the AC-SRB's appeal. The Holding Company and tax department have filed appeals before Appellate Tribunal which are pending for hearing.

The management of Holding Company is confident that the appeals filed in respect of the above matter will be decided in the Holding Company's favor and accordingly no demand for payment would arise.

32.2.4 Azad Jammu & Kashmir Operations

The Holding Company has commenced operations in Azad Jammu & Kashmir from tax year 2009 and has filed returns for the tax years 2009 to 2018 with the tax authorities of such region. The Commissioner has issued notices for amendment of assessment under section 122 of the Income Tax Ordinance, 2001 (as adopted in AJK Region) for the tax year 2011 to 2017. All assessments orders are rectified and no additional demand has been raised.

32.3 JS Global Capital Limited (Subsidiary, the Company)

32.3.1 Income tax

Except for tax year 2009, 2014, 2015, 2016, 2017 and 2018 income tax assessments have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001 (the Ordinance) unless selected by taxation authorities for audit purposes.

For tax year 2009, an ITRA no. 07/2013 was filed by the Commissioner Inland Revenue against an order passed by the Learned Appellate Tribunal Inland Revenue (ATIR) in ITA no. 923/KB/2011 dated August 28, 2012 which was related to the apportionment of expenses, allowability of expenses and claiming of tax deducted at source aggregating to Rs. 61.16 million. However, the same is pending for decision before the Sindh High Court (SHC).

For tax year 2014, an amended assessment order dated April 28, 2016, has been passed under section 122 (5A) of the Ordinance by the Additional Commissioner Inland Revenue (ACIR). Through said order, the ACIR raised demand amounting to Rs. 20.081 million. The Company has filed rectification application identifying various errors / details not considered by the ACIR and requested ACIR to rectify the same. In addition to that, the Company has also filed an appeal to the Commissioner Inland Revenue Appeals (CIR-A) which is pending. The Company has also obtained stay against recovery of demand from SHC till the decision of CIR-A.

For tax year 2015, an order dated November 23, 2016 was passed under section 4B of the Ordinance by the Deputy Commissioner Inland Revenue (DCIR). Through said order, an income of Rs.810.584 million was computed under section 4B of the Ordinance and resultant demand of super tax of Rs. 24.318 million was raised. An appeal was filed against the above order before CIR-A on December 01, 2016 identifying various errors / details not considered. The CIR-A, has confirmed DCIR's order vide his order dated May 30, 2017. In pursuance of the order of CIR-A, the Company has filed appeal before ATIR along with application for stay against recovery of demand. The appeal before ATIR has been heard and order is reserved whilst ATIR vide order dated July 18, 2017 has granted stay for 60 days and subsequently the said stay was further extended vide various orders by ATIR. Subsequently, recovery of aforesaid tax demand has now been stayed by the Hon'able SHC through C.P No 4915 of 2018 vide order dated June 28, 2018 with direction to the Department not to enforce recovery of tax demand till the decision of ATIR.

For tax year 2016 and 2017, notices dated December 27, 2016 and January 3, 2018 were issued under section 4B of the Ordinance by the DCIR. In the said notices the DCIR has contended that the Company is liable to pay Super Tax amounting to Rs. 24.483 million and Rs. 19.490 million on 'income' of Rs. 816.122 million and Rs. 649.676 million for Tax Years 2016 and 2017 respectively. The Company has challenged both notices through writ petition before SHC on constitutional grounds wherein the SHC has, vide its orders dated January 16, 2017 and January 11, 2018 for Tax Years 2016 and 2017 respectively, has stated that no coercive action shall be taken against the Company. The DCIR passed the orders under section 4B vide order dated April 23, 2018 and May 4, 2018 for tax years 2016 and 2017 respectively to levy Super tax of above mentioned amounts under the view that SHC has not restrained the department from passing the orders. In pursuance of the said orders, Company filed appeals which confirmed by CIR-A vide its order dated October 12, 2018 for both years. The Company has filed appeals before Appellant Tribunal Inland Revenue (ATIR) against the orders of CIR-A. Meanwhile, the Company paid 50% of tax demand of both tax years to maintain the above suits in light of judgment of Hon'able Supreme Court of Pakistan (Civil Appeals No. 1171/2017 and other connected appeals) wherein, the pending suits are declared to be entertained on the condition that a minimum of 50% of tax demand is deposited with tax authorities during the pendency of appeal. During the year the appeal has been heard before ATIR and is reserved for order.

For tax year 2018, a notice under section 4B of the Ordinance by the DCIR dated December 7, 2018 was issued, contending that the Company is liable to pay Super Tax amounting to Rs. 45.211 million on 'income' of Rs. 1,507.039 million. The Company has challenged the notice on constitutional grounds before SHC through C.P. No. 8670 of 2018. The SHC, vide its order dated December 14, 2018, has stated that no coercive action shall be taken against the Company.

For tax year 2016, an amended assessment order has been passed under section 122(5A) of the Ordinance by the Additional Commissioner Inland Revenue (ACIR). Through the said order, the ACIR raised demand amounting to Rs. 241.217 million. Upon appeal filed, CIR-A confirmed the ACIR's order vides its order dated December 12, 2017. In pursuance of the order of CIR-A, the Company has filed appeal before ATIR. During the year ATIR has decided the matter has annulled CIRAs action on confirming disallowances made in the order passed by ACIR dated November 02, 2017, with directions to CIRA to pass speaking and reasoned order after providing due opportunity of being heard. As a result, the likely assessment position after appeal effect of ATIR's order under section 124 of the Ordinance is that only tax demand on account of undistributed reserves is outstanding, which has also been stayed by SHC vide interim order in CP No. 0-2343 of 2019 dated April 09, 2019.

Furthermore, during the year a rectification application has been filed for erroneously considered share premium reserves while computing excess reserves under section 5A of the Ordinance by the ACIR, in its order dated November 2, 2017. As a result of which tax demand under section 5A would be reduced to Rs. 7,523,230.

For tax year 2017, an amended assessment order has been passed under section 122(5A) of the Ordinance by the ACIR. Through the said order, the ACIR raised a demand amounting to Rs. 17.649 million. The Company has filed an appeal before CIR-A which has been heard, however, no order has been passed till date. The total tax demand was partially stayed by the order of SHC vide CP No. 5431 of 2017 dated August 16, 2017, while the remaining liability was adjusted from the available refunds as declared in the return for tax year 2017.

For tax year 2017, a show-cause notice under section 161/205 of the Ordinance has been issued by tax authority. Through the said order, the Company was alleged for non-deduction of tax under section 150 of the Ordinance on payment made to shareholders in respect of buy back of shares. The said notice has been challenged before Sindh High Court (SHC) through legal counsel of the Company and SHC has prohibited tax department from passing any order without its permission. On the directions of court, detailed reply to show-cause notice has also been submitted vide our letter dated January 26, 2018. Tax authorities have issued a subsequent notice dated March 6, 2018, requesting to provide certain factual details which have also been submitted vide our letter dated March 16, 2018.

32.3.2 Sales Tax

During 2013, the Company received a show cause notice from the Sindh Revenue Board (SRB) under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently, an order was passed reducing the demand to Rs. 9.86 million along with default surcharge. The Company filed an appeal before the CIR-A and after being decided against the Company, it subsequently filed an appeal before Appellate Tribunal SRB. During the year 2014, the Company paid an amount of Rs. 7.15 million in respect of the abovementioned liability before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption from application of penalty and 75% of default surcharge. Appellate Tribunal SRB vide order dated November 29, 2017 decided the issue of Sindh Sales Tax (SST) in favor of the Company. However, the issue of SST on advisory and consultancy services and commission earned on purchase/ sale of mutual funds have been remanded back whilst the issue relating to SST on commission on foreign exchange dealing , services rendered outside Sindh and levy of default surcharge and penalty have been decided against the Company. The Company has filed a reference application before SHC in respect of the issues decided against the Company and remanded back.

During 2014, the Company also received another show cause notice from SRB under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently, an order was passed raising a tax demand amounting to Rs. 10.77 million. The Company has filed an appeal against the order with CIR-A which is pending. Further, in respect of the same, rectification application has also been filed with the department. The Company and other stock brokers have also filed petition with the SHC and has been granted interim stay against recovery of demand. However, the Company has paid an amount of Rs. 9.24 million before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption of penalty and 75% of default surcharge.

Furthermore, for fiscal year 2014 and 2015, SRB alleged short payment of SST vide Notice dated February 02, 2017. The Company has submitted all the required details in response to the notice and no order in this respect has been passed.

32.3.3 Federal Excise Duty (FED)

Tax department has issued show cause notice dated June 08, 2015 confronting (alleged) non payment of Federal Excise Duty (FED) on Company's services under Federal Excise Act, 2005 and subsequently issued an order raising a demand amounting to Rs.78.003 million for tax year 2010 to tax year 2013. The Company filed a rectification appeal, in addition, to filing an appeal in the SHC, through Stockbroker

Association (of which the Company is also the member) against aforementioned order on the grounds that after 18th amendment to the Constitution, the services that were previously subjected to FED under the federal laws are now subject to the provincial sales tax and the Company has accordingly discharged its tax obligation. The SHC initially, stayed Federal Board of Revenue from demanding sales tax on services from stockbrokers and subsequently, disposed of the order in Company's favor. However, CIR-A on the matter of appeal filed by the Company issued an order in favor of the department vide its order dated January 31, 2017. In pursuance of the order of CIR-A the Company has filed an appeal before Appellate Tribunal SRB along with application for stay of demand which was granted initially for 30 days and was subsequently extended vide various orders. Appellate Tribunal SRB has decided the matter vide order dated December 20, 2017, received by us on April 09, 2018, whereby ATIR decided that FED is applicable only on the commission earned from trading of shares and no other type of commission comes under the ambit of FED. With this opinion, ATIR has remanded back the issue related to pre amendment era. For post amendment era, ATIR has relied upon the decision of SHC (stated above) and declared the charge of FED after July 01, 2011 null and void.

32.4 JS Investments Limited (Subsidiary, the Company)

32.4.1 Income tax

In respect of the appeals filed by the Company before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] against orders passed for tax years 2006 and 2009 against demand of Rs.162 million and 66 million respectively, the CIR (Appeals) had not accepted the basis of additions by tax authorities and set aside both the orders in respect of allocation of expenses between various sources of income for fresh proceedings with the directions to apportion the common expenditure according to actual incurrence of expenditure to the various sources of income.

In respect of above said order of CIR (Appeals) for tax year 2006 and 2009, the Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenses. The ATIR vide order dated April 20, 2017 deleted the additions on proration of expenses for tax year 2006 however, confirmed the CIR(A)'s order whereby CIR(A) remanded back / set-aside the issue of apportionment of expenses.

The Appellate Tribunal Inland Revenue vide order dated May 21, 2016 was deleted the additions of tax amortization of management rights and remand back the issues of disallowed provisions and advertisement expenses for the tax year 2009.

The tax authorities issued orders giving effect (hereinafter referred collectively as 'appeal effect orders') to the order of CIR (Appeals) for both tax year 2006 and 2009 whereby demands for these tax years were reduced at Rs.77.33 million and Rs.59.93 million respectively. As the allocation of expenditure in the said appeal effect orders were not made according to actual incurrence of expenditure to the various sources of income, therefore, the Company again filed appeals before the CIR (Appeals) against the said orders.

In respect of second round of appeal filed by the Company before CIR (Appeals) against appeal effect orders for tax year 2006 and 2009, the CIR (Appeals) for tax year 2006 confirmed apportionment of expenditure made by the tax authorities in appeal effect order, however, adjustment of allowable expenses were set aside. For tax year 2009, CIR (Appeals) had set aside the appeal effect order in entirety for fresh assessment, which is yet to be made by tax authorities

The CIR (Appeals) also rectified the order passed by his predecessor for tax Year 2006, whereby the addition regarding the portion of capital gain included in dividend received from mutual funds was held deleted. Resulted appeal effect order reflects refund of Rs.29 million. The tax authorities have filed an appeal before ATIR against said order of CIR (Appeals) in respect of deletion of addition regarding the portion of capital gain included in dividend. The ATIR vide order dated December 07, 2016 set-aside with the direction that the ACIR should examine the issue in the light of FBR Circular letter dated September 10, 2002.

In respect of tax year 2006, management contends, based on views of its tax advisor, that amendment of assessment for such tax year by tax authorities is time barred. Accordingly, the Company has filed an appeal before the Appellate Tribunal Inland Revenue. The ATIR of the view that the amendment of assessment is not time bared however, the ATIR deleted the addition of tax amortization of management right vide order dated February 10, 2017.

Order under section 122(1)/(5) dated December 30, 2017 for the tax year 2015 passed by the DCIR created demand of Rs.40 million against which Company filed appeal before the CIR(A). The DCIR consider our request for rectification and passed order under section 221 dated February 27, 2017 as a result of the above order the demand reduced to Rs.36.904 million.The CIR(A) vide order dated May 6, 2019 was partly considered our submissions put before him. Company submitted appeal before the ATIR against the order of the CIR(A).

The DCIR passed order under section 122(1)/(5) of the Income Tax Ordinance, 2001 dated June 23, 2014 and reduce the refund claimed of Rs.8.499 million to Rs.3.102 million for the tax year 2012. The learned CIR (Appeal) vide order dated May 6, 2019 was confirmed the ACIR's order and held that the appeal was not entertainable being barred by time limitation for the tax year 2012. Company submitted appeal before the ATIR against the order of the CIR(A).
Management, based on views of its legal counsel, is confident of a favorable outcome in respect of above matters.

33. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE	Note	2019	2018
		-------- Rupees in '000 --------	
Profit after taxation for the year - attributable to ordinary equity holders of the Holding company for diluted earnings		(245,285)	615,152
Preference dividend paid for the year December 31, 2018 @ 12% p.a (2017: @ 12% p.a.)	33.1	(24,164)	(180,000)
Profit after taxation for the year - attributable to ordinary equity holders of the Holding company for basic earnings		(269,449)	435,152
		----------- Number -----------	
Weighted average number of outstanding ordinary shares during the year for basic earnings	33.2	1,297,464,262	1,267,258,783
		----------- Rupee -----------	
Basic and diluted (loss) earnings per share		(0.21)	0.34

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33.1 The shareholders of the Holding company in their meeting held on March 28, 2019 approved non-cumulative preference dividend of Rs.24.164 million (2018: Rs.180 million) for the preference shareholders. Since it was not recognised as a liability at reporting period as of December 31, 2018 due to non-adjusting event in accordance with International Accounting Standard - IAS 10 “Events after the Reporting Period”, the basic earnings per share of the current period has been adjusted accordingly.

33.2 During 2018, the diluted earnings per share increased for the year 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.

	Note	2019	2018
		-------- Rupees in ‘000 --------	
34. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	5	25,590,173	32,111,176
Balances with other banks	6	476,370	978,151
Overdrawn nostro account	15	(636,992)	(501,629)
		25,429,551	32,587,698
Less: General provision under IFRS 9		(68)	(127)
		25,429,483	32,587,571

	Note	2019	2018
35. STAFF STRENGTH		-------- Number --------	
Permanent		3,904	3,849
On Group’s contract		832	1,148
Group’s own staff strength at the end of the year		4,736	4,997
Outsourced services	35.1	472	496
		5,208	5,493

35.1. This represents thrid party contracts other than guards and janitorial services.

35.2. Geographical segment analysis

	2019	2018
Pakistan	5,201	5,487
Bahrain	7	6
	5,024	5,493

36. DEFINED BENEFIT PLAN

36.1 General description

The Holding company operates a recognized gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007.

The defined benefit is administered by a separate fund that is legally separate from the Holding company. The plan is governed by the trust deed dated September 01, 2007. The trustees of the gratuity fund are composed of representatives from employers. The trustees of the gratuity fund are required by the trust deed to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees and employers. The trustees of the gratuity fund are responsible for the investment policy with regard to the assets of the fund.

36.2 The plan in Pakistan typically exposes the Bank to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:

- Salary increase risk:
  The risk that the final salary at the time of cessation of services is greater than assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- Discount rate risk
  The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.

- Demographic Risks

  Withdrawal risk:
  The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

  Longevity Risk
  The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

- Investment risk
  This is the risk that the assets are under-performing and are not sufficient to meet the liabilities.

36.3 Number of employees under the schemes

The number of employees covered under defined benefit scheme (gratuity fund) is 3,595 (2018: 3,522).

36.4 Principal actuarial assumptions

Principal actuarial assumptions at the end of the reporting period expressed as weighted averages. The actuarial valuations were carried out on December 31, 2019 based on the Projected Unit Credit Method, using the following significant assumptions.

		2019	2018
Valuation discount rate for year end obligation	per annum	11.75%	13.75%
Valuation discount rate for interest cost for the year	per annum	13.75%	9.50%
Expected return on plan assets	per annum	11.75%	13.75%
Future salary increase rate			
- upto one years	per annum	8.00%	10.50%
- from two to three years	per annum	10.00%	
- more than three years	per annum	11.75%	13.75%
Effective duration of the discounted future cash flows	years	10	11
Normal retirement age	years	60	60
Withdrawal rates		Moderate	Moderate
Mortality rates		SLIC 2001-2005, Setback 1 Year	SLIC 2001-2005, Setback 1 Year

36.5 Movement in defined benefit obligations, fair value of plan assets and their components

	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability / (asset)	
	2019	2018	2019	2018	2019	2018
	Rupees in '000					
Balance as at January 01	649,062	548,530	546,568	373,412	102,494	175,118
Included in profit or loss						
Current service cost	125,676	119,060	-	-	125,676	119,060
Past service cost	2,113	2,525	-	-	2,113	2,525
Interest cost / income	87,892	51,168	80,969	43,197	6,923	7,971
	215,681	172,753	80,969	43,197	134,712	129,556
Included in other comprehensive income						
Actuarial gains / losses arising from:						
- financial assumptions	(8,792)	(127,462)	(18,005)	(25,329)	9,213	(102,133)
- experience adjustments	7,956	75,071	-	-	7,956	75,071
	(836)	(52,391)	(18,005)	(25,329)	17,169	(27,062)
Other movements						
Contribution made during the year	-	-	102,494	175,118	(102,494)	(175,118)
Benefits paid during the year	(19,695)	(19,830)	(19,695)	(19,830)	-	-
	(19,695)	(19,830)	82,799	155,288	(102,494)	(175,118)
Balance as at December 31	844,212	649,062	692,331	546,568	151,881	102,494

36.6 The composition of the plan assets at the end of the reporting period for each category, are as follows:

		Cost		Fair value of plan assets			
		2019	2018	2019	2018	2019	2018
	Note	Rupees in '000		Rupees in '000		Percentage	
Cash and cash equivalents		171,000	245,411	171,000	245,411	24.6%	44.7%
Debt securities	36.6.1	519,162	315,000	509,776	304,063	73.4%	55.3%
Ordinary Shares of listed companies		14,929	-	13,346	-	1.9%	0.0%
		705,091	560,411	694,122	549,474	100%	100%

36.6.1 This represents investments held in Pakistan Investment Bonds (PIBs), Term Finance Certificates (TFCs) and Ordinary shares of listed companies. The fair values of these securities are determined based on quoted market prices in active markets.

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36.7 Maturity profile

36.7.1 Expected maturity analysis of undiscounted defined benefit obligation (benefit payments) for the gratuity fund is as follows:

	Up to one year	Over 1-2 years	Over 2- 5 years	Over 6-10 years	Over 10 and above years	Total
	------------	------------	------------	Rupees in '000	------------	------------
Balance as at December 31, 2019	37,261	44,550	217,395	901,479	14,564,443	15,765,128
Balance as at December 31, 2018	27,055	38,929	184,327	848,062	18,055,928	19,154,301

36.8 Sensitivity analysis

36.8.1 Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Particulars	Rate	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
		----------------	Rupees in '000	----------------
Current results	-	844,212	692,331	151,881
Discount rate				
1% Increase	12.75%	768,104	692,331	75,773
1% Decrease	10.75%	931,799	692,331	239,468
Salary Rate				
1% Increase	12.75%	933,130	692,331	240,799
1% Decrease	10.75%	765,579	692,331	73,248
Withdrawal rate				
10% Increase	Moderate + one year	822,373	692,331	130,042
10% Decrease	Moderate - one year	867,979	692,331	175,648
Mortality rate				
One year age set back	Adjusted SLIC 2001-2005 - one year	843,784	692,331	151,453
One year age set forward	Adjusted SLIC 2001-2005 + one year	844,669	692,331	152,338

Furthermore in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as applied in calculating the defined benefit obligation liability recognised in this unconsolidated statement of financial position.

36.9 Experience Adjustments

The re-measurement gains / losses arise due to actual experience varying from the actuarial assumptions for the year.

	2019	2018	2017	2016	2015
	Rupees in ‹000				
Particulars					
Defined benefit obligation	844,212	649,062	550,729	367,635	235,572
Fair value of plan assets	(692,331)	(546,568)	(375,611)	(249,327)	(171,567)
Net defined benefit liability	151,881	102,494	175,118	118,308	64,005
Re-measurement loss / (gain) on obligation	(836)	(52,391)	75,269	56,598	12,774
Re-measurement loss / (gain) on plan assets	18,005	25,329	10,273	393	(3,104)
Other comprehensive income	17,169	(27,062)	85,542	56,991	9,670

36.10 The average duration of the payment of benefit obligation at December 31, 2019 is within one year.

36.11 The Bank contributes to the gratuity fund as per actuarial's expected charge for the next financial year. Based on actuarial advice and management estimates, the charge in respect of defined benefit obligation for the next one year works out to be Rs.157.616 million. The amount of re-measurements to be recognised in other comprehensive income for year ending December 31, 2020 will be worked out as at the next valuation.

37. DEFINED CONTRIBUTION PLAN

The Group operates a contributory provident fund scheme for all permanent employees. The employer and employee both make a contribution of equal amount to the fund as follows:

	Contribution basic salary	Employees		Contribution made during the year	
		2019	2018	2019	2018
	Percentages	Numbers		Rupees in '000	
Holding company					
- JS Bank Limited	7.1%	3,092	2,726	209,871	177,359
Subsidiary companies					
- JS Global Capital Limited	10.0%	163	195	13,596	14,400
- JS Investments Limited	8.0%	102	103	9,990	9,030

38. COMPENSATION OF DIRECTORS AND EXECUTIVES

38.1 The aggregate amount charged in the financial statements for the year in respect of the remuneration and benefits to the President and Chief Executive Officer, Directors and Executives are as follows:

Items	2019					
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers	Other Executives
	Chairman	Non-Executives				
	Rupees in ‹000					
Fees and Allowances etc.	1,950	13,675	-	-	-	-
Managerial Remuneration						
i) Fixed	-	-	32,727	283,506	365,567	188,486
ii) Total Variable - Cash Bonus / Awards	-	-	-	14,670	1,440	16,513
Charge for defined benefit plan	-	-	1,934	14,757	20,606	-
Contribution to defined contribution plan	-	-	3,279	22,833	30,326	11,920
Medical	-	-	3,273	26,903	36,557	16,929
Utilities						
House rent allowance						
Conveyance	-	-	667	11,196	32,466	-
Car allowance	-	-	-	4,924	11,852	-
Others *	-	-	300	943	1,885	4,478
Total	1,950	13,675	42,180	379,732	500,699	238,326
Number of persons	1	21	1	26	87	63

Items	2018				
	Directors		President / CEO	Key Management Personnel	Other Executives
	Chairman	Non-Executives			
	Rupees in ‹000				
Fees and Allowances etc.	600	16,511	-	-	-
Managerial Remuneration					
i) Fixed	-	-	26,833	275,443	1,327,444
ii) Total Variable - Cash Bonus / Awards	-	-	25,000	98,525	174,553
Charge for defined benefit plan	-	-	889	14,771	75,595
Contribution to defined contribution plan	-	-	1,068	26,006	110,461
Medical	-	-	2,683	26,644	132,744
Conveyance	-	-	203	9,744	117,064
Rent & house maintenance	-	-	-	1,473	-
Utilities	-	-	-	164	-
Others *	-	-	391	841	7,711
Total	600	16,511	57,067	453,611	1,945,572
Number of persons	1	21	1	29	568

38.1.1 In case of the Holding Company, the SBP, vide its BPRD Circular No. 01 dated January 25, 2017, issued Guidelines on Remuneration Practices. Certain disclosure related to remuneration of Directors and key executives and other material risk takers (MRTs) and material risk controllers (MRCs) of the Bank were required to be presented in the financial statements in terms of such guidelines with effective from December 31, 2019. Therefore, the Holding Company has reported the disclosures on remuneration practices in these consolidated financial statements in accordance with such 'Guidelines' for December 31, 2019. However, for 2018, due to deferment of above guidelines by SBP through its circular number BPRD/ R&PD/ 2018/ 17232 dated August 08, 2018, the Holding Company has disclosed numbers on the basis of definition given under the Companies Act, 2017. i.e. Executives from individuals with an annual basic salary exceeding Rs 1.2 million.

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In 2018, the Companies Act, 2017 has changed the definition of Executives from individuals with an annual basic salary exceeding Rs.0.500 million to individuals with an annual basic salary exceeding Rs 1.200 million. therefore, the subsidiaries companies have disclosed their executive numbers accordingly.

The CEO and Deputy CEO are provided free use maintained cars in accordance with their entitlement.

Managerial remuneration includes joining related payments made to certain Executives in line with their terms of employment.

All Key Management Personnel including the CEO and other executives, of the Group, are also entitled to certain short term employee benefits which are disclosed in note 28.1 to these consolidated financial statements.

38.2 Meeting Fees and Allowances Paid

		2019						
			Board Committees					
	Name of Director	Board Meetings	Audit Committee	Human Resource, Remuneration & Nomination Committee	Risk Management Committee	I.T Committee	Executive Committee	Total Amount Paid
		------ Rupees in '000 ------						
1	Mr. Kalim-ur-Rahman	1,250	-	200	200	300	-	700
2	Mr. Adil Matcheswala	1,000	300	300	-	-	-	600
3	Mr. Ashraf Nawabi	1,000	-	-	200	-	-	200
4	Mr. G.M. Sikander	1,250	300	400	-	-	-	700
5	Mr. Hassan Afzal *	750	-	-	-	300	-	300
6	Mr. Munawar Alam Siddiqui	1,250	300	300	-	-	-	600
7	Ms. Nargis Ghaloo	1,250	200	100	200	-	-	500
8	Mr. Sohail Aman **	250	-	-	-	100	-	100
9	Mr. Suleman Lalani **	-	-	-	-	-	-	
10	Mr. Shahab Anwar Khawaja *	250	100	-	-	-	-	100
11	Mr. Abdul Hamid Mihrez	300	-	100	-	-	100	200
12	Mr. Munir Hassan	300	-	-	-	-	100	100
13	Mr. Ammar Talib Hajeyah	300	100	-	-	-	-	100
14	Mr. Khurshid Hadi	500	600	300	-	-	-	900
15	Mr. Asif Raza Sana	250	125	-	-	-	-	125
16	Mr. Ahsen Ahmed	300	100	75	-	-	25	200
	Total amount paid	10,200	2,125	1,775	600	700	225	5,425

* The term of Mr. Shahab Anwar Khawaja as Director of JS Bank Limited completed on March 28, 2019 and Mr. Hassan Afzal is elected as Director of JS Bank Limited on March 28, 2019.

** Mr. Suleman Lalani resigned as Director & Chairman of the Board of Directors of JS Bank Limited w.e.f. June 13, 2019 and Mr. Sohail Aman has been appointed as Director of JS Bank Limited with effect from October 24, 2019.

		2018						
			Board Committees					
		Board Meetings	Audit Committee	Human Resource, Remuneration & Nomination Committee	Risk Management Committee	I.T Committee	Executive Committee	Total Amount Paid
		-----	-----	-----	Rupees in '000	-----	-----	-----
	Name of Director							
1	Mr. Ali Jehangir Siddiqui	500	-	100	-	-	-	100.0
2	Mr. Adil Matcheswala	1,500	400	-	-	300	-	700.0
3	Mr. Ashraf Nawabi	1,250	-	-	300	-	-	300.0
4	Mr. G.M. Sikander	1,500	400	200	-	-	-	600.0
5	Mr. Kalim-ur-Rahman	1,500	-	-	400	300	-	700.0
6	Mr. Munawar Alam Siddiqui	1,500	-	-	400	-	-	400.0
7	Ms. Nargis Ghaloo	1,500	-	200	-	300	-	500.0
8	Mr. Shahab Anwar Khawaja	1,500	400	-	-	-	-	400.0
9	Mr. Abdul Hamid Mihrez	300	-	100	-	-	100	200.0
10	Mr. Munir Hassan	300	-	-	-	-	100	100.0
11	Mr. Ammar Talib Hajeyah	300	100	-	-	-	-	100.0
12	Mr. Khurshid Hadi	300	400	136	-	-	-	536.0
13	Mr. Asif Raza Sana	275	-	-	-	-	-	-
14	Mr. Ahsen Ahmed	175	-	75	-	-	-	75.0
	Total amount paid	12,400	1,700	811	1,100	900	200	4,711

39. 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 4.5 to these consolidated financial statements.

The repricing profile, effective rates and maturity are stated in note 42.3.4 to these financial statements.

In the opinion of the management, 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.

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.

39.1 Valuation techniques used in determination of fair values within level 2

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.

39.2 Valuation techniques used in determination of fair values within level 3

Fixed assets - Land and building Non-banking assets under satisfaction of claims	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 10 and 13 respectively. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

39.3 The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the year.

39.4 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.

	2019			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---------- Rupees in '000 ----------			
Items carried at fair value				
Financial assets classified as 'held-for-trading securities'				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	55,598,469	-	55,598,469
Shares	487,185	-	-	487,185
Non Government Debt Securities	-	-	-	-
Open end mutual funds	-	455,902	-	455,902
	487,185	56,054,371	-	56,541,556
Financial assets classified as 'available-for-sale securities'				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	47,019,374	-	47,019,374
Shares	1,993,246	-	-	1,993,246
Non Government Debt Securities	-	776,975	-	776,975
Open end mutual funds	-	1,222,869	-	1,222,869
Foreign Securities	-	-	-	-
	1,993,246	49,019,218	-	51,012,464
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	31,341,410	-	31,341,410
	2,480,431	136,414,999	-	138,895,430
Non-Financial Assets				
Revalued fixed assets	-	-	3,797,180	3,797,180
Non-banking assets acquired in satisfaction of claims	-	-	1,182,425	1,182,425
	-	-	4,979,605	4,979,605
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	32,885,546	-	32,885,546
Sale	-	21,722,741	-	21,722,741
Derivative instruments:				
Forward government securities				
Purchase	-	499,818	-	499,818
Sale	-	493.193	-	493.193
Interest rate swaps (notional principal)				
Purchase	-	1,474,016	-	1,474,016
Sale	-	2,738,661	-	2,738,661
Options				
Purchase	-	1,024,638	-	1,024,638
Sale	-	1,030,868	-	1,030,868

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	2018			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---------------------- Rupees in '000 ----------------------			
Items carried at fair value				
Financial assets classified as 'held-for-trading securities'				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	41,368,514	-	41,368,514
Shares	993,812	-	-	993,812
Non Government Debt Securities	-	133,356	-	133,356
Open end mutual funds	-	378,945	-	378,945
	993,812	41,880,815	-	42,874,627
Financial assets classified as 'available-for-sale securities'				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	52,541,122	-	52,541,122
Shares	2,586,797	-	-	2,586,797
Non Government Debt Securities	-	808,626	-	808,626
Open end mutual funds	-	1,157,455	-	1,157,455
Foreign Securities	-	5,868,382	-	5,868,382
	2,586,797	60,375,585	-	62,962,382
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	39,836,881	-	39,836,881
	3,580,609	142,093,281	-	145,673,890
Non-Financial Assets				
Revalued fixed assets	-	-	1,659,236	1,659,236
Non-banking assets acquired in satisfaction of claims	-	-	185,290	185,290
	-	-	1,844,526	1,844,526
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	21,946,624	-	21,946,624
Sale	-	13,319,774	-	13,319,774
Forward investment securities				
Purchase	-	209,530	-	209,530
Sale	-	1,494,554	-	1,494,554
Derivative instruments				
Cross currency swaps (notional principal)	-	5,254,792	-	5,254,792
Options (notional principal)	-	2,627,781	-	2,627,781

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40. SEGMENT INFORMATION

40.1 Segment Details with respect to Business Activities

	2019							
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Brokerage	Asset management	Others	Total
Profit & Loss	Rupees in '000							
Net mark-up/return/profit	-	5,152,276	(7,592,022)	9,614,572	40,939	(21,226)	-	7,194,539
Inter segment revenue - net	-	(11,813,244)	19,091,812	(7,278,568)	-	-	-	-
Non mark-up / return / interest income	59,843	232,860	1,975,153	965,788	491,846	285,936	483,600	4,495,026
Total Income	59,843	(6,428,108)	13,474,943	3,301,792	532,785	264,710	483,600	11,689,565
Segment direct expenses	115,306	136,150	5,506,958	719,110	561,393	372,260	852,887	8,264,064
Inter segment expense allocation	-	323,430	2,003,084	1,273,491	-	-	-	3,600,005
Total expenses	115,306	459,580	7,510,042	1,992,601	561,393	372,260	852,887	11,864,069
Provisions	-	(424,361)	(251,729)	584,160	3,227	-	-	(88,703)
Profit before tax	(55,463)	(6,463,327)	6,216,630	725,031	(31,835)	(107,550)	(369,287)	(85,801)
Balance Sheet								
Cash & Bank balances	-	17,153,412	8,898,772	-	11,141	3,150	-	26,066,475
Investments	-	140,656,932	-	-	626,350	1,841,341	-	143,124,623
Net inter segment lending	-	-	202,362,517	-	-	-	8,089,077	210,451,594
Lendings to financial institutions	-	30,320,540	-	-	-	-	-	30,320,540
Advances - performing	-	-	94,201,743	141,898,229	336,821	3,978	-	236,440,771
Advances - non-performing	-	-	3,508,735	6,844,429	-	-	-	10,353,164
Advances - (Provisions)/reversals - Net	-	-	(469,382)	(3,039,245)	-	-	-	(3,508,627)
	-	-	97,241,096	145,703,413	336,821	3,978	-	243,285,308
Others	-	4,831,115	3,925,690	5,017,351	1,933,157	548,024	14,160,935	30,416,272
Total Assets	-	192,961,999	312,428,075	150,720,764	2,907,469	2,396,493	22,250,012	683,664,812
Borrowings	-	36,295,878	7,090,687	11,081,718	-	-	-	54,468,283
Subordinated debt	-	7,494,800	-	-	-	-	-	7,494,800
Deposits & other accounts	-	-	295,347,351	73,196,252	-	-	-	368,543,603
Net inter segment borrowing	-	150,619,213	-	59,832,381	-	-	-	210,451,594
Others	-	513,149	9,990,037	5,364,052	1,858,304	762,518	4,737,160	23,225,220
Total liabilities	-	194,923,040	312,428,075	149,474,403	1,858,304	762,518	4,737,160	664,183,500
Equity	-	-	-	-	-	-	18,973,041	18,973,041
Non-controlling interest	-	-	-	-	-	-	508,271	508,271
Total Equity & liabilities	-	194,923,040	312,428,075	149,474,403	1,858,304	762,518	24,218,472	683,664,812
Contingencies & Commitments	-	59,810,338	43,939,275	17,795,589	988,086	-	131,093	122,664,381

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	2018							
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Brokerage	Asset management	Others	Total
Profit & Loss	----------	----------	----------	Rupees in '000	----------	----------	----------	----------
Net mark-up/return/profit	-	4,594,203	(3,613,379)	7,828,472	149,229	2,482	-	8,961,007
Inter segment revenue - net	-	(5,972,140)	10,427,205	(4,480,355)	-	(7,166)	-	(32,456)
Non mark-up / return / interest income	335,946	(544,403)	1,526,940	713,390	608,536	353,601	108,965	3,102,975
Total Income	335,946	(1,922,340)	8,340,766	4,061,507	757,765	348,917	108,965	12,031,526
Segment direct expenses	111,513	172,382	5,010,617	1,414,121	658,927	376,230	389,851	8,133,641
Inter segment expense allocation	-	232,680	1,094,722	1,368,684	(27,111)	-	-	2,668,975
Total expenses	111,513	405,062	6,105,339	2,782,805	631,816	376,230	389,851	10,802,616
Provisions	-	(11,844)	92,534	197,904	-	(80,490)	(39,806)	158,298
Profit before tax	224,433	(2,315,558)	2,142,893	1,080,798	125,949	53,177	(241,080)	1,070,612
Balance Sheet								
Cash & Bank balances	-	26,330,603	6,748,812	-	7,357	2,428	-	33,089,200
Investments	-	146,741,243	-	-	1,161,072	1,698,900	-	149,601,215
Net inter segment lending	-	-	142,567,445	-			6,556,733	149,124,178
Lendings to financial institutions	-	1,937,347	-	-			-	1,937,347
Advances - performing	-	-	93,802,563	155,702,540	313,609	3,590	-	249,822,302
Advances - non-performing	-	-	1,647,085	3,995,026			-	5,642,111
Advances - (Provisions)/reversals - Net	-	-	(527,295)	(2,629,001)			-	(3,156,296)
	-	-	94,922,353	157,068,565	313,609	3,590	-	252,308,117
Others	-	2,622,494	1,690,642	2,587,220	1,793,770	771,566	14,139,676	23,605,368
Total Assets	-	177,631,687	245,929,252	159,655,785	3,275,808	2,476,484	20,696,409	609,665,425
Borrowings	-	80,051,504	4,290,751	12,216,408	-	-	-	96,558,663
Subordinated debt	-	7,496,800	-	-	-	-	-	7,496,800
Deposits & other accounts	-	-	231,253,106	88,553,746	-	-	-	319,806,852
Net inter segment borrowing	-	91,475,842	-	57,648,336	-	-	-	149,124,178
Others	-	556,272	8,833,219	1,237,296	2,231,649	302,289	5,079,388	18,240,113
Total liabilities	-	179,580,418	244,377,076	159,655,786	2,231,649	302,289	5,079,388	591,226,606
Equity	-	-	-	-	-	-	16,834,622	16,834,622
Non-controlling interest	-	-	-	-	-	-	1,604,197	1,604,197
Total Equity & liabilities	-	179,580,418	244,377,076	159,655,786	2,231,649	302,289	23,518,207	609,665,425
Contingencies & Commitments	-	43,239,446	34,959,767	21,114,506	1,527,737	-	143,933	100,985,389

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40.2 Segment details with respect to geographical locations

	2019		
	Pakistan	Bahrain	Total
Profit & Loss	---------- Rupees in '000 ----------		
Net mark-up/return/profit	6,922,571	271,968	7,194,539
Inter segment revenue - net	(21,863)	21,863	-
Non mark-up / return / interest income	4,489,797	5,229	4,495,026
Total Income	11,390,505	299,060	11,689,565
Segment direct expenses	8,091,566	172,498	8,264,064
Inter segment expense allocation	3,600,005	-	3,600,005
Total expenses	11,691,571	172,498	11,864,069
Provisions	16,315	(105,018)	(88,703)
Profit before tax	(317,381)	231,580	(85,801)
Balance Sheet			
Cash & Bank balances	25,987,503	78,972	26,066,475
Investments	143,124,623	-	143,124,623
Net inter segment lending	208,787,632	1,663,962	210,451,594
Lendings to financial institutions	30,037,273	283,267	30,320,540
Advances - performing	232,688,485	3,752,286	236,440,771
Advances - non-performing	10,353,164	-	10,353,164
Advances - (Provisions)/reversals - Net	(3,508,627)	-	(3,508,627)
	239,533,022	3,752,286	243,285,308
Others	30,291,483	124,789	30,416,272
Total Assets	677,761,536	5,903,276	683,664,812
Borrowings	53,452,873	1,015,410	54,468,283
Subordinated debt	7,494,800	-	7,494,800
Deposits & other accounts	364,725,998	3,817,605	368,543,603
Net inter segment borrowing	210,203,389	248,205	210,451,594
Others	23,177,697	47,523	23,225,220
Total liabilities	659,054,757	5,128,743	664,183,500
Equity	18,198,508	774,533	18,973,041
Non-controlling interest	508,271	-	508,271
Total Equity & liabilities	677,761,536	5,903,276	683,664,812
Contingencies & Commitments	119,787,187	2,877,194	122,664,381

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	2018		
	Pakistan	Bahrain	Total
Profit & Loss	---------- Rupees in '000 ----------		
Net mark-up/return/profit	8,740,431	220,576	8,961,007
Inter segment revenue - net	(32,456)	-	(32,456)
Non mark-up / return / interest income	3,082,882	20,093	3,102,975
Total Income	11,790,857	240,669	12,031,526
Segment direct expenses	8,012,191	121,450	8,133,641
Inter segment expense allocation	2,668,975	-	2,668,975
Total expenses	10,681,166	121,450	10,802,616
Provisions	94,312	63,986	158,298
Profit before tax	1,015,379	55,233	1,070,612
Balance Sheet			
Cash & Bank balances	32,773,966	315,234	33,089,200
Investments	143,993,273	5,607,942	149,601,215
Net inter segment lending	147,036,382	2,087,796	149,124,178
Lendings to financial institutions	-	1,937,347	1,937,347
Advances - performing	247,948,659	1,873,643	249,822,302
Advances - non-performing	5,642,111	-	5,642,111
Advances - (Provisions)/reversals - Net	(3,156,296)	-	(3,156,296)
	250,434,474	1,873,643	252,308,117
Others	23,443,345	162,023	23,605,368
Total Assets	597,681,440	11,983,985	609,665,425
Borrowings	89,872,719	6,685,944	96,558,663
Subordinated debt	7,496,800	-	7,496,800
Deposits & other accounts	315,080,981	4,725,871	319,806,852
Net inter segment borrowing	148,853,466	270,712	149,124,178
Others	17,846,845	393,268	18,240,113
Total liabilities	579,150,811	12,075,795	591,226,606
Equity	16,926,432	(91,810)	16,834,622
Non-controlling interest	1,604,197	-	1,604,197
Total Equity & liabilities	597,681,440	11,983,985	609,665,425
Contingencies & Commitments	98,316,227	2,669,162	100,985,389

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41. TRUST ACTIVITIES

The Holding company under takes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations.These are not assets of the Holding company and, therefore, are not included as such in these consolidated financial statements. Assets held under trust are shown in the table below:

	2019				
		Securities Held (Face Value)			
Category	No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuk	Total
	----------------------- Rupees in '000 -----------------------				
Assets Management Companies	7	320,000	1,843,000	-	2,163,000
Charitable Institutions	1	35,000	-	-	35,000
Companies	15	4,709,075	9,099,300	-	13,808,375
Employees Funds	56	11,200,690	12,887,550	-	24,088,240
Individuals	48	1,135,755	404,400	-	1,540,155
Insurance Companies	10	16,930,900	99,466,700	597,500	116,995,100
Others	12	16,305,465	3,126,200	-	19,431,665
Total	149	50,636,885	126,827,150	597,500	178,061,535

	2018				
		Securities Held (Face Value)			
Category	No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuk	Total
	----------------------- Rupees in '000 -----------------------				
Assets Management Companies	1	800	-	-	800
Charitable Institutions	1	800,000	-	-	800,000
Companies	13	18,469,510	1,269,600	-	19,739,110
Employees Funds	54	11,622,225	2,394,000	-	14,016,225
Individuals	18	230,575	132,500	-	363,075
Insurance Companies	10	42,594,900	45,758,100	1,127,000	89,480,000
Others	10	4,114,995	1,317,800	-	5,432,795
Total	107	77,833,005	50,872,000	1,127,000	129,832,005

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42. RELATED PARTY TRANSACTIONS

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

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

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

	As at December 31, 2019 (Audited)					As at December 31, 2018 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	---- (Rupees in '000) ----									
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	-	-	-	-	1,600,000
Repaid during the year	-	-	-	-	-	-	-	-	-	(1,600,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	20,250	-	-	180,000	3,230,125	14,307	-	-	-	3,245,662
Investment made during the period / year	-	-	-	48,972	3,498,164	24,000	-	-	-	2,507,393
Investment redeemed / disposed off during the year	(5,250)	-	-	-	(3,494,017)	(18,057)	-	-	-	(2,522,930)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	15,000	-	-	228,972	3,234,272	20,250	-	-	-	3,230,125
Provision for diminution in value of investments	-	-	-	-	65,022	-	-	-	-	65,022
Advances										
Opening balance	-	5,230	448,575	-	2,823,598	-	5,505	394,773	-	2,114,695
Addition during the period / year	-	316	322,590	-	5,086,823	-	26,921	297,001	-	6,894,300
Repaid during the period / year	-	(5,546)	(120,115)	-	(6,320,068)	-	(25,203)	(259,373)	-	(6,351,154)
Transfer in / (out) - net	-	-	(54,793)		356,128	-	(1,993)	16,174	-	165,757
Closing balance	-	-	596,257	-	1,946,481	-	5,230	448,575	-	2,823,598
Provision held against advances	-	-	-	-	-	-	-	-	-	-
Fixed Assets										
Purchase of vehicle	-	-	-	-	-	-	-	7,223	-	-
Sale of Vehicles	-	-	-	-	-	-	-	-	-	-
Cost of disposal	-	-	43,410	-	17,657	-	-	4,546	-	-
Accumulated depreciation of disposal	-	-	(12,927)	-	(8,002)	-	-	(3,677)	-	-
WDV of disposal	-	-	30,483	-	9,655	-	-	869	-	-
Other Assets										
Interest mark-up accrued	736	48	473	-	49,640	618	241	612	-	72,735
Receivable against bancassurance / bancatakaful	-	-	-	-	67,952	-	-	-	-	74,935
Advance for subscription of investments securities	-	-	-	40,828	-	-	-	-	-	-
Trade receivable from brokerage and advisory business - net	80,255	2	-	-	134,238	199,088	99	-	-	127,200
Prepaid insurance	-	-	-	-	97,806	-	-	-	-	3,468
Prepaid rent	-	-	-	-	26,261	-	-	-	-	-
Other receivable	296	-	-	-	12,095	258	-	-	-	8,611
				-						
Provision against other assets	-	-	-	-	2,438	-	-	-	-	2,438

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	As at December 31, 2019 (Audited)					As at December 31, 2018 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)									
Borrowings										
Opening balance	-	-	-	-	4,800,000	-	-	-	-	4,000,000
Borrowings during the period / year	-	-	-	-	174,209,491	-	-	-	-	280,850,000
Settled during the period / year	-	-	-	-	(179,009,491)	-	-	-	-	(280,050,000)
Closing balance	-	-	-	-	-	-	-	-	-	4,800,000
Deposits and other accounts										
Opening balance	336,515	24,308	74,950	-	9,656,833	1,502,578	75,080	42,502	-	8,227,301
Received during the period / year	4,332,699	160,210	1,437,872	1,023,592	235,460,531	7,208,060	397,578	1,762,699	-	160,708,700
Withdrawn during the period / year	(4,364,266)	(137,680)	(1,450,123)	(1,042,362)	(236,784,614)	(8,374,123)	(444,420)	(1,728,031)	-	(159,396,796)
Transfer in / (out) - net	(33,300)	(22,394)	(3,106)	41,874	289,451	-	(3,930)	(2,220)	-	117,628
Closing balance	271,648	24,444	59,593	23,104	8,622,201	336,515	24,308	74,950	-	9,656,833
Subordinated loans	-	-	-	-	889,588	-	-	-	-	389,744
Other Liabilities										
Interest / return / mark-up payable on deposits	-	-	114	-	286,949	-	6	333	-	42,582
Interest / return / mark-up payable on borrowings	-	-	-	-	-	-	-	-	-	1,355
Interest / return / mark-up payable on subordinated loans	-	-	-	-	2,220	-	-	-	-	1,541
Acceptances	-	-	-	-	-	-	-	-	-	-
Trade payable from brokerage business	-	1,306	3,115	-	1,176	-	804	46	-	20,947
Accrued expenses	-	-	-	-	-	160	-	-	-	6,070
Payable to defined benefit plan	-	-	-	-	147,885	-	-	-	-	102,494
Others payable	-	-	-	-	1,464	-	-	-	-	-
Represented By										
Share Capital	9,733,073	17,330	900	-	81,765	9,733,073	17,417	900	-	81,678
Contingencies and Commitments										
Letter of guarantee	-	-	-	-	14,217	-	-	-	-	19,201
Letter of Credit	-	-	-	-	44,368	-	-	-	-	38,440
Mark-up / return / interest earned	1,912	212	14,846	-	322,607	1,592	1,113	26,412	-	282,622
Fee, commission and brokerage income	1,360	134	368	-	558,898	13,162	259	240	-	627,585
Dividend income	-	-	-	-	105,945	-	-	-	-	82,240
Gain / (loss) on sale of securities - Net	1,230	-	-	-	166,803	160	-	-	-	182,025
Rental income	-	-	-	-	3,953	-	-	-	-	14,894
Other income	-	-	13,456	-	-	-	-	(869)	-	-
Mark-up / return / interest paid	35,406	2,227	4,309	2,930	1,383,816	112,872	3,201	2,596	-	742,792
Remuneration paid	-	-	558,923	-	-	-	-	514,976	-	-
Commission, charges and brokerage paid	-	-	-	-	455	-	-	-	-	-
Preference Dividend Paid	23,419	161	-	-	38	174,450	-	1,479	-	-
Non-executive directors' fee	-	14,575	-	-	-	-	16,586	-	-	525
Net charge for defined contribution plans	-	-	-	-	233,159	-	-	-	-	200,790
Net charge / (reversal) for defined benefit plans	-	-	-	-	134,313	-	-	-	-	129,556
Fee and subscription	13,785	-	-	-	-				-	
Donation	-	-	-	-	746	-	-	-	-	14,500
Rental expense	-	-	-	-	36,422	1,712	-	-	-	-
Advisory fee	-	-	-	-	15,000	-	-	-	-	55,500
Reimbursement of expenses	1,886	1,240	-	-	-	6,921	1,205	-	-	-
Royalty	-	-	-	-	30,000	-	-	-	-	27,500
Other expenses	-	-	-	-	2,225	-	-	-	-	1,632
Insurance premium paid	-	-	-	-	365,298	-	-	-	-	322,087
Insurance claims settled	-	-	-	-	9,936	-	-	-	-	18,517
Defined benefit plans paid	-	-	-	-	102,494	-	-	-	-	-

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43. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2019	2018
	----- Rupees in '000 -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,119,242	10,119,242
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	16,145,623	14,588,320
Eligible Additional Tier 1 (ADT 1) Capital	2,118,958	1,031,067
Total Eligible Tier 1 Capital	18,264,581	15,619,387
Eligible Tier 2 Capital	4,965,069	5,211,580
Total Eligible Capital (Tier 1 + Tier 2)	23,229,650	20,830,967
Risk Weighted Assets (RWAs):		
Credit Risk	142,862,324	140,564,647
Market Risk	4,219,399	5,604,964
Operational Risk	22,096,563	17,009,023
Total	169,178,286	163,178,634
Common Equity Tier 1 Capital Adequacy ratio	9.54%	8.94%
Tier 1 Capital Adequacy Ratio	10.80%	9.57%
Total Capital Adequacy Ratio	13.73%	12.77%
Leverage Ratio (LR):		
Eligiblle Tier-1 Capital	18,264,582	15,619,387
Total Exposures	544,436,725	463,731,398
Leverage Ratio	3.35%	3.37%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	83,221,592	123,802,091
Total Net Cash Outflow	55,819,412	47,605,907
Liquidity Coverage Ratio	149.09%	260.06%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	308,715,925	237,773,400
Total Required Stable Funding	274,288,642	225,716,392
Net Stable Funding Ratio	112.55%	105.34%

43.1 The link to the full disclosure is available at https://www.jsbl.com/information/financial-report

44. RISK MANAGEMENT

Risk Management is a discipline at the core of every financial institution and encompasses all the activities that affect its risk profile. At the Group, it involves identification, measurement, monitoring and controlling risks to ensure that:

a) The individuals who take or manage risks clearly understand it;

b) The Group's Risk exposure is within the limits established by Board of Directors (BoD);;

c) Risk taking decisions are in line with the business strategy and objectives set by BoD;

d) The expected payoffs compensate for the risks taken;

e) Risk taking decisions are explicit and clear;

f) Sufficient capital as a buffer is available to take risk; and

g) Risk management function is independent of risk taking unit.

The Group has a comprehensive set of Risk Management Policies, practices and procedures which enable the Bank to take into consideration, in an appropriate manner, all major kinds of risks mainly credit, market, liquidity, operational and IT security risks. Keeping in view the dynamics of internal and external environment, we regularly review and update our Risk Management policies and procedures in accordance with regulatory environment and international standards.

Risk Management activities remain at the forefront of all activities of the Group which places the highest priority on conducting its business in a prudent manner in line with the relevant laws and regulatory requirements.

Risk management framework of the Group includes:

a) Clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting and control

b) Well constituted organizational structure, defining clearly roles and responsibilities of individuals involved in risk taking as well as managing it. The Group, in addition to risk management functions for various risk categories, has instituted an Integrated Risk Management Committee (IRMC), Credit Risk Committee (CRC), Operational Risk Management Committee (ORMC) as well as Central Credit Committee (CCC). IRMC oversees the overall risk management at the bank and provide guidance in setting strategic targets as well as concentration limits and monitor progress related to earnings growth, keeping in view the capital constraints and also adhere to the concentration limits. The IRMC monitors the strategic target and aggregate limits at the Business Group level and concentration limits (by industry, geography, size, tenor) so that one category of assets or dimension of risk cannot materially harm the performance of the Bank. CRC monitors the advances portfolio, concentrations limits, aggregate limits at business level and various house keeping elements under Credit Administration. ORMC oversees the effectiveness of operational risk management for maintenance and implementation of operational risk management framework. It also monitors the Business

Continuity Planning and reviews findings of any other management or board's sub committee. Whereas, Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the bank. CCC meets regularly to actively supervise credit risk across its lending portfolio.

c) An effective management information system that ensures flow of information from operational level to top management and a system to address any exceptions observed; and

d) A mechanism to ensure an ongoing review of systems, policies and procedures for risk management and procedures to adopt changes.

While the overall responsibility of risk management rests with the BoD, it is the duty of Senior Management to devise risk management strategy by setting up well defined policies and procedures for mitigating / controlling risks, duly approved by the Board.

Giving due consideration to the above, the Group has put in place the following hierarchy of Risk Management:

- Board Risk Management Committee (BRMC);
- Integrated Risk Management Committee (IRMC) comprises of the President / Chief Executive Officer (CEO), Deputy CEO, Chief Risk Officer, Chief Financial Officer, Group Head Investment Banking & Emerging Business, Group Head Operations & Technology, Head of Compliance, Chief of Staff, Head of Treasury and Head Internal Audit (guest member).
- Asset - Liability Committee (ALCO) comprises of the President / Chief Executive Officer (CEO), Deputy CEO, Treasurer, Chief Risk Officer, Chief Financial Officer, Group Head Investment Banking & Emerging Business, Head of Product Management & Business Head Consumer Banking and attended by Other Business Heads.
- Central Credit Committee (CCC) comprising of the President / CEO, Deputy CEO, Chief Risk Officer, Chief Financial Officer, Group Head Investment Banking & Emerging Business, Chief of Staff and Head of Operational and Environmental Risk (for environmental risk only).
- Credit Risk Committee (CRC) comprises of President/CEO, Deputy CEO, Chief Risk Officer, Chief Financial Officer, Group Head Investment Banking & Emerging Business, Regional Credit Heads, Head CAD, Head of Consumer Risk, Head Enterprise Risk Management and Head Internal Audit (guest member).
- Operational Risk Management Committee comprises of the Deputy CEO, Chief Risk Officer, Group Head Operations & Technology, Country Head Branch Banking Operations, Group Head Human Resources, Head of Compliance, Head of Service Management, Head Enterprise Risk Management and Head Internal Audit (guest member).
- IT Steering Committee (ITSC) comprises of President/CEO, Deputy CEO, Chief Risk Officer, Chief Financial Officer, Group Head Operations & Technology, Chief Information Officer, Chief Information Security Officer, Chief of Staff, Group Head Investment Banking & Emerging Business, Chief Digital Officer, Country Head Branch Banking Operations and Head Product Development & Consumer Business.
- Risk Management Group (RMG), a dedicated and independent set-up headed by Chief Risk Officer and comprises of Regional Credit Heads, Heads of Market & Liquidity Risks, Operational Risk

and Treasury Middle Office, Consumer Risk, Credit Administration, Special Assets Management, Information Security, Strategic Projects & Quantitative Analysis and Enterprise Risk Management.

RMG is managed by Chief Risk Officer to supervise the following Divisions:

a) Credit Risk Management (CRM) covering Corporate / Commercial, Agricultural and Retail Banking Risks
b) Operational Risk Management (ORM)
c) Market Risk Management (MRM)
d) Treasury Middle Office
e) Basel II / III Implementation Unit
f) Credit Administration Department (CAD)
g) Special Assets Management (SAM)
h) Information Security
i) Consumer Risk
j) Strategic Projects & Quantitative Analysis

The Holding company's RMG generates the requisite risk reporting for the different tiers of management. These are also subjected to internal audit review.

Risk Matrix / Categories

The Holding company, in common with other banks, generates its revenues by accepting Country, Credit, Liquidity, Interest Rate Risk in the Banking Book, Market, Operational and other risks. Effective management of these risks is the decisive factor in the Holding company's profitability.

Risk Appetite

The Group's risk appetite is reflected in its endeavours to maintain a favourable credit rating and encompasses the following:

- The business strategy
- The expectations of stakeholders at different time horizons
- The characteristics of the risk-bearing entities
- The nature and characteristics of the risks undertaken
- The possible spread of risk situations across organizational units, assets-at-risk, and future time horizons.

Risk appetite drives business activity. It combines anticipations in risk and profitability with management preferences to control capital and resource allocation, as well as the distribution of exposure across activities and portfolios.

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The Group's hedging strategy is embedded in its risk management practices for addressing material categories of risk.

44.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit risk is managed in terms of credit policies, approved by the BoD and regulations issued by the SBP. The Group is exposed to credit risk on loans and advances, fund placements with financial institutions and certain investments.

Credit risk management is an ongoing process. The overall credit policy and the credit risk instructions are issued by the Board of Directors. In this regards, a Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the Group. In order to maintain healthy growth of the credit portfolio, the Group's Credit Risk Management processes are consistently upgraded and improved to meet future challenges.

The Group's strategy is to minimise credit risk through product, geography, industry and customer diversification. Credit limits are established for all counter-parties after a careful assessment of their credit worthiness. An effective credit granting procedure, which requires pre-sanction evaluation of credit proposal, adequacy of security and pre-disbursement examination of charge documents is in place and managed by Risk Management Group (RMG) & Credit Administration Department (CAD). The Group maintains a sound portfolio diversified in nature to counter the risk of credit concentration and further confines risk through diversification of its assets by geographical and industrial sector. For managing impaired assets in the portfolio, the Group follows the Prudential Regulations and Risk Management guidelines issued by SBP and the Remedial Management Policy approved by the Board.

44.1.1 Credit risk: Standardised approach

The Group has adopted the Standardised Approach of Basel II for risk weighing its Credit Risk Exposures.

The following table illustrates the approved External Credit Assessment Institutions (ECAIs) whose ratings are being utilised by the Group with respect to material categories of exposures:

Exposures	JCR-VIS	PACRA	MOODY'S	FITCH	S&P
Corporate	✓	✓	-	-	-
Banks	✓	✓	✓	✓	✓
SME's (retail exposures)	✓	✓	-	-	-
Sovereigns	✓	✓	✓	✓	✓
Securitisations	N/A	N/A	N/A	N/A	N/A
Others (specify)	N/A	N/A	N/A	N/A	N/A

The Group has used Issue Specific Ratings for rating / risk weighing Issue Specific Exposures and Entity Ratings for rating / risk weighing claims against specific counterparties. Both short and long term ratings have been used to rate corresponding short and long term exposures. For this purpose, Mapping Grid has been provided by SBP as given below:

Long - Term Ratings Grades Mapping

SBP Rating Grade	PACRA	JCR-VIS	Fitch	Moody's	S&P	ECA Scores
1	AAA AA+ AA AA-	AAA AA+ AA AA-	AAA AA+ AA AA-	Aaa Aa1 Aa2 Aa3	AAA AA+ AA AA-	1
2	A+ A A-	A+ A A-	A+ A A-	A1 A2 A3	A+ A A-	2
3	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-	3
4	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	Ba1 Ba2 Ba3	BB+ BB BB-	4
5	B+ B B-	B+ B B-	B+ B B-	B1 B2 B3	B+ B B-	5,6
6	CCC+ and below	CCC+ and below	CCC+ and below	Caa1 and below	CCC+ and below	7

Short - Term Ratings Grades Mapping

SBP	PACRA	JCR-VIS	Fitch	Moody's	S&P
S1	A-1	A-1	F-1	P-1	A-1+, A-1
S2	A-2	A-2	F-2	P-2	A-2
S3	A-3	A-3	F-3	P-3	A-3
S4	Others	Others	Others	Others	Others

44.1.2 Policies and processes for collateral valuation and management as regards Basel II

For Credit Risk Mitigation purposes the Bank uses only the eligible collaterals under Comprehensive Approach of Credit Risk Mitigation under Standardised Approach as prescribed by SBP under Circular No. 8 of 2006, which includes Cash and Cash Equivalent Securities including Government Securities (like Cash Margins, Lien on Bank Accounts, Foreign Deposit Receipts, Term Deposit Receipts, Pledge of Defense Saving Certificates, Regular Income Certificates, Special Saving Certificates, T-Bills and Pakistan Investment Bonds etc.) and Shares Listed on the Main Index.

Under the Holding company's policy all collaterals are subject to periodic valuations to monitor the adequacy of margins held. Shares / Marketable securities are valued by the Holding company on daily basis to calculate the Drawing Power (DP). In case of any shortfall in the requisite margins, the DP is adjusted to the appropriate level and the business units are informed to take appropriate action as per the agreement with the customer.

Particulars of Group's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

	Gross lendings		Non-performing lendings		Provision held	
	2019	2018	2019	2018	2019	2018
44.1.3 Lendings to financial institutions	------- Rupees in '000 -------					
Credit risk by public / private sector						
Public/ Government	8,186,732	-	-	-	-	-
Private	22,135,070	1,941,659	-	-	1,262	4,312
	30,321,802	1,941,659	-	-	1,262	4,312

	Gross investments		Non-performing investments		Provision held	
	2019	2018	2019	2018	2019	2018
44.1.4 Investment in debt securities	------- Rupees in '000 -------					
Credit risk by industry sector						
Textile	391,478	391,478	391,478	391,478	391,478	391,478
Chemical and Pharmaceuticals	258,193	149,860	149,860	149,860	149,860	149,860
Construction	-	141,667	-	-	-	-
Power (electricity), Gas, Water, Sanitary	142,857	214,286	-	-	-	-
Refinery	390,303	531,621	-	-	-	-
Fertilizer	-	255,099	-	-	-	-
Transport, Storage and Communication	854,902	158,712	155,169	158,712	155,169	158,712
Financial	536,672	645,282	-	-	-	-
Others	1,350,000	5,868,382	-	-	-	-
	3,924,405	8,356,387	696,507	700,050	696,507	700,050

	Gross investments		Non-performing investments		Provision held	
	2019	2018	2019	2018	2019	2018
Credit risk by public / private sector	------- Rupees in '000 -------					
Public/ Government	-	3,231,444	-	-	-	-
Private	3,924,405	5,124,943	696,507	700,050	696,507	700,050
	3,924,405	8,356,387	696,507	700,050	696,507	700,050

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44.1.5 Advances

Credit risk by industry sector

	Gross Advances		Non-performing Advances		Provision held	
	2019	2018	2019	2018	2019	2018
	Rupees in '000					
Agri finance	5,285,334	4,260,641	207,192	73,275	397	824
Automobile and transportation equipment	3,854,727	4,582,078	227,878	84,018	69,596	61,832
Brokerage	6,929,558	4,846,099	-	156,801	-	156,801
Cement	2,958,936	1,606,779	-	-	-	-
Chemical	1,910,636	3,037,111	314,405	324,584	-	-
Construction	5,806,032	4,960,152	112,803	-	3,236	-
Electronics and electrical appliances	237,458	260,812	35,911	-	-	-
Engineering, IT and other services	5,013,829	5,591,012	38,738	27,598	26,325	2,600
Fertilizer	4,446,138	3,811,120	1,348,824	1,348,383	1,348,943	1,348,943
Financial	2,110,683	2,194,635	-	-	-	-
Food / confectionery / beverages	32,353,949	34,546,699	157,010	119,192	63,221	60,728
Individuals	31,512,186	33,308,319	1,533,451	658,355	238,185	114,847
Insurance and security	176,116	169,843	-	-	-	-
Metal and steel	8,824,579	10,075,944	1,614,845	1,933,978	339,372	120,648
Mining and quarrying	159,069	56,973	-	-	-	-
Paper / board / furniture	1,506,878	1,462,601	8,000	8,000	-	-
Petroleum, oil and gas	4,135,890	4,530,087	80,053	32,559	29,618	21,357
Pharmaceuticals	5,722,234	5,300,071	4,577	-	-	-
Plastic	2,001,738	2,128,861	538,745	-	483	-
Power and water	27,878,617	26,446,393	159,806	-	-	-
Real estate	3,493,350	2,305,823	1,300,000	1,300,000	-	-
Shipbreaking	1,074,589	1,950,437	805,000	963,164	256,706	220,048
Storage	103,525	57,734	-	-	-	-
Sugar	2,609,984	2,794,493	200,000	279,579	200,000	203,363
Tele-communication	2,709,181	2,474,279	-	-	-	-
Textile						
Composite	6,639,722	8,543,776	339,310	324,114	303,094	302,781
Ginning	1,612,059	1,669,933	48,949	48,949	20,157	3,270
Spinning	5,349,247	7,657,631	278,441	278,441	278,441	278,441
Weaving	9,988,010	10,360,474	47,284	46,650	3,726	-
	23,589,038	28,231,814	713,984	698,154	605,418	584,492
Transportation	39,397,687	44,020,624	127,290	21,341	53,493	18,901
Trust and non-profit organisations	475,240	478,904	-	-	-	-
Tyre	288,551	313,531	-	-	-	-
Wholesale and retail trade	10,671,924	13,490,993	502,852	81,462	64,928	14,255
Others	9,556,279	6,169,550	321,800	199,024	40,020	60,249
	246,793,935	255,464,412	10,353,164	8,309,467	3,339,941	2,989,888

Credit risk by public / private sector

	Gross Advances		Non-performing Advances		Provision held	
	2019	2018	2019	2018	2019	2018
	Rupees in '000					
Public/ Government	56,471,970	59,571,898	-	-	-	-
Private	190,321,965	195,892,514	10,353,164	8,309,467	3,339,941	2,989,888
	246,793,935	255,464,412	10,353,164	8,309,467	3,339,941	2,989,888

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44.1.6 Credit risk by industry sector

	Contingencies and commitments 2019	Contingencies and commitments 2018
	---------- Rupees in '000 ----------	
Automobile and transportation equipment	2,163,575	1,845,619
Brokerage	796,500	226,400
Cement	247,368	700,638
Chemical	779,205	614,360
Construction	18,350,913	20,726,673
Electronics and electrical appliances	190,170	220,084
Engineering, IT and other services	3,033,858	5,822,923
Fertilizer	4,262,960	3,469,510
Financial	62,551,629	45,956,350
Food / confectionery / beverages	3,054,819	2,664,450
Individuals	989,889	1,496,003
Insurance and security	12,197	20,197
Metal and steel	3,709,350	1,944,885
Mining and quarrying	-	148,415
Paper / board / furniture	888,015	816,494
Petroleum, oil and gas	586,136	1,243,540
Pharmaceuticals	721,858	664,106
Plastic	324,356	453,318
Power and water	495,534	1,790,608
Real estate	4,299,209	3,000
Shipbreaking	77,614	120,887
Sugar	24,301	43,198
Tele-communication	1,460,186	128,892
Textile		
Composite	1,037,819	1,629,969
Ginning	369,793	316,425
Spinning	1,485,788	1,098,879
weaving	1,118,339	1,280,623
	4,011,739	4,325,896
Transportation	24,896	-
Trust and non-profit organisations	217,780	5,666
Tyre	9,584	23,010
Wholesale and retail trade	4,328,745	3,021,803
Others	5,051,995	2,488,465
	122,664,381	100,985,390

Credit risk by public / private sector

	2019	2018
Public/ Government	-	-
Private	122,664,381	100,985,389
	122,664,381	100,985,389

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44.1.7 Concentration of Advances

The Holding Company top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 85,938. million (2018: Rs. 91,153.787 million) are as following:

	Note	2019	2018
		----- Rupees in '000 -----	
Funded	44.1.7.1	65,309,390	70,831,917
Non Funded		20,628,577	20,321,870
Total Exposure	44.1.7.2	85,937,967	91,153,787

44.1.7.1 There are no classified advances placed under top 10 exposures.

44.1.7.2 The sanctioned limits against these top 10 exposures aggregated to Rs 85,937.967 million (2018: 95,322.310 million).

44.1.8 Advances - Province/Region-wise Disbursement & Utilization

	2019							
		Utilization						
	Disbursements	Punjab	Sindh	KPK & FATA	Balochistan	Islamabad	AJK & Gilgit-Baltistan	Bahrain
Province/Region								
Punjab	80,305,925	80,305,925	-	-	-	-	-	-
Sindh	146,335,149	-	146,335,149	-	-	-	-	-
KPK including FATA	1,456,326	-	-	1,456,326	-	-	-	-
Balochistan	111,734	-	-	-	111,734	-	-	-
Islamabad	13,423,194	-	-	-	-	13,423,194	-	-
AJK including Gilgit-Baltistan	197,627	-	-	-	-	-	197,627	-
Bahrain	4,727,124	-	-	-	-	-	-	4,727,124
Total	246,557,079	80,305,925	146,335,149	1,456,326	111,734	13,423,194	197,627	4,727,124

	2018							
		Utilization						
	Disbursements	Punjab	Sindh	KPK & FATA	Balochistan	Islamabad	AJK & Gilgit-Baltistan	Bahrain
Province/Region								
Punjab	97,465,307	97,465,307	-	-	-	-	-	-
Sindh	162,261,019	-	162,261,019	-	-	-	-	-
KPK including FATA	1,358,209	-	-	1,358,209	-	-	-	-
Balochistan	526,629	-	-	-	526,629	-	-	-
Islamabad	12,456,464	-	-	-	-	12,456,464	-	-
AJK including Gilgit-Baltistan	506,255	-	-	-	-	-	506,255	-
Bahrain	948,540	-	-	-	-	-	-	948,540
Total	275,522,423	97,465,307	162,261,019	1,358,209	526,629	12,456,464	506,255	948,540

44.2 Market Risk

Market risk is the risk of loss due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. From the perspective of the Group, market risk comprises of interest rate risk, foreign exchange risk and equity position risk, which the Group is exposed to in its trading book.

The Holding company has an approved market risk policy wherein the governance structure for managing market risk, measurement tools used and the market risk exposure limits have been addressed. The Holding company's strategy for managing market risk is to relate the level of risk exposures to their risk appetite and the capital at hand.

The Board of Directors (BoD) and the Asset and Liability Committee (ALCO) are responsible for addressing market risk from a strategic perspective and are assisted by the market risk function in meeting these objectives.

The Market Risk Unit reports directly to Chief Risk Officer and is responsible for ensuring the implementation of market risk policy in line with the Holding company's strategy.

Risk reporting undertaken by the market risk function includes:

a) Portfolio Reports

b) Limit monitoring reports

c) Sensitivity analysis ; and

d) Stress testing of the portfolio

Currently, the Holding company is using the market risk standardised approach for the purpose of computing regulatory capital, the details of which are set out above.

44.2.1 Balance sheet split by trading and banking books

	2019			2018		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	---------- Rupees in '000 ----------					
Cash and balances with treasury banks	25,589,349	-	25,589,349	32,110,840	-	32,110,840
Balances with other banks	462,836	-	462,836	968,575	-	968,575
Lendings to financial institutions	30,320,540	-	30,320,540	1,937,347	-	1,937,347
Investments	86,970,001	55,598,469	142,568,470	107,321,460	41,368,514	148,689,974
Advances	242,944,509	-	242,944,509	251,990,918	-	251,990,918
Fixed assets	9,692,701	-	9,692,701	6,245,328	-	6,245,328
Intangible assets	2,271,360	-	2,271,360	2,169,877	-	2,169,877
Deferred tax assets	8,756	-	8,756	287,062	-	287,062
Other assets	15,588,273	-	15,588,273	12,354,155	-	12,354,155
Assets held for sale	374,000	-	374,000	-	-	-
	414,222,325	55,598,469	469,820,794	415,385,562	41,368,514	456,754,076

44.2.2 Foreign Exchange Risk

Main objective of foreign exchange risk management is to ensure that the foreign exchange exposure of the Holding company lies within the defined appetite of the Holding company.

Daily reports are generated to monitor the internal and regulatory limits with respect to the overall foreign currency exposures. The overall net open position, whether short or long has the potential to negatively impact the profit and loss depending upon the direction of movement in foreign exchange rates.

Foreign exchange open and mismatched positions are marked to market on a daily basis.

Currency risk arises where the value of financial instruments changes due to changes in foreign exchange rates. In order to manage currency risk exposure the Holding company enters into ready / spot, forward and swap transactions with SBP and in the interbank market. The Holding company's foreign exchange exposure comprises of forward contracts, foreign currencies cash in hand, balances with banks abroad, foreign placement with SBP and foreign currencies assets and liabilities. The net open position is managed within the statutory limits, as fixed by SBP. Counter parties limit are also fixed to limit risk concentration. Appropriate segregation of duties exists between the front and back office functions while compliance with the net open position limit is independently monitored on an ongoing basis.

	2019			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	------------------------- Rupees in '000 -------------------------			
United States Dollar	12,248,588	20,805,267	8,586,023	29,344
Great Britain Pound	879,840	2,696,794	1,778,936	(38,018)
Euro	585,843	901,267	326,018	10,594
Other currencies	41,154	34,019	4,829	11,964
	13,755,425	24,437,347	10,695,806	13,884

	2018			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	------------------------- Rupees in '000 -------------------------			
United States Dollar	17,831,833	24,723,033	7,101,304	210,104
Great Britain Pound	740,134	2,687,806	1,520,893	(426,779)
Euro	1,054,817	873,899	(226,641)	(45,723)
Other currencies	203,665	366,289	217,570	54,946
	19,830,449	28,651,027	8,613,126	(207,452)

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	-------------------- Rupees in '000 --------------------			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	-	159	-	(2,075)
- Other comprehensive income	-	-	-	-

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44.2.3 Equity position Risk

Equity positions in the banking book include Investment in equities that are available-for-sale or held for strategic investment purposes. These investments are generally regarded as riskier relative to fixed income securities owing to the inherent volatility of stock market prices. The Holding company mitigates these risks through diversification and capping maximum exposures in a single company, compliance with regulatory requirement, and following the guidelines laid down in the Holding company's Investment Policy as set by the Board of Directors (BoD). The Holding company follows a delivery versus payment settlement system thereby minimizing risk available in relation to settlement risk.

Equity price risk is managed by applying trading limit and scrip-wise and portfolio wise nominal limits.

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	------------------------ Rupees in ‹000 ------------------------			
Impact of 5% change in equity prices on				
- Profit and loss account	-	-	-	-
- Other comprehensive income	105,788	-	127,845	-

44.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Yield/ Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. This also refers to the non-trading market risk. Apart from the gap analysis between the market rate sensitive assets and liabilities as per the table given below, the banks/DFIs are required to disclose as the following also:

The nature of IRRBB and key assumptions, including assumptions regarding loan repayments and behavior of non-maturity deposits, and frequency of IRRBB measurements.

The increase (decline) in earnings or economic value (or any other relevant measures used by management) for upward and downward shocks according to management's method for measuring IRRBB, broken down by currencies (if any, and than translated into Rupees).

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	------------------------ Rupees in ‹000 ------------------------			
Impact of 5% change in equity prices on				
- Profit and loss account	301,595	534,770	(487,440)	401,571
- Other comprehensive income	248,246	-	113,353	-

44.2.5 Mismatch of interest rate sensitive assets and liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Group is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark up based assets and liabilities that mature or re-price in a given period. The Group manages this risk by matching/re-pricing of assets and liabilities. The assets and liabilities committee (ALCO) of the Group monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Group.

		2019										
	Effective yield interest rate - %	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instrument
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	25,590,173	2,566,714	-	-	-	-	-	-	-	-	23,023,459
Balances with other banks	0.17	476,302	97,659	-	-	-	-	-	-	-	-	378,643
Lendings to financial institutions	11.80	30,320,540	30,192,074	-	-	128,466	-	-	-	-	-	-
Investments	9.73	143,124,623	66,158,225	41,046,043	707,500	1,656,084	20,378,927	8,022,522	503,646	204,943	-	4,446,733
Advances	12.89	243,285,308	197,864,614	20,967,630	9,393,863	488,932	356,955	835,637	2,397,894	1,256,532	2,710,028	7,013,223
Other assets	-	14,673,925	-	-	-	-	-	-	-	-	-	14,673,925
		457,470,871	296,879,286	62,013,673	10,101,363	2,273,482	20,735,882	8,858,159	2,901,540	1,461,475	2,710,028	49,535,983
Liabilities												
Bills payable	-	3,804,491	-	-	-	-	-	-	-	-	-	3,804,491
Borrowings	9.26	54,468,283	31,977,964	13,068,280	4,693,216	193,571	207,839	2,120,779	1,179,549	1,027,085	-	-
Deposits and other accounts	8.70	368,543,603	129,910,142	47,296,616	29,670,550	68,670,264	6,673,436	1,515,724	1,722,440	-	-	83,084,431
Sub-ordinated loans	13.73	7,494,800	-	-	2,996,400	4,498,400	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	19,420,729	(69,111)	121,966	182,949	365,898	731,796	682,219	1,168,857	381,703	-	15,854,452
		453,731,906	161,818,995	60,486,862	37,543,115	73,728,133	7,613,071	4,318,722	4,070,846	1,408,788	-	102,743,374
On-balance sheet financial instruments		3,738,965	135,060,291	1,526,811	(27,441,752)	(71,454,651)	13,122,811	4,539,437	(1,169,306)	52,687	2,710,028	(53,207,391)
Commitments in respect of forward purchase and commitments to extend credits		24,679,238	10,902,900	8,103,044	4,037,072	458,398	1,120,185	57,639	-	-	-	-
Commitments in respect of forward exchange contracts - sale		(35,203,283)	(10,834,905)	(7,721,576)	(10,450,305)	(5,019,673)	(1,119,185)	(57,639)	-	-	-	-
Off-balance sheet gap		(10,524,045)	67,995	381,468	(6,413,233)	(4,561,275)	1,000	-	-	-	-	-
Total yield / interest risk sensitivity gap			135,128,286	1,908,279	(33,854,985)	(76,015,926)	13,123,811	4,539,437	(1,169,306)	52,687	2,710,028	(53,207,391)
Cumulative yield / interest risk sensitivity gap			135,128,286	137,036,565	103,181,579	27,165,654	40,289,465	44,828,902	43,659,596	43,712,283	46,422,311	

	Effective yield interest rate - %	2018 Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instrument
		-------	-------	-------	-------	-------	Rupees in '000	-------	-------	-------	-------	-------
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		32,111,176	2,409,529	-	-	-	-	-	-	-	-	29,701,647
Balances with other banks	0 - 1.00	978,024	115,256	-	-	-	-	-	-	-	-	862,768
Lendings to financial institutions	1.38 - 6.93	1,937,347	692,522	693,980	320,214	230,631	-	-	-	-	-	-
Investments - net	2.88 - 12	149,601,215	43,725,233	1,927,670	8,253,450	39,568,470	16,411,250	21,104,693	9,954,792	3,220,239	125,000	5,310,418
Advances - net	4.00 - 40.00	252,308,117	170,361,201	36,938,051	33,390,503	754,809	342,746	536,305	1,359,373	1,105,829	2,199,721	5,319,579
Other assets	-	13,114,412	-	-	-	-	-	-	-	-	-	13,114,412
		450,050,291	217,303,741	39,559,701	41,964,167	40,553,910	16,753,996	21,640,998	11,314,165	4,326,068	2,324,721	54,308,824
Liabilities												
Bills payable	-	3,519,924	-	-	-	-	-	-	-	-	-	3,519,924
Borrowings	1.00 - 6.20	96,558,663	62,931,449	21,953,065	9,423,293	141,529	29,827	216,947	963,707	898,846	-	-
Deposits and other accounts	0.75 - 11.00	319,806,852	137,418,672	47,697,606	24,357,189	30,664,239	1,187,357	265,347	210,529	-	-	78,005,913
Sub-ordinated loans	7.57 - 7.61	7,496,800	-	-	4,997,800	2,499,000	-	-	-	-	-	-
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	14,720,189	238,628	-	46,422	-	-	-	-	-	-	14,435,139
		442,102,428	200,588,749	69,650,671	38,824,704	33,304,768	1,217,184	482,294	1,174,236	898,846	-	95,960,976
On-balance sheet financial instruments		7,947,863	16,714,992	(30,090,970)	3,139,463	7,249,142	15,536,812	21,158,704	10,139,929	3,427,222	2,324,721	(41,652,152)
Commitments in respect of forward purchase and commitments to extend credits		23,726,533	9,244,215	8,427,285	4,054,070	743,298	530,417	727,248	-	-	-	-
Commitments in respect of forward exchange contracts - sale		(16,597,344)	(7,427,832)	(2,648,585)	(4,802,946)	(459,317)	(530,417)	(728,248)	-	-	-	-
Off-balance sheet gap		7,129,189	1,816,383	5,778,700	(748,876)	283,981	-	(1,000)	-	-	-	-
Total yield / interest risk sensitivity gap			18,531,375	(24,312,270)	2,390,587	7,533,123	15,536,812	21,157,704	10,139,929	3,427,222	2,324,721	(41,652,152)
Cumulative yield / interest risk sensitivity gap			18,531,375	(5,780,895)	(3,390,307)	4,142,816	19,679,628	40,837,332	50,977,261	54,404,483	56,729,204	

	2019	2018
	--------- Rupees in '000	---------
Reconciliation to total assets		
Balance as per balance sheet	473,213,218	460,541,247
Less: Non financial assets		
Fixed assets	10,693,945	6,947,725
Intangible assets	2,302,474	2,206,512
Deferred tax assets - net	125,857	408,992
Other assets	2,246,071	927,727
Assets held for sale	374,000	-
	15,742,347	10,490,956
	457,470,871	450,050,291

	2019	2018
	--------- Rupees in '000	---------
Reconciliation to total liabilities		
Balance as per balance sheet	453,731,906	442,102,428
Less: Non financial liabilities		
Other liabilities	-	-
	453,731,906	442,102,428

44.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to raise funds to meet its commitments. The Holding company's Asset and Liability Committee (ALCO) manages the liquidity position on a continuous basis.

Holding company's policy to liquidity management is to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet our contractual and potential payment obligations without incurring additional and unacceptable cost to the business.

Treasury is responsible for the managing liquidity risk under the guidance of Asset-Liability Committee of the Holding company. The Holding company's liquidity risk management approach starts at the intraday level (operational liquidity) managing the daily payments queue and factoring in our access to the qualifying securities of State Bank of Pakistan. It then covers tactical liquidity risk management dealing with the access to unsecured funding sources and the liquidity characteristics of our asset inventory (asset liquidity). Finally, the strategic perspective comprises the maturity profile of all assets and liabilities on our statement of financial position.

For monitoring and controlling liquidity risk, the Holding company generates a scenario sensitive maturity statement of financial position, and run controlled mismatches that are monitored and discussed by ALCO members regularly. The Holding company prepares various types of reports and analysis for assisting ALCO in taking necessary strategic actions for managing liquidity risk in the Holding company. These include liquidity ratios, Concentration analysis, Gap reports, Stress testing, Liquidity Coverage ratio & Net Stable Funding Ratio analysis etc.

44.3.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Group

	2019													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	25,590,173	25,590,173	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	476,302	476,302	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	30,320,540	-	28,037,915	2,000,000	154,159	-	-	-	128,466	-	-	-	-	-
Investments	143,124,623	-	28,164,802	-	37,843,425	465,080	15,706,004	4,945,573	1,616,458	177,474	20,654,625	8,003,353	2,260,968	23,286,861
Advances	243,285,308	85,571,596	1,362,955	1,547,981	5,108,573	16,502,480	11,197,698	18,301,471	5,730,118	11,227,145	27,467,362	26,540,865	19,525,477	13,201,587
Fixed assets	10,693,945	3,941	23,255	27,132	62,014	253,908	115,232	343,568	339,980	335,195	1,291,426	1,143,993	2,375,452	4,378,849
Intangible assets	2,302,474	280	1,677	1,957	4,472	106,130	8,386	24,979	24,841	24,829	97,819	96,371	192,919	1,717,814
Deferred tax assets - net	125,857	-	-	-	(1,291)	30,869	56,850	354,806	354,413	32,583	18,223	165,503	12,706	(898,805)
Other Assets	16,919,996	14,453,316	-	-	-	-	385,063	-	56,984	-	351,755	399,257	81,864	1,191,757
Assets held for sale	374,000	-	-	-	-	-	-	374,000	-	-	-	-	-	-
	473,213,218	126,095,608	57,590,604	3,577,070	43,171,352	17,358,467	27,469,233	24,344,397	8,251,260	11,797,226	49,881,210	36,349,342	24,449,386	42,878,063
Liabilities														
Bills payable	3,804,491	3,804,491	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	54,468,283	797,376	29,889,829	85,924	1,204,836	7,828,925	5,239,354	4,693,216	174,347	19,224	207,839	2,120,779	1,179,549	1,027,085
Deposits and other accounts	368,543,603	166,168,660	8,285,705	7,047,887	26,021,300	20,516,154	26,780,462	29,670,550	20,422,018	53,719,267	6,673,436	1,515,724	1,722,440	-
Subordinated debt	7,494,800	-	-	-	-	-	-	600	400	1,000	2,000	2,000	7,488,800	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	19,420,729	2,492,761	12,197	14,229	217,922	9,146,741	210,882	536,333	182,949	801,705	1,897,282	1,757,650	1,741,881	408,197
	453,731,906	173,263,288	38,187,731	7,148,040	27,444,058	37,491,820	32,230,698	34,900,699	20,779,714	54,541,196	8,780,557	5,396,153	12,132,670	1,435,282
Net assets	19,481,312	(47,167,680)	19,402,873	(3,570,970)	15,727,294	(20,133,353)	(4,761,465)	(10,556,302)	(12,528,454)	(42,743,970)	41,100,653	30,953,189	12,316,716	41,442,781
Share capital - net	10,119,242													
Reserves	1,749,672													
Deficit on revaluation of assets - net of tax	1,308,531													
Unappropriated profit	5,795,596													
Non-controlling interest	508,271													
	19,481,312													

Maturity of assets and liabilities - based on contractual maturities of assets and liabilities of the Group

	2018													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	32,111,176	32,111,176	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	978,024	978,024	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	1,937,347	-	-	-	692,522	-	693,980	320,214	230,631	-	-	-	-	-
Investments	149,601,215	693,505	29,193,124	70,000	13,772,470	35,738	1,470,422	10,509,059	703,587	39,068,053	16,677,589	21,551,032	10,391,370	5,465,266
Advances	252,308,117	86,874,414	1,567,111	2,690,265	6,989,923	10,548,317	13,326,240	15,592,229	4,384,676	7,375,561	29,110,196	27,903,133	35,955,762	9,990,290
Fixed assets	6,947,725	704,797	15,611	32,600	66,852	295,690	202,210	402,818	611,322	364,677	896,294	688,756	371,840	2,294,258
Intangible assets	2,206,512	36,877	1,695	3,390	7,265	90,485	21,770	43,165	64,536	76,129	156,892	125,146	114,330	1,464,832
Deferred tax assets - net	408,992	(167)	(2,742)	-	(9,814)	107,766	111,629	128,277	56,961	185,793	220,647	164,934	194,068	(748,359)
Other assets	14,042,139	12,591,869	-	-	-	-	-	109,108	33,252	23,095	443,945	358,535	422,454	59,881
	460,541,247	133,990,495	30,774,799	2,796,255	21,519,218	11,077,996	15,826,251	27,104,870	6,084,965	47,093,308	47,505,563	50,791,536	47,449,824	18,526,168
Liabilities														
Bills payable	3,519,924	3,519,924	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	96,558,663	501,628	53,797,467	1,081,509	7,550,844	2,913,396	19,039,670	9,423,293	133,726	7,803	29,827	216,947	963,707	898,846
Deposits and other accounts	319,806,852	171,421,737	10,500,849	11,722,567	21,579,433	27,798,853	20,098,752	24,357,189	5,427,169	25,237,070	1,187,357	265,347	210,529	-
Sub-ordinated loans	7,496,800	-	-	-	-	-	-	1,000	-	1,000	2,000	2,000	2,996,200	4,494,600
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	14,720,189	10,106,233	226	452	98,405	982	166,407	264,890	2,947	485,662	1,300,734	1,213,935	1,073,424	5,892
	442,102,423	185,549,517	64,298,542	12,804,528	29,228,682	30,713,231	39,304,829	34,046,372	5,563,842	25,731,535	2,519,918	1,698,229	5,243,860	5,399,338
Net assets	18,438,824	(51,559,022)	(33,523,743)	(10,008,273)	(7,709,464)	(19,635,235)	(23,478,578)	(6,941,502)	521,123	21,361,773	44,985,645	49,093,307	42,205,964	13,126,830

Share capital - net	10,119,242
Reserves	1,712,170
Surplus on revaluation of assets - net of tax	(822,532)
Unappropriated profit	5,825,742
Non-controlling interest	1,604,197
	18,438,819

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

44.3.2 Maturity of assets and liabilities - Based on working prepared by the Asset and Liability Committee (ALCO) of the Bank

	2019									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	25,590,173	25,590,173	-	-	-	-	-	-	-	-
Balances with other banks	476,302	476,302	-	-	-	-	-	-	-	-
Lendings to financial institutions	30,320,540	30,192,074	-	-	128,466	-	-	-	-	-
Investments	143,124,623	66,008,226	16,171,085	4,945,573	1,793,932	20,654,625	8,003,353	2,260,968	23,286,861	-
Advances	243,285,308	24,262,803	31,273,801	24,733,994	76,279,419	27,467,362	26,540,865	19,525,477	3,898,657	9,302,930
Fixed assets	10,693,945	116,342	369,140	343,568	675,175	1,291,426	1,143,993	2,375,452	1,707,232	2,671,617
Intangible assets	2,302,474	8,386	114,516	24,979	49,670	97,819	96,371	192,919	254,190	1,463,624
Deferred tax assets - net	125,857	(1,291)	87,719	354,806	386,996	18,223	165,503	12,706	(386,519)	(512,286)
Other assets	16,919,996	14,676,639	385,063	-	56,984	351,755	399,257	(141,459)	1,191,757	-
Assets held for sale	374,000	-	-	374,000	-	-	-	-	-	-
	473,213,218	161,329,654	48,401,324	30,776,920	79,370,642	49,881,210	36,349,342	24,226,063	29,952,178	12,925,885
Liabilities										
Bills payable	3,804,491	3,804,491	-	-	-	-	-	-	-	-
Borrowings	54,468,283	31,977,964	13,068,280	4,693,216	193,571	207,839	2,120,779	1,179,549	1,027,085	-
Deposits and other accounts	368,543,603	43,373,122	52,175,941	36,130,812	81,513,876	18,875,634	12,491,223	123,982,995	-	-
Subordinated debt	7,494,800	-	-	600	1,400	2,000	2,000	7,488,800	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-
Other liabilities	19,420,729	2,737,109	9,357,623	536,333	984,654	1,897,282	1,757,650	1,741,881	408,197	-
	453,731,906	81,892,686	74,601,844	41,360,961	82,693,501	20,982,755	16,371,652	134,393,225	1,435,282	-
Net assets	19,481,312	79,436,968	(26,200,520)	(10,584,041)	(3,322,859)	28,898,455	19,977,690	(110,167,162)	28,516,896	12,925,885
Share capital - net	10,119,242									
Reserves	1,749,672									
Deficit on revaluation of assets - net of tax	1,308,531									
Unappropriated profit	5,795,596									
Non-controlling interest	508,271									
	19,481,312									

To identify the behavioural maturities of non-contractual assets and liabilities, the Bank has used the following methodology:

For determining the core portion of non contractual liabilities (non-volatile portion), the Holding company has used the average method whereby average balance maintained over past five year has been classified as core and has been placed in 'over 3 to 5 years' maturity bucket. Non contractual assets and remaining volatile portion of non contractual liabilities have been stratified in relevant maturity bucket using bucket wise percentages determined by using average volatility in respective period / bucket.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

	2018									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	---------- Rupees in '000 ----------									
Assets										
Cash and balances with treasury banks	32,111,176	32,111,176	-	-	-	-	-	-	-	-
Balances with other banks	978,024	978,024	-	-	-	-	-	-	-	-
Lending to financial institutions	1,937,347	692,522	693,980	320,214	230,631	-	-	-	-	-
Investments	149,601,215	45,685,721	1,506,159	10,509,059	39,771,640	16,677,589	21,551,032	10,391,370	3,495,239	13,406
Advances	252,308,117	26,640,413	38,636,999	37,347,407	46,723,916	29,110,196	27,903,133	35,955,762	6,485,478	3,504,813
Fixed assets	6,947,725	348,935	303,680	206,708	389,103	700,640	577,021	950,386	1,186,186	2,285,066
Intangible assets	2,206,512	19,631	90,835	22,517	43,065	85,800	92,015	162,257	226,768	1,463,624
Deferred tax assets - net	408,992	(37,671)	114,861	118,517	41,196	463,531	136,155	161,997	52,325	(641,919)
Other assets	14,042,139	12,591,869	-	109,108	56,347	443,945	358,535	422,454	59,881	-
	460,541,247	119,030,620	41,346,514	48,633,530	87,255,898	47,481,701	50,617,891	48,044,226	11,505,877	6,624,990
Liabilities										
Bills payable	3,519,924	3,519,924	-	-	-	-	-	-	-	-
Borrowings	96,558,663	62,931,449	21,953,065	9,423,293	141,529	29,827	216,947	963,707	898,846	-
Deposits and other accounts	319,806,852	51,493,653	55,998,171	34,916,968	41,419,807	16,857,435	14,600,423	104,520,395	-	-
Sub-ordinated loans	7,496,800	-	-	1,000	1,000	2,000	2,000	2,996,200	4,494,600	-
Liabilities against assets subject	-									
to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-
Other liabilities	14,720,189	10,204,606	166,406	264,889	490,303	1,300,734	1,213,935	1,073,424	5,892	-
	442,102,428	128,149,632	78,117,642	44,606,150	42,052,639	18,189,996	16,033,305	109,553,726	5,399,338	-
Net assets	18,438,819	(9,119,012)	(36,771,128)	4,027,380	45,203,259	29,291,705	34,584,586	(61,509,500)	6,106,539	6,624,990
Share capital - net	10,119,242									
Reserves	1,712,170									
Deficit on revaluation of assets - net of tax	(822,532)									
Unappropriated profit	5,825,742									
Non-controlling interest	1,604,197									
	18,438,819									

44.4 Operational risk

The Bank currently uses Basic Indicator Approach to Operational Risk for regulatory capital calculations. We define operational risk as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. With the evolution of Operational Risk Management into a separate distinct discipline, the Bank's strategy is to further strengthen its risk management system along new industry standards. Accordingly the Bank has set up a separate Operational Risk Management (ORM) Unit. ORM Unit resides within Risk Management Group (RMG). Its responsibility is to implement Operational Risk management tool across the Group for effective measurement and monitoring of operational risk faced by different areas of the Group.

Group's operational risk management process involves a structured and uniform approach across the Group. It includes risk identification and assessments, the monitoring of Key Risk Indicators (KRIs) and Risk & Control Self-Assessment (RCSA) activities for key operational risks. In order to build a robust operational risk monitoring mechanism, an Operational Risk Management Committee (ORMC) has been constituted to effectively address operational risk issues.

The Group has implemented a comprehensive "Operational Risk Management Framework" which has also been approved by the Board of Directors. The purpose of bank-wide Operational Risk Management Policy is aimed at laying out clearly defined roles and responsibilities of individuals / units across different functions of the Bank that are involved in performing various operational risk management tasks. Operational risk is much more pervasive in a financial institution and every operating unit is exposed to operational risk, regardless of whether it is a business or a support function. This policy has been devised to explain the various building blocks of the operational risk management functions and their inter-relationships. The policy also captures both qualitative and quantitative guidelines for managing and quantifying operational risks across the Bank.

The ORM Unit conducts operational risk assessment for all major functions of the Holding Company and assists various functions of the Bank in developing RCSA and KRIs which are monitored against predefined thresholds. Findings from KRIs are used as predictive indicators of potential operational risks.

Operation risk loss data collection is governed by Bank's Operational Risk Policy and process documents which have been developed and implemented to collate operational losses and near misses in a systematic and organized way.

The Holding Company's Business Continuity (BCP) Policy includes risk management strategies to mitigate inherent risks and prevent interruption of mission critical services caused by disaster events. The resilience of BCP is tested and rehearsed on an annual basis by the Bank.

45. DERIVATIVE RISK

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BOD). Bank's Asset & Liability Committee (ALCO) is responsible for reviewing and managing associated risks of the transactions.

The nature, scope and purpose of derivatives business, for trading purposes or hedging purpose and the types of derivative in which they deal.

The overall responsibility for offering derivative products and sustaining profitability lies with the Treasurer and in his absence with his delegate. The Market Risk Unit / Treasury Middle Office of the Bank is responsible for measurement & monitoring of the market risk exposures, analysis of present and potential risk factors.

The Market Risk Unit also monitors associated Credit, Market and Liquidity Risk in line with Board of Directors approved limit framework. The unit coordinates with the business regarding approvals for derivatives risk limits and produces various reports / analysis for ALCO / BRMC on periodic basis. These reports provide details of outstanding un-hedged positions, profitability and status of compliance with limits. Treasury Operations records derivatives activity in the Bank's books and is responsible for reporting to the SBP.

The derivative transaction such as Cross Currency Swaps carries credit risk which is the risk that a party to a derivative contract will fail to perform its obligation. There are two types of credit risk associated with derivative transactions; 1) settlement, and 2) pre-settlement risk. Bank's Central Credit Committee is responsible for reviewing and managing associated Counterparty Credit Risks of the transaction.

The Holding Company has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities. The Bank can hedge its risk by taking on & off-balance sheet position in interbank market, where available.

46. CUSTOMER SATISFACTION AND FAIR TREATMENT

The Holding Company is committed to providing its customers with the highest level of service quality and satisfaction and have therefore set-up an independent service management function that oversees service quality, phone banking, problem resolution and the fair treatment of customers.

The average time taken to resolve these complaints was 5 days. Its complaint handling policy and grievance redressal mechanism ensures that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible. Customers have the option of registering their complaints at its branches, phone banking center, the Holding Company's website and via email. Complaint management process is kept as transparent as possible through registration, acknowledgement, interim response where applicable, resolution and root cause analysis of recurring complaints. Customers are also given the option of contacting the Banking Mohtasib office in case they are dissatisfied with the response received from the Holding Company.

To create enhanced visibility of the recourse mechanism available to its customers, the Bank has incorporated awareness messages of its complaint handling function in several customer communications such as account statements, ATM screens, letters and SMS messages. Complete grievance redressal mechanism, contact channels and online feedback forms have been made available through the Holding Company website, and email broadcasts have been sent to the customers for customer education and awareness.

Fair Treatment of Customers is an integral part of our corporate culture. The Holding Company has institutionalized a 'Consumer Protection Framework'. Its priority is to keep customer benefits in mind while designing, selling and managing products and services, without any discrimination. It has focus to maintain fairness in its customer dealings, clarity in communication, develop a service culture and design an effective grievance handling mechanism. The Holding Company has also focus on financial literacy of its customers, for promoting responsible conduct and informed financial decisions by consumers, through our consumer education and Financial Literacy Program.

47. GENERAL

47.1 Subsequent events

Subsequent to the year end, the Board of Directors of a subsidiary company (JS Global Capital Limited) in their meeting held on February 20, 2020:

i Gave an in-principal approval to the management of the subsidiary company to start the negotiation process for the acquisition of certain properties (including the leasehold premises) from a related party, subject to the fair market valuation as determined by the independent valuer and compliance with regulatory requirements. The estimated cost of the subject properties as estimated by the management is Rs.800 million; and

ii Authorized the management of the subsidiary company to conduct detailed due diligence, work out share value and appoint an advisor / consultant for the purpose to participate in the process of acquisition of upto 77.12% of the total issued paid up share capital of BIPL Securities Limited.

47.2 Others

These consolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular no. 2 dated January 25, 2018 and related clarifications / modifications.

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

48. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on February 27, 2020.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Annexure I

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal	Interest/	Other financial	Total
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total	written-off	Mark-up written-off/ waived	relief provided	(9+10+11)
1	2	3	4	5	6	7	8	9	10	11	12
				------ Rupees in '000 ------							
1	Stanza Safety Wear 10 Km Daska Road, Sajo Kala Model Town, Sialkot	ARIF MAHMOOD 34603-7965736-9	Iftikhar Ahmed	-	2,644,040	-	2,644,040	-	2,644,040	-	2,644,040
2	Waqas Brothers Plot No 9 Gate No 15 Fruit, Market Sector I-11-4 , Islamabad	WAJID ALI KHAN ABBASI 61101-7228835-1	Muhammad Almas	32,999,644	3,916,586	-	36,916,231	-	1,836,989	-	1,836,989
3	Pakistan Logistics Cell 28 Km Multan Road Islam,Nagar Stop Lahore	Rana Imran Shoukat 35201-4310753-7	Rana Shoukat Ali	4,794,801	783,487	-	5,578,288	4,794,801	783,487	-	5,578,288
		Rana Aamir Shaukat 35201-0395207-7	Rana Shoukat Ali								
4	First Capital Equities Limited 103-C-Ii Gulberg-Iii Lahore	Mian Ehsan Ul Haq 42301-7045034-9	Mian Munawarul Haq	156,801,000	77,684,000		234,485,000	-	77,684,000	-	77,684,000
		Farooq Bin Habib 42301-9990590-1	Habibullah Khan								
		Mazhar Abbas 42201-1788538-9	Ghulam Abbas								
		Samina Ahmed Zia 35201-1354158-2	Ahmed Zia								
		Muhammad Junaid 42201-8992064-1	NA								
		Ashraf Liaquat Ali Khan 42301-1689550-7	Ali Khan								
		Ahsan Zia 61101-2024487-5	Mian Ziauddin								
5	Iat Sports Corporation Ugoki Road Sialkot	Arif Mehmood 34603-7965736-9	Iftikhar Ahmed	-	1,506,379	-	1,506,379	-	1,506,379	-	1,506,379
		Iftikhar Ahmed 34603-9639987-7	Nazir Ahmed								
		Imran Mahmood 34603-1449100-3	Iftikhar Ahmed								
6	Landhi Steel Mills C Tower 2-10Th Floor Sidco Avenue Centre 264 Ra Lines Karachi	Irfan Ali 42301-9182668-3	Dost Muhammad	-	13,761,837	-	13,761,837	-	13,761,837	-	13,761,837
		Junaid Ali 42000-0524745-9	Mehboob Ali (Late)								
		Adnan Ali 42301-5971101-7	Mehboob Ali (Late)								
7	S.N.Enterprises 41914 Sidco Center Ra Lines Karachi	Shahida Mehboob Ali 42301-0889674-2	Mehboob Ali (Late)	61,003,738	-	-	61,003,738	-	15,958,675	-	15,958,675
		Irfan Ali 42301-9182668-3	Dost Muhammad Ali								
		Anita Irfan Ali 42301-6855285-8	Irfan Ali								
		Junaid Ali 42000-0524745-9	Mehboob Ali (Late)								
			TOTAL:	255,599,183	100,296,329	-	355,895,513	4,794,801	114,175,407	-	118,970,208

* Relief includes amounts which would be due to the Bank under contractual arrangements whether or not accrued in the books.

Annexure - II

As at December 31, 2019
As referred to in note 10.2.3 to the financial statements
Details of disposal of fixed assets made to related parties

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Buyers' particulars and relationship with Bank (if any)	
	----------	----------	Rupees in '000	----------	----------			
The Holding Company								
Lease hold improvements	4,582	4,163	419	1,083	664	Insurance	Name Address	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Electrical, office and computer equipment								
Communication Equipment	1,750	686	1,065	857	(207)	Insurance	Name Address	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Office Machines and Equipments	4,561	3,392	1,170	2,055	886	Insurance	Name Address	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Office Machines and Equipments	1,610	808	802	897	94	Negotiation	Name Address	JS Investment - related party, 19th Floor, the Centre, Karachi
Computer	2,056	1,853	204	1,142	938	Insurance	Name Address	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Computer	74	74	-	2	2	Negotiation	Name Address	JS Investment - related party, 19th Floor, the Centre, Karachi
Furniture & Fixture	136	75	61	74	13	Insurance	Name Address	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Furniture & Fixture	187	109	78	88	10	Negotiation	Name	JS Investment - related party,
	10,374	6,996	3,378	5,115	1,737			
Vehicles								
Suzuki Cultus	1,129	294	835	950	115	Insurance	Name Address	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Suzuki Cultus	1,407	225	1,181	1,280	99	Insurance	Name Address	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Suzuki Bolan	725	196	529	700	171	Insurance	Name Address	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Suzuki Cultus	1,124	281	843	1,000	157	Insurance	Name Address	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Honda Motorcycle	108	15	92	95	3	Insurance	Name Address	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Toyota Corolla	1,863	1,211	652	1,850	1,198	Insurance	Name Address	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Toyota Corolla	1,863	1,211	652	1,900	1,248	Insurance	Name Address	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Toyota Corolla	2,894	117	2,777	2,855	78	Insurance	Name Address	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Toyota Fortuner	5,478	1,452	4,026	7,400	3,374	Negotiation	Name CNIC	Mr. Muhammad Yousuf Amanuallah 42201-0601256-1
Toyota Hilux	5,199	320	4,879	5,638	759	Negotiation	Name CNIC	Mr. Ali Pesnani 42201-0584360-9
Toyota Hilux	4,030	968	3,062	3,465	403	Negotiation	Name CNIC	Mr. Muhammad Faisal Asghar 35201-1385770-5
Toyota Corolla	2,655	536	2,119	3,126	1,007	Negotiation	Name CNIC	Mr. Anjum Amin Siddiqui 42101-8883829-7
Toyota Corolla	1,864	541	1,323	2,103	780	Negotiation	Name CNIC	Mr. Fasih-Ur-Rehman 42201-0368282-3
Toyota Corolla	2,388	2,189	199	1,915	1,716	Negotiation	Name CNIC	Mr. Muhammad Faisal 41304-5004987-7
Toyota Corolla	2,405	170	2,236	2,703	467	Negotiation	Name CNIC	Mr. Tahir Ali Sheikh 42301-8877541-1
Honda Civic	3,488	209	3,279	3,656	377	Negotiation	Name CNIC	Mr. Tahir Ali Sheikh 42301-8877541-1
Honda Civic	2,827	371	2,456	3,085	629	Negotiation	Name CNIC	Mr. Kashan Zafar 42000-4314306-3
Honda Civic	2,363	756	1,607	2,503	896	Negotiation	Name CNIC	Mr. Ashraf Shahzad 42201-0386430-1
Honda Civic	5,092	2,893	2,199	5,178	2,979	Negotiation	Name CNIC	Mr. Imtiaz Bokhari 35201-1537847-1
Honda Civic	3,287	200	3,087	2,958	(129)	Negotiation	Name CNIC	Mr. Zubair Jabbar 42201-3218603-5
Honda Civic	2,332	2,322	10	1,926	1,916	Negotiation	Name CNIC	Mr. Syed Tauqir Haider 37405-0664577-7
	54,520	16,475	38,044	56,286	18,242			
Total	69,476	27,634	41,842	62,484	20,642			
The Subsidiary Companies								
Vehicles								
Toyota Corolla	1,968	1,738	230	1,900	1,670	Insurance	Name address	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
	71,444	29,372	42,072	64,384	22,312			

Branch Network

SINDH

Karachi

Shaheen Complex Branch
Tel: 111 - 572 - 265
021 - 32272569 - 80

Karachi Stock Exchange Branchi
Tel: 021 - 3246 2851 - 4

S.I.T.E. Branch
Tel: 021 - 3255 0080 - 4

Khy-e-Ittehad, DHA Phase II Ext, Branch
Tel: 021 - 35313811 - 4

Park Towers Clifton Branch
Tel: 021 - 35832011 - 9

Teen Talwar Branch
Tel: 021 - 35834127
021 - 3583 6974

Gulshan-e-Iqbal Branch
Tel: 021 - 34829055 - 60

Shahrah-e-Faisal Branch
Tel: 021 - 34373240 - 4

North Nazimabad Branch
Tel: 021 - 36721010 - 2

Gulistan-e-Jauhar Branch
Tel: 021 - 34662002 - 5

Safoora Goth Branch
Tel: 021 - 34661805 - 9

Jheel Park Branch
Tel: 021 - 34544831 - 5

Nazimabad Branch
Tel: 021 - 36612325

Korangi Industrial Area Branch
Tel: 021 - 35055826
021 - 35052773

Zamzama Branch
Tel: 021 - 35295224 - 5

F.B Area Branch
Tel: 021 - 36316229

Khy-e-Shahbaz, DHA Phase VI Branch
Tel: 021 - 35243415 - 9

Gulshan Chowrangi Branch
Tel: 021 - 34833290 - 3

Dhoraji Branch
Tel: 021 - 34946280 - 2

Shah Faisal Colony Branch
Tel: 021 - 34686191 - 4

Islamia College Branch
Tel: 021 - 34924021 - 4

M.A. Jinnah Road Branch
Tel: 021 - 32742006 - 8

Lucky Star Branch
Tel: 021 - 35622431 - 9

Gulshan-e-Hadeed Branch
Tel: 021 - 34715201 - 3

Cloth Market Branch
Tel: 021 – 3246 4042 - 8

Hawks Bay Branch
Tel: 021 – 3235 4060 - 3

Garden West Branch
Tel: 021 – 3224 0093 - 7

Timber Market Branch
Tel: 021 - 32763079

Abul Hasan Isphahani Road Branch
Tel: 021 – 3469 354 - 9

Jodia Bazar Branch
Tel: 021 – 3243 5304 -6

New Challi Branch
Tel: 021 – 3260 210 - 3

North Napier Branch
Tel: 021- 32467791 - 94

Electronic Market Branch
Tel: 021 - 32700430 - 33

Urdu Bazar Branch
Tel: 021- 3260 3075 - 77

Bahadarabad Branch
Tel: 021 – 3492 2802 - 05

Sohrab Goth Branch
Tel: 021 – 3469 0612 - 17

North Karachi Industrial Area Branch
Tel: 021 - 36962910 - 11

UP Morr Branch
Tel: 021 – 3694 8010 - 15

Orangi Town Branch
Karachi
Tel: 021 – 3669 7927 - 30

IBA City Campus Branch
Tel: 021 – 3229 4811 - 13

26th Street DHA Phase V Branch
Tel: 021 – 3505 5826

Landhi Branch
Tel: 021 – 3504 6923 - 25

Progressive Centre,
Shahrah-e-Faisal Branch
Tel: 021 - 34324682 - 5

Khy –e- Bokhari I
DHA Phase IV Branch
Tel: 021 – 3534 0353 - 60

Korangi Road, DHA Phase I Branch
Tel: 021 - 35803541

Hyderi Market Branch
Tel: 021 – 3667 7904

Shershah Branch
Tel: 021-32581013-17

Malir Cantt Branch
Tel: 021-3449 0225-27/29

Ocean Mall Branch
Tel: 021-3516 601-02

Regal Chowk Saddar Branch
Tel: 021-3563 0591-99

Marriott Road Branch
Tel: 021 -32469609 -11

The center Saddar Branch
Tel: 021-35165560-7

DHA Phase 8 Branch
Tel: 0345-8211949-51

Branch Network

Bohra Pir Branch
Tel: 021-32713124-7

Khadda Market DHA Phase V Branch
Tel: 021-35242401-4

Delhi Colony Branch
Tel: 021-35168645 - 6

Papoosh Nagar Branch
Tel: 021- 36700071-3

Boat Basin Branch
Tel: 35177900-07

New Sabzi Mandi Branch
Tel: 0345-8211641-43

Clifton Block-2 Branch
Tel: +92 213 5177909

Chase Shaheed-e-Millat
Road Branch
Tel: 021-34370270-71

Fishries Branch Karachi
Tel: 021-32384011-14

Garden East Branch
Tel: 021-32244281- 82 – 83

Soldier Bazar Branch
Tel: 021 – 32244531- 32 – 33

Ibrahim Hyderi

Hyderabad

Saddar Branch
Tel: 022 - 2730925 - 7

Latifabad Branch
Tel: 022 - 3817971 - 4

Cloth Market Branch
Tel: 022 - 26182700 - 13

Qasimabad Branch
Tel: 022 - 2652191

Citizen Colony Branch
Tel: 022 - 2100892 - 95

SITE Branch
Tel: 022 - 3885192

DHA Branch
Tel: 022-2108078

Anaj Mandi Branch
Tel: 022-2638802 - 3

Latifabad No: 6 Branch
Tel: 022-3411521-6

Kohsar Society Branch
Tel: 022-3400914

Sukkur

Shaheed Gunj Branch
Tel: 071 - 5627481 - 2

Society Branch
Tel: 071 - 5633826

Military Road Branch
Tel: 071 - 5630830 – 31

Sanghar

Sanghar Branch
Tel: 0235 - 800162 - 5

Chak 41 Jamrao Branch
Tel: 0345-8211961
0345-8211971

Jamshoro Branch
Tel: 022 – 3878101 -4

Mirpurkhas Branch
Tel: 0233 – 876001-4

Kot Ghulam Muhammad Branch
Tel: 0233 866242-4

Pano Aqil Branch
Tel: 071 - 5690403

Larkana Branch
Tel: 074 - 405 8603 - 5

Khairpur Branch
Tel: 024 - 3715316 - 8

Maatli Branch Badin
Tel: 029 - 7841514

Nawabshah Branch
Tel: 024 - 4330 561 - 4

Sultanabad Branch
Tel: 0233 - 500498

Tando Allahyar Branch
Tel: 0223 - 892001 - 4

Chambar Branch
Tel: 0223 - 897033 - 35

Moro Branch
Tel: 0242 - 413200 - 3

Kunri Branch
Tel: 0238 - 558163 - 6

Tando Mohammad Khan Branch
Tel: 022 - 3340617 - 8

Digri Branch
Tel: 023 - 3870305 - 7

Sehwan Sharif Branch
Tel: 025 - 4620305 - 7

Ghotki Branch
Tel: 072 - 3600484 - 85

KandhKot Branch
Kashmore
Tel: 072 – 2573048

Shikarpur Branch
Tel: 0726540374-75

ShahdadKot Branch
Tel: 074 - 4013160

Shahdadpur Branch
Tel: 0235 - 84317475

Mithi Branch
Tel: 0232 - 261651

Tando Adam Branch
Tel: 0235 - 571880 - 81

Mehar Branch
Tel: 025 - 4730186

Dadu Branch
Tel: 025 - 471160102

Jacobabad Branch
Tel: 0722 - 652677

Branch Network

Badin Branch
Tel: 0297 - 861201

Tando Jam Branch
Tel: 022 - 2765612 - 14

Thatta Branch
Tel: 029 - 8550934

UmerKot Branch
Tel: 0238 - 570157 - 59

Sheikh Berkiyo Branch
Tel: 0335 - 2929824 - 23

Behar Colony Kotri Branch
Tel: 022 - 3871401 - 03 - 06

Bhiria City Branch
Tel: 0242 - 432131 – 35

Khipro Branch
Tel: 0235879073-6

Dharki Branch Ghotki
Tel: 072-3641290

Kashmore Branch Kandhkot
Tel: 072-257770 - 07

Golarchi Branch Badin
Tel: 0297-853253 – 57

Naushehro Feroz Branch
Tel: 022-3400914

Mirpur Mathelo
Tel: 0723-663315/0723-663313

BALOCHISTAN

Cantt Branch Quetta
Tel: 081-2863301

M.A. Jinnah Road Branch
Tel: 081 - 286 5501 - 4

Zarghoon Road Branch
Tel: 081 - 2472985

Dera Murad Jamali Branch Nairabad
Tel: 0838-710266

Usta Muhammad Branch Jafarabad
Tel: 083-8612421/23

Gawadar Branch
Tel: 086-4210246

Dukki Branch
Tel: 0824-666172

Khanozai Branch
Tel: 082-6427207

Muslim Bagh Qilla Saifullah
Balochistan, Zhob
Tel: 082-3669335 – 36

Loralai Branch
Tel: 0824-410102-03 -04

Khuzdar Branch
Tel: 0848550336

Ormara Branch
Tel: 0863310140,
144, 143,142 & 147

Zhob Branch

Choharmal Branch

Turbat Branch

PUNJAB

Lahore

Upper Mall Branch
Tel: 042 - 111 - 572 - 265

Allama Iqbal Town Branch
Tel: 042 - 35434253 - 5

Azam Cloth Market Branch
Tel: 042 - 37671195 - 6

Shadman Branch
Tel: 042 - 37503701 - 8

College Road Township Branch
Tel: 042 - 35117491 - 94

Devine Mega Mall Branch
Tel: 042 - 35700081 - 85

Bhagbanpura Branch
Tel: 042 - 36858873 - 74

Choubergy Branch
Tel: 042 - 37362981 - 8

Wapda Town Branch
Tel: 042 - 35211557 - 64

M.M. Alam Road Branch
Tel: 042 - 35778721 - 30

Model Town Branch
Tel: 042 - 35915614 - 8

Circular Road Branch
Tel: 042 -37379325 - 8

Brandreth Road Branch
Tel: 042 - 37381316 - 9

DHA T Block Branch
Tel: 042 - 35707651 – 9

Shah Alam Market Branch
Tel: 042 - 37375734 - 7

Cavalry Branch
Tel: 042 - 366 10282 - 4

Raiwind Road Branch
Tel: 042 - 529 1247 - 8

Urdu bazar Branch
Tel: 042 - 37115918

Badami Bagh Branch
Tel: 042 - 37946853

Bahria Town Branch
Tel: 042 - 35976212

Ichra Bazar Branch
Tel: 042 - 37428406

Shahdara Branch
Tel: 0423 - 7931903-5

Shadbagh Branch
Tel: 042 - 37604549-51

DHA Phase VI Branch
Tel: 042 - 37180747

Johar Town Branch
Tel: 042 - 35241084-90

Zarar Shaheed Raod Branch
Tel: 042 – 36639902-05

DHA Z – Block Branch
Tel: 042 – 35692957 -59

Branch Network

Ferozepur Road Branch
Tel: 042 - 35402151-3

The Mall Branch
Tel: 042 - 36285673 – 7

Gulberg Branch
Tel: 042-35771036-38

Mughalpura Branch
Tel: 042-36533818-822

Gulshan Ravi Branch
Tel: 042-35464541- 43

New Garden Town Branch
Tel: 042-35940463-7

Timber Market Ravi Road Branch
Tel: 042-37721924-7

Walton Road Branch
Tel: 042-36677204 – 06

PECO Road Branch
Tel: 042 35203014

Mcleod Road
Tel: 042-36311176

Sunder Industrial Estate
Tel: 0311-0013425/6

Valancia Society
Tel: 042-35226045

Daroghawala
Tel: 042-36858872

State Life Employees
Housing Scheme
Tel: 042-354741631

Gujranwala

G.T. Road Branch
Tel: 055 - 3257363
055 - 3257365
055 - 3257617

Bank Square Branch
Tel: 055 - 4234401 - 3

Sheikhupura Road Branch
Tel: 055 -4233854 – 57

Muridke Branch
Tel: 042 - 37951054 - 7

Kamoki Branch
Tel: 055-6810282-83-85

Ghakkhar Mandi Branch
Tel: 055-3882556-59
055-3882561

Wazirabad Branch
Tel: 055 - 6605841 - 4

Ali Pur Chatta Branch
Tel: 0556-333220
0556-333151 – 3

Wapda Town Branch
Tel: 055-4285573-75

Faisalabad

Grain Market Branch
Tel: 041 - 2633382 - 84

Karkhana Bazar Branch
Tel: 041 - 2624501 - 3

Liaqat Road Branch
Tel: 041 - 241 2263 – 65

Satiana Road Branch
Tel: 041-8556381-85

Gulistan Colony Branch
Tel: 041-8785791-5

Ghulam Mohammad Branch
Tel: 041-2692192-94

Jaranwala
Tel: 041-4313037

Multan

Abdali Road Branch
Tel: 061 - 4574496

Vehari Road Branch
Tel: 061 - 6241101 - 02

Bosan Road Branch
Tel: 061 – 6223416

Mouza Gajju Hatta Branch
Tel: 061-4396046-9

Wapda Town Phase 1 Branch
Tel: 061-6524733-38

Sialkot

Aziz Shaheed Road Branch
Tel: 052 - 427 2351 – 4

Shahab Pura Branch
Tel: 052 – 4242681

Paris Road Sialkot
Tel: 052-4269535/6

Kashmir Road Branch

Nekapura Branch
Tel: 052-3543582-4

Daska Branch
Tel: 052 - 6610461 – 4

Ugoki Branch
Tel: 052 – 3513952

Kasur

Kasur Branch
Tel: 049 – 276158 -4

Agrow Kasur Branch
Tel: 049 - 2771308 – 9

Allahabad Theeng Morr Branch
Tel: 049 - 201 6310
049 – 2016312

Pattoki Branch
Tel: 049-4424053/4

Sheikhupura

Sheikhupura Branch
Tel: 056 - 3810273 - 6

Agrow Sheikhupura Branch
Tel: 056 – 3035790

Agrow Warburton Branch
Tel: 056 - 2794065 – 8

Nankana Sahab Branch
Tel: 056 - 2877503 - 4

Branch Network

Sahiwal

Sahiwal Branch
Tel: 040 - 422 2733 - 5

Chichawatni Branch
Tel: 040 – 5481792

Chak No. 89 Branch
Tel: 040-4550409-10-11-16

Pak Pattan

Pak Pattan Branch
Tel: 0457- 352591 - 4

Ada Noor Pur Branch
Tel: 0457 – 419629

Qaboola Branch
Tel: 0457-851248-51

Dinga Branch
Tel: 0537 – 401368

Gulyana Branch
Tel: 0537-588460-64

Kharian Branch
Tel: 0537 – 534211

Lala Musa Branch
Tel: 0537 - 519656 – 8

Dipalpur Branch
Tel: 044 - 454 2246 – 9

Okara Branch
Tel: 044 - 252872 – 30

Gojra Branch
Tel: 046 - 3513637

Pirmahal Branch
Tel: 046 - 3367406 – 7

Toba Tek Singh Branch
Tel: 046 - 2512052 – 5

Layyah Branch
Tel: 060 – 6415045

Chah Chand Wala
Branch Jampur
Tel: 0604567122

Haroonabad Branch
Tel: 063 - 2250614 – 15

Chishtian Branch
Tel: 063 – 2023490

Rahim Yar Khan Branch
Tel: 068 - 5879511 – 4

Chak 72 NP Rahim Yar Khan
Tel: 068-5708069-74

Sadiqabad Branch
Tel: 068 - 5803933 – 38

Mouza Kachi Jamal
Branch Khanpur
Tel: 0685577190-195

Narowal Branch
Tel: 054 - 2411271 – 73

Jehlum Branch
Tel: 054 - 4611840 – 3

Chakwal Branch
Tel: 054 - 3554317

Rabwa Branch
Tel: 047 - 6214042 - 5

Jhang Branch
Tel: 047 -7652941 – 43

Chiniot Branch
Tel: 047 - 6332713 - 14

Hasilpur Branch
Tel: 062 - 2441305 – 8

Bhawalpur Branch
Tel: 062 - 2889176 - 78

Gujrat Branch
Tel: 053 - 353 8091 – 4

Kacheri Chowk Branch
Tel: 053 – 3600583

Khanewal Branch
Tel: 065 – 2557491 – 3

Mian Chunnoo Branch
Tel: 065 - 2661282 – 85

Mouza parhar Sharqi
Kot Addu Branch
Tel: 066-2240146-49

Muzaffargarh Branch
Tel: 066 - 2424691 – 2

Mouza Ghalwan Ali Pur
Muzaffargarh
Tel: 066-2700126

Vehari Branch
Tel: 067-3360715 - 8

Burewala Branch
Tel: 067 – 3351359

Ludan Road,
Burewala Branch

Gagoo Mandi Branch
Tel: 067 - 3501071 – 76

Sargodha Branch
Tel: 048 - 3768286 - 90

DG Khan Branch
Tel: 064 – 2470954

Jauharabad Branch
Tel: 045 - 4723319 - 20 – 22

Hafizabad Branch
Tel: 0547 - 526407 – 10

Sambrial Branch
Tel: 0526 – 524105

Bhakkar Branch
Tel: 0453 - 510407- 409

Arifwala Branch
Tel: 0457- 835 477 – 81

Jalalpur Jattan Branch
Tel: 05827 - 404389-91

Mandi Bahauddin Branch
Tel: 0546 - 509452 -3

Lodhran Branch
Tel: 0608 - 361892 - 93

Bhawalnagar Branch
Tel: 063 - 2279434 - 38

Branch Network

Mandi Faizabad Branch
Tel: 0423 - 7931903 - 5

Gohad Pur Branch
Tel: 0524 - 265499 – 98

Mouza Fadda
Tel: 067-3370165-67

Tounsa Sharif Branch

Dahranwala Branch

Rawalpindi

Satellite Town Branch
Tel: 051 - 4842984 – 6

Bank Road Branch
Tel: 051 - 5120731 – 5

Raja Bazar Branch
Tel: 051 - 5778560 - 3

Bahria Town Branch
Tel: 051 - 5731351 - 4

Saidpur Road Branch
Tel: 051 - 5768049

Peshawar Road Branch
Tel: 051 - 5492873 - 4

Bahria Town Phase VII Branch
Tel: 051 – 5154891-4

AECHS
Tel: 051 - 5497012 – 15

Chakri Road Branch
Tel: 051-5129024

Range Road Branch
Tel: 051-5128871
051-5128875

Kurri Road Branch
Tel: 051-4930342-43-45

Khayaban-e-Sir Syed Branch
Tel: 051-4832091-94

Wah Cantt Branch
Tel: 051 - 4256022

Falcon Complex Branch
0311-1279501-505-512

RCCI industrial Estate,
Rawat Branch
Tel: 03458210861-71

Taxila Branch
Tel: 051 – 4535315

Lalazar Rawalpindi Cantt
Rawalpindi
Tel: 051-5122064-5

GHQ Rawalpindi
Tel: 051-5202344

Chaklala Scheme III Branch
Tel: 051-5766277 / 278 / 279

Islamabad

Blue Area Branch
Tel: 051 - 111 – 572 - 265

I-9 Markaz Branch
Tel: 051 - 4431296 - 8

F-8 Markaz Branch
Tel: 051 - 2818296 - 8

F-7 Markaz Branch
Tel: 051 - 2608402 - 5

I-8 Markaz Branch
Tel: 051 - 4864523 - 6

F-10 Markaz
Tel: 051 - 2112957 – 58

PWD/DHA Ph-2 Branch
Tel: 051 – 5170584 -5

Islamabad Stock
Exchange Branch
Tel: 051 - 2894407 - 10

DHA Phase II Branch
Tel: 051 - 4358882

Khanna Pul Branch
Tel: 051 - 4478006 - 07

G-11 Markaz Branch
Tel: 051 - 2830601

E-11 Markaz Branch
Tel: 051 – 2304993

F-11 Markaz
Tel: 051-2103404-6

G – 15 Markaz Branch
Tel: 051-2160240-41

G – 13 Markaz Branch
Tel: 051-2301378-9

Tarlai Branch
Tel: 051-2241860-4-66

Barakahu Branch
Tel: 051-2165032-7

Gulberg green
Islamabad
Tel: 0310-5998931

B-17 Islamabad
Tel: 051-5443519

Talangang Chakwal
Tel: 054-366257374

Attock Branch
Tel: 0572 – 610500

Dina Branch
Tel: 054 - 4634273 – 5

Liaqat Shaeed Road

Bhalwal
Tel: 048-6642745/9

G-8 Markaz

KHYBER PAKHTOONKHWA

Peshawar

Cantt Branch
Tel: 091 - 5279981

University Road Branch
Tel: 091 - 5711572 - 5

Karkhano Bazar Branch
Tel: 091 - 5893134 – 7

Branch Network

G.T Road Branch
Tel: 091 -2593901 -4

Dabgari Gardens Branch
Tel: 091 -2591422 -7

Grain Market Branch
Tel: 091-2590673-8

Shakus Branch
Tel: 091-5602382/83/85

Naz Cinema

Topi Branch
Tel: 0938 - 272003 – 4

Bafa Branch Mansehra
Tel: 0997 – 5110024 -6

Mansehra Branch
Tel: 0997-301882-84

Mardan Branch
Tel: 0937 - 873445 - 873452

D I Khan Branch
Tel: 0966 - 733216 -19

Mingora Branch
Tel: 0946 - 711740 - 43

Abbottabad Branch
Tel: 099 - 233 1491 – 4

Saleh Khana Branch
Tel: 0923 - 651113 - 17

Timergara Branch
Tel: 0945 - 821921

Haripur Branch
Tel: 0995 – 627370

Bannu Branch
Tel: 0928-6601673

Nowshera Branch
Tel: 092-3612004

Mattani Changan
Thordar Branch
Tel: 093-8537567

Chahkdarah
Malakand Agency
Tel: 094-5703335 - 336 – 337

Dara Adam Khel
Tel: 092-22810187

Dir Upper
Tel: 0944-880192

Shaidu, Nowshera
Tel: 0923-510013-14

Dir Charsadda

Ring Road Branch

Parachinar Branch

Ghallanai Branch

AZAD JAMMU & KASHMIR (AJK)

Chaksawari Branch
Tel: 05827 - 454790

Mirpur Branch
Tel: 05827 - 437281 - 4

Jatlan Branch
Tel: 05827 - 404388

Dadyal Branch
Tel: 0586 - 3044668 - 70

Naarr Branch
Tel: 05826 - 420784 - 85

Muzaffarabad Branch
Tel: 05822 - 929765 - 7

Kotli Branch
Tel: 05826 - 448228 -30

Khui Ratta Branch
Tel: 05826 - 414906 -7

Shensa Branch
Tel: 05826 - 422779 - 422300

Rawalakot Branch
Tel: 05824 - 445961 - 63

Charroi Branch
05826 - 415474 - 76

Hattian Muzaffarabad Branch
Tel: 058-22424011-14

Seri Branch
Tel: 058-26 -432731-4

Chitral Branch
Tel: 0943-413027-29

Bagh Branch
Tel: 0346-5449449

GILGIT BALTISTAN

Gilgit Branch
Tel: 0581-150615 - 7

Chilas Branch
Tel: 05812-450658

Skardu
Tel: 0581-5457306/306

International Branch

Bahrain Branch
Tel: 00973 - 17104603

Pattern of Shareholding

As at December 31, 2019

S.No	No. of Shareholders	Shareholdings				Total Shares Held
1	588	Shareholding From	1	to	100	7,371
2	584	Shareholding From	101	to	500	233,661
3	587	Shareholding From	501	to	1000	550,538
4	1197	Shareholding From	1001	to	5000	3,435,202
5	364	Shareholding From	5001	to	10000	2,896,080
6	724	Shareholding From	10001	to	500000	36,419,386
7	13	Shareholding From	50001	to	1000000	9,373,360
8	30	Shareholding From	100001	to	5000000	76,545,281
9	3	Shareholding From	500001	to	10000000	20,158,719
10	8	Shareholding From	10000001	to	1297464262	1,147,844,664
Total	4098			Percentage: 100%		1,297,464,262

Pattern of Shareholding

As at December 31, 2019

Categories of Shareholders	Shares Held	Percentage %
Banks, development finance institutions, non-banking finance companies.	2,185,851	0.17
Insurance Companies	19,509,194	1.50
Directors and their spouse(s) and minor children		
Mr. Kalim-ur-Rahman	1,500,001	0.12
Mr. Adil Matcheswala	200,000	0.02
Mr. Ashraf Nawabi	1	0.00
Mr. G. M. Sikander	1	0.00
Mr. Munawar Alam Siddiqui	1	0.00
Ms. Nargis Ghaloo	33,001	0.00
Mr. Hassan Afzal	1	0.00
Mr. Sohail Aman	1	0.00
Mr. Basir Shamsie	1	0.00
Mrs. Safia Munawar	155,000	0.01
Mrs. Hafsa Shamsie	328,320	0.03
Sub - Totals:	23,911,373	1.84
Associated companies, undertakings and related parties		
Jahangir Siddiqui & Co. Limited	973,307,324	75.02
Modarabas and Mutual Funds	9,200,643	0.71
NIT & ICP	972	0.00
Executives	90,004	0.01
Foreign Investors	28,261,383	2.18
Others	112,827,937	8.70
Individual - Local	149,864,626	11.55
G- Totals	1,297,464,262	100

Details of the transactions carried out by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor children during the period from January 01, 2019 to December 31, 2019.

None of the Directors. CEO, CFO and Company Secretary their spouse and minor children during the year Januray 01,2019to December 31, 2019 carried out transactions in the shares of the bank.

Notice of Fourteenth Annual General Meeting

Notice is hereby given that the Fourteenth Annual General Meeting of the shareholders of JS Bank Limited (the "**Bank**") will be held on Friday, March 27, 2020 at 9:30 a.m. Sapphire Hall, Ramada Karachi Creek, Zulfiqar Street1, D.H.A. Phase VIII, Karachi, to transact the following business:

ORDINARY BUSINESS:

i. To receive, consider and adopt the Annual Audited Standalone and Consolidated Financial Statements of the Bank for the year ended December 31, 2019 together with the Directors' and Auditors' Reports thereon.

ii. To appoint Bank's Auditors for the year ended December 31, 2020 and fix their remuneration. Audit Committee and the Board of Directors have recommended the appointment of the retiring auditors, Messrs. EY Ford Rhodes, Chartered Accountants, (a member firm of Ernst & Young Global Limited) who being eligible have offered themselves for re-appointment.

SPECIAL BUSINESS:

iii. Investment in EFU Life Assurance Limited

To consider and if thought fit, to pass the following resolutions as Special Resolutions with or without any modifications, addition or deletion:

"**RESOLVED** that, the shareholders' resolution dated March 29, 2017 authorising long term equity investment by JS Bank Limited ("**Bank**") in EFU Life Assurance Limited of up to a limit of PKR 675,000,000 that was partly utilized by purchasing 1,189,600 shares of the total amount of PKR 250,734,849, be and is hereby renewed to authorize the Bank under Section 199 of the Companies Act, 2017 (as may be revised or restated) to make a total long term equity investment in EFU Life Assurance Limited of up to PKR 675,000,000 (inclusive of investment of PKR 250,734,849 already made by the Bank) by way of purchase of Ordinary Shares of EFU Life Assurance Limited from time to time from the secondary market at the prevailing market price, of the total purchase price equivalent of PKR 424,265,151, so as to make the total equity investment in EFU Life upto PKR 675,000,000, subject to compliance with all legal requirements.

''**FURTHER RESOLVED** that the above resolution shall be valid for a period of three years from the date of passing of the said Special Resolution".

FURTHER RESOLVED that all other resolutions passed in relation to the long-term equity investment by the Bank in EFU Life Assurance Limited vide shareholders' resolution dated March 29, 2017 be and are hereby renewed, confirmed and ratified without any amendments."

Karachi: March 6, 2020

By Order of the Board

Ashraf Shahzad
Company Secretary

Notes:

a. Share transfer books of the Bank will remain closed from March 20, 2020 to March 26, 2020 (both days inclusive). Transfers received in order at Bank's Independent Share Registrar, CDC Share Registrar Services Limited, CDC House, Shahra-e-Faisal, Karachi at the close of business on March 19, 2020 will be treated in time for purpose of attending and vote at the Meeting.

b. A member of the Bank entitled to attend, and vote may appoint another member as his/her proxy to attend and vote instead of him/her.

c. Proxies must be received at the Registered Office of the Bank not later than 48 hours before the time of the Meeting.

d. Beneficial owners of the shares registered in the name of CDC Share Registrar Services Limited (CDCSRSL) and/or their proxies will have to follow the following guidelines as laid down by the Securities and Exchange Commission of Pakistan:

For Attending the Meeting

- In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with Participant ID number and the account number at the time of attending the Meeting.

- In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

For Appointing Proxies

- In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

- The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

- Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

- The proxy shall produce his original CNIC or original passport at the time of the Meeting.

- In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Bank.

- Shareholders are requested to notify immediately for any change in their address to the Bank Registrar.

Notice to Shareholders who have not provided CNIC:

The Companies (Distribution of Dividends) Regulations, 2017 requires that the dividend warrants should bear the Identification Number which includes: (i) in the case of a registered shareholder or an authorized person, the Computerized National Identity Card Numbers (CNIC); (ii) in the case of a minor, child registration number or juvenile card number; and (iii) in the case of corporate shareholders registration number or national tax number. The Identification Number of the shareholders is, therefore, mandatory for the issuance of dividend warrants and in the absence of such information, payment of dividend may be withheld in terms of the Companies (Distribution of Dividends) Regulations, 2017. Therefore, the shareholders who have not yet provided their Identification Numbers advised to provide their Identification Numbers (if not already provided) directly to our Independent Share Registrar at the address given herein above without any further delay.

Placement of Financial Statements

The Bank has placed the annual Audited Financial Statements for the year ended December 31 2019, along with the Auditors and Directors Reports on its website: www.jsbl.com.

Mandate for E-DIVIDENDS for shareholders

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. CDC Share Registrar Services Limited, CDC House, Shahra-e-Faisal, Karachi in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.

Deduction of Income Tax from Dividend at Revised Rates

Pursuant to the provisions of the Finance Act deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website.

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.

E-Voting

Pursuant to SECP S.R.O. No. 43(I)/2016 dated January 22, 2016, members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of meeting to the Bank on the appointment by the Intermediary as a Proxy.

Provision of Video Link Facility

Shareholders may participate in the meeting via video-link facility. If the Bank receives a demand (at least 7 days before the date of meeting) from shareholder(s) holding an aggregate 10% or more shareholding residing in any other city, to participate in the meeting through video link, the Company will arrange video link facility in that city.

Shareholders, who wish to participate through video-link facility, are requested to fill in 'Video Link Facility Form' available at Bank's website and send a duly signed copy to the Registered Address of the Company.

Distribution of Annual Report

The audited financial statements of the Bank for the year ended December 31, 2019 have been made available on the Company's website (http://www.jsbl.com/) in addition to annual and quarterly financial statements for the prior years.

Further, Annual Report of the Bank for the year ended December 31, 2019 is dispatched to the shareholders through CD. However, if a shareholder, in addition, requests for hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven days of receipt of such request. For convenience of shareholders, a "Standard Request Form for provision of Annual Audited Accounts" has also been made available on the Bank's website (http://www.jsbl.com/).

Statement Under Section 134 (3) of the Companies Act, 2017

Investment in EFU Life Assurance Limited

- The shareholders of the Bank in their meeting held on March 29, 2017 authorized the Bank, under Section 199 of the Companies Act, 2017, to make long term equity investment in the associated company, EFU Life Assurance Limited**,** up to a maximum amount of PKR 675 million.

- Out of the approved limit of PKR 675 million, the Bank made an investment of PKR 250,734,849 by purchasing 1,189,600 Ordinary Shares of EFU Life Assurance Limited (EFUL), leaving an unutilized limit of PKR 424,265,151.

- The Board of Directors of the Bank in their meeting held on February 27, 2020 resolved to renew maximum limit of long term equity investment in the associated company, EFUL upto PKR 675 million by way of purchase of Ordinary Shares of EFUL from time to time from the secondary market at the prevailing market price, aggregating to the purchase price equivalent of PKR 424,265,151 subject to the consent and approval of members under Section 199 of the Companies Act, 2017 and fulfillment of other legal requirements.

- EFUL is currently an associated company of the Bank by virtue of 20.05% shareholding of Jahangir Siddiqui & Co. Limited ("**JSCL**") the holding company of the Bank and 0.09% shareholding of Energy Infrastructure Holding (Private) Limited ("**EIHPL**"), a wholly owned subsidiary of the JSCL. At the time of the shareholders' resolution dated

March 29, 2017, the Bank was an associated company of EFUL by virtue of common directorship and 20.60% shareholding of JSCL and 1.72% of EIHPL.

- The Bank seeks the approval of the shareholders for renewal of investment limits approved vide shareholders' resolution dated March 29, 2017 to enable the Bank to make a total long term equity investment of up to PKR 675 million as earlier approved in EFUL by way of purchase of Ordinary Shares of EFUL at the prevailing market price. All other terms and conditions of the proposed long-term equity investment as approved by the shareholders vide shareholders' resolution dated March 29, 2017 shall remain unaltered.

- Except for the 20.05% shareholding of JSCL and 0.09% shareholding of EIHPL, the directors, sponsors, majority shareholders of the Bank and their relatives have no vested interest, directly or indirectly, in EFUL and the proposed investment therein, except to the extent of their/spouses' shareholdings in the investee company.

- The directors submit that they have carried out the necessary due diligence for the proposed investment in EFUL. The duly signed recommendation of the due diligence report and latest audited and reviewed financial statements of EFUL will be available to the members for inspection in the Annual General Meeting to be held on March 27, 2020.

- EFUL has no interest in the Bank, except that it is an associate company of the Bank. The directors, sponsors and majority shareholders of EFUL have no interest except to the extent of their/spouses' shareholdings, if any in the Bank.

Information Required under Regulation 3 (1) (a) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

S. No	Description	Information Required
1	Name of associated company	EFU Life Assurance Limited ("EFUL")
2	Criteria for Associated relationship	EFUL is an associated company of the Bank by virtue of 20.05% shareholding of JSCL (the holding company of the Bank) and 0.09% shareholding of EIHPL (wholly owned subsidiary JSCL).
3	Purpose, benefit and period of Investment	Long-term investment for the benefit of the Bank and to earn dividend and capital appreciation in the long run
4	Maximum amount of Investment	Upto PKR 675 million (same as earlier approved)
5	Maximum price at which securities to be acquired.	Not more than the price quoted on Pakistan Stock Exchange on the date of each purchase
6	Maximum number of securities to be Acquired.	Such number of shares, the purchase price of which is equivalent the amount of PKR 675 million (less PKR 250,734,849 already utilized) i.e. equivalent of the balance amount of PKR 424,265,151
7	Number of securities and percentage thereof held before and after the proposed investment	Present shareholding: 1,189,600 shares, representing 1.19% of the issued capital of the investee company. Number of shares and the percentage after the proposed investment will depend upon the prevailing market price at the time of acquisition of shares

8	Average of the preceding 12 weekly average price of the security intended to be acquired.	PKR 199.94 per share (from Nov. 15, 2019 to Feb.15, 2020)
9	Break-up value of securities intended to be acquired on basis of the latest audited financial statements	PKR 60.28 per share as per audited financial statements as on Dec. 31, 2019. Which are the last audited financial statement available on the date of issuance of this notice.
10	Earnings per share of the associated company for the last 3 years	Dec 31, 2019 PKR 15.49 Dec 31, 2018 PKR 15.81 Dec 31, 2017 PKR 19.10
11	Sources of funds from which securities will be acquired:	Own funds and borrowings.
	• Justification for investment through borrowings	The gains/returns/dividend are expected to be higher than the cost of funds.
	• Details of guarantees & assets pledged for obtaining such funds	Not Applicable
12	Salient features of all agreements entered into with the associated company or associated undertaking or with the financial institution (s) with regards to proposed transfer of liabilities	Purchase of shares is from the secondary market. Therefore, this is not applicable.
13	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives in the associated company and the proposed transaction	Except being associated company of JSCL and EIHPL, the Directors, sponsors, majority shareholders of the Bank and their relatives have no vested interest in the associated company or the proposed investment except to the extent of their and their spouses' shareholdings in the associated company, if any.

FORM OF PROXY

14th Annual General Meeting

The Company Secretary
JS Bank Limited
Shaheen Commercial Complex
Dr. Ziauddin Ahmed Road
P.O. Box 4847 Karachi 74200 Pakistan

I/We ____________________________ of ______________ being member(s) of JS Bank Limited holding ______________ Ordinary shares as per Register Folio No/CDC/A/c No. ___________________ hereby appoint ______________________ of ____________________ or failing him ___________________ of ______________________ as my / our proxy to attend, act and vote for me / us and on my / our behalf at the 14th Annual General Meeting of the Bank to be held on March 27, 2020 and / or any adjournment thereof.

As witness my / our hand / seal this ____ day of ________________ 2020 signed by ___________________________ in the presence of (name & address)

Witness:

1. Name: ___________________________

Address ___________________________

CNIC or ___________________________

Passport No. ___________________________

Signature ___________________________

Signature on Rs. 5/-
Revenue Stamp

The signature should
agree with the specimen
registered with the Bank

Witness:

2. Name: ___________________________

Address ___________________________

CNIC or ___________________________

Passport No. ___________________________

Signature ___________________________

Important:

1. A member of the Bank entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her.

2. The proxy form, duly completed and signed, must be received at the Office of the Bank situated at Shaheen Commercial Complex Dr. Ziauddin Ahmed Road, Karachi 74200 not less than 48 hours before the time of holding the meeting.

3. No person shall act as proxy unless he / she himself is a member of the Bank, except that a corporation may appoint a person who is not a member.

4. If a member appoints more than one proxy and / or more than one instruments of proxy are deposited by a member with the Bank, all such instruments of proxy shall be rendered invalid.

5. Beneficial Owner of the physical shares and the shares registered in the name of CDC Share Registrar Services Limited (CDCSRSL)and / or their proxies are required to produce their original Computerized National Identity Card (CNIC) or Passport for identification purposes at the time of attending meeting. The Form of proxy must be submitted with the Bank within the stipulated time, duly witnessed by two persons whose names, address and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or the Passport of the beneficial owner and the proxy. In case of a corporate entity, the Board of Directors' Resolution / Power of Attorney along with the specimen signature shall be submitted (unless it has been provided earlier along with the proxy form to the Bank).

پراکسی فارم

چودھواں سالانہ اجلاس عام

کمپنی سیکریٹری

جے ایس بینک لمیٹڈ

شاہین کمرشل کمپلیکس

ڈاکٹر ضیاء الدین احمد روڈ

پی او باکس نمبر 4847، کراچی 74200 پاکستان

میں /ہم ________________ جے ایس بینک لمیٹڈ کے ممبران اور بمطابق رجسٹرڈ فولیو نمبر /سی ڈی سی /اکاؤنٹ نمبر ____________ عمومی حصص کے مالکان ہیں، جناب ________________ یا ان کی عدم دستیابی کی صورت میں جناب ________________________ کو بینک کے چودھویں سالانہ اجلاس عام منعقدہ 27 مارچ 2020 یا کسی ملتوی شدہ تاریخ پر اپنی جانب سے حاضر ہونے، حصہ لینے اور ووٹ دینے کے لئے عوضی (Proxy) مقرر کرتا ہوں /کرتے ہیں۔

گواہان (نام اور پتے) کی موجودگی میں آج بروز ________________ 2020کو میں نے ذاتی طور پر دستخط کئے/مہر مثبت کی۔

گواہ:

1۔ نام: ______________________________

دستخط: ______________________________

پتہ: ______________________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: ________________

گواہ:

2۔ نام: ______________________________

دستخط: ______________________________

پتہ: ______________________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: ________________

اہم نوٹ:

1۔ بینک کا کوئی ممبر کسی دوسرے ممبر کو اپنی جگہ اجلاس میں حاضر ہونے، حصہ لینے اور ووٹ دینے کے لیے عوضی مقرر کرسکتا ہے۔

2۔ باقاعدہ مکمل اور دستخط شدہ پراکسی فارم اجلاس عام کے انعقاد سے کم از کم 48 گھنٹے قبل بینک کے دفتر بمقام شاہین کمرشل کمپلیکس، ڈاکٹر ضیاء الدین احمدروڈ، پی او باکس نمبر 4847، کراچی 74200 پاکستان پر موصول ہوجانا چاہئیں۔

3۔ ایسا کوئی شخص بطور عوضی اجلاس میں شریک نہیں ہوسکتا جو بینک کا/کی ممبر نہ ہو، سوائے کوئی کارپوریشن جو کسی غیر ممبر کو اپنا عوضی مقرر کرسکتی ہے۔

4۔ اگر کوئی ممبر ایک سے زائد عوضی مقرر کرتا ہے اور ایک سے زائد عوضی فارم بینک کو موصول ہوتے ہیں تو ایسے تمام فارم منسوخ تصور کیے جائیں گے۔

5۔ فزیکل حصص کے مالکان اور سی ڈی سی میں رجسٹرڈ حصص کے مالکان اور /یاان کے عوضی اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC)یاپاسپورٹ شناختی مقاصد کے لیے پیش کرنا ہوگا۔ باقاعدہ مکمل اور دستخط شدہ پراکسی فارم بینک میں مقررہ وقت پر جمع کروادیا جائے، جس پر دو گواہوں کے دستخط، نام، پتہ، کمپیوٹرائزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر درج ہو۔ اس کے ہمراہ بینیفشل مالک اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ کی تصدیق شدہ نقل بھی منسلک ہونا ضروری ہے۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ نمونے کے دستخط جمع کروائی جائے (اگر پہلے سے پراکسی فارم کے ہمراہ جمع نہیں کروائی گئی)۔

JS BANK
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Dr. Ziauddin Ahmed Road,
P.O Box 4867, Karachi-74200, Pakistan.
UAN: +92-21-111-JS BANK (572-265)