

Creating Greater Value Through



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Initiatives



Social
Efforts



Good
Governance

Condensed Interim Financial Statements
for the Nine Months Period Ended
September 30, 2018 (Un-Audited)

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Company Information

Board of Directors

*Mr. Suleman Lalani

Chairman

Mr. Adil Matcheswala

Non-Executive Director

Mr. Ashraf Nawabi

Non-Executive Director

Mr. G.M. Sikander

Independent Non-Executive Director

Mr. Kalim-ur-Rahman

Non-Executive Director

Mr. Munawar Alam Siddiqui

Non-Executive Director

Ms. Nargis Ghaloo

Independent Non-Executive Director

Mr. Shahab Anwar Khawaja

Independent Non-Executive Director

Mr. Basir Shamsie

President & CEO

Audit Committee

Mr. Shahab Anwar Khawaja Chairman

Mr. Adil Matcheswala Member

Mr. G.M. Sikander Member

Chief Financial Officer

Mr. Muhammad Yousuf Amanullah

Company Secretary

Mr. Ashraf Shahzad

Auditors

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

Legal Advisors

Bawaney & Partners

Haidermota BNR

Liaquat Merchant Associates

Share Registrar

Central Depository Company of Pakistan Limited

CDC House, 99-B, Block 'B' S.M.C.H.S.,

Main Shakra-e-Faisal, Karachi.

Registered office

JS Bank Limited

Shaheen Commercial Complex

Dr. Ziauddin Ahmed Road

P.O. Box 4847 Karachi-74200, Pakistan

UAN: +92 21 111 JS Bank (572-265)

0800-011-22

www.jsbl.com

*Mr. Suleman Lalani has been appointed as Director, w.e.f October 01, 2018. and Chairman w.e.f October 26, 2018

Directors' Report To The Members

We are pleased to present the unaudited financial statements of JS Bank Limited ("JSBL") along with the consolidated financial statements of its subsidiaries for the nine months period ended September 30, 2018.

The Economy

As the year progressed, Pakistan's economic outlook remained challenging. Nearly all major macro indicators deteriorated during the period, including the consumer price index (CPI), fiscal debt-to-GDP ratio, benchmark interest rates and the exchange rate. An increase in the current account deficit (CAD) and rapidly depleting foreign exchange reserves during the period added to concerns on the external front.

Headline inflation, which remained relatively stable in the earlier months of the year began to pick up pace and consistently clocked in above 5 percent starting from June 2018. The reasons for this were the rise in crude oil prices and a weakening of the Pakistani Rupee (PKR). Signs of inflationary pressures prompted the State Bank of Pakistan (SBP) to raise the policy rate by a cumulative 275 basis points (bps) on four out of five monetary policy statements of the year. Inflationary trends look to continue for the remainder of the year owing to sustained pressure on the PKR and the recent hike in gas prices.

CAD worsened further during the first two months of the fiscal year 2019 (FY19), up by 10% year-on-year (YoY), reaching a staggering USD 2.7 billion. Although exports grew by 5% YoY during the same period, a growth of 11% YoY in imports negated the benefits of the increase in exports, pulling the trade deficit up to USD 5.9 billion, an increase of 16% YoY. During the first nine months of the calendar year 2018 a growth of 4.52% YoY in workers' remittances helped to keep the CAD from declining any further.

Due to the absence of any significant inflows, coupled with debt servicing requirements, SBP's foreign exchange reserves plunged to a 4 year low of USD 8.4 billion by the end of September 2018, while total foreign exchange reserves stood at USD 14.9 billion. At current reserves levels, the import cover is precariously low and barely enough to cover two months' worth of imports.

Banking Sector Review

Continuing the monetary tightening cycle, the State Bank of Pakistan (SBP) increased the policy rate by 275 basis points (bps) during the first nine months of the calendar year 2018 (9MCY18). The policy rate now stands at 8.5%, up from 5.75% as at the end of 2017. Banking spreads during the same period sustained a declining trajectory, further sliding to an average of 4.82%, marking a 14 bps YoY drop. During 9MCY18, SBP data showed a 9% YoY increase in banking deposits, reaching PKR 13,032 billion. During the same period, advances depicted a higher growth rate of 22% YoY, reaching PKR 7,492 billion, while the advances-to-deposit ratio (ADR) for the industry jumped to 57% owing to a steady increase in project-financing and consumer loan demand. Growth in private sector credit off-take witnessed 18% YoY growth during the first eight months of CY2018 (8MCY18). Asset quality remained in check as non-performing loans (NPLs) for the industry stood at PKR 624 billion as of June 2018, keeping the infection ratio for the industry in the single-digits at 9%. Investments, however, decreased by 20% YoY to PKR 6,677 billion as the sector witnessed maturing investments and thin interest was shown in government paper auctions during the same period. As a result, the Investment-to-Deposit Ratio (IDR) further slid down to 51%.

Directors' Report To The Members

Financial Performance

During the period under review, the Bank earned profit before tax of PKR 1,227.2 million (profit after tax of 756.2 million) for the nine months period ended September 30, 2018 as compared to profit before tax of PKR 825.1 million (profit after tax of PKR 417.0 million) in the corresponding period last year. The increase in profit was mainly due to a healthy growth in advances and an increase in trade volumes, forex income as well as advisory services. Administrative expenses increased due to expansion of the branch network and embarking on new initiatives as compared to the corresponding period last year. The breakup value per share of the Bank as of September 30, 2018 after revaluation of assets was PKR 12.46

Deposits and advances increased from PKR 290.1 billion and PKR 184.1 billion to PKR 310.3 billion and PKR 231.8 billion respectively during the period, which reflects continued focus of the Bank on core business activities.

The basic and diluted earnings per share is PKR 0.46 for the nine months period ended September 30, 2018

Consolidated Financial Statements

In consolidated financial statements, the Group earned profit before tax of PKR 1,347.9 million (profit after tax of 798.6 million) for the nine months period ended September 30, 2018 as compared to profit before tax of PKR 1,055.7 million (profit after tax of PKR 529.6 million) in the corresponding period last year.

The basic and diluted earnings per share is PKR 0.48 for the nine months period ended September 30, 2018.

Business Overview

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

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

Directors' Report To The Members

The Bank is making concerted efforts to optimize the revenue mix between interest and fee-based income via introduction of innovative products and solutions. In addition to growing traditional fee income streams, the Bank is continuing its increased focus on cross selling various fee-based products to existing and new customers along with improving internal processes to reduce costs and increase efficiency.

Credit Ratings

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

Subsidiary Companies

- **JS Global Capital Limited**

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

JS Global has shareholders' equity of PKR 2,609 million as at September 30, 2018. It is listed on the Pakistan Stock Exchange. JS Bank has 67.16% ownership of the company

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

Summarized results of JS Global are set out below:

Particulars	PKR Million	
	For the nine months period ended September 30, 2018 (Un Audited)	For the nine months period ended September 30, 2017 (Un Audited)
Profit before tax	88.2	202.7
Profit after tax	20.7	121.5
EPS (Rupees)	0.55	3.20

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

- **JS Investments Limited**

JS Investments is an Investment Adviser and Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, JS Investments is also a licensed Pension Fund Manager under the Voluntary Pension System Rules, 2005, to manage voluntary pension schemes.

Directors' Report To The Members

JS Investments had shareholders' equity of PKR 2,306.2 million as at September 30, 2018. It is listed on the Pakistan Stock Exchange. JS Bank has 65.16% ownership of the company.

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

Summarized results of JS Investments are set out below:

Particulars	PKR Million	
	For the nine months period ended September 30, 2018 (Un Audited)	For the nine months period ended September 30, 2017 (Un Audited)
Profit before tax	25.2	43.0
Profit after tax	14.9	9.3
EPS (Rupees)	0.19	0.12

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

Acknowledgments

On behalf of JS Bank, we would like to extend our gratitude to our customers and stakeholders for their 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 authorities for their support to our Bank. Finally, we extend our appreciation to the management team and staff for their persistent commitment to working together as a winning team.

On behalf of the Board

Basir Shamsie
President & CEO

Adil Matcheswala
Director

Karachi: October 26, 2018

JS انویسٹمنٹس کو JCR-VIS نے مینجمنٹ کو الٹی ریٹنگ "AM2" مستحکم اندازے کے ساتھ اور PACRA نے طویل المدتی اور قلیل المدتی ریٹنگز بالترتیب "A+" (اے پلس) اور "A1" (اے ون) تفویض کی ہے۔

JS انویسٹمنٹس کے نتائج کا خلاصہ درج ذیل ہے:

مندرجات	30 ستمبر 2018 کو ختم ہونے والے نو ماہ کی مدت کیلئے (غیر آڈٹ شدہ)	30 ستمبر 2017 کو ختم ہونے والے نو ماہ کی مدت کیلئے (غیر آڈٹ شدہ)
منافع قبل از ٹیکس	25.2	43.0
منافع بعد از ٹیکس	14.9	9.3
ای پی ایس (روپے)	0.19	0.12

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

اظہار تشکر

JS بینک کی جانب سے ہم اپنے صارفین اور اسٹیک ہولڈرز کے تعاون پر ان کے دل سے شکر گزار ہیں۔ مشنری آف فنانس، اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کے معاونت کرنے پر ہم ان کے ممنون ہیں۔ مینجمنٹ ٹیم اور چانسلر کی کے ساتھ بطور ٹیم کام کرنے والے ملازمین کی انتھک محنت پر ہم ان کا بھی شکریہ ادا کرنا چاہیں گے۔

منجانب بورڈ

عادل ماجس والا
ڈائریکٹر

ہاسرشی
پریزیڈنٹ اور سی ای او
کراچی، 26 اکتوبر، 2018

کریڈٹ ریٹنگ

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

ذیلی کمپنیز

JS گلوبل کیمپل لمیٹڈ

JS گلوبل کیمپل لمیٹڈ ("JS Global") پاکستان کی بڑی سکیورٹی بروکرز اور انویسٹمنٹ بینکنگ فرمز میں سے ایک ہے اور ڈیویڈنڈ کیمپل مارکیٹس میں سرفہرست ہے۔ 30 ستمبر 2018 کو JS گلوبل کی شیئر ہولڈرز ایکویٹی 2,609 ملین روپے ہے۔ یہ پاکستان اسٹاک ایکسچینج میں لسٹڈ فرم کی حیثیت بھی رکھتی ہے۔ JS بینک کمپنی میں 67.16% ملکیت رکھتا ہے۔

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے JS گلوبل کو طویل المدتی اور قلیل المدتی ادائیگیوں بالترتیب "AA" (ڈبل اے) اور "A1+" (اے ون پلس) تفویض کی ہے۔ یہ بینکس کریڈٹ رسک کے کم سے کم امکانات اور مالیاتی وعدوں کی بروقت تکمیل کی مستعد ادعا کرتی ہیں۔

JS گلوبل کے نتائج کا خلاصہ درج ذیل ہے:

مندرجات	30 ستمبر 2018 کو ختم ہونے والے نو ماہ کی مدت کیلئے (غیر آڈٹ شدہ)	30 ستمبر 2017 کو ختم ہونے والے نو ماہ کی مدت کیلئے (غیر آڈٹ شدہ)
منافع قبل از ٹیکس	88.2	202.7
منافع بعد از ٹیکس	20.7	121.5
ای پی ایس (روپے)	0.55	3.20

ایکویٹی مارکیٹ میں تجارتی والیم میں کمی منافع میں کمی کی بنیادی وجہ ہے۔

جے ایس انویسٹمنٹس لمیٹڈ

JS انویسٹمنٹس نان بینکنگ فنانس کمپنیز (قیام اور قوانین) رولز، 2003 (این بی ایف سی رولز) اور نان بینکنگ فنانس کمپنیز اور نوٹیفائیڈ اینڈ ریگولیشنز، 2008 (این بی ایف سی ریگولیشنز) کے تحت انویسٹمنٹ ایڈوائزراور ایسٹ منجمنٹ کمپنی ہے۔ اس کے علاوہ JS انویسٹمنٹس رضا کارانہ پیٹیشن اسکیم کے انتظام کیلئے ویلینٹیرز پیٹیشن سسٹم رولز، 2005 کے تحت لائسنس یافتہ پیٹیشن فنڈ منیجر بھی ہے۔

30 ستمبر 2018 کو JS انویسٹمنٹس کی شیئر ہولڈرز ایکویٹی 2,306.2 ملین روپے ہے۔ یہ پاکستان اسٹاک ایکسچینج میں لسٹڈ فرم کی حیثیت بھی رکھتی ہے۔ JS بینک کمپنی کی 65.16% ملکیت رکھتا ہے۔

مالیاتی کارکردگی

زیر جائزہ مدت کے دوران بینک کا 30 ستمبر 2018 کو ختم ہونے والی مدت کیلئے منافع قبل از ٹیکس 1,227.2 ملین روپے (منافع بعد از ٹیکس 756.2 ملین روپے) تھا جبکہ گزشتہ سال اسی مدت کیلئے منافع قبل از ٹیکس 825.1 ملین روپے (منافع بعد از ٹیکس 417.0 ملین روپے) تھا۔ منافع میں اضافے کی اہم وجوہات میں ایڈوائسز میں خاطر خواہ اضافہ، برنس کے حجم، فاریکس انکم اور ایڈوائسز میں سروسز میں اضافہ شامل ہیں۔ گزشتہ سال اسی مدت کے مقابلے میں پراجیکٹ ٹینٹ ورک میں توسیع اور نئے کاروباری اقدامات کے آغاز کی وجہ سے انتظامی اخراجات میں اضافہ ہوا۔ 30 ستمبر 2018 کو اگاتوں کی قدر و قیمت کے تعین نو کے بعد بینک کی فی شخص بریک اپ ویلیو 12.46 پاکستانی روپے تھی۔

دوران مدت ڈپازٹس اور قرضے میں 290.1 ملین روپے اور 184.1 ملین روپے سے 310.3 ملین روپے اور 231.8 ملین روپے کا بائرنسب اضافہ ہوا جو اہم کاروباری سرگرمیوں پر بینک کی مسلسل توجہ کو ظاہر کرتا ہے۔

30 ستمبر 2018 کو ختم ہونے والی نو ماہ کی مدت کیلئے بینک اور ڈائیلیوٹڈ منافع فی شخص 0.46 روپے ہے۔

مجموعی مالیاتی اسٹیٹمنٹس

مجموعی مالیاتی اسٹیٹمنٹس میں، 30 ستمبر 2018 کو ختم ہونے والی نو ماہ کی مدت کیلئے گروپ کا منافع قبل از ٹیکس 1,347.9 ملین روپے (منافع بعد از ٹیکس 798.6 ملین روپے) ہے جبکہ گزشتہ سال گزشتہ سال اسی مدت کا منافع قبل از ٹیکس 1,055.7 ملین روپے (منافع بعد از ٹیکس 529.6 ملین روپے) تھا۔

30 ستمبر 2018 کو ختم ہونے والی نو ماہ کی مدت کیلئے بینک اور ڈائیلیوٹڈ فی شخص منافع 0.48 روپے ہے۔

کاروباری جائزہ

بینک اپنی پروڈکٹ لائن کو مد پر مستحکم کرنے کیلئے کئی اقدامات پر خاص توجہ دے رہا ہے جن میں اضافی سہولیات پر مبنی مختلف کرنٹ اکاؤنٹس شامل ہیں تاکہ متعدد شعبوں بشمول برنس اکاؤنٹس، ایمپلائی بینکنگ، پرائیویٹ بینکنگ، کیش منیجمنٹ ریلیشن شپس، کارپوریٹ ڈپازٹس اور ٹیکنا لوئی پمٹی سلوشنز میں اس کے ڈپازٹ ریلیشن شپ میں توسیع ممکن ہو۔

اگاتوں کے حوالے سے کسٹمر کی ضروریات کو مد نظر رکھتے ہوئے تیار کی گئی پروڈکٹس کی جامع رینج کے ذریعے ایڈوائسز میں بحر پور توسیع پر خاص توجہ دی گئی ہے جن میں پبلک سیکٹر کے قرضہ جات (حکومت پاکستان کے)، کارپوریٹ اور کمرشل ادارے، چھوٹی اور درمیانی انٹرپرائزز (SME) اور کنزیومر بینکنگ میں متنوع توسیع شامل ہیں۔ اس کے علاوہ روایتی قرضہ جات کے شعبوں میں بینک نے ایس ایم ای (SME) برانچز کی مدد سے قرضوں کے مثالی تعلقات کے ذریعے اپنے ایس ایم ای (SME) کے دائرہ کار پر مزید توجہ دی ہے۔ سال 2018 میں ٹیکلو پروڈکٹز پور قرضوں میں خاطر خواہ اضافہ ہوا۔ معیشت کے تمام شعبہ جات کی ضروریات پوری کرنے کیلئے لیونگ برنس کا بھی ایک زبردست پورٹ فولیو تیار کیا گیا ہے۔ بینک نے اپنی ویلیو چین کے اندر ذاتی کاروبار کے فروغ کیلئے پاکستان کی نمایاں انڈسٹریز میں ممتاز کاروبار کے ساتھ مختلف، اشتراک کے ذریعے پرائم سٹریٹریج برنس لون (PMYBL) کے پورٹ فولیو میں بھی توسیع کی ہے۔ JS بینک اسٹیٹ بینک آف پاکستان کی جانب سے تفویض کئے جانے والے زراعت سے متعلق کریڈٹ اہداف سے شفاف پورٹ فولیو کے ساتھ تجاویز کو چکا ہے جس سے مستحکم اضافے کی راہ ہموار ہوئی ہے۔ بینک نے اپنے گولڈن فاس پورٹ فولیو میں مسلسل اضافہ جاری رکھا اپنے زراعت سے وابستہ کسٹمرز سے متعلق فی تخی تجاویز میں بھی مزید اضافہ کیا۔

JS بینک جدید پروڈکٹس اور سلوشنز، متعارف کروا کر انٹرسٹ اور فیس کی مدد میں حاصل ہونے والی آمدنی کے اضافے کیلئے مسلسل کوشاں ہے۔ اس کے علاوہ بینک کی معمول فیس کی رواں آمدنی میں اضافے کیلئے بینک بدستور اپنا موجودہ اور نئے کسٹمرز کو فیس کی بنیاد پر متعدد اضافی پروڈکٹس کی فروخت اور اخراجات کم کرنے اور استعداد میں اضافے کے اندرونی طریق کار کو بہتر بنانے پر اپنی خاص توجہ دے رہا ہے۔

ڈائریکٹر رپورٹ

ہم انتہائی مسرت کے ساتھ 30 ستمبر 2018 کو ختم ہونے والی نو ماہ کی مدت کیلئے JS بینک لمیٹڈ ("JSBL") کی غیر نظریاتی شدہ مالیاتی تفصیلات مع اس کی ذیلی کمپنیز کی مجموعی مالیاتی تفصیلات پیش کرتے ہیں۔

معاشی جائزہ

جیسے جیسے سال آگے بڑھا معاشی صورتحال بدستور مشکلات کا شکار رہی۔ دوران مدت معاشی حوالے سے نشاندہی کرنے والے تقریباً تمام اہم بنیادی عناصر بشمول کنزیومر پرائس انڈیکس (CPI)، مجموعی مالی قرضوں اور جی ڈی پی کا تناسب، اور انٹرنسٹ کی شرح کا معیار اور آپکچج ریٹ مسلسل کمی کا شکار رہے۔ دوران سال کرنٹ اکاؤنٹ کے خسارے (CAD) میں اضافہ اور تیزی سے کم ہونے والے فارن آپکچج کے ذخائر، بیرونی حوالے سے تھوٹیں ناک صورتحال ظاہر کرتے ہیں۔

افراط زر جو سال کے ابتدائی مہینوں میں قدرے مستحکم تھی اس میں تیزی آتی شروع ہوئی اور جون 2018 سے مسلسل 5% فیصد سے زیادہ بڑھتی رہی، اس کی وجہ خام تیل کی قیمتوں میں اضافہ اور پاکستانی روپے (PKR) کی قدر میں کمی تھی۔ افراط زر سے متعلق دباؤ کی وجہ سے اسٹیٹ بینک آف پاکستان (SBP) کو سال کے پانچ میں سے چار ماہی پالیسی اسٹیمٹس پر پالیسی ریٹ مجموعی 275 پوائنٹس (bps) تک بڑھانا پڑا۔ پاکستانی روپے پر دباؤ برقرار رہنے اور گیس کی قیمتوں میں حالیہ اضافے کی وجہ سے افراط زر کے رجحانات سال کے باقی ماندہ حصے میں بھی برقرار رہتے نظر آ رہے ہیں۔

مالی سال 2019 (FY19) کے پہلے دو ماہ میں کرنٹ اکاؤنٹ کے خسارے میں مزید خرابی آئی اور یہ 10% سال بسال تک بڑھ کر تیرہ ارب 2.7 بلین امریکی ڈالر تک پہنچ گیا۔ اگرچہ اسی مدت کے دوران برآمدات میں 5% سال بسال تک کا اضافہ ہوا، درآمدات میں 11% سال بسال اضافہ سے برآمدات میں ہونے والے اضافے کے فوائد مل گئے، جس سے بزنس کا خسارہ 5.9 بلین امریکی ڈالر تک پہنچ گیا جو 16% سال بسال اضافہ ہے۔ کیلنڈر سال 2018 کے پہلے نو ماہ کے دوران ملازمین کی تنزیل زر میں 4.52% سال بسال اضافہ کرنٹ اکاؤنٹ کا خسارہ مزید کم ہونے میں مددگار ثابت ہوا۔

کوئی قابل ذکر داخلی بھاونہ ہونے اور قرض کی فراہمی کیلئے رقم کی دستیابی میں کمی کی وجہ سے اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر ستمبر 2018 کے آخر تک چار سال کی کم ترین سطح 8.4 بلین امریکی ڈالر تک پہنچ گئے، جبکہ مجموعی زرمبادلہ کے ذخائر 14.9 بلین امریکی ڈالر ہیں۔ موجودہ ذخائر کی سطح پر درآمداتی کوری غیر محفوظ طور پر کم ہے اور بمشکل دو ماہ کی درآمدی لاگوں کو پورا کرنے کیلئے کافی ہے۔

شعبہ بینکاری کا جائزہ

مانیٹری سائیکل میں سختی برقرار رہی اور کیلنڈر سال 2018 کے پہلے نو ماہ (9MCY18) کے دوران اسٹیٹ بینک آف پاکستان نے پالیسی میں مجموعی طور پر 275 پوائنٹس (bps) کا اضافہ کیا۔ پالیسی ریٹ جو 2017 کے اختتام پر 5.75% تھا بڑھ کر 8.5% فیصد تک پہنچ گیا ہے۔ اسی مدت کے دوران بینکاری قیادت میں کمی بدستور جاری رہی اور یہ 4.82% کی اور شرح سے مزید کم ہو کر 14 پوائنٹس سال بسال پہنچ گئے۔ سال 2018 کے نو ماہ کے دوران اسٹیٹ بینک آف پاکستان کا ڈیٹا بینکنگ ڈپازٹس میں 9% سال بسال اضافہ ظاہر کرتا ہے اور یہ 13,032 بلین روپے ہیں۔ اسی مدت کے دوران ایڈوانسز 22% سال بسال کی بلند شرح کے ساتھ 7,492 بلین روپے تک پہنچ گئے، جبکہ منصوبہ جاتی مالکاری اور قرضوں کی طلب میں اضافے کی وجہ سے انڈسٹری کا ایڈوانسز نو ڈپازٹ ریٹو (ADR) 57% تک پہنچ گیا۔ سال 2018 کے پہلے آٹھ ماہ (8MCY18) میں پرائیویٹ سیکٹر کے قرضوں میں 18% سال بسال اضافہ نظر آیا۔ انڈسٹری کا معیار قایم رہا اور جون 2018 کو انڈسٹری کے نان پرفارمنگ لونز (NPLs) 624 بلین روپے تھے، جس سے انڈسٹری کا فیکٹری ریٹو 9% رہا۔ تاہم انویسٹمنٹس 20% سال بسال تک کم ہو کر 6,677 بلین روپے ہو گئیں کیونکہ سیکٹر میں انویسٹمنٹس میچور ہوئیں اور حکومتی بنیادی میں لوگوں کی دلچسپی کم نظر آئی۔ جس کے نتیجے میں انویسٹمنٹ نوڈ پازٹ ریٹو (IDR) مزید کم ہو کر 51% ہو گیا۔

Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2018

		(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Note	----- Rupees in '000 -----	-----
ASSETS			
Cash and balances with treasury banks		17,066,263	17,333,788
Balances with other banks - net		405,479	1,034,266
Lendings to financial institutions - net	7	1,828,842	3,116,199
Investments - net	8	129,414,225	169,611,558
Advances - net	9	231,758,037	184,139,582
Operating fixed assets	10	8,178,501	7,112,821
Deferred tax assets		-	-
Other assets - net		9,144,990	5,960,662
		<u>397,796,337</u>	<u>388,308,876</u>
LIABILITIES			
Bills payable		3,986,736	3,824,278
Borrowings		53,477,529	64,557,043
Deposits and other accounts	11	310,286,901	290,077,566
Sub-ordinated loans		4,997,800	4,998,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	63,685	796,803
Other liabilities		8,821,386	7,385,057
		<u>381,634,037</u>	<u>371,639,547</u>
NET ASSETS		<u>16,162,300</u>	<u>16,669,329</u>
REPRESENTED BY:			
Share capital	13	12,974,643	10,724,643
Discount on issue of shares	13	(2,855,401)	(2,105,401)
Preference shares	13	-	1,500,000
Reserves		1,724,100	1,540,988
Unappropriated profit		4,953,622	4,518,820
		<u>16,796,964</u>	<u>16,179,050</u>
(Deficit) / surplus on revaluation of assets - net of tax	14	(634,664)	490,279
		<u>16,162,300</u>	<u>16,669,329</u>
CONTINGENCIES AND COMMITMENTS			
	15		

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

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

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

For the nine months period ended September 30, 2018

	Note	Nine months period ended		Quarter ended	
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
		----- Rupees in '000 -----			
Mark-up / return / interest earned		21,612,768	14,186,456	7,602,404	5,702,071
Mark-up / return / interest expensed		14,968,714	9,811,417	5,336,518	4,028,006
Net mark-up / interest income		6,644,054	4,375,039	2,265,886	1,674,065
Provision against non-performing loans and advances - net		(173,703)	(220,666)	(49,836)	(142,028)
Reversal against diminution in the value of investments		191,116	-	159,463	-
Bad debts written off directly		-	-	-	-
		17,413	(220,666)	109,627	(142,028)
Net mark-up / return / interest income after provisions		6,661,467	4,154,373	2,375,513	1,532,037
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		2,001,267	1,560,908	549,393	456,436
Dividend income		72,483	100,557	7,452	8,667
Income from dealing in foreign currencies		572,390	250,871	332,378	117,697
(Loss) / gain on sale of securities - net		(523,509)	625,803	(481,134)	266,625
Unrealised (loss) / gain on revaluation of investments classified as held-for-trading - net		(7,673)	335	(6,782)	(1,613)
Other income / (loss) - net		9,317	108,941	(132,749)	45,572
Total non-mark-up / interest income		2,124,275	2,647,415	268,558	893,384
		8,785,742	6,801,788	2,644,071	2,425,421
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		7,476,200	5,947,118	2,532,107	2,217,144
Other provision - net	16	57,071	-	(8,647)	-
Other charges		25,276	29,536	2,561	4,114
Total non mark-up / interest expenses		7,558,547	5,976,654	2,526,021	2,221,258
		1,227,195	825,134	118,050	204,163
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		1,227,195	825,134	118,050	204,163
Taxation					
- Current		(540,626)	(266,700)	(108,519)	(48,617)
- Prior years		-	(115,944)	-	-
- Deferred		69,601	(25,491)	62,344	(22,692)
	17	(471,025)	(408,135)	(46,175)	(71,309)
PROFIT AFTER TAXATION		756,170	416,999	71,875	132,854
----- Rupee -----					
Basic earnings per share	18	0.46	0.22	0.06	0.12
Diluted earnings per share	18	0.46	0.22	0.06	0.10

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

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Officer

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

For the nine months period ended September 30, 2018

	Nine months period ended		Quarter ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
----- Rupees in '000 -----				
Profit after taxation	756,170	416,999	71,875	132,854
Other comprehensive income				
Items that will not be reclassified to profit and loss	-	-	-	-
Items that are or may be reclassified to profit or loss in subsequent periods				
Effect of translation of net investment in foreign branch	31,878	737	580	716
Comprehensive income transferred to equity	788,048	417,736	72,455	133,570
Components of comprehensive income not reflected in equity				
Items that are or may be reclassified to profit or loss in subsequent periods				
Deficit on revaluation of available-for-sale securities	(2,306,693)	(1,583,091)	(902,667)	(1,068,646)
Related deferred tax asset	807,343	554,082	315,934	374,026
	(1,499,350)	(1,029,009)	(586,733)	(694,620)
Total comprehensive loss for the period - net of tax	(711,302)	(611,273)	(514,278)	(561,050)

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

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

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Unconsolidated Condensed Interim Statement of Changes in Equity

For the nine months period ended September 30, 2018

	Share capital	Discount on issue of shares	Preference shares	Reserves		Unappropriated profit	Total
				* Statutory	Exchange translation		
	Rupees in '000						
Balance as at January 01, 2017 (Audited)	10,724,643	(2,105,401)	1,500,000	1,334,139	(17)	3,973,341	15,426,705
Total comprehensive income for the nine months period ended September 30, 2017							
Profit after taxation	-	-	-	-	-	416,999	416,999
Other comprehensive income	-	-	-	-	737	-	737
	-	-	-	-	737	416,999	417,736
Transfer from surplus on revaluation of non-banking assets on account of incremental depreciation - net of tax	-	-	-	-	-	161	161
Transaction with owners recorded directly in equity							
Preference dividend paid for the year ended December 31, 2016 @ 12% p.a	-	-	-	-	-	(180,000)	(180,000)
Transfers							
Transfer to statutory reserve	-	-	-	83,400	-	(83,400)	-
Balance as at September 30, 2017 (Un-audited)	10,724,643	(2,105,401)	1,500,000	1,417,539	720	4,127,101	15,664,602
Total comprehensive income for the period ended December 31, 2017							
Profit after taxation	-	-	-	-	-	556,150	556,150
Other comprehensive Income / (loss)	-	-	-	-	11,499	(55,602)	(44,103)
	-	-	-	-	11,499	500,548	512,047
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation for the period - net of tax	-	-	-	-	-	2,348	2,348
Transfer from surplus on revaluation of non-banking assets on account of incremental depreciation - net of tax	-	-	-	-	-	53	53
Transfers							
Transfer to statutory reserve	-	-	-	111,230	-	(111,230)	-
Balance as at December 31, 2017 (Audited)	10,724,643	(2,105,401)	1,500,000	1,528,769	12,219	4,518,820	16,179,050
Total comprehensive income for the nine months period ended September 30, 2018							
Profit after taxation	-	-	-	-	-	756,170	756,170
Other comprehensive income	-	-	-	-	31,878	-	31,878
	-	-	-	-	31,878	756,170	788,048
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation for the period - net of tax	-	-	-	-	-	9,705	9,705
Transfer from surplus on revaluation of non-banking assets on account of incremental depreciation - net of tax	-	-	-	-	-	161	161
Transaction with owners recorded directly in equity							
Preference dividend paid for the year ended December 31, 2017 @ 12% p.a.	-	-	-	-	-	(180,000)	(180,000)
Preference shares cancelled on conversion into ordinary shares during the period (note13)	-	-	(1,500,000)	-	-	-	(1,500,000)
Issuance of ordinary shares on conversion of preference shares during the period (note13)	2,250,000	-	-	-	-	-	2,250,000
Discount on issue of ordinary shares during the period (note13)	-	(750,000)	-	-	-	-	(750,000)
	2,250,000	(750,000)	-	-	-	-	1,500,000
Transfers							
Transfer to statutory reserve	-	-	-	151,234	-	(151,234)	-
Balance as at September 30, 2018 (Un-audited)	12,974,643	(2,855,401)	-	1,680,003	44,097	4,953,622	16,796,964

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

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

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Director

Director

Chief Financial
Officer

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended September 30, 2018

September 30, 2018 September 30, 2017
----- Rupees in '000 -----

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation
Less: Dividend income

Adjustments:

Depreciation
Depreciation on non-banking assets
Amortisation of intangibles
Charge for defined benefit plan
Unrealised loss / (gain) on revaluation of investments
classified as held-for-trading - net
Provision against non-performing loans and advances - net
Reversal against diminution in the value of investments
Other provision - net
Unrealised gain on revaluation of derivative instruments
Gain on sale of operating fixed assets
Provision for Sindh Workers' Welfare Fund

(Increase) / decrease in operating assets

Lendings to financial institutions - net
Held-for-trading securities
Advances
Other assets (excluding advance taxation)

Increase in operating liabilities

Bills payable
Borrowings
Deposits and other accounts
Other liabilities

Income tax paid

Gratuity paid

Net cash (used in) / flows from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Net investment in available-for-sale securities
Net investment in held-to maturity securities
Investment in associated company
Dividend received
Investments in operating fixed assets
Proceeds from sale of operating fixed assets
Net cash flows from / (used in) investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid on preference shares
Sub-ordinated loans

Net cash used in financing activities

Effect of translation of net investment in foreign branches

Increase in cash and cash equivalents

Cash and cash equivalents at beginning of the period

Cash and cash equivalents at end of the period

1,227,195	825,134
(72,483)	(100,557)
1,154,712	724,577
506,934	443,518
975	975
50,707	44,070
128,244	114,365
7,673	(335)
173,703	220,666
(191,116)	-
57,071	-
21,424	(30,199)
(85,672)	(55,477)
24,544	16,503
694,487	754,086
1,849,199	1,478,663
1,285,591	5,056,068
(528,868)	65,044,631
(47,804,180)	(56,971,736)
(2,633,578)	(2,728,578)
(49,681,035)	10,400,385
162,458	1,541,923
(11,019,735)	68,861,069
20,209,335	47,679,287
1,458,658	1,594,204
10,810,716	119,676,483
(37,021,120)	131,555,531
(1,064,810)	(536,640)
(175,118)	(118,308)
(38,261,048)	130,900,583
38,372,406	(85,302,716)
319,210	(41,502,527)
(180,000)	-
71,576	98,047
(1,135,557)	(1,024,241)
126,009	79,120
37,573,644	(127,652,317)
(180,000)	(180,000)
(1,000)	(600)
(181,000)	(180,600)
31,878	737
(836,526)	3,068,403
18,169,058	16,221,150
17,332,532	19,289,553

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

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

1. STATUS AND NATURE OF BUSINESS

- 1.1 JS Bank Limited (the Bank / JSBL), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank's ordinary shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank is a subsidiary of Jahangir Siddiqui & Co. Ltd. (JSCL). The registered office of the Bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi. The Bank operates with 323 (December 31, 2017: 322) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2017: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to 'AA-' (Double A Minus) and short-term entity rating at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.
- 1.2 Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by JSCL on February 01, 1999), and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited - Pakistan Branches, (AEBL). Consequently, a new banking company, JSBL was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.
- 1.3 A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL in their respective extra ordinary general meetings held on July 31, 2006 approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

2. STATEMENT OF COMPLIANCE

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

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

3. BASIS OF MEASUREMENT

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

4. ACCOUNTING ESTIMATES AND JUDGMENTS

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

Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Surplus / Deficit on Revaluation of Operating Fixed Assets

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

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

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

5.2 Expected Credit Losses - IFRS 9

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

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

(Un-audited)
September 30,
2018
Rupees in '000

General provision - under IFRS-9

Balances with other banks
Lendings to financial institutions
Investments
Advances

Related deferred tax asset

	6
	1,766
	91,335
	12,022
	105,129
	(36,795)
	68,334

Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

5.3 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards and interpretations that are mandatory for the accounting periods beginning on or after January 1, 2018 but are considered not to be relevant on the Bank's operations.

6. FINANCIAL RISK MANAGEMENT

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

		(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Note	----- Rupees in '000 -----	
7. LENDINGS TO FINANCIAL INSTITUTIONS - NET			
Call money lendings - net of provision	7.1	1,828,842	3,003,443
Due against bills re-discounting		-	112,756
		<u>1,828,842</u>	<u>3,116,199</u>
7.1	The amount is net of general provision of Rs. 1.766 million (December 31, 2017: Rs. Nil) resulted from adoption of IFRS 9 by Bahrain Branch (See note 5.2).		

Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

8. INVESTMENTS - net

	(Unaudited) September 30, 2018			(Audited) December 31, 2017		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
Note	----- Rupees in '000 -----					
	8,958,800	-	8,958,800	6,835,735	926,032	7,761,767
	39,219	-	39,219	709,872	-	709,872
	8,998,019	-	8,998,019	7,545,607	926,032	8,471,639
	1,490,953	-	1,490,953	11,501,193	2,991,504	14,492,697
	34,481,558	33,454,670	67,936,228	54,600,373	39,372,049	93,972,422
	3,017,398	-	3,017,398	3,681,463	-	3,681,463
	13,406	-	13,406	13,406	-	13,406
	136,589	-	136,589	136,589	-	136,589
	164,618	-	164,618	182,322	-	182,322
	579,168	-	579,168	575,596	-	575,596
	529,000	-	529,000	-	-	-
	290,000	-	290,000	1,631,000	-	1,631,000
	4,590,649	1,896,714	6,487,363	1,899,702	2,431,932	4,331,634
	45,293,339	35,351,384	80,644,723	74,221,644	44,795,485	119,017,129
	41,079,275	-	41,079,275	41,398,485	-	41,398,485
	1,919,121	-	1,919,121	1,919,121	-	1,919,121
	180,000	-	180,000	-	-	-
	97,469,754	35,351,384	132,821,138	125,084,857	45,721,517	170,806,374
	(880,735)	-	(880,735)	(1,071,851)	-	(1,071,851)
	(91,335)	-	(91,335)	-	-	-
	96,497,684	35,351,384	131,849,068	124,013,006	45,721,517	169,734,523
	(7,673)	-	(7,673)	(2,474)	(14)	(2,488)
	(1,346,747)	(1,080,423)	(2,427,170)	75,006	(195,483)	(120,477)
	95,143,264	34,270,961	129,414,225	124,085,538	45,526,020	169,611,558

8.1.1 Included herein are the investments in related parties amounting to Rs. 1,897.183 million (December 31, 2017: Rs.1,763.581 million) having market value of Rs. 2,189.210 million (December 31, 2017: Rs.2,296.841 million).

8.1.2 Included herein is the investment of Rs. 65.022 million (December 31, 2017: Rs.65.022 million) in a related party at the rate of 6 months KIBOR + 1.75% maturing on December 04, 2017. Due to weak financial position of the investee the Bank has recognised full impairment loss on these Term Finance Certificates.

8.1.3 During the period, the Bank has invested in the shares of an associated company, a public unlisted company (9.6% shareholding). The Bank has classified the investment as an associate on account of it's significant influence over the investee company.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

		(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Note	----- Rupees in '000 -----	
9. ADVANCES - net			
Loans, cash credits, running finances, etc.			
In Pakistan		205,805,206	160,635,485
Outside Pakistan		1,639,492	702,934
		207,444,698	161,338,419
Net investment in finance lease in Pakistan		17,548,593	13,781,334
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		6,208,755	6,174,461
Payable outside Pakistan		3,481,029	5,584,681
		9,689,784	11,759,142
Advances - gross		234,683,075	186,878,895
Provision against non-performing advances - specific	9.1	(2,759,497)	(2,638,960)
Provision against advances - general		(153,519)	(100,353)
General provision - under IFRS-9	5.2	(12,022)	-
		(2,925,038)	(2,739,313)
Advances - net of provision		231,758,037	184,139,582

- 9.1 Advances include Rs. 5,105,430 million (December 31, 2017: Rs.3,257.997 million) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2018 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- Rupees in '000 -----				
Other assets especially mentioned	605,407	-	605,407	8,888	8,888
Substandard	1,302,239	-	1,302,239	57,309	57,309
Doubtful	289,899	-	289,899	60,751	60,751
Loss	2,907,885	-	2,907,885	2,632,549	2,632,549
	5,105,430	-	5,105,430	2,759,497	2,759,497
Category of classification	December 31, 2017 (Audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- Rupees in '000 -----				
Other assets especially mentioned	5,222	-	5,222	-	-
Substandard	336,818	-	336,818	44,307	44,307
Doubtful	131,328	-	131,328	7,333	7,333
Loss	2,784,629	-	2,784,629	2,587,320	2,587,320
	3,257,997	-	3,257,997	2,638,960	2,638,960

Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

10. OPERATING FIXED ASSETS

During the nine months period, the Bank has made additions of Rs.1,135.557 million (September 30, 2017: Rs.1,024.241 million) including capital work in progress of Rs.94.042 million (September 30, 2017: Rs.89.207 million) and deletions of Rs.259.573 million (September 30, 2017: Rs.113.960 million) having written down value of Rs. 40.337 million (September 30, 2017: Rs.23.642 million).

		(Un-audited) September 30, 2018	(Audited) December 31, 2017
		----- Rupees in '000 -----	
11.	DEPOSITS AND OTHER ACCOUNTS	Note	
	Customers		
	Fixed deposits	128,622,103	131,902,422
	Savings deposits	59,821,646	47,266,416
	Current accounts	63,742,205	70,197,106
	Margin accounts	4,095,776	3,967,204
		<u>256,281,730</u>	<u>253,333,148</u>
	Financial institutions		
	Remunerative deposits	53,216,835	35,724,471
	Non-remunerative deposits	788,336	1,019,947
		<u>54,005,171</u>	<u>36,744,418</u>
		<u>310,286,901</u>	<u>290,077,566</u>
11.1	Particulars of deposits	11.1	
	In local currency	290,787,558	276,922,230
	In foreign currencies	19,499,343	13,155,336
		<u>310,286,901</u>	<u>290,077,566</u>
12.	DEFERRED TAX LIABILITIES - net		
	Deferred tax (debits) arising from:		
	Provision against investments	(57,149)	(57,149)
	Provision against loans and advances	(24,471)	(3,523)
	Provision against other assets	(853)	(15,682)
	General provision - under IFRS-9	(36,795)	-
	Unrealised (loss) / gain on revaluation of derivative instruments	(3,650)	25,227
	Unrealised loss on revaluation of investments classified as held-for-trading	(2,686)	(871)
	Provision for Sindh Workers' Welfare Fund	(26,145)	(26,145)
	Deficit on revaluation of investments classified as available-for-sale	(849,510)	(42,167)
		<u>(1,001,259)</u>	<u>(120,310)</u>
	Deferred tax credits arising due to:		
	Operating fixed assets	224,110	214,793
	Goodwill	512,268	512,268
	Surplus on revaluation of operating fixed assets	326,461	187,861
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,105	2,191
		<u>1,061,294</u>	<u>942,340</u>
		<u>63,685</u>	<u>796,803</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

- 13.1** During the period, after having SBP approval vide its letter No. 'BPRD/LD-01/602-AM&AoA/16933/2018-8446', the shareholders of the Bank in their Annual General Meeting held on March 07, 2018 increased its authorised capital by Rs.5 billion, divided into 500 million ordinary shares of Rs.10 each.
- 13.2** On February 19, 2018, issued, subscribed and paid-up capital of the Bank has also increased by Rs. 2,250 million divided into 225 million ordinary shares of Rs. 10 each. The increase was on account of conversion of unlisted preference shares of Rs. 1,500 million divided into 150 million shares of Rs. 10 each at a conversion ratio of 1:1.5 (i.e. for every one preference share one and half ordinary shares were issued). The ordinary shares are issued at Rs. 6.67 per share i.e. at a discount of Rs. 3.33 per share as per the approvals of Securities and Exchange Commission of Pakistan vide its letter No. EMD/CI/102/2010 dated December 19, 2013 and State Bank of Pakistan vide its letter No. BPRD/BA&CA/649/19755/2013 dated December 30, 2013.
- 13.3** As at September 30, 2018, Jahangir Siddiqui & Co. Ltd. (the parent company) held 973,307,324 (December 31, 2017: 755,245,007) ordinary shares of Rs.10 each 75.02% holding (December 31, 2017: 70.42%).

		(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Note	----- Rupees in '000 -----	
14. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - net of tax			
Available-for-sale securities		(1,577,660)	(78,310)
Operating fixed assets	14.1	848,107	473,539
Non-banking assets acquired in satisfaction of claims		94,889	95,050
		<u>(634,664)</u>	<u>490,279</u>

- 14.1** At June 30, 2018, the Bank has carried out the revaluation exercise by an independent valuer, which has resulted in additional surplus on leasehold lands and buildings of Rs.117.166 million and Rs.410.933 million over their written down value of Rs. 1,088.960 million and Rs.1,331.119 million, respectively.

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

Had there been no revaluation, the carrying value of leasehold lands and buildings would have been lower by Rs.241.820 million and Rs. 932.749 million respectively, and net surplus on revaluation of fixed assets, deferred tax liability and depreciation would have been lower by Rs.848.106 million, Rs. 326.461 million and Rs. 14.931 million respectively.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

		(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Note	----- Rupees in '000 -----	
15. CONTINGENCIES AND COMMITMENTS			
15.1 Transaction-related contingent liabilities			
Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions			
i) Government		27,302,385	31,008,823
ii) Banking companies and other financial institutions		5,868,051	5,532,988
iii) Others		8,491,588	8,477,789
	15.1.1	<u>41,662,024</u>	<u>45,019,600</u>
15.1.1 Included herein the outstanding guarantees of Rs.19.201 million (December 31, 2017: Rs.31.454 million) of related parties.			
15.2 Trade-related contingent liabilities			
Documentary credits	15.2.1	<u>17,813,058</u>	<u>21,558,098</u>
15.2.1 Included herein is an outstanding amount of Rs.25.414 million (December 31, 2017: Rs.44.016 million) of related parties.			
15.3 Commitments in respect of forward lending			
Forward commitment to extend credit		<u>856,834</u>	<u>21,398,301</u>
15.4 Commitments in respect of capital expenditures		<u>107,349</u>	<u>94,975</u>
15.5 Commitments in respect of derivative instruments			
15.5.1 Forward exchange contracts			
Purchase		<u>14,876,919</u>	<u>6,689,099</u>
Sale		<u>6,876,784</u>	<u>4,960,361</u>
15.5.2 Forward investment securities			
15.5.2.1 Government securities			
Purchase		<u>3,997,208</u>	<u>1,496,072</u>
Sale		<u>-</u>	<u>115,811</u>
15.5.2.2 Foreign currency bonds			
Sale		<u>119,031</u>	<u>-</u>
15.5.3 Cross currency swaps (notional principal)		<u>4,732,880</u>	<u>4,223,400</u>
15.5.4 Options (notional principal)		<u>2,115,746</u>	<u>2,421,402</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

16. Other provision - net

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

17. Income tax

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

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

For tax year 2010-2014, the Bank has not accepted the appeal effects in which benefits are not allowed on the direction of the CIRA and filed further appeals with CIRA where ACIR is directed to re-examine the issues in the light of directions of predecessor CIRA's decision and issue revise appeal effect orders after duly adjudicating as per law ensuring adequate opportunity of being heard to the Bank. Appeal is pending in respect of tax year 2015.

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

18. EARNINGS PER SHARE

Profit after taxation for the period - attributable to ordinary equity holders of the Bank for diluted earnings

Preference dividend paid for the year ended December 31, 2017 @ 12% p.a. (December 31, 2016: 12% p.a.)

Profit attributable to ordinary equity holders of the Bank for basic earnings

Weighted average number of outstanding ordinary shares during the period for basic earnings

Weighted average number of outstanding ordinary shares during the period for diluted earnings

Basic earnings per share

Diluted earnings per share

	Nine months period ended		Quarter ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Note	Rupees in '000			
Profit after taxation for the period - attributable to ordinary equity holders of the Bank for diluted earnings	756,170	416,999	71,875	132,854
Preference dividend paid for the year ended December 31, 2017 @ 12% p.a. (December 31, 2016: 12% p.a.)	(180,000)	(180,000)	-	-
Profit attributable to ordinary equity holders of the Bank for basic earnings	576,170	236,999	71,875	132,854
Weighted average number of outstanding ordinary shares during the period for basic earnings	1,257,079,647	1,072,464,262	1,297,464,262	1,072,464,262
Weighted average number of outstanding ordinary shares during the period for diluted earnings	1,257,079,647	1,072,464,262	1,297,464,262	1,297,464,262
	Rupee			
Basic earnings per share	0.46	0.22	0.06	0.12
Diluted earnings per share	0.46	0.22	0.06	0.10

Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

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

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Fair value hierarchy

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

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

19.1 Valuation techniques used in determination of fair values

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

Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

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

September 30, 2018 (Un-audited)			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			
On balance sheet financial instruments			
Financial assets classified as 'held-for-trading' securities			
Market treasury bills	- 8,951,656	-	8,951,656
Pakistan investment bonds	- 38,690	-	38,690
	- 8,990,346	-	8,990,346
Financial assets classified as 'available-for-sale' securities			
Market treasury bills	- 1,490,206	-	1,490,206
Pakistan investment bonds	- 65,744,074	-	65,744,074
Ordinary shares of listed companies	2,798,202 -	-	2,798,202
Sukuk certificates	- 528,736	-	528,736
Foreign currency bonds	- 6,107,908	-	6,107,908
	2,798,202 73,870,924	-	76,669,126
	2,798,202 82,861,270	-	85,659,472
Non-Financial Assets			
Revalued operating fixed assets	- -	2,929,635	2,929,635
Non-banking assets acquired in satisfaction of claims	- -	202,364	202,364
	- -	3,131,999	3,131,999
	2,798,202 82,861,270	3,131,999	88,791,471
Off balance sheet financial instruments			
Forward government securities			
Purchase	- 3,998,339	-	3,998,339
Foreign currency bonds			
Sale	- 118,947	-	118,947
Forward exchange contracts			
Purchase	- 14,824,976	-	14,824,976
Sale	- 6,863,230	-	6,863,230
Cross currency swaps (notional principal)	- 5,607,461	-	5,607,461
Options (notional principal)	- 2,123,358	-	2,123,358

Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

December 31, 2017 (Audited)			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			

On balance sheet financial instruments

Financial assets classified as 'held-for-trading' securities

Market Treasury Bills	-	7,761,553	-	7,761,553
Pakistan Investment Bonds	-	707,598	-	707,598
	-	8,469,151	-	8,469,151

Financial assets classified as 'available-for-sale' securities

Market Treasury Bills	-	14,492,712	-	14,492,712
Pakistan Investment Bonds	-	93,429,759	-	93,429,759
Ordinary shares of listed companies	3,546,572	-	-	3,546,572
Foreign currency bonds	-	4,350,638	-	4,350,638
	3,546,572	112,273,109	-	115,819,681
	3,546,572	120,742,260	-	124,288,832

Non-Financial Assets

Operating fixed assets	-	-	2,439,249	2,439,249
Non banking asset under satisfaction of claims	-	-	203,339	203,339
	-	-	2,642,588	2,642,588
	3,546,572	120,742,260	2,642,588	126,931,420

Off balance sheet financial instruments

Forward exchange contracts

Purchase	-	1,495,823	-	1,495,823
Sale	-	116,000	-	116,000

Forward government securities

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

Cross currency swaps (notional principal)	-	4,489,958	-	4,489,958
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Options (notional principal)	-	2,426,276	-	2,426,276
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Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

20. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

2018							
Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others	Total	
----- Rupees in '000 -----							
September 30, 2018 (Un-audited)							
Total income - external	332,101	7,726,298	5,268,114	10,134,876	189,982	85,672	23,737,043
Inter-segment revenues - net	-	(4,222,509)	7,263,886	(3,041,377)	-	-	-
Total income	332,101	3,503,789	12,532,000	7,093,499	189,982	85,672	23,737,043
Total expenses	(81,333)	(4,278,558)	(11,216,301)	(6,287,903)	(80,418)	(525,677)	(22,470,190)
Provisions / impairments	-	23,091	(337,104)	231,987	-	42,368	(39,658)
Current taxation	-	-	-	-	-	(540,626)	(540,626)
Prior year taxation	-	-	-	-	-	-	-
Deferred taxation	-	-	-	-	-	69,601	69,601
Net income / (loss)	250,768	(751,678)	978,595	1,037,583	109,564	(868,662)	756,170
September 30, 2018 (Un-audited)							
Segment assets (gross)	-	145,128,064	71,882,445	167,374,517	-	17,323,490	401,708,516
Segment non performing assets	-	880,735	1,443,335	3,662,095	-	13,299	5,999,464
Segment provision required	-	(973,842)	(489,728)	(2,435,310)	-	(13,299)	(3,912,179)
Segment liabilities	-	43,545,755	218,504,340	106,712,135	3,986,736	8,885,071	381,634,037
2017							
Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others	Total	
----- Rupees in '000 -----							
September 30, 2017 (Un-audited)							
Total income - external	393,307	8,280,910	3,041,616	4,930,459	132,104	55,475	16,833,871
Inter-segment revenues - net	-	(6,702,207)	6,177,891	524,316	-	-	-
Total income	393,307	1,578,703	9,219,507	5,454,775	132,104	55,475	16,833,871
Total expenses	(46,574)	(1,177,063)	(8,875,648)	(5,299,753)	(72,091)	(316,942)	(15,788,071)
Provisions / impairments	-	-	(166,767)	(53,899)	-	-	(220,666)
Current taxation	-	-	-	-	-	(266,700)	(266,700)
Prior year taxation	-	-	-	-	-	(115,944)	(115,944)
Deferred taxation	-	-	-	-	-	(25,491)	(25,491)
Net income / (loss)	346,733	401,640	177,092	101,123	60,013	(669,602)	416,999
December 31, 2017 (Audited)							
Segment assets (gross)	-	187,440,326	82,645,783	108,870,958	-	13,118,287	392,075,354
Segment non-performing assets	-	1,622,691	613,448	2,644,549	-	10,861	4,891,549
Segment provision required	-	(1,071,851)	(283,887)	(2,355,075)	-	(55,665)	(3,766,478)
Segment liabilities	-	57,126,105	219,370,286	83,137,017	3,824,278	8,181,861	371,639,547

Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

RELATED PARTY TRANSACTIONS

The Bank has related party relationships with its associates, parent, subsidiaries, companies having common directors, companies in which parent holds more than 20% shares, employee benefit plans, and its key management personnel (including their associates). Contributions to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plans. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms. The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	Key management personnel			Subsidiary companies			Companies in which parent company holds 20% or more			Companies having common directorship			Other related parties		
	(Un-audited)	(Audited)	December 31, 2017	(Un-audited)	(Audited)	December 31, 2017	(Un-audited)	(Audited)	December 31, 2017	(Un-audited)	(Audited)	December 31, 2017	(Un-audited)	(Audited)	December 31, 2017
	September 30, 2018	September 30, 2017		September 30, 2018	September 30, 2017		September 30, 2018	September 30, 2017		September 30, 2018	September 30, 2017		September 30, 2018	September 30, 2017	
(Rupees in '000)															
Advances															
Opening balance	708,367	478,064	-	-	-	-	179,675	437,564	-	3,397	5,673	-	1,937,128	1,300,223	-
Disbursements	429,466	426,791	-	-	1,600,000	1,600,000	2,070,774	1,230,400	-	-	-	-	2,559,971	4,120,420	-
Repayments	(320,455)	(196,488)	-	-	(1,600,000)	(1,600,000)	(1,740,199)	(1,489,283)	(977)	(977)	(2,276)	(2,276)	(2,187,113)	(3,483,515)	-
Closing balance	817,378	708,367	-	-	-	-	510,250	179,675	-	2,420	3,397	-	2,309,966	1,937,128	-
Disbursements made during the nine months period ended September 30, 2017		288,068			1,600,000			277,872			-			2,638,656	
Repayments made during the nine months period ended September 30, 2017		(135,530)			(1,600,000)			(360,086)						(2,693,989)	
Mark-up / return / interest earned for the nine months period ended September 30, (Un-audited)	26,916	25,662			999		36,693	9,067		90	130		186,198	78,750	
Deposits															
Opening balance	1,502,578	767,243	-	1,712,553	1,094,276	-	3,834,390	3,617,557	-	4,673,999	995,255	-	2,793,991	3,438,466	-
Deposits during the period	6,661,197	1,837,596	-	303,783,089	633,323,678	-	74,054,459	69,326,794	-	42,937,239	36,189,984	-	22,079,447	30,187,288	-
Withdrawals during the period	(7,044,398)	(5,373,705)	-	(604,535,800)	(832,305,401)	-	(62,611,823)	(89,109,961)	-	(46,566,097)	(32,472,240)	-	(22,847,698)	(30,831,783)	-
Closing balance	1,119,377	1,502,578	-	959,942	1,712,553	-	15,277,026	3,834,390	-	2,046,151	4,673,999	-	2,225,740	2,793,991	-
Deposits made during the nine months period ended September 30, 2017		5,646,511			443,328,546			58,555,992			24,078,616			24,696,247	
Withdrawals made during the nine months period ended September 30, 2017		(2,350,534)			(441,840,786)			(59,372,054)			(22,539,575)			(23,819,538)	
Mark-up / return / interest expense for the nine months period ended September 30, (Un-audited)	90,716	62,193		71,416	87,478		179,446	133,708		298,174	72,495		120,599	186,546	

Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

	Lendings to financial institutions		Borrowings	
	(Un-audited) September 30, 2018	(Audited) December 31, 2017	(Un-audited) September 30, 2018	(Audited) December 31, 2017
Companies in which parent company holds 20% or more				
Opening balance	-	-	4,000,000	-
Disbursements	1,600,000	-	184,700,000	110,840,000
Repayments	(1,600,000)	-	(188,700,000)	(106,840,000)
Closing balance	-	-	-	4,000,000
Disbursements made during the nine months period ended September 30, 2017		-		23,500,000
Repayments made during the nine months period ended September 30, 2017		-		(23,500,000)
Mark-up / return / interest earned / expended for the nine months period ended September 30, (Un-audited)	929	-	71,457	15,464

Nature of transactions	(Un-audited)							
	Subsidiary companies		Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	----- (Rupees in '000) -----							
Sale of government securities	21,621	30,486	-	-	151,966,478	37,092,619	6,165,807	10,471,063
Purchase of government securities	-	-	-	-	16,633,158	520,213	286,948	605,630
Sale of Sukuk	-	-	-	-	-	-	-	-
Investment made in associate company	-	-	-	-	-	-	180,000	-
Sale of forward foreign exchange contracts	-	-	-	-	5,696,679	7,502,930	-	-
Purchase of forward foreign exchange contracts	-	-	-	-	4,208,284	5,188,918	-	-
Rent received / receivable	2,784	2,518	-	-	-	-	-	-
Rent expense paid / accrued	5,208	3,976	-	-	-	-	-	-
Letter of credits	-	-	61,458	57,955	-	-	71,387	94,245
Letter of guarantees	-	-	-	-	9,000	-	15,000	-
Reimbursement of expenses	1,419	1,988	-	-	-	-	500	2,770
Payment to staff benefit plan	-	-	-	-	-	-	175,118	118,308
Payment to staff contribution plan	-	-	-	-	-	-	132,896	100,818
Remuneration to key management personnel	-	-	-	-	-	-	465,138	375,522
Director fees and allowances	-	-	-	-	-	-	9,250	9,600
Insurance claim received	-	-	-	-	10,701	17,184	-	-
Insurance premium paid	-	-	-	-	192,894	152,088	71,649	49,821
Expenses incurred on behalf of	786	863	-	-	-	-	-	-
Services rendered	3,150	3,150	-	-	-	-	-	-
Commission paid / accrued	1,098	1,995	-	-	-	-	-	-
Commission income	-	4,057	123	23,457	110,802	64,831	129,089	94
Dividend Income	-	26,118	-	-	12,703	14,239	-	37,467
Advisory Income	21,000	-	-	-	-	-	4,850	-
Advisory fee	-	-	-	-	-	-	39,000	-
Trustee fee	-	-	-	-	1,500	-	-	35,000
Issuance of ordinary shares on conversion of preference shares	-	-	-	-	-	-	18,491	-
Preference dividend paid	-	-	-	-	-	-	1,479	1,479
Services received	-	-	-	-	-	-	803	587

Nature of transactions	Un-audited	
	Parent company	
	September 30, 2018	September 30, 2017
	----- (Rupees in '000) -----	

Issuance of ordinary shares on conversion of preference shares	2,180,623	-
Rent expense paid / accrued	1,275	1,134
Reimbursement of expenses	5,039	3,741
Preference dividend paid	174,450	174,450

Notes to the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

22. GENERAL

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

23. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on October 26, 2018.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Consolidated Condensed Interim Financial Statements

Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2018

		(Un-audited) September 30, 2018	(Audited) December 31, 2017
Note		----- Rupees in '000 -----	
ASSETS			
		17,066,653	17,334,111
		415,467	1,049,496
	8	1,828,842	3,116,199
	9	130,758,168	170,288,835
	10	232,108,076	184,161,175
	11	8,837,847	7,589,702
	13	58,749	-
		10,334,952	7,414,358
		401,408,754	390,953,876
LIABILITIES			
		3,986,736	3,824,278
		53,477,529	64,557,043
	12	309,327,060	288,365,014
		4,997,800	4,998,800
		51,003	5,032
	13	-	686,941
		10,432,279	8,848,854
		382,272,407	371,285,962
NET ASSETS			
		19,136,347	19,667,914
REPRESENTED BY:			
	14	12,974,643	10,724,643
	14	(2,855,401)	(2,105,401)
	14	-	1,500,000
		1,724,099	1,540,987
		5,932,413	5,463,357
		17,775,754	17,123,586
		1,478,469	1,463,454
		19,254,223	18,587,040
	15	(117,876)	1,080,874
		19,136,347	19,667,914
CONTINGENCIES AND COMMITMENTS			
	16		

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

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

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

For the nine months period ended September 30, 2018

	Note	Nine months period ended		Quarter ended	
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
----- Rupees in '000 -----					
Mark-up / return / interest earned		21,668,456	14,275,398	7,622,799	5,723,499
Mark-up / return / interest expensed		14,908,481	9,767,018	5,325,455	4,000,506
Net mark-up / interest income		6,759,975	4,508,380	2,297,344	1,722,993
Provision against non-performing loans and advances - net		(173,703)	(220,666)	(49,836)	(142,028)
Reversal against diminution in the value of investments - net		231,857	8,505	174,009	-
Bad debts written off directly		-	-	-	-
		58,154	(212,161)	124,173	(142,028)
Net mark-up / return / interest income after provisions		6,818,129	4,296,219	2,421,517	1,580,965
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		2,509,199	2,167,536	696,963	610,450
Dividend income		124,028	154,509	27,021	24,951
Income from dealing in foreign currencies		572,416	250,861	332,378	117,687
(Loss) / gain on sale of securities - net		(402,507)	733,010	(436,018)	278,212
Unrealised (loss) / gain on revaluation of investments classified as held-for-trading - net		(24,336)	(6,710)	(35,548)	1,718
Share of profit from associate		4,982	-	796	-
Other income - net		55,031	139,287	(100,270)	48,602
Total non-mark-up / interest income		2,838,813	3,438,493	485,322	1,081,620
		9,656,942	7,734,712	2,906,839	2,662,585
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		8,224,357	6,645,005	2,781,411	2,444,589
Other provision / (reversal) - net	17	57,071	-	(8,647)	-
Other charges		27,637	34,039	2,814	3,645
Total non-mark-up / interest expenses		8,309,065	6,679,044	2,775,578	2,448,234
		1,347,877	1,055,668	131,261	214,351
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		1,347,877	1,055,668	131,261	214,351
Taxation					
- Current		(614,282)	(394,702)	(116,519)	(81,108)
- Prior years		(14,883)	(115,944)	-	-
- Deferred		79,852	(15,444)	59,842	(14,930)
	18	(549,313)	(526,090)	(56,677)	(96,038)
PROFIT AFTER TAXATION		798,564	529,578	74,584	118,313
Attributable to:					
Equity holders of the Bank		785,944	483,685	73,953	123,475
Non-controlling interest		12,620	45,893	631	(5,162)
		798,564	529,578	74,584	118,313
----- Rupee -----					
Basic earnings per share	19	0.48	0.28	0.06	0.12
Diluted earnings per share	19	0.48	0.28	0.06	0.10

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

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

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

For the nine months period ended September 30, 2018

	Nine months period ended		Quarter ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
----- Rupees in '000 -----				
Profit after taxation	798,564	529,578	74,584	118,313
Other comprehensive income				
Items that will not be reclassified to profit and loss		-		-
Items that are or may be reclassified to profit or loss in subsequent periods				
Effect of translation of net investment in foreign branch	31,878	737	580	716
Comprehensive income transferred to equity	830,442	530,315	75,164	119,029
Components of comprehensive income not reflected in equity				
Items that are or may be reclassified to profit or loss in subsequent periods				
Deficit on revaluation of available-for-sale securities	(2,375,945)	(1,811,915)	(972,261)	(1,292,428)
Related deferred tax asset	809,663	591,236	318,920	398,083
	(1,566,282)	(1,220,679)	(653,341)	(894,345)
Total comprehensive (loss) / income for the the period - net of tax	<u>(735,840)</u>	<u>(690,364)</u>	<u>(578,177)</u>	<u>(775,316)</u>
Attributable to:				
Equity holders of the Bank	(651,883)	(668,926)	(554,955)	(700,718)
Non-controlling interest	(83,957)	(21,438)	(23,222)	(74,598)
	<u>(735,840)</u>	<u>(690,364)</u>	<u>(578,177)</u>	<u>(775,316)</u>

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

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

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Consolidated Condensed Interim Statement of Changes In Equity

For the nine months period ended September 30, 2018

	Attributable to shareholders of the Bank					Unappropriated profit	Sub total	Non-controlling interest	Total
	Share capital	Discount on issue of shares	Preference Shares	Reserves	Exchange translation				
				Statutory *					
	Rupees in '000								
Balance as at January 01, 2017 (Audited)	10,724,643	(2,105,401)	1,500,000	1,334,138	(17)	4,858,613	16,311,976	1,434,391	17,746,367
Total comprehensive income for the nine months period ended September 30, 2017									
Profit after taxation	-	-	-	-	-	483,685	483,685	45,893	529,578
Other comprehensive income - net of tax	-	-	-	-	737	-	737	-	737
Transfer from surplus on revaluation of non-banking assets on account of incremental depreciation for the period - net of tax	-	-	-	-	737	483,685	484,422	45,893	530,315
Transaction with owners recorded directly in equity									
Preference dividend for the period ended December 31, 2016 @ 12% p.a	-	-	-	-	-	(180,000)	(180,000)	-	(180,000)
Dividend paid to non controlling interest for the year ended December 31, 2016 @ Rs.0.5	-	-	-	-	-	-	-	(13,965)	(13,965)
Transfers									
Transfer to statutory reserve	-	-	-	83,400	-	(83,400)	-	-	-
Balance as at September 30, 2017 (Un-audited)	10,724,643	(2,105,401)	1,500,000	1,417,538	720	5,079,059	16,616,559	1,466,319	18,082,878
Total comprehensive income for the period ended December 31, 2017									
Profit after taxation	-	-	-	-	-	543,154	543,154	(5,846)	537,308
Other comprehensive Income / (loss)	-	-	-	-	11,499	(55,602)	(44,103)	-	(44,103)
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation for the period - net of tax	-	-	-	-	11,499	487,552	499,051	(5,846)	493,205
Transfer from surplus on revaluation of non-banking assets on account of incremental depreciation for the period - net of tax	-	-	-	-	-	7,923	7,923	2,961	10,904
Transfers									
Transfer to statutory reserve	-	-	-	111,230	-	(111,230)	-	-	-
Balance as at December 31, 2017 (Audited)	10,724,643	(2,105,401)	1,500,000	1,528,768	12,219	5,463,367	17,123,586	1,463,454	18,587,040
Total comprehensive income for the nine months period ended September 30, 2018									
Profit after taxation	-	-	-	-	-	785,944	785,944	12,620	798,564
Other comprehensive income	-	-	-	-	31,878	31,878	31,878	-	31,878
Transfer from surplus on revaluation of operating fixed assets on account of incremental depreciation for the period - net of tax	-	-	-	-	-	14,185	14,185	2,395	16,580
Transfer from surplus on revaluation of non-banking assets on account of incremental depreciation for the period - net of tax	-	-	-	-	-	161	161	-	161
Transaction with owners recorded directly in equity									
Preference dividend paid for the year ended December 31, 2017 @ 12% p.a.	-	-	-	-	-	(180,000)	(180,000)	-	(180,000)
Preference shares cancelled on conversion into ordinary shares during the period (note14)	-	-	(1,500,000)	-	-	-	(1,500,000)	-	(1,500,000)
Issuance of ordinary shares on conversion of preference shares during the period (note14)	2,250,000	-	-	-	-	-	2,250,000	-	2,250,000
Discount on issue of ordinary shares during the period (note14)	-	(750,000)	-	-	-	-	(750,000)	-	(750,000)
Transfers									
Transfer to statutory reserve	-	-	-	151,234	-	(151,234)	-	-	-
Balance as at September 30, 2018 (Un-audited)	12,974,643	(2,855,401)	-	1,680,002	44,097	5,932,413	17,775,754	1,478,469	19,254,223

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

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

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended September 30, 2018

	September 30, 2018	September 30, 2017
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,332,994	1,055,668
Less: Dividend income	(124,028)	(154,509)
Share of profit from associate	(4,982)	-
	1,203,984	901,159
Adjustments:		
Depreciation	551,946	476,930
Depreciation on non-banking assets	975	975
Amortisation of intangibles	53,182	46,572
Charge for defined benefit plan	128,244	114,365
Unrealised loss on revaluation of investments classified as held-for-trading	7,673	6,710
Provision against non-performing loans and advances - net	173,703	220,666
Reversal for diminution in the value of investments - net	(191,116)	(8,505)
Other reversals	62,761	-
Unrealised gain on revaluation of derivative instruments	35,659	(38,084)
Gain on disposal of operating fixed assets	(97,040)	(56,168)
Finance cost	6,116	-
Provision for Sindh Workers' Welfare Fund	26,905	21,006
	759,008	784,467
	1,962,992	1,685,626
(Increase) / decrease in operating assets		
Lendings to financial institutions	1,285,591	5,056,068
Investment in held-for-trading securities - net	(1,244,630)	64,977,448
Advances - net	(48,132,626)	(56,974,576)
Other assets (excluding advance taxation)	(2,345,966)	(1,436,446)
	(50,437,631)	11,622,494
Increase in operating liabilities		
Bills payable	162,458	1,541,923
Borrowings	(11,019,735)	69,853,352
Deposits and other accounts	20,962,046	46,191,528
Other liabilities	1,603,392	828,567
	11,708,161	118,415,370
	(36,766,478)	131,723,490
Income tax paid	(1,170,481)	(674,555)
Gratuity paid	(175,118)	(118,308)
Finance cost paid	(6,116)	-
Net cash flows / (used in) from operating activities	(38,118,193)	130,930,627
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	38,357,232	(85,283,764)
Net investment in held-to maturity securities	319,210	(41,502,527)
Investment in associated company	(180,000)	-
Dividend received	111,333	135,395
Investment in operating fixed assets	(1,329,947)	(1,085,972)
Sale proceeds from disposal of operating fixed assets	140,854	81,103
Net cash flows from / (used in) investing activities	37,418,682	(127,655,765)
CASH FLOW FROM FINANCING ACTIVITIES		
Sub-ordinated loans	(1,000)	(600)
Preference dividend paid	(180,000)	(180,000)
Capital repayment of finance lease obligations	6,931	-
Dividend paid to non-controlling interests	-	(13,965)
Net cash used in financing activities	(174,069)	(194,565)
Effect of translation of net investment in foreign branches	31,878	737
Increase in cash and cash equivalents	(841,702)	3,081,034
Cash and cash equivalents at beginning of the period	18,184,611	16,236,482
Cash and cash equivalents at end of the period	17,342,909	19,317,516

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

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

1. STATUS AND NATURE OF BUSINESS

1.1 The “Group” consists of:

1.1.1 Holding Company

JS Bank Limited (the Bank / JSBL), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank's ordinary shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank is a subsidiary of Jahangir Siddiqui & Co. Ltd. (JSCL). The registered office of the Bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi. The Bank operates with 323 (December 31, 2017: 322) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2017: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to 'AA-' (Double A Minus) and short-term entity rating at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

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

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

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

1.1.2 Subsidiary companies

JS Global Capital Limited (JSGCL)

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

JS Investments Limited (JSIL)

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

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

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

Open ended funds:

- | | |
|--------------------------|--|
| - JS Value Fund | - JS Islamic Income Fund |
| - JS Growth Fund | - JS Cash Fund |
| - Unit Trust of Pakistan | - JS Large Cap. Fund |
| - JS Income Fund | - JS Capital Protected Fund V |
| - JS Islamic Fund | - JS Islamic Hybrid Fund of Funds - (JS IHFOF) |
| - JS Fund of Funds | - JS Islamic Hybrid Fund of Funds-2 (JS IHFOF-2) |
| | - JS Islamic Dedicated Equity Fund |

Pension fund

- | | |
|---------------------------|-----------------------------------|
| - JS Pension Savings Fund | - JS Islamic Pension Savings Fund |
|---------------------------|-----------------------------------|

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

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

JS ABAMCO Commodities Limited (JSACL)

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

2. BASIS OF CONSOLIDATION

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

3. STATEMENT OF COMPLIANCE

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

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

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

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

- 3.3** IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 01, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP's requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these consolidated condensed interim financial statements is based on the requirements laid down by the SBP.
- 3.4** IFRS10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed that the requirements of consolidation under section 228 of the Companies Act, 2017 and IFRS-10 "Consolidated Financial Statements" are not applicable in case of investment by companies in mutual funds established under trust structure, through S.R.O 56(I) /2016 dated January 28, 2016. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements.
- 3.5** The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, 'Interim Financial Reporting' and do not include all the disclosures required in the annual financial statements. Accordingly, these consolidated condensed interim financial statements should be read in conjunction with the annual audited financial statements of the Group for the year ended December 31, 2017.

4. BASIS OF MEASUREMENT

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

5. ACCOUNTING ESTIMATES AND JUDGMENTS

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

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

6.1 Surplus / Deficit on Revaluation of Operating Fixed Assets

The Companies Ordinance, 1984 (the repealed Ordinance) was repealed through the enactment of the Companies Act, 2017 on May 30, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide circular No. 23 dated Oct 4, 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from January 1, 2018.

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

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

6.2 Expected Credit Losses - IFRS 9

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

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

(Un-audited) September 30, 2018 Rupees in '000	
General provision - under IFRS-9	
Balances with other banks	6
Lendings to financial institutions	1,766
Investments	91,335
Advances	12,022
Decrease in profit before tax	105,129
Related deferred tax asset	(36,795)
Decrease in profit after tax	68,334

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

6.3 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards and interpretations that are mandatory for the accounting periods beginning on or after January 1, 2018 but are considered not to be relevant on the Group's operations.

7. FINANCIAL RISK MANAGEMENT

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

		(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Note	----- Rupees in '000 -----	
8. LENDINGS TO FINANCIAL INSTITUTIONS - NET			
Call money lendings - net of provision	8.1	1,828,842	3,003,443
Due against bills re-discounting		-	112,756
		<u>1,828,842</u>	<u>3,116,199</u>

- 8.1** The amount is net of general provision of Rs. 1.766 million (December 31, 2017: Rs. Nil) resulted from adoption of IFRS 9 by Bahrain Branch (See note 6.2).

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

9. INVESTMENTS - net

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

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

9.1 INVESTMENTS BY TYPES:

Held-for-trading securities

Market treasury bills	8,958,800	-	8,958,800	6,835,735	926,032	7,761,767
Pakistan investment bonds	39,219	-	39,219	709,872	-	709,872
Ordinary shares of listed companies	1,038,725	-	1,038,725	326,570	-	326,570
Term finance certificates - listed	25,546	-	25,546	14,263	-	14,263
Sukuk certificates - listed	116,952	-	116,952	55,512	-	55,512
Open ended mutual funds	328,804	-	328,804	423,465	-	423,465
	10,508,046	-	10,508,046	8,365,417	926,032	9,291,449

Available-for-sale securities

Market treasury bills	1,490,953	-	1,490,953	11,501,193	2,991,504	14,492,697
Pakistan investment bonds	34,481,558	33,454,670	67,936,228	54,600,373	39,372,049	93,972,422
Ordinary shares of listed companies	3,040,459	-	3,040,459	3,704,524	-	3,704,524
Ordinary shares of unlisted companies	13,406	-	13,406	13,406	-	13,406
Preference shares of listed companies	136,589	-	136,589	136,589	-	136,589
Term finance certificates - listed	164,618	-	164,618	182,322	-	182,322
Term finance certificates - unlisted	905,624	-	905,624	902,052	-	902,052
Sukuk certificates - listed	529,000	-	529,000	-	-	-
Sukuk certificates - unlisted	290,000	-	290,000	1,631,000	-	1,631,000
Open end mutual funds	1,393,281	-	1,393,281	1,378,107	-	1,378,107
Foreign currency bonds	4,590,649	1,896,714	6,487,363	1,899,702	2,431,932	4,331,634
	47,036,137	35,351,384	82,387,521	75,949,268	44,795,485	120,744,753

Held-to maturity securities

Pakistan investment bonds	41,079,275	-	41,079,275	41,398,485	-	41,398,485
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Investments in associate	184,982	-	184,982	-	-	-
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Total investments at cost	98,808,440	35,351,384	134,159,824	125,713,170	45,721,517	171,434,687
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Less: Provision for diminution in the value of investments	(1,272,963)	-	(1,272,963)	(1,504,819)	-	(1,504,819)
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Less: General provision - under IFRS-9	(91,335)	-	(91,335)	-	-	-
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Investments (net of provision)	97,444,142	35,351,384	132,795,526	124,208,351	45,721,517	169,929,868
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Unrealised gain / (loss) gain on revaluation of investments classified as held-for-trading	(24,338)	-	(24,338)	(3,944)	(14)	(3,958)
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Surplus / (deficit) on revaluation of available-for-sale securities	(932,597)	(1,080,423)	(2,013,020)	558,408	(195,483)	362,925
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Total investments at market value	96,487,207	34,270,961	130,758,168	124,762,815	45,526,020	170,288,835
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Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

- 9.1.1** Included herein is an investment in a related party amounting to Rs. 25,546 million (December 31, 2017: Rs.14,263 million) having a market value of Rs. 25,568 million (December 31, 2017: Rs.14,307 million).
- 9.1.2** Included herein is an investment in a related party amounting to Rs. 228,804 million (December 31, 2017: Rs.198,465 million) having a market value of Rs. 227,198 million (December 31, 2017: Rs.201,250 million).
- 9.1.3** Included herein are the investments in related parties amounting to Rs. 1,897,183 million (December 31, 2017: Rs.1,763,581 million) and having market value of Rs. 2,189,210 million (December 31, 2017: Rs.2,296,841 million)
- 9.1.4** Included herein are the investments in a related party, of Rs. 391,478 million (December 31, 2017: Rs.391,478 million) at the rate of 6 months KIBOR ask rate + 1.75% to 11% p.a maturing between December 04, 2017 to October 19, 2020. Due to weak financial position of the company the Group has recognised full impairment loss on these term finance certificates.
- 9.1.5** Included herein is an investment in a related party amounting to Rs. 1,393,281 million (December 31, 2017: Rs.1,378,107 million) having a market value of Rs. 1,794,870 million (December 31, 2017: Rs.1,728,710 million).
- 9.1.6** During the period, the Bank has invested in the shares of an associated company, a public unlisted company (9.6% shareholding). The Bank has classified the investment as an associate on account of it's significant influence over the investee company.
- 9.1.7** This includes surplus on revaluation of available for sale investments of subsidiaries amounting to Rs. 80,378 million (December 31, 2017: Rs.80,378 million) which represents the pre-acquisition surplus and has been included here only for meeting with requirement of the prescribed format of Banks / DFI's issued by the State Bank of Pakistan.

		(Un-audited) September 30, 2018	(Audited) December 31, 2017
	Note	----- Rupees in '000 -----	
10. ADVANCES - net			
Loans, cash credits, running finances, etc.			
In Pakistan		206,155,245	160,657,078
Outside Pakistan		1,639,492	702,934
		<u>207,794,737</u>	<u>161,360,012</u>
Net investment in finance lease in Pakistan		17,548,593	13,781,334
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		6,208,755	6,174,461
Payable outside Pakistan		3,481,029	5,584,681
		<u>9,689,784</u>	<u>11,759,142</u>
Advances - gross		<u>235,033,114</u>	<u>186,900,488</u>
Provision against non-performing advances - specific	10.1	(2,759,497)	(2,638,960)
Provision against advances - general		(153,519)	(100,353)
General provision - under IFRS-9	6.2	(12,022)	-
		<u>(2,925,038)</u>	<u>(2,739,313)</u>
Advances - net of provision		<u><u>232,108,076</u></u>	<u><u>184,161,175</u></u>

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

- 10.1 Advances include Rs. 5,105.430 million (December 31, 2017: Rs.3,257.997 million) which have been placed under non-performing status as detailed below:

	September 30, 2018 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- Rupees in '000 -----				
Category of classification					
Other assets especially mentioned	605,407	-	605,407	8,888	8,888
Substandard	1,302,239	-	1,302,239	57,309	57,309
Doubtful	289,899	-	289,899	60,751	60,751
Loss	2,907,885	-	2,907,885	2,632,549	2,632,549
	<u>5,105,430</u>	<u>-</u>	<u>5,105,430</u>	<u>2,759,497</u>	<u>2,759,497</u>
	December 31, 2017 (Audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- Rupees in '000 -----				
Category of classification					
Other assets especially mentioned	5,222	-	5,222	-	-
Substandard	336,818	-	336,818	44,307	44,307
Doubtful	131,328	-	131,328	7,333	7,333
Loss	2,784,629	-	2,784,629	2,587,320	2,587,320
	<u>3,257,997</u>	<u>-</u>	<u>3,257,997</u>	<u>2,638,960</u>	<u>2,638,960</u>

11. OPERATING FIXED ASSETS

- 11.1 During the nine months period, the Group made additions of Rs.1,329.947 million (September 30, 2017: Rs.1,085.972 million) including capital work in progress of Rs. 94.042 million (September 30, 2017: Rs. 89.207 million) and deletions of Rs. 276.022 million (September 30, 2017: Rs.116.666 million) having written down value of Rs. 43.814 million (September 30, 2017: Rs. 24.934 million).

		(Un-audited) September 30, 2018	(Audited) December 31, 2017
12. DEPOSITS AND OTHER ACCOUNTS		----- Rupees in '000 -----	
Customers			
Fixed deposits		128,622,103	131,902,422
Savings deposits		59,821,646	47,266,416
Current accounts		63,742,205	70,197,106
Margin accounts		4,095,776	3,967,204
		<u>256,281,730</u>	<u>253,333,148</u>
Financial institutions			
Remunerative deposits		52,257,238	34,012,154
Non-remunerative deposits		788,092	1,019,712
		<u>53,045,330</u>	<u>35,031,866</u>
	12.1	<u>309,327,060</u>	<u>288,365,014</u>

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	----- Rupees in '000 -----	
12.1 Particulars of deposits		
In local currency	289,827,717	275,209,678
In foreign currencies	19,499,343	13,155,336
	<u>309,327,060</u>	<u>288,365,014</u>
13. DEFERRED TAX ASSETS / (LIABILITIES) - net		
Deferred tax debits arising from:		
Unused tax losses	47,046	48,043
Provision against investments	57,149	57,149
Provision against loans, advances and trade debts	141,434	124,518
Unrealized loss on revaluation of investment classified as held-for-trading	2,990	620
Unrealised loss / (gain) on revaluation of derivative instruments	3,650	(25,227)
Provision against other assets	853	15,682
General provision - under IFRS-9	36,795	-
Provision for donation	79	197
Surplus on revaluation of investment classified as available-for-sale	856,342	46,941
Provision for Sindh Workers' Welfare Fund	43,049	46,332
	<u>1,189,387</u>	<u>314,255</u>
Deferred tax (credits) arising due to:		
Operating fixed assets	(226,728)	(220,463)
Goodwill	(512,268)	(512,268)
Surplus on revaluation of operating fixed assets	(389,537)	(266,274)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	(2,105)	(2,191)
	<u>(1,130,638)</u>	<u>(1,001,196)</u>
	<u>58,749</u>	<u>(86,941)</u>
14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
14.1	During the period, after having SBP approval vide its letter No. 'BPRD/LD-01/602-AM&AoA/16933/2018-8446', the shareholders of the Bank in their Annual General Meeting held on March 07, 2018 increased its authorised capital by Rs.5 billion, divided into 500 million ordinary shares of Rs.10 each.	
14.2	On February 19, 2018, issued, subscribed and paid-up capital of the Bank has also increased by Rs. 2,250 million divided into 225 million ordinary shares of Rs. 10 each. The increase was on account of conversion of unlisted preference shares of Rs. 1,500 million divided into 150 million shares of Rs. 10 each at a conversion ratio of 1:1.5 (i.e. for every one preference share one and half ordinary shares were issued). The ordinary shares are issued at Rs. 6.67 per share i.e. at a discount of Rs. 3.33 per share as per the approvals of Securities and Exchange Commission of Pakistan vide its letter No. EMD/CI/102/2010 dated December 19, 2013 and State Bank of Pakistan vide its letter No. BPRD/BA&CA/649/19755/2013 dated December 30, 2013.	

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

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

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

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

Available-for-sale securities	(1,237,056)	329,226
Operating fixed assets	1,024,291	656,598
Non-banking assets acquired in satisfaction of claims	94,889	95,050
	<u>(117,876)</u>	<u>1,080,874</u>
Group's share	(297,652)	804,521
Non-controlling interest	179,776	276,353
	<u>(117,876)</u>	<u>1,080,874</u>

- 15.1 At the June 30, 2018 the Bank has carried out the revaluation exercise by an independent valuer, which has resulted in additional surplus on leasehold lands and buildings of Rs.117.166 million and Rs.410.933 million over their existing written down value of Rs. 1,088.960 million and Rs.1,627.694 million, respectively.

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

Had there been no revaluation, the carrying value of leasehold lands and buildings would have been lower by Rs.241.820 million and Rs. 1,185.053 million respectively, and net surplus on revaluation of fixed assets, deferred tax liability and incremental depreciation would have been lower by Rs.1,024.291 million, Rs. 402.582 million and Rs. 24.098 million respectively.

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

16. CONTINGENCIES AND COMMITMENTS

16.1 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions.

i) Government	27,302,385	31,008,823
ii) Banking companies and other financial institutions	5,868,051	5,532,988
iii) Others	8,491,588	8,477,789
	<u>41,662,024</u>	<u>45,019,600</u>

- 16.1.1 Included herein the outstanding guarantees of Rs. 19.201 million (December 31, 2017: Rs.31.454 million) of related parties.

16.2 Trade-related contingent liabilities

Documentary credits	16.2.1 <u>17,813,058</u>	<u>21,558,098</u>
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Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

16.2.1 Included herein is an outstanding amount of Rs. 25,414 million (December 31, 2017: Rs.44,016 million) of related parties.

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	----- Rupees in '000 -----	
16.3	Commitments in respect of forward lending	
	Forward commitment to extend credit	
	<u>856,834</u>	<u>21,398,301</u>
16.4	Commitment in respect of capital expenditure	
	<u>107,349</u>	<u>94,975</u>
16.5	Commitments in respect of derivatives instruments	
16.5.1	Forward exchange contracts	
	Purchase	
	<u>14,876,919</u>	<u>6,689,099</u>
	Sale	
	<u>6,876,784</u>	<u>4,960,361</u>
16.5.2	Forward investment securities	
16.5.2.1	Government and equity securities	
	Purchase	
	<u>3,997,208</u>	<u>1,496,072</u>
	Sale	
	<u>1,019,384</u>	<u>439,443</u>
16.5.2.2	Foreign currency bonds	
	Purchase	
	<u>119,031</u>	<u>-</u>
16.5.3	Cross currency swaps (notional principal)	
	<u>4,732,880</u>	<u>4,223,400</u>
16.5.4	Options (notional principal)	
	<u>2,115,746</u>	<u>2,421,402</u>
16.6	Bank Guarantee from a commercial Bank in favor of National Clearing Company of Pakistan Limited	
	<u>400,000</u>	<u>400,000</u>
16.7	Outstanding (purchase) / sale against margin financing contracts - net	
	<u>39,253</u>	<u>4,529</u>
17.	Other provision - net	
	This includes provision made during the period on account of adoption of IFRS 9 by Bahrain branch of the Bank (see note 6.2), and reversal of provision against other assets.	
18	Taxation	
18.1	JS Bank Limited	

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

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

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

For tax year 2010-2014, the Bank has not accepted the appeal effects in which benefits are not allowed on the direction of the CIRA and filed further appeals with CIRA where ACIR is directed to re-examine the issues in the light of directions of predecessor CIRA's decision and issue revise appeal effect orders after duly adjudicating as per law ensuring adequate opportunity of being heard to the Bank. Appeal is pending in respect of tax year 2015.

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

	Nine months period ended		Quarter ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Note	Rupees in '000			
19. EARNINGS PER SHARE				
Profit after taxation for the period - attributable to ordinary equity holders of the Holding Company for diluted earnings	785,944	483,685	73,953	123,475
Preference dividend paid for the year ended December 31, 2017 @ 12% p.a. (December 31, 2016: 12% p.a.)	(180,000)	(180,000)	-	-
Profit attributable to ordinary equity holders of the Holding Company for basic earnings	<u>605,944</u>	<u>303,685</u>	<u>73,953</u>	<u>123,475</u>
	Numbers			
Weighted average number of outstanding ordinary shares during the period for basic and diluted earnings	<u>1,257,079,647</u>	<u>1,072,464,262</u>	<u>1,297,464,262</u>	<u>1,072,464,262</u>
Weighted average number of outstanding ordinary shares during the period for basic and diluted earnings	<u>1,257,079,647</u>	<u>1,072,464,262</u>	<u>1,297,464,262</u>	<u>1,297,464,262</u>
	Rupee			
Basic earnings per share	19.1 <u>0.48</u>	0.28	<u>0.06</u>	0.12
Diluted earnings per share	19.1 <u>0.48</u>	0.28	<u>0.06</u>	0.10

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

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

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

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

Fair value hierarchy

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

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

20.1 Valuation techniques used in determination of fair values

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

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

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

September 30, 2018 (Un-audited)				
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets classified as 'held-for-trading securities'				
Market treasury bills	-	8,951,656	-	8,951,656
Pakistan investment bonds	-	38,690	-	38,690
Ordinary shares of listed companies	1,023,364	-	-	1,023,364
Open end mutual funds	-	327,198	-	327,198
Sukuk certificates - listed	-	117,231	-	117,231
Term finance certificates - listed	-	25,568	-	25,568
	1,023,364	9,460,343	-	10,483,707
Financial assets classified as 'available-for-sale securities'				
Market treasury bills	-	1,490,206	-	1,490,206
Pakistan investment bonds	-	65,744,074	-	65,744,074
Ordinary shares of listed companies	2,833,824	-	-	2,833,824
Sukuk certificates	-	528,736	-	528,736
Open end mutual funds	-	1,729,098	-	1,729,098
Foreign currency bonds	-	6,107,908	-	6,107,908
	2,833,824	75,600,022	-	78,433,846
	3,857,188	85,060,365	-	88,917,553
Non-Financial Assets				
Operating fixed assets (Lease hold lands and buildings)	-	-	3,226,210	3,226,210
Non banking asset under satisfaction of claims	-	-	202,364	202,364
	-	-	3,428,574	3,428,574
	3,857,188	85,060,365	3,428,574	92,346,127
Off balance sheet financial instruments				
Forward government and equity securities				
Purchase	-	3,998,339	-	3,998,339
Sale	1,107,712	-	-	1,107,712
Foreign currency bonds				
Purchase	-	118,947	-	118,947
Forward exchange contracts				
Purchase	-	14,824,976	-	14,824,976
Sale	-	6,863,230	-	6,863,230
Cross currency swaps (notional principal)				
	-	5,607,461	-	5,607,461
Options (notional principal)				
	-	3,002,639	-	3,002,639

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

As at December 31, 2017 (Audited)			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			

On balance sheet financial instruments

Financial assets classified as held-for-trading securities

Market treasury bills	-	7,761,553	-	7,761,553
Pakistan investment bonds	-	707,598	-	707,598
Ordinary shares of listed companies	322,414	-	-	322,414
Sukuk certificates - listed	-	69,678	-	69,678
Open end mutual funds	-	426,249	-	426,249
	<u>322,414</u>	<u>8,965,078</u>	<u>-</u>	<u>9,287,492</u>

Financial assets classified as available-for-sale securities

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

Non-Financial Assets

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

Off balance sheet financial instruments

Forward exchange contracts

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

Forward government and equity securities

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

Cross currency swaps (notional principal)

	-	4,489,958	-	4,489,958
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Options (notional principal)

	-	2,123,358	-	2,123,358
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Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

21. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	2018								
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Brokerage	Asset Management	Others	Total
	Rupees in '000								
September 30, 2018 (un-audited)									
Total income -external	332,101	7,726,298	5,268,114	10,074,643	189,982	565,252	260,225	90,654	24,507,269
Inter-segment revenues - net	-	(4,222,509)	7,263,886	(3,041,377)	-	-	-	-	-
Total income	332,101	3,503,789	12,532,000	7,033,266	189,982	565,252	260,225	90,654	24,507,269
Total expenses	(81,333)	(4,256,250)	(11,211,093)	(6,287,903)	(80,418)	(440,393)	(277,408)	(525,677)	(23,160,475)
(Provisions) / reversal	-	23,091	(337,104)	231,987	-	-	40,741	42,368	1,083
Current taxation	-	-	-	-	-	-	-	(614,282)	(614,282)
Prior year taxation	-	-	-	-	-	-	-	(14,883)	(14,883)
Deferred taxation	-	-	-	-	-	-	-	79,852	79,852
Net income / (loss)	250,768	(729,370)	983,803	977,350	109,564	124,859	23,558	(941,968)	798,564
Attributable to:									
Equity holders of the Bank									785,944
Non-controlling interest									12,620
									798,564
September 30, 2018 (un-audited)									
Segment assets (gross)	-	145,128,064	71,882,445	165,450,437	-	3,754,138	2,652,618	17,264,787	406,132,489
Segment non performing assets	-	880,735	1,443,335	3,662,095	-	745,784	65,772	13,299	6,811,020
Segment provision required	-	(973,842)	(489,728)	(2,435,310)	-	(745,784)	(65,772)	(13,299)	4,723,735
Segment liabilities	-	43,545,755	218,504,340	105,738,111	3,986,736	1,333,610	278,779	8,885,076	382,272,407
2017									
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Brokerage	Asset Management	Others	Total
	Rupees in '000								
September 30, 2017 (unaudited)									
Total income -external	393,307	8,254,792	3,041,616	4,930,459	132,104	643,692	262,446	55,475	17,713,891
Inter-segment revenues - net	-	(6,702,207)	6,177,891	524,316	-	-	-	-	-
Total income	393,307	1,552,585	9,219,507	5,454,775	132,104	643,692	262,446	55,475	17,713,891
Total expenses	(46,574)	(1,089,003)	(8,875,648)	(5,299,753)	(72,091)	(524,122)	(221,929)	(316,942)	(16,446,062)
Provisions / impairments	-	-	(166,767)	(53,899)	-	-	8,505	-	(212,161)
Current taxation	-	-	-	-	-	-	-	(394,702)	(394,702)
Prior year taxation	-	-	-	-	-	-	-	(115,944)	(115,944)
Deferred taxation	-	-	-	-	-	-	-	(15,444)	(15,444)
Net income / (loss)	346,733	463,582	177,092	101,123	60,013	119,570	49,022	(787,557)	529,578
Attributable to:									
Equity holders of the Bank									483,685
Non-controlling interest									45,893
									529,578
December 31, 2017 (audited)									
Segment assets (gross)	-	185,483,705	82,645,783	108,870,958	-	2,710,777	2,743,142	13,118,285	395,572,650
Segment non performing loans and Impaired Investments	-	1,622,691	613,448	2,644,549	-	745,784	106,512	10,861	5,743,845
Segment provision required	-	(1,071,851)	(283,887)	(2,355,075)	-	(745,784)	(106,512)	(55,665)	(4,618,774)
Segment liabilities	-	57,126,105	219,370,286	83,137,017	3,824,278	(636,426)	233,340	8,231,362	371,285,962

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

22. RELATED PARTY TRANSACTIONS

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

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

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

	Key management personnel		Companies in which parent company holds 20% or more		Companies having common directorship		Other related parties	
	(Un-audited) September 30, 2018	(Audited) December 31, 2017	(Un-audited) September 30, 2018	(Audited) December 31, 2017	(Un-audited) September 30, 2018	(Audited) December 31, 2017	(Un-audited) September 30, 2018	(Audited) December 31, 2017
Advances								
Opening balance	710,331	479,860	179,675	437,564	3,397	5,673	1,989,259	1,303,405
Disbursements	529,372	676,082	2,070,774	1,290,400	—	—	2,559,671	3,502,947
Repayments	(415,229)	(445,611)	(1,740,199)	(1,489,289)	(977)	(2,276)	(2,187,113)	(2,817,033)
Closing balance	819,053	710,331	910,250	179,675	2,420	3,397	2,362,117	1,989,259
Disbursements made during nine months period ended September 30, 2017		292,178		277,872		—		2,636,636
Repayment made during nine months period ended September 30, 2017		(136,800)		(560,068)		(963)		(2,609,889)
Make-up / return / interest earned for the nine months period ended September 30 (un-audited)	26,916	25,662	36,693	9,067	90	130	168,198	78,750
Deposits								
Opening balance	1,502,578	767,243	3,834,390	3,617,557	4,673,999	956,255	2,793,991	3,438,466
Deposits during the period	6,661,197	6,109,040	74,054,459	69,326,794	42,937,239	36,189,984	22,079,447	30,187,288
Withdrawals during the period	(7,044,398)	(5,373,705)	(62,811,823)	(69,103,961)	(45,566,087)	(32,472,294)	(22,647,698)	(30,831,763)
Closing balance	1,119,377	1,502,578	15,277,026	3,834,390	2,045,151	4,673,999	2,225,740	2,793,991
Deposits made during nine months period ended September 30, 2017		5,646,511		58,555,592		24,078,616		24,666,247
Withdrawals made during nine months period ended September 30, 2017		(3,350,534)		(59,372,054)		(22,539,575)		(23,819,588)
Make-up / return / interest expended for the nine months period ended September 30 (un-audited)	90,716	62,193	179,446	153,709	258,174	72,485	120,599	166,546

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

	Lendings to financial institutions		Borrowings	
	(Un-audited) September 30, 2018	(Audited) December 31, 2017	(Un-audited) September 30, 2018	(Audited) December 31, 2017
----- (Rupees in '000) -----				
Companies in which parent company holds 20% or more				
Opening balance	-	-	4,000,000	-
Disbursements	1,600,000	-	184,700,000	110,840,000
Repayments	(1,600,000)	-	(188,700,000)	(106,840,000)
Closing balance	-	-	-	4,000,000
Disbursements made during the nine months period ended September 30, 2017		-		23,500,000
Repayments made during the nine months period ended September 30, 2017		-		(23,500,000)
Mark-up / return / interest earned for the nine months period ended September 30, (Un-audited)	929	-	71,457	15,464

Material transactions with related parties are given below:

	Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties	
	September 30, 2018	2017	September 30, 2018	2017	September 30, 2018	2017
----- (Rupees in '000) -----						
Nature of transactions						
Sale of Government Securities	-	-	151,966,478	37,092,619	6,165,807	10,471,063
Purchase of Government Securities	-	-	16,633,156	520,213	286,948	605,630
Purchase of Term Finance Certificate	-	-	-	-	15,000	-
Investment made in associate company	-	-	-	-	180,000	-
Sale of Sukuk / Ijara Sukuk	-	-	-	-	387,473	-
Sale of shares / units	-	-	-	-	844,757	429,708
Purchase of shares / units	-	-	-	-	604,828	352,512
Purchase of forward foreign exchange contracts	-	-	4,208,284	5,188,918	-	-
Sale of forward foreign exchange contracts	-	-	5,696,679	7,502,930	-	-
Letter of credits	61,458	57,955	-	-	71,387	94,245
Letter of guarantees	-	-	9,000	-	15,000	-
Payment to staff contribution plan	-	-	-	-	150,453	115,752
Payment to staff benefit plan	-	-	-	-	175,118	118,308
Remuneration of key management personnel	-	-	-	-	534,480	431,760
Director fees and allowances	-	-	-	-	11,200	11,375
Insurance claim received	-	-	10,701	17,184	-	-
Insurance premium paid	-	-	197,825	152,088	81,555	54,041
Rent income received / receivable	993	1,185	-	-	10,866	10,565
Expenses incurred on behalf	561	716	-	-	35,747	17,969
Reimbursement of expenses	608	766	-	-	30,029	18,413
Commission income	128	23,457	123,532	75,184	136,637	12,956
Dividend income	-	-	12,703	14,239	3,882	78,213
Advisory income	-	-	-	-	4,850	-
Advisory fee	-	-	-	-	39,000	35,000
Trustee fee	-	-	1,500	-	-	-
Royalty expenses	-	-	-	-	10,000	-
Remunerative income	-	-	-	-	145,285	154,487
Issuance of ordinary shares	-	-	-	-	18,491	-
Preference dividend paid	-	-	-	-	1,479	1,479
Services received	-	-	-	-	803	587
Parent company						
September 30,						
2018	2017					
Un-audited						
----- (Rupees in '000) -----						
Nature of transactions						
Issuance of ordinary shares	2,180,623	-				
Preference dividend	174,450	174,450				
Principal received on term finance certificates	3,750	-				
Markup Received on term finance certificates	1,158	-				
Rent and utilities expense paid / accrued	44,483	38,651				
Reimbursement of expenses	5,064	3,811				
Advisory fee	12,021	-				
Commission income	735	2,517				
Expenses incurred on behalf	38	46				

Notes to the Consolidated Condensed Interim Financial Statements

For the nine months period ended September 30, 2018

23. GENERAL

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

24. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on October 26, 2018.

Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer
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