



**Half Yearly Report**  
**June 30, 2023 (Un-audited)**



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**Bank as free  
as a bird**

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# Company Information

## Board of Directors

Mr. Adil Matcheswala	Chairman
Ms. Nargis Ghaloo	Independent Director
Lt. Gen. (R) Sadiq Ali	Independent Director
Mr. Shahnawaz Haider Nawabi	Independent Director
Syed Mumtaz Ali Shah	Independent Director
Mr. Usman Yousaf Mobin	Independent Director
Mr. Basir Shamsie	President & CEO/ Director

## Audit Committee

Ms. Nargis Ghaloo	Chairperson
Mr. Shahnawaz Haider Nawabi	Member
Lt. Gen. (R) Sadiq Ali	Member

## Human Resource, Remuneration & Nomination Committee

Syed Mumtaz Ali Shah	Chairman
Mr. Adil Matcheswala	Member
Mr. Usman Yousaf Mobin	Member

## Risk Management Committee

Syed Mumtaz Ali Shah	Chairman
Lt. Gen. (R) Sadiq Ali	Member
Mr. Shahnawaz Haider Nawabi	Member
Mr. Basir Shamsie	Member

## Board IT Committee

Mr. Usman Yousaf Mobin	Chairman
Ms. Nargis Ghaloo	Member
Mr. Basir Shamsie	Member

## Chief Financial Officer

Mr. Amin Muhammad Virani

## Company Secretary

Mr. Hasan Shahid

## Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road, Karachi.

## Legal Advisors

Bawaney & Partners  
Haidermota & Co.  
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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[www.jsbl.com](http://www.jsbl.com)

## **DIRECTORS' REPORT**

We are pleased to present the reviewed financial statements of JS Bank Limited for the half-year ended June 30, 2023.

### **Economy Review**

Economic environment continued to remain challenging. Owing to supply disruptions and passthrough from PKR depreciation, average headline inflation peaked to 33.1 % in 1H2023 from 14.4 % in the same period last year. Rupee has witnessed a considerable slump in June 2023 as it depreciated 27 % vs. December 2022, and 40 % year-on-year. External account has been showing some respite primarily owing to 38 % YoY decline in trade deficit. Nevertheless, this is mainly the result of economic slowdown as Large-Scale Manufacturing recorded 10 % YoY contraction during the first 11 months of FY23 as compared to a growth of 12 % during the same period last year.

Owing to a sticky inflation, especially core inflation, Central Bank continued to follow a hawkish monetary policy as it increased the Policy Rate by another 100 bps to 22 % in June 2023. Current increase in the Policy Rate has taken cumulative increase to 500bps since December 2022, and 825bps since June 2022.

On a positive note, authorities have secured IMF's Stand-By Arrangement to the tune of USD 3 billion. First tranche of the Arrangement (USD 1.2 billion) was immediately made available while the remaining amount will be released subject to two quarterly reviews ahead. The release of first tranche, coupled with deposits from UAE and Saudi Arabia, saw country's foreign exchange reserves increasing to approximately USD 8.7 billion in July 2023 from USD 4.4 billion at the end of FY23 (June).

### **Banking Sector Review**

Owing to monetary tightening, banking sector's spreads also increased from 6.27 % in December 2022 to 7.73 % in June 2023. Sector's Deposits were recorded at PKR 25.5 trillion in June 2023 vs PKR 22.5 trillion in December 2022 (up 14 %), while Advances were reported at PKR 12.2 trillion in June 2023 against PKR 11.9 trillion in December 2022 (up 2 %). Higher growth in Deposits has led to Sector's ADR falling to 48 % in June 2023 from 53 % in December 2022. Sector's Gross Non-Performing Loans stood at PKR 999.8 billion for 1Q2023 translating into a Gross Infection Ratio of 8.4 %.

### **Performance Review**

For the half year ended June 30, 2023, the Bank reported a Profit Before Tax of PKR 3,209 million (Profit After Tax of PKR 1,508 million), as compared to a Profit Before Tax of PKR 971 million (Profit After Tax of PKR 426 million) during the corresponding period last year. During the period, Bank's Net Interest Income increased by 57 % YoY primarily owing to improvement in deposit mix. Term Deposits have strategically been reduced by 32 % YoY, while Non-Remunerative Deposits increased by 17 % YoY resulting in share of Non-Remunerative in Total Deposits increasing to 36 % from 30 % in the same period last year.

Bank's Non-Markup Income also increased by 63 % YoY to PKR 4,012 million with larger impetus coming from foreign exchange income followed by Fee Income and Dividends. On the other

hand, Operating Expense has increased by 30% YoY to PKR 10,155 million owing to a record high inflation during 1H2023 and Rupee depreciation. This increase also includes the impact of higher compensation for junior staff, hiring at Zindigi & Retail Banking, and marketing expenses to create demand for our products. However, despite higher Opex, Bank's cost to income ratio has improved to 70.9% from 87.3% in the corresponding period last year. NII to Operating Cost Ratio has also increased from 83.6% to 101.9% during the period under review. Improvement in both ratios depicts enhanced intermediation efficiency of the Bank.

Considering a precarious economic environment, Bank has been following a cautious lending approach. Gross Advances therefore reduced to PKR 210 billion from PKR 239 billion in December 2022. Non-performing loans have also decreased to PKR 14.0 billion from PKR 16.3 billion in December resulting in Gross Infection Ratio to slightly fall to 6.7% from 6.8% in December 2022. Moreover, Stronger profitability has also allowed the Bank to improve Coverage Ratio to 56.8% as compared to 41.3% in the corresponding period last year. Bank's capital strength has also improved with Capital Adequacy Ratio increasing to 15.42% as compared to 13.26% in December 2022.

The Bank has continued improving the digital infrastructure of legacy bank. Multiple digitization initiatives pertaining to Robotic Process Automation have been rolled out, which will result in bringing cost efficiencies going forward. Bank's digital channels have also witnessed substantial growth as customer penetration on JS Mobile App, JS Bot and JS Blink has increased 35% YoY, 79% YoY and 175% YoY respectively. Digitization of the account opening process has also been rolled out across 91 branches of the Bank, with 100% coverage targeted for 2023. Owing to these improvements, JS Bank was awarded the 'Most Innovative Digital Banking Service Provider' at the International Finance Awards 2023. Moreover, Bank's Roshan Digital Account (RDA) business has also recorded significant growth. Since its inception in 2022, Bank's RDA channel has added 16,000 new-to-bank accounts and attracted USD 19.5 million remittances. Under the Open Banking business, Bank have formulated several collaborations with FINTECHs and Start-ups, which are expected to enhance our digital footprint and improve Bank's Non-Funded Income going forward.

In its second year of operations, JS Bank's digital banking platform **Zindigi** has solidified its position as a robust contender in mobile banking. Banking transactions worth PKR 66.8 billion (up 44%) were carried out across multiple Zindigi channels including International Remittance, Bill Payments, Mobile Bundles, Ticketing, and investment in Stocks & Mutual Funds. Zindigi's Social Entrepreneurship Program 'Z-Prize', which aims to foster startups selected from 200+ universities, is also progressing well. Recognizing its progress, Zindigi has also been honored with the Best Digital Startup Award at the Pakistan Digital Awards 2023.

### **Consolidated Financial Statements**

On a consolidated basis, JS Bank along with its subsidiaries JS Global Capital and JS Investments earned a profit before tax of PKR 3,333 million (profit after tax of PKR 1,591 million) for the half year ended June 30, 2023, as compared to a profit before tax of PKR 1,165 million (profit after tax of PKR 583 million) in the corresponding period last year. The earnings per share stood at PKR 1.22 for the half year ended June 30, 2023, and the Group remains satisfactorily capitalized with CAR at 16.04%.

### **Acquisition of BankIslami Pakistan Limited ('BIPL')**

Update on the acquisition of BIPL is disclosed in note 1.3 of unconsolidated and note 1.4 of consolidated financial statements for the half year ended June 30, 2023.

### **Credit Ratings**

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

### **Acknowledgments**

On behalf of JS Bank, we would like to extend our gratitude to our customers and stakeholders for their ongoing trust and patronage. We would also like to thank the Ministry of Finance, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan, and other regulatory bodies for their continued support to our Bank. We would also thank our fellow colleagues for their commitment to hard work, excellence, and drive to succeed.

On behalf of the Board

Basir Shamsie  
President & CEO

Adil Matcheswala  
Chairman

Karachi: August 23, 2023

## ڈائریکٹر رپورٹ

ہم 30 جون 2023ء کو ختم ہونے والی ششماہی کیلئے جے ایس بینک لمیٹڈ کے مالیاتی حسابات پیش کرنے میں مسرت محسوس کرتے ہیں۔

### اقتصادی جائزہ:

معاشی ماحول بدستور چیلنج کا شکار رہا۔ سہولتی میں رکاوٹوں اور روپے کی قدر میں کمی کے باعث 2023 کی پہلی ششماہی میں افراط زر اوسطاً 33.1 فیصد تک پہنچ گئی جو کہ گذشتہ سال کی اسی مدت میں 14.4 فیصد تھی۔ جون 2023 میں روپے کی قدر میں کافی کمی دیکھنے میں آئی کیونکہ دسمبر 2022 کے مقابلے میں روپے کی قدر میں 27 فیصد اور سال بہ سال 40 فیصد کمی ہوئی۔ تجارتی خسارے میں سال بہ سال 38 فیصد کمی کے باعث بیرونی کھاتے میں بنیادی طور پر پیشرفت نظر آرہی ہے۔ اس کے باوجود، یہ بنیادی طور پر معاشی سست روی کا نتیجہ ہے کیونکہ مالی سال 2023 کے پہلے 11 مہینوں کے دوران بڑے پیمانے پر پیداواری شعبہ نے سالانہ 10 فیصد کمی ریکارڈ کی جبکہ گذشتہ سال کی اسی مدت کے دوران شرح نمو 12 فیصد تھی۔

افراط زر میں اضافہ، خاص طور پر بنیادی افراط زر کے باعث سنٹرل بینک نے سخت مانیٹری پالیسی کی پیروی جاری رکھی کیونکہ اس نے جون 2023 میں پالیسی ریٹ میں مزید 100 bps کا اضافہ کر کے اسے 22 فیصد کر دیا۔ پالیسی ریٹ میں موجودہ اضافہ مجموعی طور پر دسمبر 2022 سے 500 bps اور جون 2022 سے 825 bps تک پہنچ گیا ہے۔

ایک مثبت نوٹ یہ کہ حکام نے آئی ایم ایف کے 3 بلین امریکی ڈالر کا اسٹینڈ بائی آرینجمنٹ محفوظ کر لیا ہے۔ آرینجمنٹ کی پہلی قسط (1.2 بلین امریکی ڈالر) فوری طور پر دستیاب کر دی گئی ہے جبکہ باقی رقم دوسرے ماہی جائزوں کے بعد جاری کی جائے گی۔ پہلی قسط کے اجراء کے ساتھ متحدہ عرب امارات اور سعودی عرب کے ذخائر نے دیکھا کہ جولائی 2023 میں ملک کے زرمبادلہ کے ذخائر تقریباً 8.7 بلین امریکی ڈالر تک بڑھ گئے جو مالی سال 2023 (جون) کے آخر میں 4.4 بلین امریکی ڈالر تھے۔

### بینکنگ سیکٹر کا جائزہ:

مالیاتی سختی کے باعث، بینکنگ سیکٹر کا اسپریڈ بھی دسمبر 2022 میں 6.27 فیصد اضافہ ہوا جو کہ جون 2023 میں 7.73 فیصد تک پہنچ گیا۔ جون 2023 میں بینکنگ سیکٹر کے ذخائر 25.5 ٹریلین روپے ریکارڈ کئے گئے جو کہ دسمبر 2022 میں 22.5 ٹریلین روپے تھے جو کہ 14 فیصد کا اضافہ ہے، جبکہ جون 2023 میں ایڈوانسز 12.2 ٹریلین روپے رپورٹ کیے گئے جو کہ دسمبر 2022 میں 11.9 ٹریلین روپے تھے جو کہ 22 فیصد کا اضافہ ہے۔ ڈپازٹس میں زیادہ شرح نمو کے باعث جون 2023 میں سیکٹر کے ADR میں 48 فیصد کمی آئی جو کہ دسمبر 2022 میں 53 فیصد تھا۔ سال 2023 کی پہلی سہ ماہی کیلئے سیکٹر کے نان پرفارمنگ قرضہ جات 999.8 بلین روپے تک پہنچ گئے جس سے شعبہ کے انفیکشن کا تناسب 8 فیصد رہا۔

## مالیاتی کارکردگی:

30 جون 2023 کی اختتام ششماہی کیلئے بینک کا قبل از ٹیکس منافع 3,209 ملین روپے (بعد از ٹیکس منافع 1,508 ملین روپے) رہا جس کا موازنہ گذشتہ سال کی اسی مدت کے قبل از ٹیکس منافع 971 ملین روپے (بعد از ٹیکس منافع 426 ملین روپے) سے کیا جاسکتا ہے۔ دوران مدت، بینک کی خالص سودی آمدنی میں سال بہ سال 57 فیصد کی شرح سے اضافہ ہوا جو کہ بنیادی طور پر ڈپازٹ کس میں بہتری کے باعث ہوا۔ حکمت عملی کے مطابق ٹرم ڈپازٹس میں سال بہ سال 32 فیصد کمی ہوئی، جبکہ غیر منافع بخش ڈپازٹس میں سال بہ سال 17 فیصد تک کا اضافہ ہوا، جس کے نتیجے میں کل ڈپازٹس میں غیر منافع بخش ڈپازٹس میں 36 فیصد تک کا اضافہ ہوا جو کہ گذشتہ سال کی اسی مدت میں 30 فیصد تھے۔

بینک کی نان مارک اپ آمدنی میں بھی سال بہ سال 63 فیصد تک کا اضافہ ہوا جو کہ 4,102 ملین روپے تک پہنچ گئی جس کے بعد فیس انکم اور ڈیویڈنڈز کے بعد غیر ملکی زرمبادلہ کی آمدنی سے بڑی تبدیلی آئی۔ دوسری جانب 2023 کی پہلی سہ ماہی کے دوران ریکارڈ بلند افراط زر اور روپے کی قدر میں کمی کی وجہ سے آپریٹنگ اخراجات میں سال بہ سال 30 فیصد کا اضافہ ہوا اور یہ 10,155 ملین روپے تک پہنچ گئے۔ اس اضافے میں جونیر اسٹاف کے لیے زیادہ معاوضے، زندگی اور ریٹیل بینکنگ میں ملازمت اور ہماری مصنوعات کی مانگ پیدا کرنے کے لیے مارکیٹنگ کے اخراجات کا اثر بھی شامل ہے۔ تاہم، اعلیٰ اوپیکس کے باوجود، بینک کی لاگت سے آمدنی کا تناسب گزشتہ سال کی اسی مدت کے تناسب 87.3 فیصد سے 70.9 فیصد ہو گیا۔ زیر جائزہ مدت کے دوران NII سے آپریٹنگ لاگت کا تناسب بھی 83.6 فیصد سے بڑھ کر 101.9 فیصد تک ہو گیا۔ دونوں تناسب میں بہتری بینک کی وسعت کی کارکردگی کو ظاہر کرتی ہے۔

ایک غیر یقینی اقتصادی ماحول کو مد نظر رکھتے ہوئے، بینک قرض دینے کیلئے محتاط انداز اپنا رہا ہے۔ اس لئے دسمبر 2022 میں مجموعی ایڈوانسز 239 بلین روپے سے کم کر کے 210 بلین روپے کر دیئے گئے۔ نان پرفارمنگ قرضہ جات بھی دسمبر میں 16.3 بلین روپے سے کم ہو کر 14.0 بلین روپے ہو گئے جس کے نتیجے میں دسمبر 2022 میں مجموعی انشیکشن کا تناسب 6.8 فیصد سے کم ہو کر 6.7 فیصد ہو گیا۔ مزید یہ کہ مضبوط منافع نے بینک کے کوریج ریشو کو 56.8 فیصد تک بہتر کرنے کے قابل بنایا جو کہ گذشتہ سال کی اسی مدت میں 41.3 فیصد تھا۔ دسمبر 2022 کے کیپٹل ایڈیکسی ریشو 13.26 فیصد کے مقابلے میں بڑھ کر 15.42 فیصد ہو گیا جس کے ساتھ بینک کے سرمائے میں بھی بہتری آئی ہے۔

بینک نے لیگیسی بینک کے ڈیجیٹل انفراسٹرکچر کو بہتر بنانے کا سلسلہ جاری رکھا ہوا ہے۔ روبوٹک پروسیس آٹومیشن سے متعلق متعدد ڈیجیٹل سہولتیں اقدامات شروع کیے گئے ہیں، جس کے نتیجے میں لاگت کی استعداد کار میں اضافہ ہوگا۔ بینک کے ڈیجیٹل چینلز میں بھی خاطر خواہ اضافہ دیکھنے میں آیا ہے کیونکہ جے ایس موبائل ایپ، JS Bot اور JS Blink پر صارفین کی رسائی میں بالترتیب سال بہ سال 35 فیصد، سال بہ سال 79 فیصد اور سال بہ سال 175 فیصد اضافہ ہوا ہے۔ بینک کی 91 برانچوں میں اکاؤنٹ کھولنے کے عمل کی ڈیجیٹلائزیشن کو بھی شروع کیا گیا ہے، جس میں 2023 کے لیے 100% کوریج کا ہدف رکھا گیا ہے۔ ان بہتریوں کی وجہ سے، جے ایس بینک کو انٹرنیشنل فنانس ایوارڈز 2023 میں "Most Innovative Digital Banking Service Provider" سے نوازا گیا۔



مزید برآں، بینک کے روشن ڈیجیٹل اکاؤنٹ (RDA) کے کاروبار میں بھی نمایاں اضافہ ریکارڈ کیا گیا ہے۔ 2022 میں اپنے آغاز سے ہی بینک کے RDA چینل نے 16,000 نئے بینک اکاؤنٹس کا اضافہ کیا اور 19.5 ملین امریکی ڈالر ترسیلات زر کو راغب کیا۔ اوپن بینکنگ کاروبار کے تحت، بینک نے FINTECHs اور Start-ups کے ساتھ کئی اشتراکات کی ہیں، جس سے ہمارے ڈیجیٹل فوٹ پرنٹ کو بڑھانے اور بینک کی نان فنڈڈ انکم کو آگے بڑھانے کی امید ہے۔

جے ایس بینک کے ڈیجیٹل بینکنگ پلیٹ فارم زندگی نے اپنے آپریشنز کے دوسرے سال میں موبائل بینکنگ میں ایک مضبوط دعویدار کے طور پر اپنی پوزیشن مستحکم کی ہے۔ متعدد زندگی چینلز میں بین الاقوامی ترسیلات زر، بل کی ادائیگی، موبائل بنڈلز، ٹکٹنگ، اور اسٹاکس اور میوچل فنڈز میں سرمایہ کاری سمیت 66.8 بلین روپے (44% تک) کی بینکنگ ٹرانزیکشنز کی گئیں۔ زندگی کا سوشل انٹرپرائیز شپ پروگرام "Z-Prize" بھی ترقی کی جانب گامزن ہے جس کا مقصد 200 سے زائد یونیورسٹیوں سے منتخب اسٹارٹ اپس کو فروغ دینا ہے۔ اس کی پیشرفت کو تسلیم کرتے ہوئے، زندگی کو پاکستان ڈیجیٹل ایوارڈز 2023 میں بہترین ڈیجیٹل اسٹارٹ اپ ایوارڈ سے بھی نوازا گیا ہے۔

### عمدوری مالیاتی حسابات:

ایک مضبوط بنیاد کے تحت جے ایس بینک نے اپنی ذیلی کمپنیوں جے ایس گلوبل کیپٹل اور جے ایس انویسٹمنٹ کے ساتھ 30 جون 2023 کو ختم ہونے والی ششماہی کے لیے 3,333 ملین روپے کا قبل از ٹیکس منافع حاصل کیا (بعد از ٹیکس منافع 1,591 ملین روپے) جس کا موازنہ گذشتہ سال کی اسی مدت کے قبل از ٹیکس منافع 1,165 ملین روپے (بعد از ٹیکس منافع 583 ملین روپے) سے کیا جاسکتا ہے۔ 30 جون 2023 کو ختم ہونے والی ششماہی کے لیے فی حصص آمدنی 1.22 روپے رہی، اور گروپ اطمینان بخش طور پر CAR کے ساتھ 16.04 فیصد پر برقرار ہے۔

### بینک اسلامی پاکستان لمیٹڈ (بی آئی پی ایل) کا حصول:

BIPL کے حصول سے متعلق اپ ڈیٹ کا انکشاف 30 جون 2023 کو ختم ہونے والے ششماہی کے لیے غیر عمدوری مالیاتی حسابات کے نوٹ 1.3 اور عمدوری مالیاتی حسابات کے نوٹ 1.4 میں کیا گیا ہے۔

### کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی (پی اے سی آر اے) بینک کی طویل مدتی ایٹنیٹی ریٹنگ-AA (ڈبل اے مائنس) مختصر مدتی کریڈٹ ریٹنگ A1+ (اے ون پلس) پر برقرار رکھی ہے جو کہ اس کی گری میں سب سے ممکنہ بلند ترین ہے۔

اظہار تشکر:

جے ایس بینک کی جانب سے، ہم اپنے قابل قدر اسٹیک ہولڈرز کی مسلسل سرپرستی اور حمایت کے لیے ان کا شکریہ ادا کرنا چاہتے ہیں۔ ہم وزارت خزانہ، اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اور دیگر ریگولیٹری اتھارٹیز کا بھی شکریہ ادا کرنا چاہیں گے جنہوں نے ہمارے بینک کی رہنمائی اور مدد کی۔ آخر میں ہم جے ایس بینک میں اپنے تمام ساتھیوں کو مزید کامیابی اور ترقی کے لیے ان کے عزم پر خراج تحسین پیش کرتے ہیں۔

از طرف بورڈ

عادل ماچس والا  
چیئر مین

باصر شمشی  
صدر اینڈ سی ای او  
23 اگست 2023ء



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road  
Karachi 75530 Pakistan  
+92 (21) 35685847, Fax +92 (21) 35685095

## **Independent Auditor's Review Report**

**To the members of JS Bank Limited**

### **Report on review of Condensed Interim Unconsolidated Financial Statements**

#### **Introduction**

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **JS Bank Limited** ("the Bank") as at 30 June 2023 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated cash flow statement, and notes to the condensed interim unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim unconsolidated financial statements"). Management is responsible for the preparation and presentation of these condensed interim unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim unconsolidated financial statements based on our review.

#### **Scope of Review**

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

#### **Conclusion**

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



KPMG Taseer Hadi & Co.

**Other Matters**


The figures for the quarter ended 30 June 2023 in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Taufiq.

**Date: 28 August 2023**

**Karachi**

**UDIN: RR202310106kay1QHfmn**

  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**



Condensed Interim Unconsolidated Financial Statements  
for the Half Year Ended June 30, 2023

**JS BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	<b>35,835,988</b>	24,764,967
Balances with other banks	7	<b>3,693,058</b>	1,800,436
Lendings to financial institutions	8	<b>37,117,459</b>	11,351,162
Investments	9	<b>253,500,469</b>	303,464,863
Advances	10	<b>201,234,599</b>	231,101,816
Fixed assets	11	<b>10,620,983</b>	10,004,318
Intangible assets	12	<b>4,116,282</b>	3,832,137
Deferred tax assets	18	-	-
Other assets	13	<b>34,268,773</b>	30,395,794
		<b>580,387,611</b>	616,715,493
<b>LIABILITIES</b>			
Bills payable	14	<b>6,590,633</b>	5,402,945
Borrowings	15	<b>52,190,997</b>	97,808,216
Deposits and other accounts	16	<b>469,813,923</b>	464,131,920
Liabilities against assets subject to finance lease		-	-
Subordinated debts	17	<b>10,137,600</b>	6,995,000
Deferred tax liabilities	18	<b>110,218</b>	320,000
Other liabilities	19	<b>18,837,324</b>	20,510,793
		<b>557,680,695</b>	595,168,874
<b>NET ASSETS</b>		<b>22,706,916</b>	21,546,619
<b>REPRESENTED BY</b>			
Share capital - net		<b>10,119,242</b>	10,119,242
Reserves		<b>3,315,889</b>	2,787,201
Surplus on revaluation of assets	20	<b>205,480</b>	795,021
Unappropriated profit		<b>9,066,305</b>	7,845,155
		<b>22,706,916</b>	21,546,619

**CONTINGENCIES AND COMMITMENTS**

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The annexed notes from 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

\_\_\_\_\_  
**President and  
Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial  
Officer**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chairman**

**JS BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

		<b>Quarter Ended</b>		<b>Half Year Ended</b>	
		<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Note		----- Rupees in '000 -----			
Mark-up / return / interest earned	23	<b>21,485,454</b>	16,065,254	<b>42,467,370</b>	29,867,779
Mark-up / return / interest expensed	24	<b>16,104,052</b>	12,708,354	<b>32,030,206</b>	23,232,074
<b>Net mark-up / interest income</b>		<b>5,381,402</b>	3,356,900	<b>10,437,164</b>	6,635,705
<b>Non mark-up / interest income</b>					
Fee and commission income	25	<b>920,518</b>	852,165	<b>1,875,182</b>	1,601,507
Dividend income		<b>52,814</b>	14,955	<b>182,433</b>	57,747
Foreign exchange income		<b>830,412</b>	636,072	<b>2,551,069</b>	975,746
Gain / (loss) from derivatives		<b>124,829</b>	(72,007)	<b>269</b>	(90,469)
Loss on securities - net	26	<b>(171,569)</b>	(183,847)	<b>(679,043)</b>	(81,277)
Other income	27	<b>48,064</b>	3,037	<b>81,989</b>	(3,358)
<b>Total non mark-up / interest income</b>		<b>1,805,068</b>	1,250,375	<b>4,011,899</b>	2,459,896
<b>Total income</b>		<b>7,186,470</b>	4,607,275	<b>14,449,063</b>	9,095,601
<b>Non mark-up / interest expenses</b>					
Operating expenses	28	<b>5,231,263</b>	4,348,515	<b>10,154,519</b>	7,835,252
Workers' Welfare Fund	29	<b>32,711</b>	5,917	<b>64,188</b>	19,416
Other charges	30	<b>470</b>	85,590	<b>20,032</b>	85,590
<b>Total non-mark-up / interest expenses</b>		<b>5,264,444</b>	4,440,022	<b>10,238,739</b>	7,940,258
<b>Profit before provisions</b>		<b>1,922,026</b>	167,253	<b>4,210,324</b>	1,155,343
Provisions and write offs - net	31	<b>238,210</b>	(128,785)	<b>1,000,902</b>	184,493
<b>Profit before taxation</b>		<b>1,683,816</b>	296,038	<b>3,209,422</b>	970,850
Taxation	32	<b>1,032,178</b>	280,102	<b>1,701,612</b>	545,296
<b>Profit after taxation</b>		<b>651,638</b>	15,936	<b>1,507,810</b>	425,554
----- Rupees -----					
<b>Basic and diluted earnings per share</b>	33	<b>0.50</b>	0.01	<b>1.16</b>	0.33

The annexed notes from 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

\_\_\_\_\_  
**President and  
Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial  
Officer**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chairman**



**JS BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

	<b>Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>June 30, 2023</b>	June 30, 2022	<b>June 30, 2023</b>	June 30, 2022
	----- Rupees in '000 -----			
<b>Profit after taxation for the period</b>	<b>651,638</b>	15,936	<b>1,507,810</b>	425,554
<b>Other comprehensive income / (loss)</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods</b>				
Effect of translation of net investment in foreign branch	<b>11,011</b>	98,161	<b>227,126</b>	137,395
Movement in deficit on revaluation of investments - net of tax (Pakistan operations)	<b>257,242</b>	(275,651)	<b>(626,224)</b>	(976,431)
Movement in surplus of debt investments at FVOCI - net of tax (Bahrain operations)	<b>278,477</b>	(62,047)	<b>111,253</b>	(234,296)
	<b>535,719</b>	(337,698)	<b>(514,971)</b>	(1,210,727)
	<b>1,198,368</b>	(223,601)	<b>1,219,965</b>	(647,778)
<b>Items that will not be reclassified to profit and loss account in subsequent periods</b>				
Movement in surplus on revaluation of fixed assets - net of tax	<b>(45,739)</b>	(32,007)	<b>(45,739)</b>	(32,007)
Movement in surplus on revaluation of non-banking assets - net of tax	<b>(43)</b>	(98)	<b>(43)</b>	(98)
Movement in deficit of equity investments at FVOCI - net of tax (Bahrain operations)	<b>(29,780)</b>	(23,931)	<b>(13,886)</b>	(42,116)
	<b>(75,562)</b>	(56,036)	<b>(59,668)</b>	(74,221)
<b>Total comprehensive income / (loss) for the period</b>	<b>1,122,806</b>	(279,637)	<b>1,160,297</b>	(721,999)

The annexed notes from 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

\_\_\_\_\_  
**President and  
Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial  
Officer**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chairman**



**JS BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

	Share capital - net	Statutory reserve	Capital reserve - exchange translation	Surplus / (deficit) on revaluation of			Unappropriated profit	Total
				Investments	Fixed assets	Non-banking assets		
	Rupees in '000							
Balance as at January 01, 2022 (Audited)	10,119,242	2,137,058	194,012	1,146,128	1,201,316	119,714	7,106,613	22,024,083
Total comprehensive income for the half year ended June 30, 2022								
Profit after taxation	-	-	-	-	-	-	425,554	425,554
Other comprehensive income / (loss)								
- net of tax	-	-	137,395	(1,252,843)	(32,007)	(98)	-	(1,147,553)
	-	-	137,395	(1,252,843)	(32,007)	(98)	425,554	(721,999)
Transfer to statutory reserve	-	85,111	-	-	-	-	(85,111)	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	(10,789)	(12,495)	23,284	-
Loss on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	12,317	-	-	(12,317)	-
Balance as at June 30, 2022	10,119,242	2,222,169	331,407	(94,398)	1,158,520	107,121	7,458,023	21,302,084
Total comprehensive income for the six months ended December 31, 2022								
Profit after taxation	-	-	-	-	-	-	539,224	539,224
Other comprehensive income / (loss)								
- net of tax	-	-	125,780	(366,630)	-	-	(53,839)	(294,689)
	-	-	125,780	(366,630)	-	-	485,385	244,535
Transfer to statutory reserve	-	107,845	-	-	-	-	(107,845)	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	(10,791)	(38)	10,829	-
Loss on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	1,237	-	-	(1,237)	-
Balance as at December 31, 2022 (Audited)	10,119,242	2,330,014	457,187	(459,791)	1,147,729	107,083	7,845,155	21,546,619
Total comprehensive income for the half year ended June 30, 2023								
Profit after taxation	-	-	-	-	-	-	1,507,810	1,507,810
Other comprehensive income / (loss)								
- net of tax	-	-	227,126	(528,857)	(45,739)	(43)	-	(347,513)
	-	-	227,126	(528,857)	(45,739)	(43)	1,507,810	1,160,297
Transfer to statutory reserve	-	301,562	-	-	-	-	(301,562)	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	(32,235)	(8)	32,243	-
Loss on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	17,341	-	-	(17,341)	-
Balance as at June 30, 2023	10,119,242	2,631,576	684,313	(971,307)	1,069,755	107,032	9,066,305	22,706,916

The annexed notes from 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

**President and  
Chief Executive Officer**

**Chief Financial  
Officer**

**Director**

**Director**

**Chairman**

**JS BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

		June 30, 2023	June 30, 2022
	Note	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		3,209,422	970,850
Less: Dividend income		(182,433)	(57,747)
		<b>3,026,989</b>	913,103
<b>Adjustments:</b>			
Depreciation on fixed assets	28	514,346	415,026
Depreciation on non-banking assets	28	16,653	9,240
Depreciation on right-of-use assets	28	538,453	542,956
Amortisation	28	127,250	78,495
Interest expense on lease liability against right-of-use assets	24	150,302	190,462
Charge for defined benefit plan		64,381	46,615
Unrealised loss / (gain) on revaluation of investments classified as held-for-trading - net	26	606	(486)
Provisions and write offs - net	31	1,000,902	184,493
Provision for workers' welfare fund	29	64,188	19,416
(Gain) / loss on sale of fixed assets - net	27	(41,860)	18,579
Gain on sale of non-banking assets	27	-	(1,167)
Gain on termination of leases - net	27	(30,083)	(4,742)
		<b>2,405,138</b>	1,498,887
		<b>5,432,127</b>	2,411,990
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		(25,766,298)	(14,821,414)
Held-for-trading securities		(1,435,426)	(8,051,459)
Advances		28,935,843	10,986,321
Other assets (excluding advance taxation)		(4,079,736)	(7,926,839)
		<b>(2,345,617)</b>	(19,813,391)
<b>(Decrease) / increase in operating liabilities</b>			
Bills payable		1,187,688	(720,497)
Borrowings		(45,244,043)	83,770,513
Deposits and other accounts		5,682,003	21,662,770
Other liabilities		(1,510,043)	3,541,001
		<b>(39,884,395)</b>	108,253,787
		<b>(36,797,885)</b>	90,852,386
Income taxes paid		(1,221,036)	(651,819)
<b>Net cash (used in) / generated from operating activities</b>		<b>(38,018,921)</b>	90,200,567
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net redemption / (investments) in available-for-sale securities		32,673,357	(18,308,525)
Net redemption / (investments) in held-to-maturity securities		17,511,612	(71,261,926)
Dividend received		182,433	57,747
Investments in fixed assets		(1,375,063)	(850,927)
Investments in intangible assets		(410,484)	(302,129)
Proceeds from disposal of fixed assets		132,471	124,505
Effect of translation of net investment in foreign branch		227,126	137,395
<b>Net cash generated from / (used in) investing activities</b>		<b>48,941,452</b>	(90,403,860)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment of lease liability against right-of-use assets		(728,305)	(616,578)
Issuance of subordinated debt		3,143,500	-
Repayment of subordinated debt		(900)	(900)
<b>Net cash generated from / (used in) financing activities</b>		<b>2,414,295</b>	(617,478)
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>13,336,826</b>	(820,771)
Cash and cash equivalents at beginning of the period		25,273,672	35,145,996
<b>Cash and cash equivalents at end of the period</b>	34	<b>38,610,498</b>	34,325,225

The annexed notes from 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

**President and  
Chief Executive Officer**

**Chief Financial  
Officer**

**Director**

**Director**

**Chairman**

**JS BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

**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 281 (December 31, 2022: 281) branches / sub-branches in Pakistan and 1 wholesale banking branch in Bahrain (December 31, 2022: 1). 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 repayment 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 shareholders of the Bank at their General Meetings held on March 29, 2023 and May 19, 2023, approved that 42.45%, i.e., 470,603,772 ordinary voting shares and control of BankIslami Pakistan Limited (BIPL), may be acquired from existing sponsors and other shareholders of BIPL (including but not limited to, Jahangir Siddiqui & Co. Ltd., the holding company of the Bank). The acquisition be made through agreements against the issuance of 532,629,349 new shares of the Bank by way of other than rights and other than cash consideration, i.e., 1.1318 ordinary shares of the Bank to be issued as consideration for every 1 ordinary share of BIPL.

The Shareholders further approved that a public offer for a minimum of 24.88% ordinary shares of BIPL be made to all public shareholders as required under the Regulations in exchange for cash. Further, the Board of Directors, at their duly convened meeting held on April 26, 2023 also decided to issue 17% Right Shares, i.e. 17 right shares for every 100 shares held, at par value of Rs. 10/- each to partly finance the public offer.

The acquisition was subject to necessary permission from the State Bank of Pakistan (SBP) and the Competition Commission of Pakistan, as well as other regulatory approvals and compliance of all regulatory and statutory formalities as may be applicable. The issuance of shares other than rights is subject to permission of the Securities and Exchange Commission of Pakistan (SECP).

Accordingly, pursuant to obtaining all the required corporate and regulatory approvals, the Bank raised PKR 2.205 billion against 17% rights issue. Further, the Bank also made announcement of public offer on June 27, 2023 (published in newspapers on June 28, 2023). Subsequently, the afore-mentioned transaction has culminated.

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**2. BASIS OF PRESENTATION**

These condensed interim 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 condensed interim consolidated financial statements of the Bank are being issued separately.

These condensed interim 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.

**2.1 Statement of Compliance**

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

- International 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 State Bank of Pakistan (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 disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 05 dated March 22, 2019 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. These condensed interim unconsolidated financial statements do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2022.

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 condensed interim unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

IFRS 10 '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.O 56(I)/2016 dated January 28, 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 condensed interim unconsolidated financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2022.

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**3.1 Standards, interpretations of and amendments to approved accounting standards that are effective in the current period**

There are certain new and amended standards, interpretations of and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2023 but are considered not to be relevant or do not have any significant effect on the Bank's operations.

**3.2 Standards, interpretations of and amendments to approved accounting standards that are not yet effective**

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2023:

<b>Standard, Interpretation or Amendment</b>	<b>Effective date (annual periods)</b>
Classification of Liabilities as Current or Non-current and application of materiality to disclosure of accounting policies - Amendments to IAS 1	January 01, 2024
Disclosure of Accounting Policies - Amendments to IAS 1	January 01, 2023
Lease liability in a sale and leaseback - Amendments to IFRS 16	January 01, 2024
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
IFRS 9 - 'Financial Instruments'	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

The management is in the process of assessing the impact of these standards and amendments on the condensed interim unconsolidated financial statements of the Bank.

The application of the International Financial Reporting Standard (IFRS) 9, 'Financial Instruments' for all companies to prepare their financial statements in accordance with the requirements of IFRS 9 was implemented by SECP for reporting period / year ending on or after June 30, 2019 through its S.R.O. 229 (I)/2019 dated February 14, 2019. However, State Bank of Pakistan (SBP) has extended the effective date of applicability of IFRS 9 to January 01, 2023 through its BPRD Circular No. 03 dated July 05, 2022 in case of banks having assets size of Rs. 500 billion or above. The said circular contained application instructions for quarterly, half yearly and annual parallel run reporting of IFRS 9 for year 2022 and 2023 within given timelines.

During the period, SBP has extended the effective date of applicability of IFRS 9 to January 01, 2024 through its BPRD Circular Letter No. 07 of 2023 dated April 13, 2023.

As of reporting date, till the implementation of IFRS 9, the Bank has continued to fulfil the requirements of Prudential Regulations and other SBP directives currently providing the accounting framework for the measurement and valuation of assets and provisions / impairment against non-performing assets.

**3.3 Presentation and disclosure**

Further, the SBP vide BPRD Circular No. 02 of 2023 dated February 09, 2023 has specified the new reporting format for financial statements of Banking Companies. While the new format has revised certain disclosure requirements, it includes disclosure requirements with respect to IFRS 9. The requirements will be applicable from January 01, 2024 in accordance with the BPRD Circular Letter No. 07 of 2023 dated April 13, 2023.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements are the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2022.

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**5. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2022.

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	----- Rupees in '000 -----	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand</b>			
Local currency		10,411,113	7,824,288
Foreign currencies		1,344,249	488,360
		<u>11,755,362</u>	<u>8,312,648</u>
<b>With State Bank of Pakistan in</b>			
Local currency current account		18,755,459	15,207,132
Foreign currency current account - non remunerative		965,218	815,151
Foreign currency deposit account - remunerative		2,320,699	364,657
		<u>22,041,376</u>	<u>16,386,940</u>
<b>With National Bank of Pakistan in local currency current accounts</b>		2,025,576	58,322
<b>National prize bonds</b>		13,674	7,057
		<u>35,835,988</u>	<u>24,764,967</u>
<b>7. BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current accounts		392,672	255,029
In deposit accounts		73	73
		<u>392,745</u>	<u>255,102</u>
<b>Outside Pakistan</b>			
In current accounts		3,300,355	1,545,369
		<u>3,693,100</u>	<u>1,800,471</u>
Less: General provision under IFRS 9	7.1	(42)	(35)
		<u>3,693,058</u>	<u>1,800,436</u>
<b>7.1</b>	This represents general provision held under IFRS 9 by Bahrain branch of the Bank.		
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Repurchase agreement lendings (reverse repo)		36,564,641	11,351,162
Clean money lendings		552,819	-
		<u>37,117,460</u>	<u>11,351,162</u>
Less: General provision under IFRS 9	8.1	(1)	-
		<u>37,117,459</u>	<u>11,351,162</u>
<b>8.1</b>	This represents general provision held under IFRS 9 by Bahrain branch of the Bank.		
<b>8.2 Particulars of lendings (gross)</b>			
In local currency		36,564,641	11,351,162
In foreign currency		552,819	-
		<u>37,117,460</u>	<u>11,351,162</u>

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		June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
9.	INVESTMENTS	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
9.1	Investments by type:	Note ----- Rupees in '000 -----							
	<b>Held-for-trading securities</b>								
	<b>Federal Government Securities</b>								
	Market Treasury Bills	254,612	-	(606)	254,006	33,538	-	(107)	33,431
	<b>Available-for-sale securities</b>								
	<b>Federal Government Securities:</b>								
	Market Treasury Bills	32,816,847	-	(573,789)	32,243,058	40,317,081	-	(395,161)	39,921,920
	Pakistan Investment Bonds - Fixed	34,323,716	-	(2,164,631)	32,159,085	34,811,083	-	(1,399,722)	33,411,361
	Pakistan Investment Bonds - Floater	38,479,301	-	(219,630)	38,259,671	69,406,348	-	(31,328)	69,375,020
	Government of Pakistan Eurobonds	1,868,747	(107,300)	(650,301)	1,111,146	1,470,530	(49,083)	(743,736)	677,711
		107,488,611	(107,300)	(3,608,351)	103,772,960	146,005,042	(49,083)	(2,569,947)	143,386,012
	<b>Shares</b>								
	<b>Listed Companies</b>								
	Ordinary shares	3,439,867	-	1,854,915	5,294,782	3,190,873	-	1,941,804	5,132,677
	Preference shares	136,589	(136,589)	-	-	136,589	(136,589)	-	-
	<b>Unlisted Companies</b>								
	Ordinary shares	11,000	-	-	11,000	11,000	-	-	11,000
		3,587,456	(136,589)	1,854,915	5,305,782	3,338,462	(136,589)	1,941,804	5,143,677
	<b>Non Government Debt Securities</b>								
	<b>Listed</b>								
	Term Finance Certificates	393,446	(143,446)	7,107	257,107	393,446	(143,446)	-	250,000
	Sukuk Certificates	200,000	-	-	200,000	244,083	-	91	244,174
	<b>Unlisted</b>								
	Term Finance Certificates	136,329	(136,329)	-	-	140,133	(140,133)	-	-
	Sukuk Certificates	1,134,153	-	-	1,134,153	1,212,440	-	-	1,212,440
	Preference shares	27,733	(27,733)	-	-	27,733	(27,733)	-	-
		1,891,661	(307,508)	7,107	1,591,260	2,017,835	(311,312)	91	1,706,614
	<b>Foreign Securities</b>								
	Government Debt Securities	8,766,130	(191,941)	(132,886)	8,441,303	410,164	(129,576)	(146,817)	133,771
	Non Government Debt Securities	-	-	-	-	679,632	(394)	(5,374)	673,864
	Ordinary shares	93,309	-	(25,297)	68,012	335,143	-	(28,705)	306,438
		8,859,439	(191,941)	(158,183)	8,509,315	1,424,939	(129,970)	(180,896)	1,114,073
	<b>Open End Mutual Funds</b>	-	-	-	-	500,000	-	2,298	502,298
	<b>Held-to-maturity securities</b>								
	<b>Federal Government Securities</b>								
	Market Treasury Bills	59,914,554	-	-	59,914,554	105,615,196	-	-	105,615,196
	Pakistan Investment Bonds - Fixed	10,297,439	-	-	10,297,439	10,136,487	-	-	10,136,487
	Pakistan Investment Bonds - Floater	61,714,232	-	-	61,714,232	33,686,154	-	-	33,686,154
9.1.1		131,926,225	-	-	131,926,225	149,437,837	-	-	149,437,837
	<b>Associates</b>								
	Omar Jibran Engineering Industries Limited	180,000	-	-	180,000	180,000	-	-	180,000
	Veda Transit Solutions Private Limited	41,800	-	-	41,800	41,800	-	-	41,800
	Intercity Touring Company Private Limited	20,267	(20,267)	-	-	20,267	(20,267)	-	-
		242,067	(20,267)	-	221,800	242,067	(20,267)	-	221,800
	<b>Subsidiaries</b>								
	JS Global Capital Limited	1,357,929	-	-	1,357,929	1,357,929	-	-	1,357,929
	JS Investments Limited	561,192	-	-	561,192	561,192	-	-	561,192
		1,919,121	-	-	1,919,121	1,919,121	-	-	1,919,121
	<b>Total Investments</b>	<b>256,169,192</b>	<b>(763,605)</b>	<b>(1,905,118)</b>	<b>253,500,469</b>	<b>304,918,841</b>	<b>(647,221)</b>	<b>(806,757)</b>	<b>303,464,863</b>

9.1.1 The market value of securities classified as held-to-maturity as at June 30, 2023 amounted to Rs. 127,479.671 million (December 31, 2022: Rs. 147,022.393 million).

		(Un-audited) June 30, 2023		(Audited) December 31, 2022	
		Cost	Market value	Cost	Market value
		----- Rupees in '000 -----			
9.2	Investments given as collateral				
	<b>Federal Government Securities</b>				
	Pakistan Investment Bonds - Fixed	20,295,984	19,459,212	-	-
	Pakistan Investment Bonds - Floater	-	-	62,800,000	62,198,080
		<b>20,295,984</b>	<b>19,459,212</b>	<b>62,800,000</b>	<b>62,198,080</b>
				(Un-audited) June 30, 2023	(Audited) December 31, 2022
9.3	Provision for diminution in value of investments	Note			
	Opening balance			647,221	616,699
	Exchange rate adjustments			50,320	28,126
	Charge for the period / year			-	24,570
	Reversals for the period / year			(3,804)	(104,869)
		31		(3,804)	(80,299)
	<b>Impairment under IFRS 9 in Bahrain branch</b>				
	Charge during the period / year			69,868	82,695
	Closing balance			<b>763,605</b>	<b>647,221</b>



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9.3.1 Particulars of provision against debt securities

Category of classification	(Un-audited) June 30, 2023		(Audited) December 31, 2022	
	Non-Performing Investments	Provision	Non-Performing Investments	Provision
Rupees in '000				
Domestic				
Loss	307,508	307,508	311,312	311,312
	<u>307,508</u>	<u>307,508</u>	<u>311,312</u>	<u>311,312</u>

		Performing		Non-Performing		Total	
		(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
		June 30,	December 31,	June 30,	December 31,	June 30,	December 31,
		2023	2022	2023	2022	2023	2022
10.	ADVANCES	Rupees in '000					
		Note					
	Loans, cash credits, running finances, etc.	185,907,507	212,191,088	14,021,277	16,311,887	199,928,784	228,502,975
	Bills discounted and purchased	9,633,617	10,021,695	-	-	9,633,617	10,021,695
	Advances - gross	195,541,124	222,212,783	14,021,277	16,311,887	209,562,401	238,524,670
	Provision against advances						
	- Specific	-	-	(7,958,263)	(7,210,740)	(7,958,263)	(7,210,740)
	- General	(333,670)	(200,614)	-	-	(333,670)	(200,614)
	- General provision - under IFRS 9	(35,869)	(11,500)	-	-	(35,869)	(11,500)
		(369,539)	(212,114)	(7,958,263)	(7,210,740)	(8,327,802)	(7,422,854)
	Advances - net of provision	195,171,585	222,000,669	6,063,014	9,101,147	201,234,599	231,101,816

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
		Rupees in '000	
10.1	Particulars of advances (gross)		
	In local currency	199,818,797	229,336,508
	In foreign currencies	<u>9,743,604</u>	<u>9,188,162</u>
		<u>209,562,401</u>	<u>238,524,670</u>

10.2 Advances include Rs. 14,021.277 million (December 31, 2022: Rs. 16,311.887 million) which have been placed under non-performing status as detailed below:

Category of classification	(Un-audited) June 30, 2023		(Audited) December 31, 2022	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
Rupees in '000				
Domestic				
Other Assets Especially Mentioned*	484,461	7,099	413,839	252
Substandard	1,197,833	56,703	1,300,581	171,165
Doubtful	1,618,341	345,179	1,808,030	462,049
Loss	10,720,642	7,549,282	12,789,437	6,577,274
Total	<u>14,021,277</u>	<u>7,958,263</u>	<u>16,311,887</u>	<u>7,210,740</u>

\* The Other Assets Especially Mentioned category pertain to agriculture, housing and small enterprises financing.

10.3 Particulars of provision against advances

		(Un-audited) June 30, 2023				(Audited) December 31, 2022			
		Specific	General	General provision - under IFRS 9	Total	Specific	General	General provision - under IFRS-9	Total
Note		Rupees in '000							
Opening balance		7,210,740	200,614	11,500	7,422,854	6,569,829	87,787	25,193	6,682,809
Exchange rate adjustments		-	-	3,966	3,966	-	-	5,122	5,122
Charge for the period / year		1,199,225	133,056	20,403	1,352,684	1,731,847	112,827	-	1,844,674
Reversals for the period / year		(425,276)	-	-	(425,276)	(870,683)	-	(18,815)	(889,498)
	31	773,949	133,056	20,403	927,408	861,164	112,827	(18,815)	955,176
Amount written off		(26,426)	-	-	(26,426)	(220,253)	-	-	(220,253)
Closing balance	10.3.1	7,958,263	333,670	35,869	8,327,802	7,210,740	200,614	11,500	7,422,854

10.3.1 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 June 30, 2023, the Bank has availed cumulative FSV benefit under the directives of the SBP of Rs. 3,892.225 million (December 31, 2022: Rs. 6,820.087 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 1,985.035 million (December 31, 2022: Rs. 3,478.244 million). The additional impact on profitability arising from availing the benefit of FSV shall not be available for payment of cash or stock dividend to shareholders or bonus to employees under the requirements of Prudential Regulations of Corporate / Commercial Banking of SBP.

10.3.2 This represents general provision held under IFRS 9 by Bahrain branch of the Bank.



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		(Un-audited) June 30, 2023	(Audited) December 31, 2022
<b>11. FIXED ASSETS</b>	Note	----- Rupees in '000 -----	
Capital work-in-progress	11.1	<b>443,740</b>	845,168
Property and equipment	11.2 & 11.3	<b>8,049,587</b>	6,872,431
Right-of-use assets	11.4	<b>2,127,656</b>	2,286,719
		<b>10,620,983</b>	10,004,318

**11.1 Capital work-in-progress**

Civil works	<b>113,518</b>	159,515
Advances to suppliers	<b>64,290</b>	290
Equipment	<b>265,932</b>	685,363
	<b>443,740</b>	845,168

**11.2 Additions to fixed assets**

The following additions have been made to fixed assets during the period:

Capital work-in-progress	<b>442,636</b>	562,714
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**Property and equipment**

Building on leasehold land	<b>617,158</b>	213,947
Leasehold improvements	<b>159,402</b>	416,525
Furniture and fixture	<b>69,795</b>	93,136
Electrical, office and computer equipments	<b>930,136</b>	311,104
Vehicle	<b>-</b>	7,755
	<b>1,776,491</b>	1,042,467

<b>Total</b>	11.2.1	<b>2,219,127</b>	1,605,181
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**11.2.1** This includes transfer from capital work in progress during the period of Rs. 844.064 million (June 30, 2022: Rs. 747.996 million).

**11.3 Disposal of fixed assets**

The net book value of fixed assets disposed off during the period is as follows:

**Property and equipment**

Building on leasehold land	<b>61,165</b>	70,939
Leasehold improvements	<b>1,560</b>	15,887
Furniture and fixture	<b>2,579</b>	3,237
Electrical, office and computer equipments	<b>20,606</b>	20,432
Vehicles	<b>4,701</b>	6,589
<b>Total</b>	<b>90,611</b>	117,084

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		<b>(Un-audited)</b> <b>June 30,</b> <b>2023</b>	(Audited) December 31, 2022
<b>11.4 Right-of-use assets</b>			----- Rupees in '000 -----
Opening balance		<b>2,286,719</b>	2,845,079
Additions / renewals		<b>434,636</b>	833,564
Terminations		<b>(131,086)</b>	(303,538)
Depreciation charge	28	<b>(538,453)</b>	(1,056,517)
Exchange rate adjustments		<b>5,926</b>	6,266
Other adjustments		<b>69,914</b>	(38,135)
Closing balance		<b><u>2,127,656</u></b>	<u>2,286,719</u>

**12. INTANGIBLE ASSETS**

Capital work-in-progress	12.1	<b>511,457</b>	775,702
Computer software	12.1	<b>2,141,201</b>	1,592,811
Goodwill		<b>1,463,624</b>	1,463,624
		<b><u>4,116,282</u></b>	<u>3,832,137</u>

		<b>(Un-audited)</b> <b>January -</b> <b>June</b> <b>2023</b>	January - June 2022
<b>12.1 Additions to intangible assets</b>			----- Rupees in '000 -----
The following additions have been made to intangible assets during the period:			
Capital work-in-progress		<b>271,693</b>	299,541
Computer software	12.1.1	<b>674,729</b>	313,068
		<b><u>946,422</u></b>	<u>612,609</u>

**12.1.1** This includes transfer from capital work in progress during the period of Rs. 535.938 million (June 30, 2022: Rs. 313.068 million).

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		(Un-audited) June 30, 2023	(Audited) December 31, 2022
<b>13. OTHER ASSETS</b>	Note	----- Rupees in '000 -----	
Mark-up / return / interest accrued in local currency		<b>16,608,994</b>	12,291,533
Mark-up / return / interest accrued in foreign currencies		<b>145,810</b>	33,276
Advances, deposits, advance rent and other prepayments		<b>1,106,274</b>	847,457
Acceptances		<b>5,381,458</b>	6,586,244
Advance taxation (payments less provision)		<b>788,733</b>	938,509
Receivable from defined benefit plans		<b>54,544</b>	119,523
Receivable against bancassurance / bancatakaful		<b>17,224</b>	17,498
Receivable in respect of home remittance		<b>48,686</b>	22,004
Due from State Bank of Pakistan		<b>905,026</b>	752,409
Rebates receivable - net		<b>407,010</b>	226,094
Non-banking assets acquired in satisfaction of claims		<b>4,792,242</b>	3,664,799
Mark to market gain on derivative instruments		<b>258</b>	14,874
Mark to market gain on forward foreign exchange contracts		<b>843,267</b>	1,108,517
Advance against investments in securities		<b>1,178,306</b>	1,178,306
Branchless banking fund settlement		<b>201,875</b>	326,775
Inter bank fund transfer settlement		<b>1,029,770</b>	1,164,134
Credit card settlement		<b>136,851</b>	338,269
Insurance claims receivable		<b>25,250</b>	27,437
Others		<b>501,026</b>	641,951
		<b>34,172,604</b>	30,299,609
Less: Provision held against other assets	13.1	<b>(11,241)</b>	(11,241)
Other assets - net of provisions		<b>34,161,363</b>	30,288,368
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	<b>107,410</b>	107,426
		<b>34,268,773</b>	30,395,794

**13.1 Provision held against other assets**

Advances, deposits, advance rent and other prepayments	<b>10,184</b>	10,184
Others	<b>1,057</b>	1,057
	<b>11,241</b>	11,241

**13.1.1 Movement in provision held against other assets**

Opening balance	<b>11,241</b>	11,241
Charge during the period / year	-	13,870
Reversals during the period / year	-	(13,870)
	-	-
Closing balance	<b>11,241</b>	11,241

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	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
<b>14. BILLS PAYABLE</b>		
In Pakistan	<b>6,184,730</b>	5,083,176
Outside Pakistan	<b>405,903</b>	319,769
	<b>6,590,633</b>	5,402,945

**15. BORROWINGS**

**Secured**

Borrowings from State Bank of Pakistan under:

Export refinancing scheme	<b>18,446,793</b>	20,288,522
Long-term finance facility	<b>2,347,431</b>	2,337,963
Financing facility for storage of agricultural produce	<b>160,711</b>	133,097
Financing facility for renewable energy projects	<b>953,641</b>	1,078,480
Refinance for women entrepreneurs	<b>70,528</b>	82,127
Refinance scheme for payment of wages & salaries	-	7,179
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	<b>62,259</b>	70,911
Refinance facility for combating COVID-19	<b>191,233</b>	230,090
Temporary economic refinance facility	<b>4,917,891</b>	4,832,742
Small enterprise financing and credit guarantee scheme for special persons	<b>2,508</b>	3,039
Refinance facility for working capital of SMEs	-	385
Refinance facility for SME Asaan Finance (SAAF) scheme	<b>1,704,859</b>	1,607,471
Repurchase agreement borrowings	<b>19,397,886</b>	62,800,000
	<b>48,255,740</b>	93,472,006

Borrowing from financial institutions:

Refinancing facility for mortgage loans	<b>3,016,667</b>	3,044,444
	<b>51,272,407</b>	96,516,450

**Unsecured**

Overdrawn nostro accounts	<b>918,590</b>	1,291,766
	<b>52,190,997</b>	97,808,216

**15.1 Particulars of borrowings**

In local currency	<b>51,272,407</b>	96,516,450
In foreign currencies	<b>918,590</b>	1,291,766
	<b>52,190,997</b>	97,808,216

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**16. DEPOSITS AND OTHER ACCOUNTS**

	(Un-audited) June 30, 2023			(Audited) December 31, 2022		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- Rupees in '000 -----					
<b>Customers</b>						
Current deposits	136,282,205	11,479,187	147,761,392	118,168,325	9,299,899	127,468,224
Savings deposits	134,395,754	6,666,482	141,062,236	117,063,409	6,410,101	123,473,510
Term deposits	123,646,379	19,020,229	142,666,608	169,651,265	10,755,327	180,406,592
Margin deposits	21,511,932	2,122	21,514,054	13,179,090	289	13,179,379
	<b>415,836,270</b>	<b>37,168,020</b>	<b>453,004,290</b>	<b>418,062,089</b>	<b>26,465,616</b>	<b>444,527,705</b>
<b>Financial Institutions</b>						
Current deposits	1,507,679	662,255	2,169,934	1,373,845	710,695	2,084,540
Savings deposits	9,190,790	700	9,191,490	9,346,187	1,279	9,347,466
Term deposits	5,448,209	-	5,448,209	8,172,209	-	8,172,209
	<b>16,146,678</b>	<b>662,955</b>	<b>16,809,633</b>	<b>18,892,241</b>	<b>711,974</b>	<b>19,604,215</b>
	<b>431,982,948</b>	<b>37,830,975</b>	<b>469,813,923</b>	<b>436,954,330</b>	<b>27,177,590</b>	<b>464,131,920</b>

**17. SUBORDINATED DEBTS**

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
		----- Rupees in '000 -----	
Term Finance Certificates - Second Issue	17.1	1,995,600	1,996,000
Term Finance Certificates - Third Issue	17.2	2,500,000	2,500,000
Term Finance Certificates - Fourth Issue	17.3	2,498,500	2,499,000
Advance subscription against TFC - Fifth Issue	17.4	3,143,500	-
		<b>10,137,600</b>	<b>6,995,000</b>

- 17.1** In 2017, the Bank had 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 the 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 towards 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, including deposits, and will not be redeemable before maturity without prior approval of SBP.
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 No. 06 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.

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- 17.2** In 2018, the Bank had 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 the 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 towards 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:	Semi-annually on a non-cumulative basis
Redemption:	Not applicable
Security:	The Issue is unsecured
Subordination:	The Issue is 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 be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
Loss absorbency clause:	
Pre-Specified Trigger (PST)	Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular No. 06 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:  <ul style="list-style-type: none"> <li>- 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);</li> <li>- 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</li> <li>- 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.</li> </ul>
Point of Non-Viability (PONV)	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular No. 06 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:  <ul style="list-style-type: none"> <li>- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;</li> <li>- 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.</li> <li>- 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.</li> </ul>

- 17.3** In 2021, the Bank has issued Rs. 2.5 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 towards 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 28, 2021
Tenure:	Up to Seven years from the issue date.
Maturity date:	December 28, 2028
Rating:	A + (Single A Plus)
Profit rate:	Floating rate of return at Base Rate + 2 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
Subordination:	The Issue is subordinated all other indebtedness of the Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital
Call option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Payment of profit will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular No. 06 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 400,647,739 shares.

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**17.4** The Bank is in the process of issuing fully paid up, rated, privately placed and subsequently listed, unsecured, subordinated debt instrument in the nature of Tier 2 Capital Term Finance Certificate (Tier 2 TFC V) under Section 66(1) of the Companies Act, 2017 and as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 06 dated August 15, 2013. The total size of TFC Issue is upto Rs. 4,000 million (inclusive of a Green shoe option of Rs. 1,000 million).

As of June 30, 2023, subscription money amounting to Rs. 3,143.5 million was received and issue is still under process.

The State Bank of Pakistan also allowed the Bank to consider the advance subscription money of Rs. 3,143.5 million received against the issuance of Tier 2 TFC V for Capital Adequacy Ratio subject to following conditions:

- The advance share deposit money will not be withdrawn without prior approval of SBP.
- The advance subscription money will only be used for the issuance of Tier 2 eligible TFCs of JSBL and will not be refunded.
- The terms of SBP's In-principle approval and final approval will remain applicable on the advances subscription money received against the proposed TFCs.

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	----- Rupees in '000 -----	
<b>18. DEFERRED TAX (LIABILITIES) / ASSET</b>			
<b>Deductible Temporary Differences on:</b>			
Provision against investments		80,009	70,212
Provision against loans and advances		203,027	277,487
Other assets		24,387	130,747
Surplus on revaluation of investments classified as available-for-sale	20	933,205	346,859
		<b>1,240,628</b>	825,305
<b>Taxable Temporary Differences on:</b>			
Accelerated tax depreciation		(290,730)	(187,808)
Goodwill		(717,176)	(629,358)
Surplus on revaluation of fixed assets	20	(342,562)	(327,796)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	(378)	(343)
		<b>(1,350,846)</b>	(1,145,305)
		<b>(110,218)</b>	(320,000)
<b>19. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		4,185,551	4,857,150
Mark-up / return / interest payable in foreign currencies		184,148	45,769
Unearned income on guarantees		356,846	368,800
Accrued expenses		685,180	584,968
Acceptances		5,381,458	6,586,244
Unclaimed dividends		4,214	4,214
Mark to market loss on derivative instruments		-	13,588
Mark to market loss on forward foreign exchange contracts		326,311	529,887
Withholding taxes payable		824,980	639,608
Donation payable		64,188	26,475
Security deposits against leases, lockers and others		2,056,981	2,468,743
Workers' Welfare Fund	29	265,228	201,040
Payable in respect of home remittance		647,688	435,629
Insurance payable		250,287	209,834
Payable to vendors against SBS goods		335,743	380,040
Lease liability against right-of-use assets	19.1	2,318,166	2,545,780
Debit card settlement		491,947	269,365
Clearing and settlement accounts		152,079	49,938
Others		306,329	293,721
		<b>18,837,324</b>	20,510,793
<b>19.1 Lease liabilities</b>			
The carrying amounts of lease liabilities and the movements during the period / year is as below:			
Opening balance		2,545,780	3,129,904
Additions / renewals		434,636	852,268
Terminations		(161,170)	(476,475)
Mark-up on lease liability against right-of-use assets	24	150,302	355,571
Payments		(728,305)	(1,322,720)
Exchange rate adjustments		5,761	7,232
Other adjustments		71,162	-
Closing balance		<b>2,318,166</b>	2,545,780

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			(Un-audited) June 30, 2023	(Audited) December 31, 2022
			----- Rupees in '000 -----	
<b>20. SURPLUS ON REVALUATION OF ASSETS</b>	Note			
<b>(Deficit) / Surplus on revaluation of:</b>				
- Available for sale securities	9.1 & 20.1		(1,904,512)	(806,650)
- Fixed assets			1,412,317	1,475,525
- Non-banking assets acquired in satisfaction of claims	13		107,410	107,426
			(384,785)	776,301
<b>Deferred tax on (deficit) / surplus on revaluation of:</b>				
- Available for sale securities			933,205	346,859
- Fixed assets			(342,562)	(327,796)
- Non-banking assets acquired in satisfaction of claims			(378)	(343)
			590,265	18,720
			205,480	795,021
<b>20.1 Available-for-sale securities</b>				
<b>Pakistan:</b>				
- Equity securities			1,854,915	1,941,804
- Open end mutual funds			-	2,298
- Debt securities			(2,950,943)	(1,826,120)
			(1,096,028)	117,982
<b>Bahrain:</b>				
- Equity securities			(25,297)	(28,705)
- Debt securities			(783,187)	(895,927)
			(808,484)	(924,632)
			(1,904,512)	(806,650)
Related deferred tax liability			933,205	346,859
			(971,307)	(459,791)
<b>21. CONTINGENCIES AND COMMITMENTS</b>				
Guarantees	21.1		74,563,708	83,175,591
Commitments	21.2		96,841,129	93,959,209
Other contingencies	21.3		755,213	646,479
			172,160,050	177,781,279
<b>21.1 Guarantees</b>				
Financial guarantees			1,275,109	3,668,949
Performance guarantees			31,339,302	34,702,865
Other guarantees			41,949,297	44,803,777
			74,563,708	83,175,591
<b>21.2 Commitments</b>				
<b>Documentary credits and short-term trade-related transactions</b>				
- Letters of credit			42,398,858	22,381,092
<b>Commitments in respect of:</b>				
- Forward foreign exchange contracts	21.2.1		50,943,656	68,486,603
- Derivative instruments	21.2.2		3,217,283	2,344,191
- Forward lending	21.2.3		183,333	284,067
<b>Commitments for acquisition of:</b>				
- Fixed assets and intangible assets	21.2.4		97,999	463,256
			96,841,129	93,959,209



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		(Un-audited) June 30, 2023	(Audited) December 31, 2022
		----- Rupees in '000 -----	
<b>21.2.1</b>	<b>Commitments in respect of forward foreign exchange contracts</b>		
	Purchase	31,496,642	41,239,463
	Sale	19,447,014	27,247,140
		<u>50,943,656</u>	<u>68,486,603</u>

**21.2.1.1** 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 period end, all foreign exchange contracts have a remaining maturity of less than one year.

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
		----- Rupees in '000 -----	
<b>21.2.2</b>	<b>Commitments in respect of derivative instruments</b>		
	Purchase	3,217,283	2,109,891
	Sale	-	234,300
		<u>3,217,283</u>	<u>2,344,191</u>
	<b>Cross currency swaps</b>		
	Purchase	-	234,300
	Sale	-	234,300
		<u>-</u>	<u>468,600</u>
	<b>Forward securities contract</b>		
	Purchase	<u>3,217,283</u>	<u>1,875,591</u>
<b>21.2.3</b>	<b>Commitments in respect of forward lending</b>		
	Undrawn formal standby facilities, credit lines and other commitments to lend	<u>183,333</u>	<u>284,067</u>

**21.2.3.1** 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.

**21.2.4** This represents commitments related to purchase of leasehold improvements, furniture and fixtures, hardware & network equipment, electrical equipment and computer software.

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
		----- Rupees in '000 -----	
<b>21.3</b>	<b>Other contingencies</b>		
		----- Rupees in '000 -----	
<b>21.3.1</b>	Claims against the Bank not acknowledged as debts	<u>755,213</u>	<u>646,479</u>

**21.3.1.1** These mainly represent counter claims filed by borrowers for damages, claims by former employees of the Bank and other claims relating to banking transactions.

Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these condensed interim unconsolidated financial statements.

**21.3.2** Tax related contingencies are disclosed in note 32.1.

## **22. DERIVATIVE INSTRUMENTS**

Derivative instruments, such as Forward Exchange Contracts, Cross Currency 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.

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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.

		June 30, 2023 (Un-audited)					
		Cross currency swaps		Forward securities		Total	
		Notional principal	Mark to market gain	Notional principal	Mark to market gain	Notional principal	Mark to market gain
22.1	Product Analysis	Rupees in '000					
	With Banks						
	Hedging	-	-	-	-	-	-
	Market making	-	-	-	-	-	-
		-	-	-	-	-	-
	With FIs other than banks						
	Hedging	-	-	3,217,283	258	3,217,283	258
	Market making	-	-	-	-	-	-
		-	-	3,217,283	258	3,217,283	258
	Total						
	Hedging	-	-	3,217,283	258	3,217,283	258
	Market making	-	-	-	-	-	-
		-	-	3,217,283	258	3,217,283	258
		December 31, 2022 (Audited)					
		Cross currency swaps		Forward securities		Total	
		Notional principal	Mark to market gain	Notional principal	Mark to market gain	Notional principal	Mark to market gain
		Rupees in '000					
	With Banks						
	Hedging	468,600	710	-	-	468,600	710
	Market making	-	-	-	-	-	-
						468,600	710
	With FIs other than banks						
	Hedging	-	-	1,875,591	576	1,875,591	576
	Market making	-	-	-	-	-	-
						1,875,591	576
	Total						
	Hedging	468,600	710	1,875,591	576	2,344,191	1,286
	Market making	-	-	-	-	-	-
		468,600	710	1,875,591	576	2,344,191	1,286

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		<b>(Un-audited)</b>	
		<b>June 30,</b>	<b>June 30,</b>
		<b>2023</b>	<b>2022</b>
		Rupees in '000	
<b>23. MARK-UP / RETURN / INTEREST EARNED</b>	Note		
<b>On:</b>			
Loans and advances		<b>19,319,215</b>	13,332,267
Investments		<b>21,872,080</b>	15,682,347
Lendings to financial institutions		<b>89,513</b>	54,859
Securities purchased under resale agreements		<b>1,060,912</b>	798,156
Balances with other banks		<b>125,650</b>	150
		<b>42,467,370</b>	29,867,779
<b>24. MARK-UP / RETURN / INTEREST EXPENSED</b>			
<b>On:</b>			
Deposits		<b>23,408,737</b>	15,558,717
Borrowings		<b>7,473,922</b>	6,596,530
Subordinated debt		<b>675,548</b>	454,990
Cost of foreign currency swaps against foreign currency deposits / borrowings		<b>321,697</b>	431,375
Lease liability against right-of-use assets		<b>150,302</b>	190,462
		<b>32,030,206</b>	23,232,074
<b>25. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		<b>54,030</b>	51,110
Finance related fees		<b>239,657</b>	234,508
Card related fees (debit and credit cards)		<b>271,698</b>	152,792
Investment banking fees		<b>63,597</b>	32,591
Commission on trade		<b>481,580</b>	446,041
Commission on guarantees		<b>330,366</b>	279,350
Commission on cash management		<b>23,979</b>	7,714
Commission on remittances including home remittances		<b>58,527</b>	45,196
Commission on bancassurance		<b>35,758</b>	41,976
Commission on distribution of mutual funds		<b>-</b>	847
Commission on online services		<b>136,313</b>	167,180
Postage and courier income		<b>6,344</b>	8,989
Rebate income		<b>173,333</b>	133,213
		<b>1,875,182</b>	1,601,507
<b>26. (LOSS) / GAIN ON SECURITIES - NET</b>			
Realised	26.1	<b>(678,437)</b>	(110,645)
Unrealised (loss) / gain - held for trading	9.1	<b>(606)</b>	486
Unrealised gain on payable against short sell of securities		<b>-</b>	28,882
		<b>(679,043)</b>	(81,277)
<b>26.1 Realised (loss) / gain on:</b>			
<b>Federal government securities</b>			
Market treasury bills		<b>(669,973)</b>	(212,990)
Pakistan investment bonds		<b>(31,035)</b>	183,019
Ijara sukuk certificates		<b>14,975</b>	151
		<b>(686,033)</b>	(29,820)
<b>Non Government Debt Securities</b>			
Term finance certificates		<b>-</b>	(1,045)
<b>Mutual fund units</b>		<b>5,852</b>	52,868
<b>Foreign currency bonds</b>		<b>1,744</b>	(132,648)
		<b>(678,437)</b>	(110,645)

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	<b>(Un-audited)</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
	----- Rupees in '000 -----	
<b>27. OTHER INCOME / (LOSS)</b>		
Rent income	9,565	9,172
Gain / (loss) on sale of fixed assets - net	41,860	(18,579)
Gain on sale of non-banking assets	-	1,167
Gain on termination of leases - net	30,083	4,742
Others	481	140
	<b>81,989</b>	<b>(3,358)</b>
<b>28. OPERATING EXPENSES</b>		
Total compensation expense	<b>3,938,175</b>	3,342,738
<b>Property expense</b>		
Rent and taxes	16,882	18,285
Insurance	-	5,132
Utilities cost	277,063	229,447
Security (including guards)	167,181	152,628
Repair and maintenance (including janitorial charges)	155,278	122,601
Depreciation	144,269	112,041
Depreciation on right-of-use assets	538,453	542,956
Depreciation on non-banking assets	16,653	9,240
	<b>1,315,779</b>	1,192,330
<b>Information technology expenses</b>		
Software maintenance	536,799	417,820
Hardware maintenance	150,344	145,984
Depreciation	197,302	142,481
Amortisation	127,250	78,495
Network charges	138,537	118,670
	<b>1,150,232</b>	903,450
<b>Other operating expenses</b>		
Directors' fees and allowances	5,600	7,200
Legal and professional charges	138,832	89,727
Insurance	105,410	184,101
Outsourced services costs	135,384	103,666
Travelling and conveyance	108,929	84,318
NIFT clearing charges	27,677	22,443
Depreciation	172,775	160,504
Training and development	14,292	42,559
Postage and courier charges	41,542	44,981
Communication	71,634	79,296
Stationery and printing	171,607	140,280
Marketing, advertisement and publicity	1,160,640	456,627
Donations	64,188	19,415
Auditors' remuneration	7,591	6,813
Staff auto fuel and maintenance	292,705	165,151
Bank charges	46,543	29,456
Stamp duty	57,934	18,748
Online verification charges	69,444	22,905
Brokerage, fee and commission	64,200	30,319
Card related fees (debit and credit cards)	418,154	248,388
Consultancy fee	45,672	705
Deposit protection premium	94,697	96,218
Entertainment expenses	74,688	53,238
Repair and maintenance	30,473	38,358
Cash handling charges	105,081	87,474
Fee and subscription	77,050	62,065
Employees social security	4,832	3,417
Generator fuel and maintenance	102,280	64,518
Others	40,479	33,844
	<b>3,750,333</b>	2,396,734
	<b>10,154,519</b>	<b>7,835,252</b>

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**29. WORKERS' WELFARE FUND**

The Bank has made provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

		<b>(Un-audited)</b>	
		<b>June 30, 2023</b>	<b>June 30, 2022</b>
		Rupees in '000	
<b>30. OTHER CHARGES</b>	Note		
Penalties imposed by State Bank of Pakistan		<b>20,032</b>	85,590
<b>31. PROVISIONS AND WRITE OFFS - NET</b>			
Reversals for diminution in value of investments	9.3	<b>(3,804)</b>	(8,421)
Provisions against loans & advances - specific	10.3	<b>773,949</b>	78,124
Provisions against loans & advances - general	10.3	<b>133,056</b>	101,968
Provisions under IFRS 9 - Bahrain	31.1	<b>90,270</b>	12,533
Other provisions and write offs		<b>7,431</b>	289
		<b>1,000,902</b>	184,493
<b>31.1 Provisions / (reversals) under IFRS 9</b>			
Balances with other banks		<b>(2)</b>	12
Lendings to financial institutions		<b>1</b>	-
Investments	9.3	<b>69,868</b>	20,822
Advances	10.3	<b>20,403</b>	(8,301)
		<b>90,270</b>	12,533
<b>32. TAXATION</b>			
Current		<b>1,348,974</b>	551,195
Prior years		<b>-</b>	-
Deferred		<b>352,638</b>	(5,899)
		<b>1,701,612</b>	545,296
<b>32.1</b>	There are no material changes in tax contingencies as disclosed in annual unconsolidated financial statements for the year ended December 31, 2022.		

		<b>(Un-audited)</b>	
		<b>Quarter Ended</b>	<b>Half Year Ended</b>
		<b>June 30, 2023</b>	<b>June 30, 2022</b>
		Rupees in '000	
<b>33. BASIC AND DILUTED EARNINGS PER SHARE</b>			
Profit after taxation for the period - attributable to ordinary equity holders of the Bank		<b>651,638</b>	15,936
		<b>1,507,810</b>	425,554
		Number of shares	
Weighted average number of outstanding ordinary shares during the period		<b>1,297,464,262</b>	1,297,464,262
		<b>1,297,464,262</b>	1,297,464,262
		Rupees	
Basic and diluted earnings per share		<b>0.50</b>	0.01
		<b>1.16</b>	0.33

		<b>(Un-audited) June 30, 2023</b>	<b>(Audited) December 31, 2022</b>	<b>(Un-audited) June 30, 2022</b>
		Rupees in '000		
<b>34. CASH AND CASH EQUIVALENTS</b>	Note			
Cash and balances with treasury banks	6	<b>35,835,988</b>	24,764,967	30,744,265
Balances with other banks - Gross of provision	7	<b>3,693,100</b>	1,800,471	4,535,197
Overdrawn nostro accounts	15	<b>(918,590)</b>	(1,291,766)	(954,237)
		<b>38,610,498</b>	25,273,672	34,325,225

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**35. FAIR VALUE OF FINANCIAL INSTRUMENTS**

International Financial Reporting Standard (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. Quoted securities classified as held-to-maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements. Fair value of unquoted debt securities, 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.

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

**35.1 Valuation techniques used in determination of fair values within level:**

Item	Valuation approach and input used
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**Financial instruments - Level 1**

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 / Bloomberg.
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**Financial instruments - Level 2**

Mutual fund units	Fair values of investments in mutual fund units are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Market Treasury Bills (MTB), Pakistan Investment Bonds (PIB) and GoP Sukuks	Fair values of Pakistan Investment Bonds, Market Treasury Bills and GoP Sukuks are derived using PKRV, PKFRV and PKISRV rates.
Debt Securities (TFCs) and Sukuks other than Government	Investments in debt securities (comprising of Term Finance Certificates, Bonds and any other security issued by a company or a corporate body 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.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas & Euro Bonds are valued on the basis of price available on Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.

**Financial instruments - Level 3**

Currently, no financial instruments are classified in level 3.	
The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and, unavailability of reliable data regarding market rates for similar instruments.	

**Non-Financial assets - Level 3**

Fixed assets - Land and building	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values. 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 condensed interim unconsolidated financial statements.
Non-banking assets acquired in satisfaction of claims	

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- 35.2** 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 period.
- 35.3** The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

		June 30, 2023 (Un-audited)			
		Level 1	Level 2	Level 3	Total
		Rupees in '000			
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
<b>Held-for-trading securities</b>					
Investments					
Federal Government Securities	-	254,006	-	254,006	
<b>Available-for-sale securities</b>					
Investments					
Federal Government Securities	-	103,772,960	-	103,772,960	
Shares	5,294,782	-	-	5,294,782	
Non Government Debt Securities	-	457,107	-	457,107	
Foreign Securities	68,012	8,441,303	-	8,509,315	
Open end mutual funds	-	-	-	-	
	5,362,794	112,671,370	-	118,034,164	
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
Federal Government Securities	-	127,479,671	-	127,479,671	
	5,362,794	240,151,041	-	245,513,835	
<b>Non-Financial assets - measured at fair value</b>					
Revalued fixed assets	-	-	2,080,957	2,080,957	
Non-banking assets acquired in satisfaction of claims	-	-	4,899,652	4,899,652	
	-	-	6,980,609	6,980,609	
<b>Off balance sheet financial instruments</b>					
<b>Commitments in respect of:</b>					
<b>Forward foreign exchange contracts</b>					
Purchase	-	32,339,909	-	32,339,909	
Sale	-	19,120,703	-	19,120,703	
<b>Derivative instruments</b>					
<b>Forward securities contract</b>					
Purchase	-	3,217,541	-	3,217,541	

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December 31, 2022 (Audited)				
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
<b>Held-for-trading securities</b>				
Investments				
Federal Government Securities	-	33,431	-	33,431
<b>Available-for-sale securities</b>				
Investments				
Federal Government Securities	-	143,386,012	-	143,386,012
Shares	5,132,677	-	-	5,132,677
Non Government Debt Securities	-	494,174	-	494,174
Foreign Securities	301,472	807,635	-	1,109,107
Open end mutual funds	-	502,298	-	502,298
	5,434,149	145,190,119	-	150,624,268
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	-	147,022,393	-	147,022,393
	5,434,149	292,212,512	-	297,646,661
<b>Non-Financial assets - measured at fair value</b>				
Revalued fixed assets	-	-	3,748,375	3,748,375
Non-banking assets acquired in satisfaction of claims	-	-	3,772,225	3,772,225
	-	-	7,520,600	7,520,600
<b>Off balance sheet financial instruments</b>				
<b>Commitments in respect of:</b>				
<b>Forward foreign exchange contracts</b>				
Purchase	-	40,275,960	-	40,275,960
Sale	-	26,862,267	-	26,862,267
<b>Derivative instruments:</b>				
<b>Cross currency swaps</b>				
Purchase	-	247,888	-	247,888
Sale	-	248,598	-	248,598
<b>Forward securities contract</b>				
Purchase	-	187,617	-	187,617



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36. SEGMENT INFORMATION

36.1 Segment Details with respect to Business Activities:

For the half year ended June 30, 2023 (Un-audited)						
Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Others	Total
Rupees in '000						
<b>Profit and loss account</b>						
Net mark-up / return / interest income / (expense)	(7,147,989)	2,068,982	16,252,445	(143,612)	(578,646)	10,437,164
Inter segment revenue - net	17,641,621	1,582,917	(18,643,755)	1,054,012	(1,788,961)	-
Non mark-up / return / income	1,040,775	883,085	1,190,059	489,070	282,515	4,011,899
<b>Total income / (loss)</b>	<b>11,534,407</b>	<b>4,534,984</b>	<b>(1,201,251)</b>	<b>1,399,470</b>	<b>(2,085,092)</b>	<b>14,449,063</b>
Segment direct expenses	4,690,998	348,012	84,972	445,291	1,516,195	10,238,739
Inter segment expense allocation	2,281,571	343,331	96,628	74,358	(3,047,116)	-
<b>Total expenses</b>	<b>6,972,569</b>	<b>691,343</b>	<b>181,600</b>	<b>519,649</b>	<b>106,155</b>	<b>10,238,739</b>
Provisions and write offs - net	226,499	678,143	-	87,906	8,354	1,000,902
<b>Profit / (loss) before tax</b>	<b>4,335,339</b>	<b>3,165,498</b>	<b>(1,382,851)</b>	<b>(1,500,878)</b>	<b>(2,199,601)</b>	<b>3,209,422</b>
For the half year ended June 30, 2022 (Un-audited)						
Retail banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Others	Total
Rupees in '000						
<b>Profit and loss account</b>						
Net mark-up / return / interest income / (expense)	(1,879,508)	(151,802)	9,643,165	(456,351)	(519,493)	6,635,705
Inter segment revenue - net	7,945,448	1,540,310	(11,164,631)	943,538	668,539	-
Non mark-up / return / income	643,550	614,359	962,076	71,484	109,352	2,459,896
<b>Total income / (loss)</b>	<b>6,709,490</b>	<b>2,002,867</b>	<b>(559,390)</b>	<b>558,671</b>	<b>208,121</b>	<b>9,095,601</b>
Segment direct expenses	4,242,850	318,677	89,674	263,305	2,375,268	7,940,258
Inter segment expense allocation	1,638,798	351,713	82,902	63,214	(2,329,481)	-
<b>Total expenses</b>	<b>5,881,648</b>	<b>670,390</b>	<b>172,576</b>	<b>326,519</b>	<b>45,787</b>	<b>7,940,258</b>
Provisions / (reversals)	156,874	19,719	-	15,006	(7,106)	184,493
<b>Profit / (loss) before tax</b>	<b>670,968</b>	<b>1,312,758</b>	<b>(731,966)</b>	<b>(667,496)</b>	<b>169,440</b>	<b>970,850</b>
As at June 30, 2023 (Un-audited)						
Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Others	Total
Rupees in '000						
<b>Statement of financial position</b>						
Cash and bank balances	11,755,362	18,434	25,383,308	1,829,353	-	39,529,046
Lendings to financial institutions	-	-	36,564,641	552,818	-	37,117,459
Investments	-	-	234,822,175	11,572,713	7,105,581	253,500,469
Net inter segment lending	223,147,510	49,905,384	-	10,508,276	-	285,405,740
Advances - performing	70,205,505	112,782,314	-	7,359,764	5,193,673	195,541,256
Advances - non-performing	5,545,060	8,416,038	-	74	60,105	14,021,277
Advances - provisions - net	(2,580,967)	(5,686,829)	-	(35,986)	(24,152)	(8,327,934)
	73,169,598	115,511,523	-	7,323,852	5,229,626	201,234,599
Others	-	-	-	1,178,306	47,827,732	49,006,038
<b>Total Assets</b>	<b>308,072,470</b>	<b>165,435,341</b>	<b>296,770,124</b>	<b>32,965,318</b>	<b>60,162,939</b>	<b>865,793,351</b>
Borrowings	7,955,835	23,787,870	20,447,292	-	-	52,190,997
Deposits and other accounts	293,287,086	141,209,125	-	32,930,553	-	469,813,923
Subordinated debt	-	-	-	-	10,137,600	10,137,600
Net inter segment borrowing	-	-	275,030,621	-	10,375,119	285,405,740
Others	8,121,760	438,346	-	34,765	16,943,304	25,538,175
<b>Total Liabilities</b>	<b>309,364,681</b>	<b>165,435,341</b>	<b>295,477,913</b>	<b>32,965,318</b>	<b>37,456,023</b>	<b>843,086,435</b>
Equity	(1,292,211)	-	1,292,211	-	22,706,916	22,706,916
<b>Total Equity and Liabilities</b>	<b>308,072,470</b>	<b>165,435,341</b>	<b>296,770,124</b>	<b>32,965,318</b>	<b>60,162,939</b>	<b>865,793,351</b>
<b>Contingencies and Commitments</b>	<b>61,259,158</b>	<b>32,896,252</b>	<b>59,011,725</b>	<b>6,555,041</b>	<b>11,963,196</b>	<b>172,160,050</b>
As at December 31, 2022 (Audited)						
Retail banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Others	Total
Rupees in '000						
<b>Statement of financial position</b>						
Cash and bank balances	8,312,648	29,020	17,775,749	444,034	-	26,565,403
Lendings to financial institutions	-	-	11,351,162	-	-	11,351,162
Investments	-	1,786,820	297,472,425	2,064,697	2,140,921	303,464,863
Net inter segment lending	206,405,581	59,911,095	-	2,878,830	-	269,195,506
Advances - performing	75,221,124	141,415,256	-	407	5,575,996	222,212,783
Advances - non-performing	6,699,317	9,528,889	-	-	83,681	16,311,887
Advances - provisions - net	(3,269,248)	(4,141,732)	-	-	(11,874)	(17,422,854)
	78,651,193	146,802,413	-	407	5,647,803	231,101,816
Others	-	-	-	-	44,232,249	44,232,249
<b>Total Assets</b>	<b>293,369,422</b>	<b>208,529,348</b>	<b>326,599,336</b>	<b>2,508,731</b>	<b>52,020,973</b>	<b>885,910,999</b>
Borrowings	8,350,957	24,594,549	64,862,710	-	-	97,808,216
Deposits and other accounts	277,923,067	183,325,314	-	350	-	464,131,920
Subordinated debt	-	-	-	-	6,995,000	6,995,000
Net inter segment borrowing	-	-	261,736,626	2,508,381	4,950,499	269,195,506
Others	7,095,398	609,485	-	-	18,528,855	26,233,738
<b>Total Liabilities</b>	<b>293,369,422</b>	<b>208,529,348</b>	<b>326,599,336</b>	<b>2,508,731</b>	<b>30,474,354</b>	<b>864,364,380</b>
Equity	-	-	-	-	21,546,619	21,546,619
<b>Total Equity and Liabilities</b>	<b>293,369,422</b>	<b>208,529,348</b>	<b>326,599,336</b>	<b>2,508,731</b>	<b>52,020,973</b>	<b>885,910,999</b>
<b>Contingencies and Commitments</b>	<b>63,653,775</b>	<b>25,780,043</b>	<b>86,645,804</b>	<b>-</b>	<b>1,701,657</b>	<b>177,781,279</b>

**JS BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

**37. RELATED PARTY TRANSACTIONS**

The Bank has related party transactions with its parent, directors, key management personnel, subsidiaries, associates and other related parties.

The Bank enters into transactions with related parties in the ordinary course of business and substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of balances and transactions with related parties are as follows:

	As at June 30, 2023 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
<b>Statement of financial position</b>	Rupees in '000					
<b>Lendings to financial institutions</b>						
Opening balance	-	-	-	-	-	-
Addition during the period	-	-	-	-	-	64,905,200
Repaid during the period	-	-	-	-	-	(64,905,200)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
<b>Investments</b>						
Opening balance	-	-	-	1,919,121	269,800	5,067,465
Investment made during the period	-	-	-	-	-	1,200,000
Investment redeemed / disposed off during the period	-	-	-	-	-	(1,700,000)
Deficit on investments	-	-	-	-	-	(52,283)
Closing balance	-	-	-	1,919,121	269,800	4,515,182
Provision in value of diminution in investments	-	-	-	-	48,000	-
<b>Advances</b>						
Opening balance	-	-	498,310	-	232,166	2,642,159
Addition during the period	-	1,065	77,743	-	-	6,579,082
Repaid during the period	-	(1,171)	(70,587)	-	(30,955)	(4,551,207)
Transfer in / (out) - net	-	490	(8,108)	-	-	13,628
Closing balance	-	384	497,358	-	201,211	4,683,662
Provision against non-performing advances	-	-	-	-	-	541,585
<b>Other assets</b>						
Mark-up / return / interest accrued	-	-	125	-	-	53,238
Receivable against bancassurance / bancatakaful	-	-	-	-	-	17,224
Prepaid insurance	-	-	-	-	-	81,077
Net defined benefit plan	-	-	-	-	-	54,544
Advance against investment in securities	-	-	-	-	-	1,178,306
Other receivable	-	-	-	-	-	13,870
Provision against other assets	-	-	-	-	-	379
<b>Borrowings</b>						
Opening balance	-	-	-	-	-	-
Borrowings during the period	-	-	-	-	-	-
Settled during the period	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
<b>Deposits and other accounts</b>						
Opening balance	130,430	290	47,853	1,374,281	2,621	12,800,727
Received during the period	12,276,977	14,919	316,935	108,536,235	869,289	89,626,733
Withdrawn during the period	(10,595,812)	(21,619)	(335,524)	(109,021,183)	(843,555)	(92,892,203)
Transfer in / (out) - net	-	6,829	(226)	-	-	(39,878)
Closing balance	1,811,595	419	29,038	889,333	28,355	9,495,379
<b>Subordinated debt</b>						
Opening balance	-	-	-	-	-	124,714
Issued during the period	-	-	-	-	-	-
Redeemed during the period	-	-	-	-	-	(25)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	124,689
<b>Other liabilities</b>						
Mark-up / return / interest payable on deposits	-	-	-	-	-	184,582
Mark-up / return / Interest payable on subordinated debt	-	-	-	-	-	126
Donation payable	-	-	-	-	-	64,188
<b>Contingencies and commitments</b>						
Letter of guarantee	-	-	-	-	-	22,783
Letter of credit	-	-	-	-	-	27,769

**JS BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

	As at December 31, 2022 (Audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees in '000					
<b>Statement of financial position</b>						
<b>Lendings to financial institutions</b>						
Opening balance	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	96,591,372
Repaid during the year	-	-	-	-	-	(96,591,372)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
<b>Investments</b>						
Opening balance	-	-	-	1,919,121	269,800	4,734,303
Investment made during the year	-	-	-	-	-	4,245,951
Investment redeemed / disposed off during the year	-	-	-	-	-	(3,550,000)
Deficit on investments	-	-	-	-	-	(362,789)
Closing balance	-	-	-	1,919,121	269,800	5,067,465
Provision for diminution in value of investments	-	-	-	-	48,000	-
<b>Advances</b>						
Opening balance	-	125,769	458,181	96,775	442,315	5,229,319
Addition during the year	-	-	367,341	7,411	26,550	4,769,450
Repaid during the year	-	-	(121,474)	(104,186)	(236,699)	(6,716,615)
Transfer in / (out) - net	-	(125,769)	(205,738)	-	-	(639,995)
Closing balance	-	-	498,310	-	232,166	2,642,159
Provision against non-performing advances	-	-	-	-	-	130,339
<b>Other assets</b>						
Mark-up / interest accrued	-	-	697	-	8,010	19,745
Receivable against bancassurance	-	-	-	-	-	17,498
Prepaid insurance	-	-	-	-	-	34,933
Net defined benefit plan	-	-	-	-	-	119,523
Advance against investment in securities	-	-	-	-	-	1,178,306
Other receivable	-	-	-	-	-	14,249
Provision against other assets	-	-	-	-	-	379
<b>Borrowings</b>						
Opening balance	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	-	312,787,717
Settled during the year	-	-	-	-	-	(312,787,717)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
<b>Deposits and other accounts</b>						
Opening balance	912,327	214,211	42,227	1,354,967	41,310	14,572,975
Received during the year	15,376,414	62,632	823,876	353,446,011	1,494,000	191,456,450
Withdrawn during the year	(16,158,311)	(62,805)	(802,683)	(353,426,148)	(1,532,689)	(192,234,920)
Transfer in / (out) - net	-	(213,748)	(15,567)	(549)	-	(993,778)
Closing balance	130,430	290	47,853	1,374,281	2,621	12,800,727
<b>Subordinated debts</b>						
Opening balance	-	-	-	-	-	639,776
Issued during the year	-	-	-	-	-	-
Redeemed during the year	-	-	-	-	-	(79)
Transfer in / (out) - net	-	-	-	-	-	(514,983)
Closing balance	-	-	-	-	-	124,714
<b>Other liabilities</b>						
Interest / return / mark-up payable on deposits	-	-	-	-	-	536,091
Interest / return / mark-up payable on subordinated debt	-	-	-	-	-	143
Donation Payable	-	-	-	-	-	26,475
<b>Contingencies and commitments</b>						
Letter of guarantee	-	-	-	-	-	20,398
Letter of Credit	-	-	-	-	-	65,585
Forward lending	-	-	-	-	5,924	-

**JS BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

For the half year ended June 30, 2023 (Un-audited)						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
<b>Profit and loss account</b>	Rupees in '000					
<b>Income</b>						
Mark-up / return / interest earned	-	-	11,719	-	22,908	173,764
Fee, commission and brokerage income	-	-	1,056	6	10	38,427
Dividend income	-	-	-	-	-	138,782
Gain on sale of securities - net	-	-	-	-	-	5,853
Other income	-	-	-	-	-	840
<b>Reversal / (provisions) and write offs - net</b>						
Provision for diminution in value of investments - net	-	-	-	-	-	-
<b>Expense</b>						
Mark-up / return / interest paid	18,604	-	1,784	131,521	1,799	622,327
Commission / charges paid	-	-	-	852	-	-
Remuneration paid	-	-	298,688	-	-	-
Non-executive directors' fee	-	5,600	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	155,752
Net charge for defined benefit plans	-	-	-	-	-	64,381
Insurance expense	-	-	-	-	-	115,904
Donation	-	-	-	-	-	64,188
Legal charges	4,724	-	-	-	-	-
Consultancy charges	-	-	-	-	-	21,000
Other expenses	525	-	8,060	-	-	5,243
<b>Payments made during the period</b>						
Insurance premium paid	-	-	-	-	-	181,638
Insurance claims settled	-	-	-	-	-	6,265
<b>Other Transactions</b>						
Sale of Government Securities	-	-	15,317	-	-	51,703,811
Purchase of Government Securities	-	-	14,712	12,298	-	2,255,099
Sale of Foreign Currencies	-	-	-	-	-	29,329,485
Purchase of Foreign Currencies	-	-	-	-	-	18,681,598

For the half year ended June 30, 2022 (Un-audited)						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
<b>Profit and loss account</b>	Rupees in '000					
<b>Income</b>						
Mark-up / return / interest earned	-	212	12,097	1,631	30,600	189,259
Fee, commission and brokerage income	-	16	58	2	-	43,601
Dividend income	-	-	-	-	-	52,465
Gain on sale of securities - net	-	-	-	-	-	7,604
Other income	-	-	-	-	-	441
<b>Reversal / (provisions) and write offs - net</b>						
Provision for diminution in value of investments - net	-	-	-	-	-	-
<b>Expense</b>						
Mark-up / return / interest paid	59,814	259	747	84,424	746	493,305
Commission / charges paid	-	-	-	1,009	-	-
Remuneration paid	-	-	179,645	-	-	-
Non-executive directors' fee	-	8,080	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	128,189
Net charge for defined benefit plans	-	-	-	-	-	97,387
Insurance expense	-	-	-	-	-	89,540
Donation	-	-	-	-	-	41,178
Advisory fees	-	-	-	-	-	3,643
Other expenses	-	207	-	-	-	952
<b>Payments made during the period</b>						
Insurance premium paid	-	-	-	-	-	209,538
Insurance claims settled	-	-	-	-	-	3,459
<b>Other transactions</b>						
Sale of Government Securities	3,884,797	-	-	-	-	21,775,667
Purchase of Government Securities	-	-	-	-	-	11,656,570
Purchase of Non Government Securities	-	-	-	-	-	206,041
Sale of Foreign Currencies	-	-	-	-	-	38,624,704
Purchase of Foreign Currencies	-	-	-	-	-	30,870,083

**JS BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
----- Rupees in '000 -----		
<b>38. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u><u>10,119,242</u></u>	<u><u>10,119,242</u></u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<u><u>19,324,886</u></u>	<u><u>18,161,246</u></u>
Eligible Additional Tier 1 (ADT 1) Capital	<u><u>2,500,000</u></u>	<u><u>2,500,000</u></u>
Total Eligible Tier 1 Capital	<u><u>21,824,886</u></u>	<u><u>20,661,246</u></u>
Eligible Tier 2 Capital	<u><u>6,506,127</u></u>	<u><u>4,097,720</u></u>
Total Eligible Capital (Tier 1 + Tier 2)	<u><u>28,331,013</u></u>	<u><u>24,758,966</u></u>
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<u><u>150,767,675</u></u>	<u><u>153,443,431</u></u>
Market Risk	<u><u>622,802</u></u>	<u><u>970,174</u></u>
Operational Risk	<u><u>32,322,263</u></u>	<u><u>32,322,263</u></u>
Total	<u><u>183,712,740</u></u>	<u><u>186,735,868</u></u>
Common Equity Tier 1 Capital Adequacy ratio	<u><u>10.52%</u></u>	<u><u>9.73%</u></u>
Tier 1 Capital Adequacy Ratio	<u><u>11.88%</u></u>	<u><u>11.06%</u></u>
Total Capital Adequacy Ratio	<u><u>15.42%</u></u>	<u><u>13.26%</u></u>
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	<u><u>21,824,886</u></u>	<u><u>20,661,246</u></u>
Total Exposures	<u><u>667,399,557</u></u>	<u><u>683,834,651</u></u>
Leverage Ratio	<u><u>3.27%</u></u>	<u><u>3.02%</u></u>
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<u><u>132,391,348</u></u>	<u><u>141,619,653</u></u>
Total Net Cash Outflow	<u><u>78,323,022</u></u>	<u><u>74,673,572</u></u>
Liquidity Coverage Ratio	<u><u>169.03%</u></u>	<u><u>189.65%</u></u>
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<u><u>400,861,097</u></u>	<u><u>369,449,898</u></u>
Total Required Stable Funding	<u><u>280,111,492</u></u>	<u><u>294,199,283</u></u>
Net Stable Funding Ratio	<u><u>143.11%</u></u>	<u><u>125.58%</u></u>

**JS BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

**39. GENERAL**

**39.1** Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report.

**39.2** The figures in these condensed interim unconsolidated financial statements have been rounded off to the nearest thousand unless otherwise stated.

**40. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim unconsolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on August 23, 2023.

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**President and  
Chief Executive Officer**

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**Chief Financial Officer**

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**Director**

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**Director**

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**Chairman**



Condensed Interim Consolidated Financial Statements  
for the Half Year Ended June 30, 2023

**JS BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	<b>35,836,267</b>	24,765,248
Balances with other banks	7	<b>3,783,209</b>	1,859,792
Lendings to financial institutions	8	<b>37,117,459</b>	11,351,162
Investments	9	<b>253,599,196</b>	303,368,466
Advances	10	<b>201,692,682</b>	231,558,755
Fixed assets	11	<b>11,802,894</b>	11,234,696
Intangible assets	12	<b>4,126,534</b>	3,843,994
Deferred tax assets	18	-	-
Other assets	13	<b>36,384,291</b>	32,547,846
		<b>584,342,532</b>	620,529,959
<b>LIABILITIES</b>			
Bills payable	14	<b>6,590,633</b>	5,402,945
Borrowings	15	<b>52,664,161</b>	98,531,096
Deposits and other accounts	16	<b>468,924,589</b>	462,757,638
Liabilities against assets subject to finance lease		-	-
Subordinated debts	17	<b>10,137,600</b>	6,995,000
Deferred tax liabilities	18	<b>6,866</b>	212,327
Other liabilities	19	<b>21,515,744</b>	23,374,566
		<b>559,839,593</b>	597,273,572
<b>NET ASSETS</b>		<b>24,502,939</b>	23,256,387
<b>REPRESENTED BY</b>			
Share capital - net		<b>10,119,242</b>	10,119,242
Reserves		<b>3,315,889</b>	2,787,201
Surplus on revaluation of assets	20	<b>743,388</b>	1,342,708
Unappropriated profit		<b>9,952,903</b>	8,643,962
		<b>24,131,422</b>	22,893,113
Non-controlling interest		<b>371,517</b>	363,274
		<b>24,502,939</b>	23,256,387

**CONTINGENCIES AND COMMITMENTS**

21

The annexed notes from 1 to 40 form an integral part of these condensed interim consolidated financial statements.

\_\_\_\_\_  
**President and  
Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial  
Officer**

\_\_\_\_\_  
**Director**

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**Director**

\_\_\_\_\_  
**Chairman**



**JS BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

		Quarter Ended		Half Year Ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Note		----- Rupees in '000 -----			
Mark-up / return / interest earned	23	<b>21,541,448</b>	16,128,233	<b>42,563,350</b>	29,975,390
Mark-up / return / interest expensed	24	<b>16,121,900</b>	12,755,459	<b>32,057,620</b>	23,290,632
<b>Net mark-up / interest income</b>		<b>5,419,548</b>	3,372,774	<b>10,505,730</b>	6,684,758
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income	25	<b>1,103,305</b>	983,912	<b>2,248,029</b>	1,866,961
Dividend income		<b>83,086</b>	35,330	<b>225,706</b>	94,310
Foreign exchange income		<b>830,412</b>	636,072	<b>2,551,069</b>	975,746
Gain / (loss) from derivatives		<b>108,699</b>	(15,942)	<b>(13,882)</b>	(75,579)
(Loss) / gain on securities - net	26	<b>(63,468)</b>	(194,798)	<b>(505,014)</b>	194,334
Share of (loss) / profit from associates		<b>(10,965)</b>	(6,608)	<b>(17,706)</b>	327
Other income	27	<b>70,417</b>	40,302	<b>113,585</b>	66,943
<b>Total non mark-up / interest income</b>		<b>2,121,486</b>	1,478,268	<b>4,601,787</b>	3,123,042
<b>Total income</b>		<b>7,541,034</b>	4,851,042	<b>15,107,517</b>	9,807,800
<b>Non mark-up / interest expenses</b>					
Operating expenses	28	<b>5,507,762</b>	4,612,559	<b>10,686,347</b>	8,352,170
Workers' Welfare Fund	29	<b>34,660</b>	6,245	<b>67,162</b>	20,282
Other charges	30	<b>470</b>	85,590	<b>20,032</b>	85,590
<b>Total non-mark-up / interest expenses</b>		<b>5,542,892</b>	4,704,394	<b>10,773,541</b>	8,458,042
<b>Profit before provisions</b>		<b>1,998,142</b>	146,648	<b>4,333,976</b>	1,349,758
Provisions and write offs - net	31	<b>238,210</b>	(128,785)	<b>1,000,902</b>	184,493
<b>Profit before taxation</b>		<b>1,759,932</b>	275,433	<b>3,333,074</b>	1,165,265
Taxation	32	<b>1,051,718</b>	309,562	<b>1,741,587</b>	581,819
<b>Profit after taxation</b>		<b>708,214</b>	(34,129)	<b>1,591,487</b>	583,446
<b>Attributable to:</b>					
Equity holders of the Bank		<b>701,392</b>	(28,450)	<b>1,583,805</b>	559,818
Non-controlling interest		<b>6,822</b>	(5,679)	<b>7,682</b>	23,628
		<b>708,214</b>	(34,129)	<b>1,591,487</b>	583,446
<b>Basic and diluted earnings per share</b>	33	<b>0.54</b>	(0.02)	<b>1.22</b>	0.43

The annexed notes from 1 to 40 form an integral part of these condensed interim consolidated financial statements.

\_\_\_\_\_  
**President and  
Chief Executive Officer**

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**Chief Financial  
Officer**

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**Director**

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**Director**

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**Chairman**

**JS BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

	<b>Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>June 30, 2023</b>	June 30, 2022	<b>June 30, 2023</b>	June 30, 2022
	----- Rupees in '000 -----		----- Rupees in '000 -----	
<b>Profit / (loss) after taxation for the period</b>	<b>708,214</b>	(34,129)	<b>1,591,487</b>	583,446
<b>Other comprehensive income / (loss)</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods</b>				
Effect of translation of net investment in foreign branch	<b>11,011</b>	98,161	<b>227,126</b>	137,395
Movement in deficit on revaluation of investments - net of tax (Pakistan operations)	<b>267,650</b>	(339,440)	<b>(623,646)</b>	(1,272,751)
Movement in surplus of debt investments at FVOCI - net of tax (Bahrain operations)	<b>278,477</b>	(62,047)	<b>111,253</b>	(234,296)
	<b>546,127</b>	(401,487)	<b>(512,393)</b>	(1,507,047)
<b>Items that will not be reclassified to profit and loss account in subsequent periods</b>				
Movement in surplus on revaluation of fixed assets - net of tax	<b>(45,739)</b>	(32,007)	<b>(45,739)</b>	(32,007)
Movement in surplus on revaluation of non-banking assets - net of tax	<b>(43)</b>	(98)	<b>(43)</b>	(98)
Movement in deficit of equity investments at FVOCI - net of tax (Bahrain operations)	<b>(29,780)</b>	(23,931)	<b>(13,886)</b>	(42,116)
	<b>(75,562)</b>	(56,036)	<b>(59,668)</b>	(74,221)
	<b>481,576</b>	(359,362)	<b>(344,935)</b>	(1,443,873)
<b>Total comprehensive income / (loss) for the period</b>	<b>1,189,790</b>	(393,491)	<b>1,246,552</b>	(860,427)
<b>Attributable to:</b>				
Equity holders of the Bank	<b>1,181,187</b>	(378,271)	<b>1,238,309</b>	(838,858)
Non-controlling interest	<b>8,603</b>	(15,220)	<b>8,243</b>	(21,569)
	<b>1,189,790</b>	(393,491)	<b>1,246,552</b>	(860,427)

The annexed notes from 1 to 40 form an integral part of these condensed interim consolidated financial statements.

\_\_\_\_\_  
**President and  
Chief Executive Officer**

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**Chief Financial  
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**Director**

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**Director**

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**Chairman**

**JS BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

	Attributable to equity holders of the Bank								Non-controlling interest	Total
	Share capital - net	Reserves		Surplus / (deficit) on revaluation of			Unappropriated profit	Sub-total		
		Statutory reserve	Capital reserve - exchange translation	Investments	Fixed assets	Non-banking assets				
Rupees in '000										
Balance as at January 01, 2022 (Audited)	10,119,242	2,137,057	194,012	1,357,656	1,751,559	119,714	7,764,840	23,444,080	388,327	23,832,407
Total comprehensive loss for the half year ended June 30, 2022										
Profit after taxation	-	-	-	-	-	-	559,818	559,818	23,628	583,446
Other comprehensive (loss) / income	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	137,395	(1,503,966)	(32,007)	(98)	-	(1,398,676)	(45,197)	(1,443,873)
	-	-	137,395	(1,503,966)	(32,007)	(98)	559,818	(838,858)	(21,569)	(860,427)
Transfer to statutory reserve	-	85,111	-	-	-	-	(85,111)	-	-	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	(22,585)	(12,495)	35,080	-	-	-
Loss on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	12,317	-	-	(12,317)	-	-	-
Balance as at June 30, 2022	10,119,242	2,222,168	331,407	(133,993)	1,696,967	107,121	8,262,310	22,605,222	366,758	22,971,980
Total comprehensive income for the six months ended December 31, 2022										
Profit after taxation	-	-	-	-	-	-	521,948	521,948	(15,098)	506,850
Other comprehensive (loss) / income	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	125,780	(305,998)	-	-	(53,839)	(234,057)	11,614	(222,443)
	-	-	125,780	(305,998)	-	-	468,109	287,891	(3,484)	284,407
Transfer to statutory reserve	-	107,846	-	-	-	-	(107,846)	-	-	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	(22,588)	(38)	22,626	-	-	-
Loss on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	1,237	-	-	(1,237)	-	-	-
Balance as at December 31, 2022 (Audited)	10,119,242	2,330,014	457,187	(438,754)	1,674,379	107,083	8,643,962	22,893,113	363,274	23,256,387
Total comprehensive income for the half year ended June 30, 2023										
Profit after taxation	-	-	-	-	-	-	1,583,805	1,583,805	7,682	1,591,487
Other comprehensive income / (loss)	-	-	-	-	-	-	-	-	-	-
- net of tax	-	-	227,126	(526,840)	(45,739)	(43)	-	(345,496)	561	(344,935)
	-	-	227,126	(526,840)	(45,739)	(43)	1,583,805	1,238,309	8,243	1,246,552
Transfer to statutory reserve	-	301,562	-	-	-	-	(301,562)	-	-	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	(44,031)	(8)	44,039	-	-	-
Loss on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	17,341	-	-	(17,341)	-	-	-
Balance as at June 30, 2023	10,119,242	2,631,576	684,313	(948,253)	1,584,609	107,032	9,952,903	24,131,422	371,517	24,502,939

The annexed notes from 1 to 40 form an integral part of these condensed interim consolidated financial statements.

\_\_\_\_\_  
**President and  
Chief Executive Officer**

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**Chief Financial  
Officer**

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**Director**

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**Director**

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**Chairman**

**JS BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

		June 30, 2023	June 30, 2022
	Note	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		3,333,074	1,165,265
Less:			
Dividend income		(225,706)	(94,310)
Share of loss / (profit) from associates		17,706	(327)
		<u>3,125,074</u>	<u>1,070,628</u>
<b>Adjustments:</b>			
Depreciation on fixed assets	28	555,487	465,820
Depreciation on non-banking assets	28	16,653	9,240
Depreciation on right-of-use assets	28	558,578	562,408
Amortisation	28	129,275	81,287
Interest expense on lease liability against right-of-use assets	24	162,545	205,077
Charge for defined benefit plan		64,979	46,615
Unrealised (gain) / loss on revaluation of investments classified as held-for-trading - net	26	(25,518)	12,474
Provisions and write offs - net	31	1,000,902	184,493
Provision for workers' welfare fund	29	67,162	20,282
Gain on sale of fixed assets - net	27	(51,410)	(37,355)
Gain on sale of non-banking assets	27	-	(1,167)
Gain on termination of leases - net	27	(30,083)	(4,742)
		<u>2,448,570</u>	<u>1,544,432</u>
		<u>5,573,644</u>	<u>2,615,060</u>
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		(25,766,298)	(14,821,414)
Held-for-trading securities		(389,935)	(7,592,945)
Advances		28,934,698	10,744,532
Other assets (excluding advance taxation)		(4,040,321)	(5,805,756)
		<u>(1,261,856)</u>	<u>(17,475,583)</u>
<b>(Decrease) / increase in operating liabilities</b>			
Bills payable		1,187,688	(720,497)
Borrowings		(45,493,759)	82,816,482
Deposits and other accounts		6,166,951	20,568,229
Other liabilities		(1,687,150)	2,980,029
		<u>(39,826,270)</u>	<u>105,644,243</u>
		<u>(35,514,482)</u>	<u>90,783,720</u>
Income taxes paid		(1,262,918)	(681,967)
<b>Net cash (used in) / generated from operating activities</b>		<u>(36,777,400)</u>	<u>90,101,753</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net redemption / (investments) in available-for-sale securities		31,444,341	(18,080,995)
Net redemption / (investments) in held-to-maturity securities		17,511,612	(71,261,926)
Dividend received		225,401	94,310
Investments in fixed assets		(1,388,339)	(801,285)
Investments in intangible assets		(410,938)	(300,303)
Proceeds from disposal of fixed assets		142,021	90,594
Effect of translation of net investment in foreign branch		227,126	137,395
<b>Net cash generated from / (used in) investing activities</b>		<u>47,751,224</u>	<u>(90,122,210)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment of lease liability against right-of-use assets		(748,805)	(588,966)
Issuance of subordinated debt		3,143,500	-
Repayment of subordinated debt		(900)	(900)
<b>Net cash used in financing activities</b>		<u>2,393,795</u>	<u>(589,866)</u>
<b>Increase / (decrease) in cash and cash equivalents</b>		<u>13,367,619</u>	<u>(610,323)</u>
Cash and cash equivalents at beginning of the period		25,333,309	35,188,140
<b>Cash and cash equivalents at end of the period</b>	34	<u>38,700,928</u>	<u>34,577,817</u>

The annexed notes from 1 to 40 form an integral part of these condensed interim consolidated financial statements.

\_\_\_\_\_  
**President and  
Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial  
Officer**

\_\_\_\_\_  
**Director**

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**Director**

\_\_\_\_\_  
**Chairman**

**JS BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

**1. STATUS AND NATURE OF BUSINESS**

**1.1** The Group consists of:

**Holding Company: JS Bank Limited**

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 281 (December 31, 2022: 281) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2022: 1). 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 repayment of financial commitments.

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

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL, in their respective extraordinary 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.

The ultimate parent of the Group is Jahangir Siddiqui & Co. Ltd. which holds 75.02% shares of the Bank.

**1.2 Composition of the Group**

	<b>Ownership interest and voting power held by the Bank</b>			
	<b>June 30, 2023</b>		<b>December 31, 2022</b>	
	<b>The Group</b>	<b>NCI</b>	<b>The Group</b>	<b>NCI</b>
<b>Subsidiaries</b>				
JS Global Capital Limited	<b>92.90%</b>	<b>7.10%</b>	92.90%	7.10%
JS Investments Limited	<b>84.56%</b>	<b>15.44%</b>	84.56%	15.44%

**1.3 Composition of the associated companies**

	<b>Ownership interest and voting power held by the Bank</b>	
	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>Associates</b>		
Omar Jibran Engineering Industries Limited	<b>9.60%</b>	9.60%
Veda Transit Solutions (Private) Limited	<b>3.92%</b>	3.92%
Intercity Touring Company (Private) Limited	<b>9.12%</b>	9.12%

**1.4** The shareholders of the Bank at their General Meetings held on March 29, 2023 and May 19, 2023, approved that 42.45%, i.e., 470,603,772 ordinary voting shares and control of BankIslami Pakistan Limited (BIPL), may be acquired from existing sponsors and other shareholders of BIPL (including but not limited to, Jahangir Siddiqui & Co. Ltd., the holding company of the Bank). The acquisition be made through agreements against the issuance of 532,629,349 new shares of the Bank by way of other than rights and other than cash consideration, i.e., 1.1318 ordinary shares of the Bank to be issued as consideration for every 1 ordinary share of BIPL.

**JS BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

The Shareholders further approved that a public offer for a minimum of 24.88% ordinary shares of BIPL be made to all public shareholders as required under the Regulations in exchange for cash. Further, the Board of Directors, at their duly convened meeting held on April 26, 2023 also decided to issue 17% Right Shares, i.e. 17 right shares for every 100 shares held, at par value of Rs. 10/- each to partly finance the public offer.

The acquisition was subject to necessary permission from the State Bank of Pakistan (SBP) and the Competition Commission of Pakistan, as well as other regulatory approvals and compliance of all regulatory and statutory formalities as may be applicable. The issuance of shares other than rights is subject to permission of the Securities and Exchange Commission of Pakistan (SECP).

Accordingly, pursuant to obtaining all the required corporate and regulatory approvals, the Bank raised PKR 2.205 billion against 17% rights issue. Further, the Bank also made announcement of public offer on June 27, 2023 (published in newspapers on June 28, 2023). Subsequently, the afore-mentioned transaction has culminated.

## **2. BASIS OF PRESENTATION**

These condensed interim consolidated financial statements include financial statements of JS Bank Limited and its subsidiary companies, and share of the profit / reserves of associates and have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 05 dated March 22, 2019.

These condensed interim 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 the functional currency of the Bank, in that environment as well.

### **2.1 Statement of Compliance**

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

- International 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 State Bank of Pakistan (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 disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 05 dated March 22, 2019 and International Accounting Standards (IAS) 34, 'Interim Financial Reporting'. These condensed interim consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

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 condensed interim consolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

International Financial Reporting Standard (IFRS) 10, '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.O 56(I)/2016 dated January 28, 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 condensed interim consolidated financial statements.

### **2.2 Basis of Consolidation**

#### **The Group**

- The condensed interim consolidated financial statements include the financial statements of the Bank 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 International Financial Reporting Standard (IFRS) 10, 'Consolidated Financial Statements' is not applicable.
- These condensed interim consolidated financial statements incorporate the financial statements of subsidiaries from the date that control commences until the date that control ceases.
- 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 Bank.
- Material intra-group balances and transactions are eliminated.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended December 31, 2022.

#### 3.1 Standards, interpretations of and amendments to approved accounting standards that are effective in the current period

There are certain other amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2023. These are either considered to not be relevant or do not have any significant impact and accordingly have not been detailed in these condensed interim consolidated financial statements.

#### 3.2 Standards, interpretations of and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2023:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current and application of materiality to disclosure of accounting policies - Amendments to IAS 1	January 01, 2024
Disclosure of Accounting Policies - Amendments to IAS 1	January 01, 2023
Lease liability in a sale and leaseback - Amendments to IFRS 16	January 01, 2024
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
IFRS 9 - 'Financial Instruments'	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

The management is in the process of assessing the impact of these standards and amendments on the condensed interim consolidated financial statements of the Bank.

The application of the International Financial Reporting Standard (IFRS) 9, 'Financial Instruments', for all companies to prepare their financial statements in accordance with the requirements of IFRS 9 was implemented by SECP for reporting period / year ending on or after June 30, 2019 through its S.R.O. 229 (I)/2019 dated February 14, 2019. However, State Bank of Pakistan (SBP) has extended the effective date of applicability of IFRS 9 from January 01, 2023 through its BPRD Circular No. 03 dated July 05, 2022 in case of banks having assets size of PKR 500 billion or above. The said circular contained application instructions for quarterly, half yearly and annual parallel run reporting of IFRS 9 for year 2022 and 2023 within given timelines.

During the period, SBP has further extended the effective date of applicability of IFRS 9 to January 01, 2024 through its BPRD Circular Letter No. 07 of 2023 dated April 13, 2023.

As of reporting date, till the implementation of IFRS 9, the Bank has continued to fulfil the requirements of Prudential Regulations and other SBP directives currently providing the accounting framework for the measurement and valuation of assets and provisions / impairment against non-performing assets.



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**3.3 Presentation and disclosure**

Further, the SBP vide BPRD Circular No. 02 of 2023 dated February 09, 2023 has specified the new reporting format for financial statements of Banking Companies. While the new format has revised certain disclosure requirements, it includes disclosure requirements with respect to IFRS 9. The requirements will be applicable from January 01, 2024 in accordance with the BPRD Circular Letter No. 07 of 2023 dated April 13, 2023.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements are the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2022.

**5. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2022.

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	----- Rupees in '000 -----	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand</b>			
Local currency		10,411,392	7,824,569
Foreign currencies		1,344,249	488,360
		<b>11,755,641</b>	8,312,929
<b>With State Bank of Pakistan in</b>			
Local currency current account		18,755,459	15,207,132
Foreign currency current account - non remunerative		965,218	815,151
Foreign currency deposit account - remunerative		2,320,699	364,657
		<b>22,041,376</b>	16,386,940
<b>With National Bank of Pakistan in local currency current accounts</b>		2,025,576	58,322
<b>National prize bonds</b>		13,674	7,057
		<b>35,836,267</b>	24,765,248
<b>7. BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current accounts		413,110	260,350
In deposit accounts		69,786	54,108
		<b>482,896</b>	314,458
<b>Outside Pakistan</b>			
In current accounts		3,300,355	1,545,369
		<b>3,783,251</b>	1,859,827
Less: General provision under IFRS 9	7.1	(42)	(35)
		<b>3,783,209</b>	1,859,792
<b>7.1</b>	This represents general provision held under IFRS 9 by Bahrain branch of the Bank.		
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Repurchase agreement lendings (reverse repo)		36,564,641	11,351,162
Clean money lendings		552,819	-
		<b>37,117,460</b>	11,351,162
Less: General provision under IFRS 9	8.1	(1)	-
		<b>37,117,459</b>	11,351,162
<b>8.1</b>	This represents general provision held under IFRS 9 by Bahrain branch of the Bank.		
<b>8.2 Particulars of advances (gross)</b>			
In local currency		36,564,641	11,351,162
In foreign currencies		552,819	-
		<b>37,117,460</b>	11,351,162



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		June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
		Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
<b>9. INVESTMENTS</b>									
<b>9.1 Investments by type:</b>	Note	Rupees in '000							
<b>Held-for-trading securities</b>									
<b>Federal Government Securities</b>									
Market Treasury Bills		254,612	-	(606)	254,006	33,538	-	(107)	33,431
<b>Shares</b>									
<b>Listed Companies</b>									
Ordinary shares		760,351	-	8,235	768,586	559,170	-	11,528	570,698
<b>Open End Mutual Funds</b>		527,219	-	17,889	545,108	546,355	-	1,762	548,117
<b>Available-for-sale securities</b>									
<b>Federal Government Securities</b>									
Market Treasury Bills		32,816,847	-	(573,789)	32,243,058	40,317,081	-	(395,161)	39,921,920
Pakistan Investment Bonds - Fixed		34,323,716	-	(2,164,631)	32,159,085	34,811,083	-	(1,399,722)	33,411,361
Pakistan Investment Bonds - Floater		38,479,301	-	(219,630)	38,259,671	69,406,348	-	(31,328)	69,375,020
Government of Pakistan Eurobonds		1,868,747	(107,300)	(650,301)	1,111,146	1,470,530	(49,083)	(743,736)	677,711
		107,488,611	(107,300)	(3,608,351)	103,772,960	146,005,042	(49,083)	(2,569,947)	143,386,012
<b>Shares</b>									
<b>Listed Companies</b>									
Ordinary shares		3,462,928	-	1,848,295	5,311,223	3,213,934	-	1,936,543	5,150,477
Preference shares		136,589	(136,589)	-	-	136,589	(136,589)	-	-
<b>Unlisted Companies</b>									
Ordinary shares		11,000	-	-	11,000	11,000	-	-	11,000
		3,610,517	(136,589)	1,848,295	5,322,223	3,361,523	(136,589)	1,936,543	5,161,477
<b>Non Government Debt Securities</b>									
<b>Listed</b>									
Term Finance Certificates		518,446	(143,446)	7,107	382,107	523,541	(143,446)	28	380,123
Sukuk Certificates		205,803	-	41	205,844	263,884	-	92	263,976
<b>Unlisted</b>									
Term Finance Certificates		462,785	(462,785)	-	-	466,589	(466,589)	-	-
Sukuk Certificates		1,134,153	-	-	1,134,153	1,212,440	-	-	1,212,440
Preference shares		27,733	(27,733)	-	-	27,733	(27,733)	-	-
		2,348,920	(633,964)	7,148	1,722,104	2,494,187	(637,768)	120	1,856,539
<b>Foreign Securities</b>									
Government Debt Securities		8,766,130	(191,941)	(132,886)	8,441,303	410,164	(129,576)	(146,817)	133,771
Non Government Debt Securities		-	-	-	-	679,632	(394)	(5,374)	673,864
Ordinary shares		93,309	-	(25,297)	68,012	335,143	-	(28,705)	306,438
		8,859,439	(191,941)	(158,183)	8,509,315	1,424,939	(129,970)	(180,896)	1,114,073
<b>Open End Mutual Funds</b>		485,233	-	34,491	519,724	951,370	-	32,261	983,631
<b>Held-to-maturity securities</b>									
<b>Federal Government Securities</b>									
Market Treasury Bills		59,914,554	-	-	59,914,554	105,615,196	-	-	105,615,196
Pakistan Investment Bonds - Fixed		10,297,439	-	-	10,297,439	10,136,487	-	-	10,136,487
Pakistan Investment Bonds - Floater		61,714,232	-	-	61,714,232	33,686,154	-	-	33,686,154
	9.1.1	131,926,225	-	-	131,926,225	149,437,837	-	-	149,437,837
<b>Associates</b>									
Omar Jibran Engineering Industries Ltd.		228,386	-	-	228,386	236,194	-	-	236,194
Veda Transit Solutions (Pvt.) Ltd.		30,559	-	-	30,559	40,457	-	-	40,457
		258,945	-	-	258,945	276,651	-	-	276,651
<b>Total Investments</b>		<b>256,520,072</b>	<b>(1,069,794)</b>	<b>(1,851,082)</b>	<b>253,599,196</b>	<b>305,090,612</b>	<b>(953,410)</b>	<b>(768,736)</b>	<b>303,368,466</b>

9.1.1 The market value of securities classified as held-to-maturity as at June 30, 2023 amounted to Rs. 127,479.671 million (December 31, 2022: Rs. 147,022.393 million).

		(Un-audited) June 30, 2023		(Audited) December 31, 2022	
		Cost	Market value	Cost	Market value
<b>9.2 Investments given as collateral</b>		Rupees in '000			
<b>Federal Government Securities</b>					
Pakistan Investment Bonds - Fixed		20,295,984	19,459,212	-	-
Pakistan Investment Bonds - Floater		-	-	62,800,000	62,198,080
		<b>20,295,984</b>	<b>19,459,212</b>	<b>62,800,000</b>	<b>62,198,080</b>
<b>9.3 Provision for diminution in value of investments</b>	Note	Rupees in '000			
Opening balance				953,410	922,888
Exchange rate adjustments				50,320	28,126
Charge for the period / year				-	24,570
Reversals for the period / year				(3,804)	(104,869)
	31			<b>(3,804)</b>	<b>(80,299)</b>
<b>Impairment under IFRS 9 in Bahrain branch</b>					
Charge during the period / year				69,868	82,695
Closing balance				<b>1,069,794</b>	<b>953,410</b>

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9.3.2 Particulars of provisions against debt securities

Category of classification		(Un-audited) June 30, 2023		(Audited) December 31, 2022	
		Non-Performing Investments	Provision	Non-Performing Investments	Provision
		Rupees in '000			
Domestic		633,964	633,964	637,768	637,768
Loss					
		Performing	Non-Performing	Total	
		(Un-audited) June 30, 2023	(Audited) December 31, 2022	(Un-audited) June 30, 2023	(Audited) December 31, 2022
		Rupees in '000			
10. ADVANCES	Note	186,365,590	212,648,027	14,021,277	16,311,887
Loans, cash credits, running finances, etc.		9,633,617	10,021,695	-	-
Bills discounted and purchased		195,999,207	222,669,722	14,021,277	16,311,887
Advances - gross	10.1			210,020,484	238,981,609
Provision against advances					
- Specific		-	-	(7,958,263)	(7,210,740)
- General		(333,670)	(200,614)	(333,670)	(200,614)
- General provision - under IFRS 9	10.3.2	(35,869)	(11,500)	(35,869)	(11,500)
	10.3	(369,539)	(212,114)	(7,958,263)	(7,210,740)
Advances - net of provision		195,629,668	222,457,608	6,063,014	9,101,147
				201,692,682	231,558,755
				(Un-audited) June 30, 2023	(Audited) December 31, 2022
				Rupees in '000	
10.1 Particulars of advances (gross)				200,276,880	229,793,447
In local currency				9,743,604	9,188,162
In foreign currencies				210,020,484	238,981,609

10.2 Advances include Rs. 14,021.277 million (December 31, 2022: Rs. 16,311.887 million) which have been placed under non-performing status as detailed below:

Category of classification		(Un-audited) June 30, 2023		(Audited) December 31, 2022	
		Non-Performing Loans	Provision	Non-Performing Loans	Provision
		Rupees in '000			
Domestic		484,461	7,099	413,839	252
Other Assets Especially Mentioned*		1,197,833	56,703	1,300,581	171,165
Substandard		1,618,341	345,179	1,808,030	462,049
Doubtful		10,720,642	7,549,282	12,789,437	6,577,274
Loss					
Total		14,021,277	7,958,263	16,311,887	7,210,740

\* The Other Assets Especially Mentioned category pertains to agriculture, housing and small enterprises financing.

10.3 Particulars of provisions against advances

		(Un-audited) June 30, 2023				(Audited) December 31, 2022			
		Specific	General	General provision under IFRS 9	Total	Specific	General	General provision under IFRS 9	Total
		Rupees in '000							
Note									
Opening balance		7,210,740	200,614	11,500	7,422,854	6,569,829	87,787	25,193	6,682,809
Exchange rate adjustments		-	-	3,966	3,966	-	-	5,122	5,122
Charge for the period / year		1,199,225	133,056	20,403	1,352,684	1,731,847	112,827	-	1,844,674
Reversals for the period / year	31	(425,276)	-	-	(425,276)	(870,683)	-	(18,815)	(889,498)
		773,949	133,056	20,403	927,408	861,164	112,827	(18,815)	955,176
Amount written off		(26,426)	-	-	(26,426)	(220,253)	-	-	(220,253)
Closing balance	10.3.1	7,958,263	333,670	35,869	8,327,802	7,210,740	200,614	11,500	7,422,854

10.3.1 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 June 30, 2023, the Bank has availed cumulative FSV benefit under the directives of the SBP of Rs. 3,892.225 million (December 31, 2022: Rs. 6,820.087 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 1,985.035 million (December 31, 2022: Rs. 3,478.244 million). The additional impact on profitability arising from availing the benefit of FSV shall not be available for payment of cash or stock dividend to shareholders or bonus to employees under the requirements of Prudential Regulations of Corporate / Commercial Banking of SBP.

10.3.2 This represents general provision held under IFRS 9 by Bahrain branch of the Bank.

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		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	----- Rupees in '000 -----	
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	<b>492,105</b>	883,380
Property and equipment	11.2 & 11.3	<b>9,032,731</b>	7,894,072
Right-of-use assets	11.4	<b>2,278,058</b>	2,457,244
		<b>11,802,894</b>	<b>11,234,696</b>

**11.1 Capital work-in-progress**

Civil works	<b>161,687</b>	197,727
Advances to suppliers	<b>64,290</b>	685,363
Equipment	<b>266,128</b>	290
	<b>492,105</b>	<b>883,380</b>

**11.2 Additions to fixed assets**

The following additions have been made to fixed assets during the period:

Capital work-in-progress	<b>442,636</b>	562,714
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**Property and equipment**

Building on leasehold land	<b>617,158</b>	213,947
Leasehold improvements	<b>159,402</b>	416,525
Furniture and fixture	<b>69,795</b>	93,136
Electrical, office and computer equipments	<b>932,784</b>	323,031
Vehicles	<b>-</b>	7,755
	<b>1,779,139</b>	1,054,394

<b>Total</b>	11.2.1	<b>2,221,775</b>	<b>1,617,108</b>
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**11.2.1** This includes transfer from capital work in progress during the period of Rs. 833.911 million (June 30, 2022: Rs. 747.996 million).

**11.3 Disposal of fixed assets**

The net book value of fixed assets disposed off during the period is as follows:

**Property and equipment**

Building on leasehold land	<b>61,165</b>	-
Leasehold improvements	<b>1,560</b>	15,887
Furniture and fixture	<b>2,579</b>	3,237
Electrical, office and computer equipments	<b>20,606</b>	20,432
Vehicles	<b>4,701</b>	13,683
<b>Total</b>	<b>90,611</b>	<b>53,239</b>

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		<b>(Un-audited)</b> <b>June 30,</b> <b>2023</b>	(Audited) December 31, 2022
<b>11.4 Right-of-use assets</b>	Note	----- Rupees in '000 -----	
Opening balance		<b>2,457,244</b>	3,052,072
Additions / renewals		<b>434,636</b>	837,677
Terminations		<b>(131,086)</b>	(303,538)
Depreciation charge	28	<b>(558,578)</b>	(1,097,098)
Exchange rate adjustments		<b>5,926</b>	6,266
Other adjustments		<b>69,916</b>	(38,135)
Closing balance		<b><u>2,278,058</u></b>	<u>2,457,244</u>

**12. INTANGIBLE ASSETS**

Capital work-in-progress	12.1	<b>511,844</b>	776,089
Computer software	12.1	<b>2,146,066</b>	1,599,281
Goodwill		<b>1,463,624</b>	1,463,624
Others		<b>5,000</b>	5,000
		<b><u>4,126,534</u></b>	<u>3,843,994</u>

		<b>(Un-audited)</b> <b>January -</b> <b>June</b> <b>2023</b>	January - June 2022
<b>12.1 Additions to intangible assets</b>		----- Rupees in '000 -----	

The following additions have been made to intangible assets during the period:

Capital work-in-progress		<b>271,693</b>	299,541
Computer software	12.1.1	<b>675,149</b>	313,572
		<b><u>946,842</u></b>	<u>613,113</u>

**12.1.1** This includes transfer from capital work in progress during the period of Rs. 535.938 million (June 30, 2022: Rs. 313.068 million).

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		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	----- Rupees in '000 -----	
<b>13. OTHER ASSETS</b>			
Mark-up / return / interest accrued in local currency		16,653,014	12,324,859
Mark-up / return / interest accrued in foreign currencies		145,810	33,276
Advances, deposits, advance rent and other prepayments		2,058,369	1,995,577
Acceptances		5,381,458	6,586,244
Dividend receivable		305	-
Advance taxation (payments less provision)		969,036	1,113,186
Receivable from defined benefit plans		54,544	119,523
Receivable against bancassurance / bancatakaful		17,224	17,498
Receivable in respect of home remittance		48,686	22,004
Due from State Bank of Pakistan		905,026	752,409
Rebates receivable - net		407,010	226,094
Non-banking assets acquired in satisfaction of claims		4,792,242	3,664,799
Mark to market gain on derivative instruments		258	14,874
Mark to market gain on forward foreign exchange contracts		843,267	1,108,517
Advance against investments in securities		1,178,306	1,178,306
Branchless banking fund settlement		201,875	326,775
Inter bank fund transfer settlement		1,029,770	1,164,134
Credit card settlement		136,851	338,269
Insurance claims receivable		25,250	27,437
Trade receivable from brokerage and advisory business - net		1,223,427	1,085,671
Balances due from funds under management		111,983	124,679
Others		524,011	646,858
		<b>36,707,722</b>	32,870,989
Less: Provision held against other assets	13.1	<b>(430,841)</b>	(430,569)
Other assets - net of provision		<b>36,276,881</b>	32,440,420
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	<b>107,410</b>	107,426
Other assets - total		<b>36,384,291</b>	32,547,846

**13.1 Provision held against other assets**

Advances, deposits, advance rent and other prepayments	10,184	10,184
Trade receivable from brokerage and advisory business - net	419,600	419,328
Others	1,057	1,057
	<b>430,841</b>	430,569

**13.1.1 Movement of provision held against other assets**

Opening balance	430,569	430,569
Charge during the period / year	272	13,870
Reversals during the period / year	-	(13,870)
	272	-
Closing balance	430,841	430,569

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	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
<b>14. BILLS PAYABLE</b>		
In Pakistan	<b>6,184,730</b>	5,083,176
Outside Pakistan	<b>405,903</b>	319,769
	<b><u>6,590,633</u></b>	<b><u>5,402,945</u></b>

**15. BORROWINGS**

**Secured**

Borrowings from State Bank of Pakistan under:

Export refinancing scheme	<b>18,446,793</b>	20,288,522
Long-term finance facility	<b>2,347,431</b>	2,337,963
Financing facility for storage of agricultural produce	<b>160,711</b>	133,097
Financing facility for renewable energy projects	<b>953,641</b>	1,078,480
Refinance for women entrepreneurs	<b>70,528</b>	82,127
Refinance scheme for payment of wages & salaries	<b>-</b>	7,179
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	<b>62,259</b>	70,911
Refinance facility for combating COVID-19	<b>191,233</b>	230,090
Temporary economic refinance facility	<b>4,917,891</b>	4,832,742
Small enterprise financing and credit guarantee scheme for special persons	<b>2,508</b>	3,039
Refinance facility for working capital of SMEs	<b>-</b>	385
Refinance facility for SME Asaan Finance (SAAF) scheme	<b>1,704,859</b>	1,607,471
Repurchase agreement borrowings	<b>19,397,886</b>	62,800,000
	<b>48,255,740</b>	93,472,006

Borrowing from financial institutions:

Refinancing facility for mortgage loans	<b>3,489,831</b>	3,675,329
Running finance	<b>-</b>	91,995
	<b>3,489,831</b>	3,767,324
	<b><u>51,745,571</u></b>	<b><u>97,239,330</u></b>

**Unsecured**

Overdrawn nostro accounts	<b>918,590</b>	1,291,766
	<b><u>52,664,161</u></b>	<b><u>98,531,096</u></b>

**15.1 Particulars of borrowings**

In local currency	<b>51,745,571</b>	97,239,330
In foreign currencies	<b>918,590</b>	1,291,766
	<b><u>52,664,161</u></b>	<b><u>98,531,096</u></b>

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**16. DEPOSITS AND OTHER ACCOUNTS**

	(Un-audited) June 30, 2023			(Audited) December 31, 2022		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
<b>Customers</b>						
Current deposits	136,257,050	11,479,187	147,736,237	118,168,325	9,299,899	127,468,224
Savings deposits	133,531,575	6,666,482	140,198,057	115,689,127	6,410,101	122,099,228
Term deposits	123,646,379	19,020,229	142,666,608	169,651,265	10,755,327	180,406,592
Margin deposits	21,511,932	2,122	21,514,054	13,179,090	289	13,179,379
	<b>414,946,936</b>	<b>37,168,020</b>	<b>452,114,956</b>	<b>416,687,807</b>	<b>26,465,616</b>	<b>443,153,423</b>
<b>Financial Institutions</b>						
Current deposits	1,507,679	662,255	2,169,934	1,373,845	710,695	2,084,540
Savings deposits	9,190,790	700	9,191,490	9,346,187	1,279	9,347,466
Term deposits	5,448,209	-	5,448,209	8,172,209	-	8,172,209
	<b>16,146,678</b>	<b>662,955</b>	<b>16,809,633</b>	<b>18,892,241</b>	<b>711,974</b>	<b>19,604,215</b>
	<b>431,093,614</b>	<b>37,830,975</b>	<b>468,924,589</b>	<b>435,580,048</b>	<b>27,177,590</b>	<b>462,757,638</b>

**17. SUBORDINATED DEBTS**

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
----- Rupees in '000 -----			
Term Finance Certificates - Second Issue	17.1	1,995,600	1,996,000
Term Finance Certificates - Third Issue	17.2	2,500,000	2,500,000
Term Finance Certificates - Fourth Issue	17.3	2,498,500	2,499,000
Advance subscription against TFC - Fifth Issue	17.4	3,143,500	-
		<b>10,137,600</b>	<b>6,995,000</b>

- 17.1** In 2017, the Bank had 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 towards 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, including deposits, and will not be redeemable before maturity without prior approval of SBP.
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 No. 06 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.



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- 17.2** In 2018, the Bank had 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 towards 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:	Semi-annually on a non-cumulative basis
Redemption:	Not applicable
Security:	The Issue is unsecured
Subordination:	The Issue is 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 be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
<b>Loss absorbency clause:</b>	
Pre-Specified Trigger (PST)	Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular No. 06 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 (RWAs), 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: <ul style="list-style-type: none"> <li>- 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);</li> <li>- 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</li> <li>- 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.</li> </ul>
Point of Non-Viability (PONV)	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular No. 06 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: <ul style="list-style-type: none"> <li>- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;</li> <li>- 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.</li> <li>- 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.</li> </ul>

- 17.3** In 2021, the Bank had issued Rs. 2.5 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 towards 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 28, 2021
Tenure:	Up to Seven years from the issue date.
Maturity date:	December 28, 2028
Rating:	A + (Single A Plus)
Profit rate:	Floating rate of return at Base Rate + 2 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
Subordination:	The Issue is subordinated all other indebtedness of the Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital
Call option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Payment of profit will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular No. 06 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 400,647,739 shares.



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- 17.4** The Bank is in the process of issuing fully paid up, rated, privately placed and subsequently listed, unsecured, subordinated debt instrument in the nature of Tier 2 Capital Term Finance Certificate (Tier 2 TFC V) under Section 66(1) of the Companies Act, 2017 and as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 06 dated August 15, 2013. The total size of TFC Issue is upto Rs. 4,000 million (inclusive of a Green shoe option of Rs. 1,000 million).

As of June 30, 2023, subscription money amounting to Rs. 3,143.5 million was received and issue is still under process.

The State Bank of Pakistan also allowed the Bank to consider the advance subscription money of Rs. 3,143.500 million received against the issuance of Tier 2 TFC V for Capital Adequacy Ratio subject to following conditions:

- The advance share deposit money will not be withdrawn without prior approval of SBP.
- The advance subscription money will only be used for the issuance of Tier 2 eligible TFCs of JSBL and will not be refunded.
- The terms of SBP's In-principle approval and final approval will remain applicable on the advances subscription money received against the proposed TFCs.

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	----- Rupees in '000 -----	-----
<b>18. DEFERRED TAX (LIABILITIES) / ASSETS</b>			
<b>Deductible Temporary Differences on:</b>			
Provision against investments		80,009	70,212
Provision against loans and advances		321,723	396,175
Government grant		183	-
Surplus on revaluation of investments classified as held-for-trading		131,244	(130,722)
Surplus on revaluation of investments classified as available-for-sale	20	933,205	347,462
		<b>1,466,364</b>	683,127
<b>Taxable Temporary Differences on:</b>			
Accelerated tax depreciation		(323,921)	(182,284)
Goodwill		(717,176)	(629,358)
Other assets		(89,193)	244,327
Surplus on revaluation of fixed assets	20	(342,562)	(327,796)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	(378)	(343)
		<b>(1,473,230)</b>	(895,454)
		<b>(6,866)</b>	(212,327)
<b>19. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		4,422,454	5,044,455
Mark-up / return / interest payable in foreign currencies		184,148	45,769
Unearned income on guarantees		356,846	368,800
Accrued expenses		786,517	730,263
Acceptances		5,381,458	6,586,244
Unclaimed dividends		7,576	7,576
Mark to market loss on derivative instruments		14,151	22,710
Mark to market loss on forward foreign exchange contracts		326,311	529,887
Withholding taxes payable		950,258	760,601
Donation payable to Future Trust		65,692	27,720
Security deposits against leases, lockers and others		2,056,981	2,468,743
Workers' Welfare Fund	29	327,958	260,796
Payable in respect of home remittance		647,688	435,629
Insurance payable		250,287	209,834
Payable to vendors against SBS goods		335,743	380,040
Lease liability against right-of-use assets	19.1	2,556,363	2,795,197
Debit card settlement		491,947	269,365
Clearing and settlement accounts		152,079	49,938
Trade payable from brokerage and advisory business - net		1,913,377	2,001,608
Dividend payable		4,922	4,922
Others		282,988	374,469
		<b>21,515,744</b>	23,374,566
<b>19.1 Lease liabilities</b>			
The carrying amounts of lease liabilities and the movements during the period / year is as below:			
Opening balance		2,795,197	3,415,585
Additions / renewals		434,636	856,381
Terminations		(161,170)	(480,195)
Mark-up on lease liability against right-of-use assets	24	162,545	384,801
Payments		(748,805)	(1,388,606)
Exchange rate adjustments		5,761	7,231
Other adjustments		68,199	-
Closing balance		<b>2,556,363</b>	2,795,197

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**20. SURPLUS ON REVALUATION OF ASSETS**

		(Un-audited) June 30, 2023			(Audited) December 31, 2022		
		Attributable to		Total	Attributable to		Total
		Equity Holders	Non - Controlling Interest		Equity Holders	Non - Controlling Interest	
Note		----- Rupees in '000 -----					
<b>(Deficit) / surplus on revaluation of:</b>							
- Available-for-sale securities	9.1 & 20.1	<b>(1,881,458)</b>	<b>4,858</b>	<b>(1,876,600)</b>	(786,173)	4,254	(781,919)
- Fixed assets		<b>1,927,171</b>	<b>-</b>	<b>1,927,171</b>	2,002,175	-	2,002,175
- Non-banking assets acquired in satisfaction of claims	13	<b>107,410</b>	<b>-</b>	<b>107,410</b>	107,426	-	107,426
		<b>153,123</b>	<b>4,858</b>	<b>157,981</b>	1,323,428	4,254	1,327,682

**Deferred tax on (deficit) / surplus  
on revaluation of:**

- Available-for-sale securities	933,205	-	933,205	347,419	43	347,462
- Fixed assets	(342,562)	-	(342,562)	(327,796)	-	(327,796)
- Non-banking assets acquired in satisfaction of claims	(378)	-	(378)	(343)	-	(343)
	590,265	-	590,265	19,280	43	19,323
	743,388	4,858	748,246	1,342,708	4,297	1,347,005

**20.1 Available-for-sale securities**

**Pakistan:**

- Equity securities	1,848,295	1,936,543
- Open end mutual funds	34,491	32,261
- Debt securities	(2,950,902)	(1,826,091)
	(1,068,116)	142,713

**Bahrain:**

- Equity securities	(25,297)	(28,705)
- Debt securities	(783,187)	(895,927)
	(808,484)	(924,632)
	(1,876,600)	(781,919)
	933,205	347,462
	(943,395)	(434,457)

Related deferred tax liability

**21. CONTINGENCIES AND COMMITMENTS**

Guarantees	21.1	74,563,708	83,175,591
Commitments	21.2	97,615,015	94,526,372
Other contingencies	21.3	755,213	646,479
		172,933,936	178,348,442

**21.1 Guarantees**

Financial guarantees	1,275,109	3,668,949
Performance guarantees	31,339,302	34,702,865
Other guarantees	41,949,297	44,803,777
	74,563,708	83,175,591

**21.2 Commitments**

<b>Documentary credits and short-term trade-related transactions</b>		42,398,858	22,381,092
- Letters of credit			
<b>Commitments in respect of:</b>			
- Forward foreign exchange contracts	21.2.1	50,943,656	68,486,603
- Derivative instruments	21.2.2	3,991,169	2,911,354
- Forward lending	21.2.3	183,333	284,067
<b>Commitments for acquisition of:</b>			
- Fixed assets	21.2.4	97,999	463,256
		97,615,015	94,526,372

**21.2.1 Commitments in respect of forward foreign exchange contracts**

Purchase	31,496,642	41,239,463
Sale	19,447,014	27,247,140
	50,943,656	68,486,603

**21.2.1.1** 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 period end, all foreign exchange contracts have a remaining maturity of less than one year.

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		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	Rupees in '000	
<b>21.2.2 Commitments in respect of derivative instruments</b>			
<b>Cross currency swaps</b>			
Purchase		-	234,300
Sale		-	234,300
		<u>-</u>	<u>468,600</u>
<b>Forward securities contract</b>			
Purchase		3,217,283	1,875,591
Sale		773,886	567,163
		<u>3,991,169</u>	<u>2,442,754</u>
<b>21.2.3 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend	21.2.3.1	<u>183,333</u>	<u>284,067</u>
<b>21.2.3.1</b> 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.			
<b>21.2.4</b> This represents commitments related to purchase of leasehold improvements, furniture and fixtures, hardware & network equipment, electrical equipment and computer software.			
		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	Rupees in '000	
<b>21.3 Other contingencies</b>			
<b>21.3.1 Claims against the Bank not acknowledged as debts</b>	21.3.1.1	<u>755,213</u>	<u>646,479</u>
<b>21.3.1.1</b> These mainly represent counter claims filed by borrowers for damages, claims by former employees of the Bank and other claims relating to banking transactions.			

Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these condensed interim consolidated financial statements.

**21.3.2** Tax related contingencies are disclosed in note 32.1.

**22. DERIVATIVE INSTRUMENTS**

Derivative instruments, such as Forward Exchange Contracts, Cross Currency 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

The Group 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.

	June 30, 2023 (Un-audited)					
	Cross currency swaps		Forward securities		Total	
	Notional principal	Mark to market	Notional principal	Mark to market	Notional principal	Mark to market
	Rupees in '000					
<b>22.1 Product Analysis</b>						
<b>With Banks</b>						
Hedging	-	-	-	-	-	-
Market making	-	-	773,886	(14,151)	773,886	(14,151)
	-	-	773,886	(14,151)	773,886	(14,151)
<b>With FIs other than banks</b>						
Hedging	-	-	3,217,283	258	3,217,283	258
Market making	-	-	-	-	-	-
	-	-	3,217,283	258	3,217,283	258
<b>Total</b>						
Hedging	-	-	3,217,283	258	3,217,283	258
Market making	-	-	773,886	(14,151)	773,886	(14,151)
	-	-	3,991,169	(13,893)	3,991,169	(13,893)
	December 31, 2022 (Audited)					
	Cross currency swaps		Forward securities		Total	
	Notional principal	Mark to market	Notional principal	Mark to market	Notional principal	Mark to market
	Rupees in '000					
<b>With Banks</b>						
Hedging	468,600	710	-	-	468,600	710
Market making	-	-	567,163	(9,122)	567,163	(9,122)
	468,600	710	567,163	(9,122)	1,035,763	(8,412)
<b>With FIs other than banks</b>						
Hedging	-	-	1,875,591	576	1,875,591	576
Market making	-	-	-	-	-	-
	-	-	1,875,591	576	1,875,591	576
<b>Total</b>						
Hedging	468,600	710	1,875,591	576	2,344,191	1,286
Market making	-	-	567,163	(9,122)	567,163	(9,122)
	468,600	710	2,442,754	(8,546)	2,911,354	(7,836)

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		<b>(Un-audited)</b>	
		<b>June 30,</b>	<b>June 30,</b>
		<b>2023</b>	<b>2022</b>
		Rupees in '000	
<b>23. MARK-UP / RETURN / INTEREST EARNED</b>	Note		
<b>On:</b>			
Loans and advances		<b>19,394,363</b>	13,347,400
Investments		<b>21,885,671</b>	15,692,396
Lendings to financial institutions		<b>89,513</b>	54,859
Securities purchased under resale agreements		<b>1,060,912</b>	798,156
Balances with other banks		<b>132,891</b>	82,579
		<b>42,563,350</b>	29,975,390
<b>24. MARK-UP / RETURN / INTEREST EXPENSED</b>			
<b>On:</b>			
Deposits		<b>23,368,719</b>	15,557,446
Borrowings		<b>7,529,111</b>	6,641,744
Subordinated debt		<b>675,548</b>	454,990
Cost of foreign currency swaps against foreign currency deposits / borrowings		<b>321,697</b>	431,375
Lease liability against right-of-use assets	19.1	<b>162,545</b>	205,077
		<b>32,057,620</b>	23,290,632
<b>25. FEE, COMMISSION AND BROKERAGE INCOME</b>			
Branch banking customer fees		<b>54,030</b>	50,947
Finance related fees		<b>239,502</b>	234,508
Card related fees (debit and credit cards)		<b>271,698</b>	152,792
Investment banking fees		<b>77,298</b>	38,019
Commission on trade		<b>481,580</b>	446,041
Commission on guarantees		<b>330,366</b>	279,350
Commission on cash management		<b>23,979</b>	7,714
Commission on remittances including home remittances		<b>58,527</b>	45,196
Commission on bancassurance		<b>35,758</b>	41,976
Commission on distribution of mutual funds		<b>(218)</b>	847
Commission on online services		<b>136,313</b>	167,180
Postage and courier income		<b>6,344</b>	8,989
Rebate income		<b>173,333</b>	133,213
Brokerage income		<b>275,721</b>	192,128
Management fee		<b>83,798</b>	68,061
		<b>2,248,029</b>	1,866,961
<b>26. (LOSS) / GAIN ON SECURITIES - NET</b>			
Realised	26.1	<b>(530,532)</b>	177,926
Unrealised gain / (loss) - held for trading		<b>25,518</b>	(12,474)
Unrealised loss on payable against short sell of securities		<b>-</b>	28,882
		<b>(505,014)</b>	194,334
<b>26.1 Realised (loss) / gain on:</b>			
<b>Federal government securities</b>			
Market treasury bills		<b>(669,653)</b>	(212,989)
Pakistan investment bonds		<b>(27,883)</b>	185,439
Ijara sukuk certificates		<b>14,975</b>	151
		<b>(682,561)</b>	(27,399)
<b>Shares</b>			
Listed companies		<b>29,456</b>	34,086
<b>Non Government Debt Securities</b>			
Term finance certificates		<b>20,779</b>	8,726
<b>Mutual fund units</b>		<b>100,050</b>	295,161
<b>Foreign currency bonds</b>		<b>1,744</b>	(132,648)
		<b>(530,532)</b>	177,926

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	<b>(Un-audited)</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
	----- Rupees in '000 -----	
<b>27. OTHER INCOME</b>		
Rent income	16,661	9,172
Gain on sale of fixed assets - net	51,410	37,355
Gain on termination of leases - net	30,083	4,742
Gain on sale of non-banking assets	-	1,167
Others	15,431	14,507
	<b>113,585</b>	<b>66,943</b>
<b>28. OPERATING EXPENSES</b>		
Total compensation expense	4,234,176	3,613,012
<b>Property expense</b>		
Rent and taxes	18,411	18,126
Insurance	792	5,924
Utilities cost	297,003	244,151
Security (including guards)	167,953	153,363
Repair and maintenance (including janitorial charges)	175,261	135,269
Depreciation	174,468	148,259
Depreciation on right-of-use assets	558,578	562,408
Depreciation on non-banking assets	16,653	9,240
	<b>1,409,119</b>	<b>1,276,740</b>
<b>Information technology expenses</b>		
Software maintenance	541,559	424,583
Hardware maintenance	159,636	157,506
Depreciation	200,274	147,564
Amortisation	129,275	81,287
Network charges	149,168	126,166
	<b>1,179,912</b>	<b>937,106</b>
<b>Other operating expenses</b>		
Directors' fees and allowances	5,600	8,801
Legal and professional charges	156,605	97,787
Insurance	107,225	187,063
Outsourced services costs	141,991	106,601
Travelling and conveyance	155,411	124,184
NIFT clearing charges	27,677	22,443
Depreciation	180,745	169,997
Training and development	14,699	42,783
Postage and courier charges	42,011	45,204
Communication	77,696	84,028
Stationery and printing	177,062	142,662
Marketing, advertisement and publicity	1,173,604	469,281
Donations	65,970	19,415
Auditors' remuneration	9,667	8,704
Staff auto fuel and maintenance	292,980	166,490
Bank charges	46,913	29,547
Stamp duty	57,939	18,833
Online verification charges	69,444	22,905
Brokerage, fee and commission	65,825	31,591
Card related fees (debit and credit cards)	418,154	248,388
CDC and other charges	13,715	22,889
Consultancy fee	48,522	3,555
Deposit protection premium	94,697	96,218
Entertainment expenses	77,350	55,086
Repair and maintenance	30,473	38,358
Cash handling charges	105,081	87,474
Fee and subscription	120,248	85,438
Employees social security	5,504	3,759
Generator fuel and maintenance	102,303	64,542
Royalty	17,500	17,500
Others	42,841	32,656
	<b>3,945,452</b>	<b>2,554,182</b>
	<b>10,768,659</b>	<b>8,381,040</b>
Less: Reimbursement of selling and distribution expenses	<b>(82,312)</b>	<b>(28,870)</b>
	<b>10,686,347</b>	<b>8,352,170</b>

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**29. WORKERS' WELFARE FUND**

The Bank has made provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

		<b>(Un-audited)</b>	
		<b>June 30, 2023</b>	<b>June 30, 2022</b>
		Rupees in '000	
<b>30. OTHER CHARGES</b>	Note		
Penalties imposed by State Bank of Pakistan		<b>20,032</b>	85,590
<b>31. PROVISIONS AND WRITE OFFS - NET</b>			
Reversals for diminution in value of investments	9.3	<b>(3,804)</b>	(8,421)
Provisions against loans & advances - specific	10.3	<b>773,949</b>	78,124
Provisions against loans & advances - general	10.3	<b>133,056</b>	101,968
Provisions under IFRS 9	31.1	<b>90,270</b>	12,533
Other provisions and write offs		<b>7,431</b>	289
		<b>1,000,902</b>	184,493
<b>31.1 Provisions / (reversals) under IFRS 9</b>			
Balances with other banks		<b>(2)</b>	12
Lendings to financial institutions		<b>1</b>	-
Investments	9.3	<b>69,868</b>	20,822
Advances	10.3	<b>20,403</b>	(8,301)
		<b>90,270</b>	12,533
<b>32. TAXATION</b>			
Current		<b>1,385,229</b>	565,518
Prior years		-	21,872
Deferred		<b>356,358</b>	(5,571)
		<b>1,741,587</b>	581,819

**32.1** There are no material changes in tax contingencies as disclosed in annual consolidated financial statements for the year ended December 31, 2022.

		<b>(Un-audited)</b>	
		<b>Quarter Ended</b>	<b>Half Year Ended</b>
		<b>June 30, 2023</b>	<b>June 30, 2022</b>
		Rupees in '000	
<b>33. BASIC AND DILUTED EARNINGS PER SHARE</b>			
Profit / (loss) after taxation attributable to equity holders of the Bank		<b>701,392</b>	(28,450)
		<b>1,583,805</b>	559,818
		Number of shares	
Weighted average number of ordinary shares		<b>1,297,464,262</b>	1,297,464,262
		Rupee	
Basic and diluted earnings per share		<b>0.54</b>	(0.02)
		<b>1.22</b>	0.43

		<b>(Un-audited)</b>	<b>(Audited)</b>	<b>(Un-audited)</b>
		<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
		Rupees in '000		
<b>34. CASH AND CASH EQUIVALENTS</b>	Note			
Cash and balances with treasury banks	6	<b>35,836,267</b>	24,765,248	30,744,611
Balances with other banks - Gross of provision	7	<b>3,783,251</b>	1,859,827	4,787,443
Overdrawn nostro accounts	15	<b>(918,590)</b>	(1,291,766)	(954,237)
		<b>38,700,928</b>	25,333,309	34,577,817

**JS BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
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**35. FAIR VALUE OF FINANCIAL INSTRUMENTS**

International Financial Reporting Standard (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. Quoted securities classified as held-to-maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements. Fair value of unquoted debt securities, 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.

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:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Fair value measurements using unobservable inputs for the asset or liability.

**35.1 Valuation techniques used in determination of fair values within level:**

Item	Valuation approach and input used
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**Financial instruments - Level 1**

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 / Bloomberg.
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**Financial instruments - Level 2**

Mutual fund units	Fair values of investments in mutual fund units are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Market Treasury Bills (MTB), Pakistan Investment Bonds (PIB) and GoP Sukuks	Fair values of Pakistan Investment Bonds, Market Treasury Bills and GoP Sukuks are derived using PKRV, PKFRV and PKISRV rates.
Debt Securities (TFCs) and Sukuks other than Government	Investments in debt securities (comprising of Term Finance Certificates, Bonds and any other security issued by a company or a corporate body 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.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas & Euro Bonds are valued on the basis of price available on Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.

**Financial instruments - Level 3**

Currently, no financial instruments are classified in level 3.	
The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and, unavailability of reliable data regarding market rates for similar instruments.	

**Non-Financial assets - Level 3**

Fixed assets - Land and building	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values.. 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 condensed interim consolidated financial statements.
Non-banking assets acquired in satisfaction of claims	

**JS BANK LIMITED**  
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- 35.2** 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 period.
- 35.3** The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

June 30, 2023 (Un-audited)			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			
<b>On balance sheet financial instruments</b>			
<b>Financial assets - measured at fair value</b>			
<b>Held-for-trading securities</b>			
Investments			
Federal Government Securities	-	254,006	-
Shares	768,586	-	-
Open end mutual funds	-	545,108	-
	768,586	799,114	-
			1,567,700
<b>Available-for-sale securities</b>			
Investments			
Federal Government Securities	-	103,772,960	-
Shares	5,311,223	-	-
Non Government Debt Securities	-	1,722,104	-
Foreign Securities	68,012	8,441,303	-
Open end mutual funds	-	519,724	-
	5,379,235	114,456,091	-
			119,835,326
<b>Financial assets - disclosed but not measured at fair value</b>			
Investments			
Federal Government Securities	-	127,479,671	-
	6,147,821	242,734,876	-
			248,882,697
<b>Non-Financial assets - measured at fair value</b>			
Revalued fixed assets	-	-	4,354,605
Non-banking assets acquired in satisfaction of claims	-	-	4,899,652
	-	-	9,254,257
			9,254,257
<b>Off balance sheet financial instruments</b>			
<b>Commitments in respect of:</b>			
<b>Forward foreign exchange contracts</b>			
Purchase	-	32,339,909	-
Sale	-	19,120,703	-
			3,217,541
<b>Derivative instruments</b>			
<b>Forward securities contract</b>			
Purchase	-	3,217,541	-
Sale	-	759,735	-
			759,735



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December 31, 2022 (Audited)			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			
<b>On balance sheet financial instruments</b>			
<b>Held-for-trading securities</b>			
Investments			
Federal Government Securities	-	33,431	-
Shares	570,698	-	-
Open end mutual funds	-	548,117	-
	570,698	581,548	-
			1,152,246
<b>Available-for-sale securities</b>			
Investments			
Federal Government Securities	-	143,386,012	-
Shares	5,150,477	-	-
Non Government Debt Securities	-	1,856,539	-
Foreign Securities	301,484	807,635	-
Open end mutual funds	-	983,631	-
	5,451,961	147,033,817	-
			152,485,778
<b>Financial assets - disclosed but not measured at fair value</b>			
Investments			
Federal Government Securities	-	147,022,393	-
	6,022,659	294,637,758	-
			300,660,417
<b>Non-Financial assets - measured at fair value</b>			
Revalued fixed assets	-	-	4,470,715
Non-banking assets acquired in satisfaction of claims	-	-	3,772,225
	-	-	8,242,940
			8,242,940
<b>Off balance sheet financial instruments</b>			
<b>Commitments in respect of:</b>			
<b>Forward foreign exchange contracts</b>			
Purchase	-	42,202,966	-
Sale	-	26,862,267	-
			247,888
<b>Derivative instruments</b>			
<b>Cross currency swaps</b>			
Purchase	-	247,888	-
Sale	-	248,598	-
			248,598
<b>Forward securities contract</b>			
Purchase	-	1,876,168	-
Sale	-	530,864	-
			1,876,168

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FOR THE HALF YEAR ENDED JUNE 30, 2023

36. SEGMENT INFORMATION

36.1 Segment Details with respect to Business Activities:

For the half year ended June 30, 2023 (Un-audited)									
Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Brokerage	Asset management	Others	Total	
Rupees in '000									
Profit and loss account									
Net mark-up / return / interest / (expense)	(7,107,971)	2,068,982	16,252,445	(143,612)	(14,016)	28,428	120	(578,646)	10,505,730
Inter segment revenue - net	17,641,621	1,582,917	(18,643,755)	1,054,012	154,166	-	-	(1,788,961)	-
Non mark-up / return / income	1,040,775	882,712	1,190,059	489,070	126,395	406,413	201,554	264,809	4,601,787
Total income / (loss)	11,574,425	4,534,611	(1,201,251)	1,399,470	266,545	434,841	201,674	(2,102,798)	15,107,517
Segment direct expenses	4,690,998	347,137	84,972	445,291	1,516,195	377,628	158,049	3,153,271	10,773,541
Inter segment expense allocation	2,281,571	343,331	96,628	74,358	251,228	-	-	(3,047,116)	-
Total expenses	6,972,569	690,468	181,600	519,649	1,767,423	377,628	158,049	106,155	10,773,541
Provisions / (reversals)	226,499	678,143	-	87,906	-	-	-	8,354	1,000,902
Profit / (loss) before tax	4,375,357	3,166,000	(1,382,851)	791,915	(1,500,878)	57,213	43,625	(2,217,307)	3,333,074
For the half year ended June 30, 2022 (Un-audited)									
Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Brokerage	Asset management	Others	Total	
Rupees in '000									
Profit and loss account									
Net mark-up / return / interest / (expense)	(1,879,508)	(151,802)	9,643,165	(456,351)	(306)	12,544	(5,907)	(477,077)	6,684,758
Inter segment revenue - net	7,945,448	1,540,310	(11,164,631)	943,538	66,796	-	-	668,539	-
Non mark-up / return / income	643,550	614,359	962,076	71,484	109,352	326,073	336,476	59,672	3,123,042
Total income / (loss)	6,709,490	2,002,867	(559,390)	558,671	175,842	338,617	330,569	251,134	9,807,800
Segment direct expenses	4,242,850	318,677	89,674	263,305	650,484	346,195	180,060	2,366,797	8,458,042
Inter segment expense allocation	1,638,798	351,713	82,902	63,214	192,854	-	-	(2,329,481)	-
Total expenses	5,881,648	670,390	172,576	326,519	843,338	346,195	180,060	37,316	8,458,042
Provisions / (reversals)	156,874	19,719	-	15,006	-	-	-	(7,106)	184,493
Profit / (loss) before tax	670,968	1,312,758	(731,966)	217,146	(667,496)	(7,578)	150,509	220,924	1,165,265
As at June 30, 2023 (Un-audited)									
Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Brokerage	Asset management	Others	Total	
Rupees in '000									
Statement of financial position									
Cash and bank balances	13,047,573	18,434	24,091,097	1,829,353	542,589	88,279	2,151	-	39,619,476
Lendings to financial institutions	-	-	36,564,641	552,818	-	-	-	-	37,117,459
Investments	-	-	234,822,175	11,572,713	-	790,871	1,189,832	5,223,605	253,599,196
Net inter segment lending	223,147,510	49,905,384	-	10,508,276	1,844,570	-	-	-	285,405,740
Advances - performing	70,205,505	112,782,314	-	7,359,764	-	454,356	3,727	5,193,673	195,999,339
Advances - non-performing	5,545,060	8,416,038	-	74	-	-	-	60,105	14,021,277
Advances - provisions - net	(2,580,967)	(5,686,829)	-	(35,986)	-	-	-	(24,152)	(8,327,934)
	73,169,598	115,511,523	-	7,323,852	-	454,356	3,727	5,229,626	201,692,682
Others	-	-	-	1,178,306	-	2,715,834	592,051	47,827,528	52,313,719
Total Assets	309,364,681	165,435,341	295,477,913	32,965,318	2,387,159	4,049,340	1,787,761	58,280,759	869,748,272
Borrowings	7,955,835	23,787,870	20,447,292	-	-	473,164	-	-	52,664,161
Deposits and other accounts	292,397,752	141,209,125	-	32,930,553	2,387,159	-	-	-	468,924,589
Subordinated debt	-	-	-	-	-	-	-	10,137,600	10,137,600
Net inter segment borrowing	889,334	-	275,030,621	-	-	1,353,433	1,348,176	6,784,176	285,405,740
Others	8,121,760	438,346	-	34,765	-	2,222,743	439,585	16,856,044	28,113,243
Total Liabilities	309,364,681	165,435,341	295,477,913	32,965,318	2,387,159	4,049,340	1,787,761	33,777,820	845,245,333
Equity	-	-	-	-	-	-	-	24,131,422	24,131,422
Non-controlling interest	-	-	-	-	-	-	-	371,517	371,517
Total Equity and Liabilities	309,364,681	165,435,341	295,477,913	32,965,318	2,387,159	4,049,340	1,787,761	58,280,759	869,748,272
Contingencies and Commitments	61,259,158	32,896,252	59,011,725	6,555,041	474,678	773,886	-	11,963,196	172,933,936
As at December 31, 2022 (Audited)									
Retail Banking	Corporate / Commercial Banking	Treasury	Investment, International & Institutional Banking	Zindigi	Brokerage	Asset management	Others	Total	
Rupees in '000									
Statement of financial position									
Cash and bank balances	8,312,648	29,020	17,775,749	444,034	3,952	57,364	2,273	-	26,625,040
Lendings to financial institutions	-	-	11,351,162	-	-	-	-	-	11,351,162
Investments	-	1,786,820	295,608,155	2,064,697	-	613,423	1,154,450	2,140,921	303,368,466
Net inter segment lending	206,405,581	58,536,813	1,864,270	-	2,878,830	1,362,934	14,902	1,706,220	272,769,550
Advances - performing	75,221,124	141,415,256	-	-	407	453,896	3,043	5,575,996	222,669,722
Advances - non-performing	6,699,317	9,528,889	-	-	-	-	-	83,681	16,311,887
Advances - provisions - net	(3,269,248)	(4,141,732)	-	-	-	-	-	(11,874)	(7,422,854)
	78,651,193	146,802,413	-	-	407	453,896	3,043	5,647,803	231,558,755
Others	-	-	-	-	-	2,797,049	597,245	44,232,242	47,626,536
Total Assets	293,369,422	207,155,066	326,599,336	2,508,731	2,883,189	5,284,666	1,771,913	53,727,186	893,299,509
Borrowings	8,350,957	24,594,549	64,862,710	-	-	722,880	-	-	98,531,096
Deposits and other accounts	277,923,067	181,951,032	-	350	2,883,189	-	-	-	462,757,638
Subordinated debt	-	-	-	-	-	-	-	6,995,000	6,995,000
Net inter segment borrowing	-	-	261,736,626	2,508,381	-	2,255,938	1,318,106	4,950,499	272,769,550
Others	7,095,398	609,485	-	-	-	2,305,848	453,807	18,525,300	28,989,838
Total Liabilities	293,369,422	207,155,066	326,599,336	2,508,731	2,883,189	5,284,666	1,771,913	30,470,799	870,043,122
Equity	-	-	-	-	-	-	-	22,893,113	22,893,113
Non-controlling interest	-	-	-	-	-	-	-	363,274	363,274
Total Equity and Liabilities	293,369,422	207,155,066	326,599,336	2,508,731	2,883,189	5,284,666	1,771,913	53,727,186	893,299,509
Contingencies and Commitments	63,653,775	25,780,043	86,645,804	-	-	567,163	-	1,701,657	178,348,442

**JS BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
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**37. RELATED PARTY TRANSACTIONS**

The Group has related party transactions with its parent, directors, key management personnel, associates and other related parties.

The Group enters into transactions with related parties in the ordinary course of business and substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions and balances with related parties are as follows:

	As at June 30, 2023 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000				
<b>Statement of financial position</b>					
<b>Lendings to financial institutions</b>					
Opening balance	-	-	-	-	-
Addition during the period	-	-	-	-	64,905,200
Repaid during the period	-	-	-	-	(64,905,200)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
<b>Investments</b>					
Opening balance	7,595	-	-	269,800	11,300,638
Investment made during the period	-	-	-	-	5,244,251
Investment redeemed / disposed off during the period	-	-	-	-	(7,122,233)
Deficit on investments	-	-	-	-	(52,283)
Closing balance	7,595	-	-	269,800	9,370,373
Provision for diminution in value of investments	-	-	-	48,000	388,607
<b>Advances</b>					
Opening balance	-	-	524,061	232,166	2,650,315
Addition during the period	-	1,065	88,838	-	6,579,082
Repaid during the period	-	(1,171)	(77,706)	(30,955)	(4,551,207)
Transfer in / (out) - net	-	490	(8,108)	-	13,628
Closing balance	-	384	527,085	201,211	4,691,818
Provision held against advances	-	-	-	-	541,585
<b>Other assets</b>					
Mark-up / return / interest accrued	354	-	125	-	53,238
Receivable against bancassurance / bancatakaful	-	-	-	-	17,224
Prepaid insurance	-	-	-	-	81,077
Net defined benefit plan	-	-	-	-	54,544
Trade receivable	720	-	318	-	191,269
Rent receivable	-	-	-	-	3,892
Other receivable	-	-	-	-	15,496
Provision against other assets	-	-	-	-	379
<b>Borrowings</b>					
Opening balance	-	-	-	-	330,885
Borrowings during the period	-	-	-	-	-
Settled during the period	-	-	-	-	(330,885)
Closing balance	-	-	-	-	-
<b>Deposits and other accounts</b>					
Opening balance	130,430	174,485	47,853	2,621	12,626,532
Received during the period	12,276,977	14,919	316,935	869,289	89,626,733
Withdrawn during the period	(10,595,812)	(21,619)	(335,524)	(843,555)	(92,892,203)
Transfer in / (out) - net	-	6,829	(226)	-	(39,878)
Closing balance	1,811,595	174,614	29,038	28,355	9,321,184
<b>Subordinated debt</b>					
Opening balance	-	-	-	-	124,714
Issued during the period	-	-	-	-	-
Redeemed during the period	-	-	-	-	(25)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	124,689
<b>Other liabilities</b>					
Mark-up / return / interest payable on deposits	-	-	-	-	184,582
Mark-up / return / interest payable on borrowings	-	-	-	-	6,242
Mark-up / return / interest payable on subordinated debts	-	-	-	-	126
Trade payable	-	-	21,749	-	19,991
Donation payable	-	-	-	-	64,466
Others payable	-	-	-	-	3,293

**JS BANK LIMITED**  
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	As at June 30, 2023 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000				
<b>Contingencies and commitments</b>					
Letter of guarantee	-	-	-	-	22,783
Letter of credit	-	-	-	-	27,769
Forward lending	-	-	-	-	-
	As at December 31, 2022 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000				
<b>Statement of financial position</b>					
<b>Lendings to financial institutions</b>					
Opening balance	-	-	-	-	-
Addition during the year	-	-	-	-	96,591,372
Repaid during the year	-	-	-	-	(96,591,372)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
<b>Investments</b>					
Opening balance	9,866	-	-	269,800	4,438,648
Investment made during the period	2,595	-	-	-	10,774,779
Investment redeemed / disposed off during the period	(4,866)	-	-	-	(3,550,000)
Deficit on investments	-	-	-	-	(362,789)
Closing balance	7,595	-	-	269,800	11,300,638
Provision for diminution in value of investments	-	-	-	48,000	354,189
<b>Advances</b>					
Opening balance	-	125,769	483,696	442,315	5,229,319
Addition during the year	-	-	368,857	26,550	4,788,045
Repaid during the year	-	-	(122,754)	(236,699)	(6,727,054)
Transfer in / (out) - net	-	(125,769)	(205,738)	-	(639,995)
Closing balance	-	-	524,061	232,166	2,650,315
Provision against other assets	-	-	-	-	130,339
<b>Other assets</b>					
Mark-up / return / interest accrued	514	-	697	8,010	19,745
Receivable against bancassurance / bancatakaful	-	-	-	-	17,498
Prepaid insurance	-	-	-	-	34,933
Net defined benefit plan	-	-	-	-	119,523
Trade receivable	-	-	68	-	168,341
Rent receivable	-	-	-	-	16,521
Other receivable	285	-	-	-	19,746
Provision against other assets	-	-	-	-	379
<b>Borrowings</b>					
Opening balance	-	-	-	-	474,283
Borrowings during the year	-	-	-	-	312,787,717
Settled during the year	-	-	-	-	(312,931,115)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	330,885
<b>Deposits and other accounts</b>					
Opening balance	912,327	388,406	42,227	41,310	14,398,780
Received during the year	15,376,414	62,632	823,876	1,494,000	191,456,450
Withdrawn during the year	(16,158,311)	(62,805)	(802,683)	(1,532,689)	(192,234,920)
Transfer in / (out) - net	-	(213,748)	(15,567)	-	(993,778)
Closing balance	130,430	174,485	47,853	2,621	12,626,532
<b>Subordinated debts</b>					
Opening balance	-	-	-	-	639,776
Issued during the year	-	-	-	-	-
Redeemed during the year	-	-	-	-	(79)
Transfer in / (out) - net	-	-	-	-	(514,983)
Closing balance	-	-	-	-	124,714
<b>Other liabilities</b>					
Mark-up / return / interest payable on deposits	-	-	-	-	536,091
Mark-up / return / interest payable on borrowings	-	-	-	-	6,120
Mark-up / return / interest payable on subordinated debts	-	-	-	-	143
Trade payable	138,090	-	12,386	-	173,267
Donation payable	-	-	-	-	26,053
Others payable	-	-	-	-	2,487
<b>Contingencies and commitments</b>					
Letters of guarantee	-	-	-	-	20,398
Letters of credit	-	-	-	-	65,585
Forward lending	-	-	-	5,924	-

JS BANK LIMITED  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)  
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For the half year ended June 30, 2023 (Un-audited)					
	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000				
<b>Profit and loss account</b>					
<b>Income</b>					
Mark-up / return / interest earned	431	-	11,719	22,908	175,256
Fee, commission and brokerage income	1,908	-	3,786	10	131,751
Dividend income	-	-	-	-	141,460
Gain on sale of securities - net	-	-	-	-	16,633
Rental income	-	-	-	-	21,474
Other income	-	-	-	-	840
<b>Provision and write offs - net</b>					
Provision for diminution in value of investments - net	-	-	-	-	-
<b>Expense</b>					
Mark-up / return / interest expensed	18,604	-	1,784	1,799	622,327
Commission / charges paid	-	-	-	-	-
Remuneration paid	-	-	514,472	-	-
Non-executive directors' fee	-	8,615	-	-	-
Net charge for defined contribution plans	-	-	-	-	169,933
Net charge for defined benefit plans	-	-	-	-	64,381
Insurance expense	-	-	-	-	123,118
Donation	-	-	-	-	65,970
Rental expense	1,862	-	-	-	2,697
Advisory fee	7,500	-	-	-	-
Consultancy charges	-	-	-	-	21,000
Royalty	-	-	-	-	16,250
Other expenses	525	-	8,060	-	18,442
<b>Payments made during the period</b>					
Insurance premium paid	-	-	-	-	188,852
Insurance claims settled	-	-	-	-	6,265
<b>Other Transactions</b>					
Sale of Government Securities	-	-	15,317	-	51,703,811
Purchase of Government Securities	-	-	14,712	-	2,255,099
Sale of Non Government Securities	-	-	-	-	1,344,519
Purchase of non-Government Securities	-	-	-	-	50,456
Sale of Foreign Currencies	-	-	-	-	29,329,485
Purchase of Foreign Currencies	-	-	-	-	18,681,598
For the half year ended June 30, 2022 (Un-audited)					
	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000				
<b>Profit and loss account</b>					
<b>Income</b>					
Mark-up / return / interest earned	443	212	12,097	30,600	190,291
Fee, commission and brokerage income	4,071	16	594	-	111,593
Dividend income	-	-	-	-	60,050
Gain / (loss) on sale of securities - net	-	-	-	-	14,414
<b>Provision and write offs - net</b>					
Provision for diminution in value of investments - net	-	-	-	-	-
<b>Expense</b>					
Mark-up / return / interest paid	59,814	212	747	746	493,305
Remuneration paid	-	-	444,780	-	-
Directors' fee	-	8,178	-	-	-
Net charge for defined contribution plans	-	-	-	-	141,819
Net charge for defined benefit plans	-	-	-	-	97,387
Insurance expense	-	-	-	-	100,152
Donation expense	-	-	-	-	41,178
Rental expense	-	-	-	-	14,689
Advisory fee	-	-	-	-	3,643
Royalty	-	-	-	-	17,500
Other expenses	-	-	-	-	396
<b>Payments made during the period</b>					
Insurance premium paid	-	-	-	-	220,150
Insurance claims settled	-	-	-	-	3,459
<b>Other transactions</b>					
Sale of Government Securities	3,884,797	-	-	-	21,775,667
Purchase of Government Securities	-	-	-	-	11,656,570
Sale of non Government Securities	-	-	-	-	924,054
Purchase of non Government Securities	-	-	-	-	256,702
Sale of Foreign Currencies	-	-	-	-	38,624,704
Purchase of Foreign Currencies	-	-	-	-	30,870,083

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	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
<b>38. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u><u>10,119,242</u></u>	<u><u>10,119,242</u></u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<u><u>20,312,299</u></u>	19,151,560
Eligible Additional Tier 1 (ADT 1) Capital	<u><u>2,502,701</u></u>	2,500,000
Total Eligible Tier 1 Capital	<u><u>22,815,000</u></u>	21,651,560
Eligible Tier 2 Capital	<u><u>7,046,425</u></u>	4,652,597
Total Eligible Capital (Tier 1 + Tier 2)	<u><u>29,861,425</u></u>	<u><u>26,304,157</u></u>
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<u><u>150,841,497</u></u>	154,878,265
Market Risk	<u><u>1,200,949</u></u>	2,147,110
Operational Risk	<u><u>34,159,850</u></u>	34,339,921
Total	<u><u>186,202,296</u></u>	<u><u>191,365,296</u></u>
Common Equity Tier 1 Capital Adequacy ratio	<u><u>10.91%</u></u>	<u><u>10.01%</u></u>
Tier 1 Capital Adequacy Ratio	<u><u>12.25%</u></u>	<u><u>11.31%</u></u>
Total Capital Adequacy Ratio	<u><u>16.04%</u></u>	<u><u>13.75%</u></u>
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	<u><u>22,815,000</u></u>	21,657,240
Total Exposures	<u><u>687,536,409</u></u>	675,826,471
Leverage Ratio	<u><u>3.32%</u></u>	<u><u>3.20%</u></u>
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<u><u>166,108,082</u></u>	107,591,422
Total Net Cash Outflow	<u><u>86,427,782</u></u>	58,746,523
Liquidity Coverage Ratio	<u><u>192.19%</u></u>	<u><u>183.15%</u></u>
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<u><u>402,693,580</u></u>	369,818,259
Total Required Stable Funding	<u><u>283,877,224</u></u>	298,016,768
Net Stable Funding Ratio	<u><u>141.85%</u></u>	<u><u>124.09%</u></u>

**JS BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

**39. GENERAL**

- 39.1** Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report.
- 39.2** The figures in these condensed interim consolidated financial statements have been rounded off to the nearest thousand unless otherwise stated.

**40. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim consolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on August 23, 2023.

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**President and  
Chief Executive Officer**

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**Chief Financial Officer**

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**Director**

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**Director**

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**Chairman**



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**Registered office**

JS Bank Limited, Shaheen Commercial Complex,  
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Karachi-74200 Sindh, Pakistan.

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