



**Condensed Interim  
Financial Statements**  
for the Half Year Ended  
June 30, 2021

# Company Information

## Board of Directors

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

## Audit Committee

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

## Human Resource, Remuneration & Nomination Committee

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

## Risk Management Committee

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

## Board IT Committee

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

## Chief Financial Officer

Mr. Hasan Shahid

## Company Secretary

Mr. Ashraf Shahzad

## Auditors

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

## Legal Advisors

Bawaney & Partners  
Haidermota & Co.  
Liaquat Merchant Associates

## Share Registrar

CDC Share Registrar Services Limited  
CDC House, 99 – B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal, Karachi

## Registered office

JS Bank Limited  
Shaheen Commercial Complex  
Dr. Ziauddin Ahmed Road  
P.O. Box 4847, Karachi-74200, Pakistan  
UAN: +92 21 111 JS Bank (572-265)  
111-654-321  
[www.jsbl.com](http://www.jsbl.com)

## **DIRECTORS' REPORT**

We are pleased to present the reviewed financial statements of JS Bank Limited ("JSBL") for the half year ended June 30, 2021.

### **Economic Review**

The 2QCY21 witnessed a mix bag of data in terms of economic indicators. LSM growth for 11MFY21 was reported at 14.57%, with May 2021 showing a growth of 36.84% YoY, improving prospects for the FY21 GDP growth figure. Moreover, Remittances during the quarter increased by US\$ 7.96 billion, 30% YoY, providing support on the external front.

However, the Trade Balance reported a wider deficit during 2QCY21, touching US\$ 10.3 billion, higher by 82% YoY when compared to 2QCY20. Despite an encouraging rebound in exports with 67% YoY growth, higher imports increased the overall trade deficit during the quarter. As a result, Current Account for 2QCY21 recorded a deficit of US\$ 2.48 billion, which was significantly higher than the US\$ 302 million reported during 2QCY20.

The period under review also witnessed strategic inflows with completion of US\$ 2.5 billion Eurobond auction and US\$ 500 million green auction by WAPDA. Overall, State Bank of Pakistan's foreign exchange reserves jumped by US\$ 3.8 billion during the quarter, closing at US\$ 17.29 billion.

Moreover, inflation clocked in at 10.58% YoY during the quarter. Higher food inflation was as a concern during the period under review. The SBP has stated that positive real interest rates will gradually be achieved, where Policy Rate remained unchanged during 2QCY21 at 7%.

### **Banking Sector Review**

During 2QCY21, the banking sector's deposits continued to grow at a high pace of 22% YoY, reaching PKR 19,796 billion. The sector's investments touched PKR 13,742 billion reflecting 29% YoY growth and increasing the Investments-to-Deposit Ratio (IDR) by 360 basis points to 66% as compared to 2QCY20. Advances grew by 10% YoY, taking Total Advances to PKR 8,996 billion. However, private sector credit reported sluggish growth during 5MCY21, clocking in at 6% YoY. The sector's Advances-to-Deposit Ratio (ADR) declined to 45%, as compared to 51% in 2QCY20. Non-Performing Loans (NPLs) remained around PKR 850 billion during 1QCY21, keeping the infection ratio close to 10%.

Moreover, weighted average banking spreads for 2QCY21 declined by 107 basis points to 4.46%, as compared to the same period last year. The Policy Rate remained unchanged at 7%.

## Performance Overview

The highlights of the financial results of the Bank for the half year ended June 30, 2021 are presented below:

Financial Position	PKR Million	
	June 30, 2021	December 31, 2020
Shareholders' Equity	21,870	20,592
Total Deposits	448,245	433,063
Total Assets	555,251	532,168
Advances Net	245,629	250,199
Investments Net	237,963	201,698
<b>Financial Performance</b>		
	June 30, 2021	June 30, 2020
Mark-up/Interest Income - Net	5,849	5,510
Non-Markup/Interest Income	2,289	2,976
Operating Expenses	6,332	6,208
Profit Before (Provision)/Reversals - Net	1,785	1,918
Profit/(Loss) Before Tax	988	1,472
Profit After Tax	570	856
Basic/Diluted Earnings Per Share - Rupees	0.44	0.66

The Bank's earnings during the first six months ended June 30, 2021 remain strong despite a challenging operating environment. The Bank reported a profit before tax of PKR 988 million (profit after tax of PKR 570 million) for the half year ended June 30, 2021 as compared to a profit before tax of PKR 1,472 million (profit after tax of PKR 856 million) in the corresponding period last year. The Earnings Per Share (EPS) stands at PKR 0.44 (June 30, 2020: PKR 0.66).

On the revenue side, the Bank reported total mark-up revenue of PKR 18,846 million compared to PKR 24,350 million from the corresponding period last year, decline of 22.6%. Net interest income was 13.6% higher than the corresponding period last year and closed at PKR 5,848 million. Non-markup income stood at PKR 2,289 million, decline by 23.1%, with major contribution from fee & commission income PKR 1,584 million, dividend income PKR 162 million and FX income of PKR 536 million despite of slow economic activities in the country.

Administrative expenses were PKR 6,332 million compared to PKR 6,121 million for the corresponding period last year, up by 3.4%. The cost to income ratio of the Bank is increased to 77.8% as compared to 75.3% during the corresponding period last year.

During the period under review, the Bank's deposits and advances have continued to show stable position. The Bank reported total deposits of PKR 448 billion with current account deposits of over PKR 130 billion during the half year ended June 30, 2021. In terms of advances, gross advances were reported at PKR 251 billion and gross advances to deposits ratio stood at 56%.

At the close of the six months period, the Bank remains satisfactorily capitalized with CAR at 13.06%.

Committed to its role of acting as a catalyst of progress within the country, JS Bank is continuing its journey of greater impact by providing customers with innovative and value-added financial products and services designed to make their lives simple, easy and convenient.

### **Consolidated Financial Statements**

In the consolidated financial statements, the Group earned profit before tax of PKR 1,231 million (profit after tax of PKR 719 million) for the half year ended June 30, 2021 as compared to profit before tax of PKR 1,514 million (profit after tax of PKR 762 million) in the corresponding period last year.

The earnings per share is PKR 0.54 for the half year ended June 30, 2021 and the Group remains satisfactorily capitalized CAR at 13.84%.

### **Recognition**

In 2021 the Bank has been recognized as the 'Best Bank for SME-Pakistan' for the third time in a row by global financial publication Asiamoney. The award reflects the continuing support which the Bank is providing to the growth of the SME sector in the Country.

### **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 rating for this category.

### **Acknowledgments**

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

On behalf of the Board

**Basir Shamsie**  
**President & CEO**

**Kalim-ur-Rahman**  
**Chairman**

Karachi: August 25, 2021

## جے ایس بینک لمیٹڈ

### ڈائریکٹرز رپورٹ

ہم انتہائی مسرت کے ساتھ جے ایس بینک لمیٹڈ ("جے ایس بی ایل") کے 30 جون 2021 کو ختم ہونے والی ششماہی کے مالیاتی بیانات کا جائزہ پیش کر رہے ہیں۔

### معیشت

سال 2021 کی دوسری سہ ماہی (2QCY21) میں معاشی اشاریوں کے لحاظ سے مخلوط اعداد و شمار دیکھے گئے۔ مالی سال 2021 کے 11 ماہ (11MFY21) میں لارج اسکیل مینوفیکچررز (LSM) کی نمو 14.57 فیصد ریکارڈ ہوئی، مئی 2021 میں 36.84 فیصد کی سال بسال (YoY) نمو دیکھی گئی، جس سے مالی سال 2021 (FY21) میں جی ڈی پی (GDP) کی نمو کے امکانات بہتر ہوئے۔ مزید برآں، سہ ماہی کے دوران ترسیلات زر میں 7.96 بلین ڈالر کا اضافہ ہوا، 30 فیصد سال بسال (YoY) ہے، جس سے بیرونی جانب معاونت فراہم ہوئی۔

تاہم، سال 2021 کی دوسری سہ ماہی (2QCY21) کے دوران تجارتی توازن وسیع خسارہ رپورٹ ہوا، جو 10.3 بلین ڈالر تک پہنچ گیا، جو گذشتہ سال کی دوسری سہ ماہی (2QCY20) کے مقابلے 82 فیصد سال بسال (YoY) زیادہ ہے۔ برآمدات میں حوصلہ افزا 67 فیصد سال بسال (YoY) کی نمو کے باوجود، اضافی درآمدات نے سہ ماہی کے دوران مجموعی تجارتی خسارے کو بڑھایا۔ نتیجے کے طور پر، سال 2021 کی دوسری سہ ماہی (2QCY21) کے دوران کرنٹ اکاؤنٹ میں 2.48 بلین ڈالر کا خسارہ ریکارڈ کیا گیا جو کہ گذشتہ مالی سال 2020 کی دوسری سہ ماہی (2QCY20) کے دوران کئے گئے 302 بلین ڈالر سے نمایاں طور پر زیادہ ہے۔

زیر جائزہ مدت کے دوران 2.5 بلین ڈالر کے یورو بانڈز کی نیلامی اور واپڈا کی جانب سے 500 بلین ڈالر کی گرین نیلامی کی تکمیل کے ساتھ اسٹریٹجک آمد بھی دیکھی گئیں۔ مجموعی طور پر، اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر سہ ماہی کے دوران 3.8 بلین ڈالر سے بڑھ کر 17.29 بلین ڈالر پر بند ہوئے۔

مزید برآں، سہ ماہی کے دوران افراط زر 10.58 فیصد سال بسال (YoY) رہا۔ زیر جائزہ مدت کے دوران خوراک کا اضافی افراط زر تشویش کا باعث رہا۔ اسٹیٹ بینک کے مطابق مثبت حقیقی شرح سود بتدریج حاصل ہو جائے گا، تاہم سال 2021 کی دوسری سہ ماہی (2QCY21) کے دوران 7 فیصد پر بغیر کسی تبدیلی کے برقرار ہے۔

### شعبہ بینکاری کا جائزہ

سال 2021 کی دوسری سہ ماہی (2QCY21) کے دوران، بینکنگ سیکٹر کے ڈیپازٹ میں 22 فیصد سال بسال (YoY) کا اضافہ دیکھا گیا، جو

19,796 بلین روپے تک پہنچ گیا۔ اس شعبے کی سرمایہ کاری 13,743 بلین روپے تک پہنچ گئی جو 29 فیصد سال بسال (YoY) نمو ظاہر کر رہا ہے جو سال 2020 کے دوسری سہ ماہی (2QCY20) کے مقابلے انویسٹمنٹ ٹو ڈیپازٹ ریٹو (IDR) میں 360 بیس پوائنٹس سے 66 فیصد تک زیادہ ہے۔ ایڈوانسز میں 10 فیصد سال بسال (YoY) کا اضافہ ہوا، جس سے کل ایڈوانسز 8,996 بلین روپے رہے۔ جبکہ سال 2021 کے 5 ماہ (5MCY21) کے دوران پرائیویٹ سیکٹر میں قرضوں میں 6 فیصد سال بسال (YoY) کا معمولی اضافہ دیکھا گیا۔ اس شعبے کا ایڈوانس ٹو ڈیپازٹ ریٹو (ADR) کمی سے مالی سال 2020 کی دوسری سہ ماہی (2QCY20) کے دوران 51 فیصد کے مقابلے 45 فیصد رہ گیا۔ سال 2021 کی پہلی سہ ماہی (1QCY21) کے اختتام پر نان پرفارمنگ لونز (NPLs) 850 بلین روپے پر رہے، جس سے انفیکشن کا تناسب 10 فیصد تک ہو گیا۔ مزید برآں، سال 2021 کی دوسری سہ ماہی (2QCY21) کے دوران ویڈیو ایوریج بینکنگ کا پھیلاؤ گذشتہ سال کی اسی مدت کے مقابلے 107 بیس پوائنٹس کی کمی سے 4.46 فیصد رہ گیا۔

## کاروباری جائزہ

30 جون 2021 کو ختم ہونے والی ششماہی کے دوران بینک کے مالیاتی نتائج کی چیدہ چیدہ نکات درج ذیل ہیں:

مالی حیثیت		روپے بلین میں
	30 جون 2021	31 دسمبر 2020
شیر ہولڈر کی ایکویٹی	21,870	20,593
کل ڈیپازٹس	448,245	443,063
کل اثاثے	555,251	532,168
ایڈوانسز نیٹ	245,629	250,199
سرمایہ کاری نیٹ	237,963	201,698

## مالی کارکردگی

	30 جون 2021	30 جون 2020
مجموعی مارک اپ / انٹرسٹ آمدنی	5,849	5,510
نان مارک اپ / انٹرسٹ آمدنی	2,289	2,976
آپریٹنگ اخراجات	6,332	6,208
پروویژن سے قبل منافع، نیٹ	1,785	1,918
قبل از ٹیکس منافع / (نقصان)	988	1,472
بعد از ٹیکس منافع	570	856
بنیادی آمدنی فی شیر، روپے	0.44	0.66

2021 کو ختم ہونے والے سال کے پہلے 6 ماہ کے دوران بینک کی آمدنی ایک مشکل آپریٹنگ ماحول کے باوجود مضبوط رہی۔ بینک نے 30 جون 2021 کو ختم ہونے والی ششماہی کے دوران قبل از ٹیکس منافع 988 ملین روپے (بعد از ٹیکس منافع 570 ملین روپے) رہا، اس کے مقابلے گذشتہ سال کی اسی مدت کے دوران قبل از ٹیکس منافع 1,472 ملین روپے (بعد از ٹیکس منافع 853 ملین روپے) ریکارڈ کیا گیا۔ فی شیئر آمدنی (EPS) 0.44 روپے فی شیئر (30 جون 2020 کو 0.66 روپے فی شیئر) رہی۔

آمدنی کے لحاظ سے، بینک کا کل مارک اپ ریونیو 18,846 ملین روپے رہا جو کہ گذشتہ سال اسی مدت میں 24,350 ملین روپے تھا جس میں 22.6 فیصد کمی ظاہر کرتی ہے۔ نیٹ انٹرسٹ آمدنی گذشتہ سال اسی مدت کے مقابلے 13.6 فیصد اضافہ سے 5,848 ملین روپے پر بند ہوئی۔ ملک میں سست اقتصادی سرگرمیوں کے باعث نان مارک اپ آمدنی 23.1 فیصد کمی سے 2,289 ملین روپے رہی، فیس اور کمیشن کی آمدنی 1,584 ملین روپے، ڈیویڈنڈ آمدنی 162 ملین روپے، اور غیر ملکی کرنسی کی آمدنی میں 536 ملین روپے رپورٹ ہوئی۔

انتظامی اخراجات 6,332 ملین روپے رہے جبکہ گذشتہ سال کی اسی مدت کے مقابلے 6,121 ملین روپے تھی جس میں 3.4 فیصد اضافہ ظاہر ہوتا ہے۔ بینک کی آمدنی سے لاگت کا تناسب بڑھ کر 77.8 فیصد ہو گیا جبکہ گذشتہ سال اسی مدت کے مقابلے یہ 75.3 فیصد تھا۔

زیر جائزہ مدت کے دوران بینک کے ڈیپازٹس اور ایڈوانسز مستحکم پوزیشن ظاہر کر رہے ہیں۔ بینک نے 30 جون 2021 کو ختم ہونے والی ششماہی کے دوران مجموعی ڈیپازٹس 448 بلین روپے جبکہ کرنٹ اکاؤنٹ ڈیپازٹس 130 بلین روپے پر رپورٹ ہوئے۔ ایڈوانسز کے لحاظ سے، مجموعی ایڈوانسز 251 بلین روپے رپورٹ ہوئے اور مجموعی ایڈوانسز ڈیپازٹ ریشو 56 فیصد پر رہا۔

6 ماہ کی مدت کے اختتام پر بینک کا CAR تسلی بخش سطح 13.06 فیصد پر رہا۔ ملک میں ترقی کی حوصلہ افزائی کیلئے اپنا کردار ادا کرنے کیلئے پرعزم، جے ایس بینک صارفین کو ان کی زندگی آسان، سادہ اور سہل بنانے کیلئے جدید اور ویلویو ایڈڈ مالیاتی مصنوعات اور خدمات فراہم کر کے اپنا مثبت اثر قائم رکھنے کا سفر جاری رکھے ہوئے ہے۔

## مستحکم مالیاتی تفصیلات

مستحکم مالیاتی تفصیلات میں، گروپ نے 30 جون 2021 کو ختم ہونے والے نصف سال کیلئے قبل از ٹیکس منافع 1,231 ملین روپے (بعد از ٹیکس منافع 719 ملین روپے) حاصل کیا جو گذشتہ سال اسی مدت میں قبل از ٹیکس منافع 1,514 ملین روپے (بعد از ٹیکس منافع 762 ملین روپے) تھا۔

30 جون 2021 کو ختم ہونے والی ششماہی کیلئے فی شیئر آمدنی 0.54 روپے رہی اور گروپ کا CAR تسلی بخش سطح 13.84 فیصد پر رہا۔

## پہچان

سال 2021ء میں بین الاقوامی مالیاتی اشاعت ایشیا منی کی جانب سے بینک کو مسلسل تیسری مرتبہ ایس ایم ای پاکستان کیلئے بہترین بینک کے طور پر تسلیم کیا گیا ہے۔ یہ ایوارڈ بینک کی جانب سے ملک کے ایس ایم ای شعبے کی نمونگیلئے فراہم کردہ مستقل تعاون کی عکاسی کرتا ہے۔

## کرڈٹ ریٹنگز

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

## اعتراف

جے ایس بینک کی جانب سے ہم اپنے صارفین اور اسٹیک ہولڈرز کا ان کے تعاون پر دل سے شکر گزار ہیں۔ ہم منسٹری آف فنانس، اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کا بینک کو تعاون فراہم کرنے کیلئے بھی ممنون ہیں۔ ہم اپنی انتظامی ٹیم اور عملہ کو محنت، بہترین کارکردگی اور ان کی کامیابی کے حصول کیلئے انتھک محنت کی حوصلہ افزائی کرتے ہیں۔

منجانب بورڈ،

کلیم الرحمن

چیئر مین

باصر مشی

پریزیڈنٹ اور سی ای او

کراچی: 25 اگست 2021



KPMG Taseer Hadi & Co.  
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## **INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of JS Bank Limited**

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

### **Introduction**

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **JS Bank Limited** ("the Bank") as at 30 June 2021 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, condensed interim unconsolidated cash flow statement, and notes to the condensed interim unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### **Scope of Review**

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

### **Conclusion**

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



KPMG Taseer Hadi & Co.

**Other Matters**

The financial statements of the Bank for six-month period ended 30 June 2020 and for the year ended 31 December 2020 were respectively reviewed and audited by another firm of Chartered Accountants who had expressed an unmodified conclusion and opinion thereon vide their reports dated 28 August 2020 and 6 March 2021, respectively.

The figures for the quarter ended 30 June 2021 in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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

**Date: 28 August 2021**

**Karachi**

*KPMG Taseer - 1*  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**



Condensed Interim  
Unconsolidated Financial Statements  
for the Half Year Ended June 30, 2021

**JS BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	36,206,451	30,421,231
Balances with other banks	7	856,238	1,105,969
Lendings to financial institutions	8	6,101,838	23,239,672
Investments	9	237,963,074	201,698,473
Advances	10	245,628,910	250,199,166
Fixed assets	11	8,463,887	7,599,538
Intangible assets	12	2,572,980	2,486,725
Deferred tax assets		-	-
Other assets	13	16,718,760	14,678,428
Non-current assets held for sale	11.3	739,200	739,200
		<b>555,251,338</b>	532,168,402
<b>LIABILITIES</b>			
Bills payable	14	6,251,396	4,981,983
Borrowings	15	52,060,019	48,303,412
Deposits and other accounts	16	448,245,162	433,062,593
Liabilities against assets subject to finance lease		-	-
Subordinated debt	17	7,491,800	7,492,800
Deferred tax liabilities	18	2,285,278	1,194,252
Other liabilities	19	17,048,134	16,541,154
		<b>533,381,789</b>	511,576,194
<b>NET ASSETS</b>		<b>21,869,549</b>	<b>20,592,208</b>
<b>REPRESENTED BY</b>			
Share capital - net		10,119,242	10,119,242
Reserves		2,097,718	1,991,170
Surplus on revaluation of assets	20	3,041,017	2,334,123
Unappropriated profit		6,611,572	6,147,673
		<b>21,869,549</b>	<b>20,592,208</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	21		

The annexed notes from 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

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

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

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**Director**

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

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**Chairman**

**JS BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

	Note	Quarter Ended		Half year ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
----- Rupees in '000 -----					
Mark-up / return / interest earned	23	9,234,249	11,426,373	18,845,847	24,349,843
Mark-up / return / interest expensed	24	6,171,640	8,817,800	12,996,965	19,199,409
<b>Net mark-up / interest income</b>		<b>3,062,609</b>	<b>2,608,573</b>	<b>5,848,882</b>	<b>5,150,434</b>
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	25	848,597	913,419	1,583,670	1,761,477
Dividend income		119,559	11,621	162,056	54,447
Foreign Exchange Income		272,445	158,948	535,964	351,923
Income / (loss) from derivatives		817	(1,008)	5,538	18,738
(Loss) / gain on securities	26	(26,284)	682,352	664	784,152
Other (loss) / income	27	(5,005)	3,472	859	4,886
<b>Total non mark-up / interest income</b>		<b>1,210,129</b>	<b>1,768,804</b>	<b>2,288,751</b>	<b>2,975,623</b>
<b>Total Income</b>		<b>4,272,738</b>	<b>4,377,377</b>	<b>8,137,633</b>	<b>8,126,057</b>
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	28	3,248,144	3,213,936	6,332,306	6,121,471
Workers' welfare fund	29	6,528	6,669	19,763	11,697
Other charges	30	177	70,543	202	74,587
<b>Total non-mark-up / interest expenses</b>		<b>3,254,849</b>	<b>3,291,148</b>	<b>6,352,271</b>	<b>6,207,755</b>
<b>Profit before provisions</b>		<b>1,017,889</b>	<b>1,086,229</b>	<b>1,785,362</b>	<b>1,918,302</b>
Provisions and write offs - net	31	691,520	242,591	797,234	446,207
Extraordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<b>326,369</b>	<b>843,638</b>	<b>988,128</b>	<b>1,472,095</b>
Taxation	32	146,456	369,854	418,132	615,769
<b>PROFIT AFTER TAXATION</b>		<b>179,913</b>	<b>473,784</b>	<b>569,996</b>	<b>856,326</b>
----- Rupee -----					
<b>Basic and diluted earnings per share</b>	33	<b>0.14</b>	<b>0.37</b>	<b>0.44</b>	<b>0.66</b>

The annexed notes from 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

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

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**Chief Financial Officer**

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**Director**

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**Director**

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**Chairman**

**JS BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

	Quarter Ended		Half year ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
----- Rupees in '000 -----				
<b>Profit after taxation for the period</b>	<b>179,913</b>	473,784	<b>569,996</b>	856,326
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Effect of translation of net investment in foreign branch	<b>20,045</b>	10,073	<b>(7,451)</b>	37,432
Movement in surplus on revaluation of investments - net of tax	<b>397,376</b>	1,701,376	<b>969,811</b>	1,972,166
Movement in general provision under IFRS 9 - net of tax	<b>5,874</b>	4,765	<b>18,204</b>	25,631
	<b>403,250</b>	1,706,141	<b>988,015</b>	1,997,797
	<b>423,295</b>	1,716,214	<b>980,564</b>	2,035,229
	<b>603,208</b>	2,189,998	<b>1,550,560</b>	2,891,555
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Movement in surplus on revaluation of operating fixed assets - net of tax	<b>(47,687)</b>	-	<b>(224,557)</b>	-
Movement in surplus on revaluation of non-banking assets - net of tax	<b>(5,404)</b>	-	<b>(48,662)</b>	-
	<b>(53,091)</b>	-	<b>(273,219)</b>	-
<b>Total comprehensive income</b>	<b>550,117</b>	2,189,998	<b>1,277,341</b>	2,891,555

The annexed notes from 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

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

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**Chief Financial Officer**

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**Director**

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**Director**

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**Chairman**

**JS BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

	Share capital	Statutory reserve *	Capital reserves exchange translation	Surplus/(deficit) on revaluation of			Unappropriated profit	Total
				Investments	Fixed Assets	Non Banking Assets		
Rupees in '000								
<b>Balance as at January 01, 2020</b>	10,119,242	1,646,168	103,505	(516,769)	1,060,693	92,776	4,827,640	17,333,255
<b>Total comprehensive income for the half year ended June 30, 2020 - un-audited</b>								
Profit after taxation	-	-	-	-	-	-	856,326	856,326
Other comprehensive income - net of tax	-	-	37,432	1,997,797	-	-	-	2,035,229
	-	-	37,432	1,997,797	-	-	856,326	2,891,555
Transfer to statutory reserve	-	171,265	-	-	-	-	(171,265)	-
<b>Transfer from surplus on revaluation of assets to unappropriated profit - net of tax</b>								
Fixed assets	-	-	-	-	(7,936)	-	7,936	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(41)	41	-
<b>Balance as at June 30, 2020 - un-audited</b>	<b>10,119,242</b>	<b>1,817,433</b>	<b>140,937</b>	<b>1,481,028</b>	<b>1,052,757</b>	<b>92,735</b>	<b>5,520,678</b>	<b>20,224,810</b>
<b>Total comprehensive income for the half year ended December 31, 2020 - un-audited</b>								
Profit after taxation	-	-	-	-	-	-	293,734	293,734
Other comprehensive income - net of tax	-	-	(25,947)	(229,767)	-	38,398	290,980	73,664
	-	-	(25,947)	(229,767)	-	38,398	584,714	367,398
Transfer to statutory reserve	-	58,747	-	-	-	-	(58,747)	-
<b>Transfer from surplus on revaluation of assets to unappropriated profit - net of tax</b>								
Fixed assets	-	-	-	-	(8,849)	-	8,849	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(53)	53	-
Non-current assets held for sale	-	-	-	-	(92,126)	-	92,126	-
<b>Balance as at December 31, 2020 - audited</b>	<b>10,119,242</b>	<b>1,876,180</b>	<b>114,990</b>	<b>1,251,261</b>	<b>951,782</b>	<b>131,080</b>	<b>6,147,673</b>	<b>20,592,208</b>
<b>Total comprehensive income for the half year ended June 30, 2021 - un-audited</b>								
Profit after taxation	-	-	-	-	-	-	569,996	569,996
Other comprehensive income - net of tax	-	-	(7,451)	988,015	(224,557)	(48,662)	-	707,345
	-	-	(7,451)	988,015	(224,557)	(48,662)	569,996	1,277,341
Transfer to statutory reserve	-	113,999	-	-	-	-	(113,999)	-
<b>Transfer from surplus on revaluation of assets to unappropriated profit - net of tax</b>								
Fixed assets	-	-	-	-	(7,876)	-	7,876	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(26)	26	-
<b>Balance as at June 30, 2021 - un-audited</b>	<b>10,119,242</b>	<b>1,990,179</b>	<b>107,539</b>	<b>2,239,276</b>	<b>719,349</b>	<b>82,392</b>	<b>6,611,572</b>	<b>21,869,549</b>

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

The annexed notes from 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

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

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**Chief Financial Officer**

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**Director**

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**Director**

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**Chairman**

**JS BANK LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

	June 30, 2021	June 30, 2020
	---- Rupees in '000 ----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	988,128	1,472,095
Less: Dividend income	(162,056)	(54,447)
	<b>826,072</b>	<b>1,417,648</b>
<b>Adjustments:</b>		
Depreciation	365,020	340,473
Depreciation on non-banking assets	28 3,455	4,539
Depreciation - Right of use assets	28 440,293	506,114
Amortisation of intangible assets	28 63,251	54,523
Mark-up / return / interest expense on lease liability against right-of-use assets	24 189,637	232,046
Charge for defined benefit plan	111,551	107,560
Unrealised gain on revaluation of investments classified as held-for-trading - net	26 (364)	(70)
Unrealised gain on revaluation of derivative instruments - net	(13,199)	(25,736)
Unrealised gain on revaluation of forward foreign exchange contracts	(115,264)	(263,878)
Provisions and write offs - net	31 797,234	446,207
Provision for workers' welfare fund	29 19,763	11,697
Gain on sale of fixed assets - net	27 (3,688)	(246)
Loss on termination of leases	27 2,829	-
	<b>1,860,518</b>	<b>1,413,229</b>
	<b>2,686,590</b>	<b>2,830,877</b>
<b>Decrease / (increase) in operating assets</b>		
Lendings to financial institutions	17,131,536	20,344,115
Held-for-trading securities	7,489,726	47,578,901
Advances	3,452,846	1,019,030
Other assets (excluding advance taxation)	(1,441,234)	(783,271)
	<b>26,632,874</b>	<b>68,158,775</b>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	1,269,413	454,579
Borrowings	3,411,708	(17,875,247)
Deposits	15,182,569	36,042,078
Other liabilities	(230,767)	2,047,775
	<b>19,632,923</b>	<b>20,669,185</b>
	<b>48,952,387</b>	<b>91,658,837</b>
Gratuity paid	-	(151,881)
Income tax paid	(713,397)	(6,124)
	<b>48,238,990</b>	<b>91,500,832</b>
<b>Net cash generated from operating activities</b>		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(36,338,973)	(79,328,112)
Net investments in held-to-maturity securities	(5,360,983)	(3,421,906)
Investment in associated companies	-	(40,828)
Dividends received	162,056	54,447
Investment in fixed assets	(851,772)	(243,191)
Investment in intangible assets	(151,154)	(131,814)
Proceeds from sale of fixed assets	16,960	4,009
Effect of translation of net investment in foreign branch	(7,451)	37,432
<b>Net cash used in investing activities</b>	<b>(42,531,317)</b>	<b>(83,069,963)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liability against right of use assets	(515,992)	(598,480)
Repayment of subordinated debt	(1,000)	-
<b>Net cash used in financing activities</b>	<b>(516,992)</b>	<b>(598,480)</b>
<b>Increase in cash and cash equivalents</b>	<b>5,190,681</b>	<b>7,832,389</b>
Cash and cash equivalents at beginning of the period	31,384,080	25,415,261
<b>Cash and cash equivalents at end of the period</b>	<b>36,574,761</b>	<b>33,247,650</b>

The annexed notes from 1 to 41 form an integral part of these condensed interim unconsolidated financial statements.

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

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Chief Financial Officer

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Director

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Director

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Chairman

**JS BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

**1. STATUS AND NATURE OF BUSINESS**

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

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 281 (December 31, 2020: 307) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2020: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

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

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

- 1.3 The Bank is the holding company of JS Global Capital Limited (JSGCL) and JS Investments Limited(JSIL).
- 1.3.1 JS ABAMCO Commodities Limited (JSACL) did not intend to carry on the business of Futures Broker, therefore, the directors of JSIL were desirous of merging JSACL with and into JSIL. The Scheme of Arrangement under Section 284 of the Companies Act, 2017, for merger or amalgamation (the Scheme) of JSACL with and into JSIL, was approved by SECP under Rule 7(2) (cb) of Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 vide its letter dated January 13, 2021. The Board of Directors of JSACL in their meeting held on February 19, 2021 has approved the Scheme with effect from March 31, 2021. Subsequently, the Scheme under section 284(2) of the Companies Act, 2017, submitted with Companies Registration Office, along with Form-35, which was approved dated June 24, 2021. Therefore, with effect from March 31, 2021, JSACL is merged with JS Investments Limited and is no more an indirect subsidiary of the Bank.

**2. BASIS OF PRESENTATION**

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

These condensed interim unconsolidated financial statements have been presented in Pakistan Rupees (PKR), which is the currency of the primary economic environment in which the Bank operates and functional currency of the Bank, in that environment as well.

**2.1 Statement of compliance**

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

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

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

The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD circular letter No. 5 dated March 22, 2019 and IAS 34.

These condensed interim unconsolidated financial Statements do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2020.

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

The applicability of the IFRS 9 'Financial Instruments' for all companies was deferred by SECP through its S.R.O. 229 (I)/2019 dated February 14, 2019. Under this standard all companies were required to prepare their financial statements in accordance with the requirements of IFRS 9 for reporting period / year ending on or after June 30, 2019 (earlier application was also permitted). However, State Bank of Pakistan (SBP) has extended the effective date of applicability of IFRS 9 on or after January 01, 2022 through its BPRD Circular No.24 dated July 05, 2021.

The guidelines and instructions on the application of IFRS 9 for the banking sector of Pakistan has not been issued by the State Bank of Pakistan (SBP), therefore, the Bank has not considered the impact of IFRS 9 for its domestic operations in these condensed interim unconsolidated financial statements. The Bank has continued to fulfil the requirements of Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of assets and provision/ impairment against non-performing assets.

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

There are certain new and amended standards, interpretations of and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations.

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

As per State Bank of Pakistan (SBP)' BPRD circular letter no. 24 of 2021, IFRS 9 'Financial Instruments' is applicable to banks effective January 01, 2022. please refer note 2.1 above.

There are various other standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not effective in the current period. These are not likely to have material effect on the Bank's financial statements.

## **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements are the same as that applied in the preparation of the annual unconsolidated financial statements for the year ended December 31, 2020.

## **4. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual unconsolidated financial statements for the year ended December 31, 2020.

## **5. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual unconsolidated financial statements for the year ended December 31, 2020.

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
----- Rupees in '000 -----			
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand</b>			
Local currency		9,127,059	6,337,089
Foreign currencies		779,981	1,301,503
		<b>9,907,040</b>	7,638,592
<b>With State Bank of Pakistan in:</b>			
Local currency current account		18,877,983	16,268,165
Foreign currency current account - non remunerative		976,771	1,086,874
Foreign currency deposit account - remunerative		2,052,700	2,261,337
		<b>21,907,454</b>	19,616,376
<b>With National Bank of Pakistan in:</b>			
Local currency current accounts		2,889,970	2,609,635
<b>National Prize Bonds</b>		1,501,987	556,628
		<b>36,206,451</b>	30,421,231
<b>7. BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current accounts		212,032	125,677
In deposit accounts		73	73
		<b>212,105</b>	125,750
<b>Outside Pakistan</b>			
In current accounts		644,674	980,669
		<b>856,779</b>	1,106,419
Less: General provision under IFRS 9	7.1	(541)	(450)
Balances with other banks - net of provision		<b>856,238</b>	1,105,969
<b>7.1</b>	This represents general provision held under IFRS 9 by Bahrain branch of the Bank.		
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings		2,048,068	2,237,682
Repurchase agreement lendings (Reverse Repo)		4,061,292	21,003,215
		<b>6,109,360</b>	23,240,897
Less: General provision under IFRS 9	8.2	(7,522)	(1,225)
Lending to Financial Institutions - net of provision		<b>6,101,838</b>	23,239,672
<b>8.1 Particulars of lendings - gross</b>			
In local currency		4,061,292	21,003,215
In foreign currencies		2,048,068	2,237,682
		<b>6,109,360</b>	23,240,897
<b>8.2</b>	This represents general provision held under IFRS 9 by Bahrain branch of the Bank.		

9. INVESTMENTS	(Un-audited) June 30, 2021				(Audited) December 31, 2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
9.1 Investments by type	Note ----- Rupees in '000 -----							
<b>Held-for-trading securities</b>								
Federal Government Securities	17,514,048	-	364	17,514,412	25,002,969	-	805	25,003,774
<b>Available-for-sale securities</b>								
Federal Government Securities	163,147,855	-	21,691	163,169,546	127,308,516	-	97,527	127,406,043
Shares	2,161,109	(136,589)	3,584,145	5,608,665	2,995,123	(411,955)	1,692,166	4,275,334
Non Government Debt Securities	2,862,762	(367,180)	504	2,496,086	3,020,950	(370,051)	(1,142)	2,649,757
Open end mutual funds	625,000	-	258	625,258	-	-	-	-
Foreign Securities	4,945,906	(92,915)	64,346	4,917,337	4,079,070	(122,758)	136,466	4,092,778
	173,742,632	(596,684)	3,670,944	176,816,892	137,403,659	(904,764)	1,925,017	138,423,912
<b>Held-to-maturity securities</b>								
Federal Government Securities	41,470,582	-	-	41,470,582	36,109,599	-	-	36,109,599
<b>Associates</b>	242,067	-	-	242,067	242,067	-	-	242,067
<b>Subsidiaries</b>	1,919,121	-	-	1,919,121	1,919,121	-	-	1,919,121
<b>Total Investments</b>	<b>234,888,450</b>	<b>(596,684)</b>	<b>3,671,308</b>	<b>237,963,074</b>	<b>200,677,415</b>	<b>(904,764)</b>	<b>1,925,822</b>	<b>201,698,473</b>
9.2 Investments by segments:	----- Rupees in '000 -----							
<b>Held-for-trading securities</b>								
<b>Federal Government Securities</b>								
Market Treasury Bills	5,856,872	-	86	5,856,958	25,002,969	-	805	25,003,774
Pakistan Investment Bonds	11,657,176	-	278	11,657,454	-	-	-	-
	17,514,048	-	364	17,514,412	25,002,969	-	805	25,003,774
<b>Available-for-sale securities</b>								
<b>Federal Government Securities:</b>								
Market Treasury Bills	115,005,276	-	5,648	115,010,924	90,027,949	-	20,041	90,047,990
Pakistan Investment Bonds	47,197,148	-	16,039	47,213,187	37,280,567	-	77,486	37,358,053
GoP Ijara Sukuk	945,431	-	4	945,435	-	-	-	-
	163,147,855	-	21,691	163,169,546	127,308,516	-	97,527	127,406,043
<b>Shares:</b>								
<b>Listed Companies</b>								
Ordinary shares	2,013,520	-	3,584,145	5,597,665	2,847,534	(275,366)	1,692,166	4,264,334
Preference shares	136,589	(136,589)	-	-	136,589	(136,589)	-	-
<b>Unlisted Companies</b>								
Ordinary shares	11,000	-	-	11,000	11,000	-	-	11,000
	2,161,109	(136,589)	3,584,145	5,608,665	2,995,123	(411,955)	1,692,166	4,275,334
<b>Non Government Debt Securities</b>								
<b>Listed</b>								
Term Finance Certificates	305,182	(155,169)	362	150,375	305,182	(155,169)	(13)	150,000
Sukuk Certificates	308,583	-	142	308,725	308,583	-	(1,129)	307,454
<b>Unlisted</b>								
Term Finance Certificates	884,561	(212,011)	-	672,550	1,014,348	(214,882)	-	799,466
Sukuk Certificates	1,336,703	-	-	1,336,703	1,365,104	-	-	1,365,104
Preference shares	27,733	-	-	27,733	27,733	-	-	27,733
	2,862,762	(367,180)	504	2,496,086	3,020,950	(370,051)	(1,142)	2,649,757
<b>Open End Mutual Funds</b>	625,000	-	258	625,258	-	-	-	-
<b>Foreign Securities</b>								
Government Debt Securities *	3,379,718	(77,858)	41,020	3,342,880	3,633,601	(120,619)	130,420	3,643,402
Non Government Debt Securities *	1,535,038	(15,057)	21,841	1,541,822	379,654	(2,139)	(3,628)	373,887
Ordinary shares	31,150	-	1,485	32,635	65,815	-	9,674	75,489
	4,945,906	(92,915)	64,346	4,917,337	4,079,070	(122,758)	136,466	4,092,778
<b>Held-to-maturity securities</b>								
<b>Federal Government Securities:</b>								
Pakistan Investment Bonds	41,470,582	-	-	41,470,582	36,109,599	-	-	36,109,599
9.2.4								
<b>Associates</b>								
Omar Jibran Engineering Industries Limited	180,000	-	-	180,000	180,000	-	-	180,000
Veda Transit Solutions (Private) Limited	41,800	-	-	41,800	41,800	-	-	41,800
Intercity Touring Company (Private) Limited	20,267	-	-	20,267	20,267	-	-	20,267
	242,067	-	-	242,067	242,067	-	-	242,067
<b>Subsidiaries</b>								
JS Global Capital Limited	1,357,929	-	-	1,357,929	1,357,929	-	-	1,357,929
JS Investments Limited	561,192	-	-	561,192	561,192	-	-	561,192
	1,919,121	-	-	1,919,121	1,919,121	-	-	1,919,121
<b>Total Investments</b>	<b>234,888,450</b>	<b>(596,684)</b>	<b>3,671,308</b>	<b>237,963,074</b>	<b>200,677,415</b>	<b>(904,764)</b>	<b>1,925,822</b>	<b>201,698,473</b>

\* Provision for diminution against foreign debt securities represents expected credit loss provisioning under IFRS 9 on portfolio pertaining to Bahrain Branch.

9.2.1 Included herein are the investments in related parties amounting to Rs. 2,013.520 million (December 31, 2020: Rs. 2,655.879 million) having market value of Rs. 5,597.665 million (December 31, 2020: Rs. 4,135.436 million).

9.2.2 Included herein is the investment of Rs. 62.151 million (December 31, 2020: Rs. 65.022 million) in a related party at the rate of 6 months KIBOR + 1.75% matured on December 04, 2017. Due to weak financial position of the investee the Bank has recognised full impairment loss on these Term Finance Certificates.

9.2.3 This represents investment in an associated company amounting to Rs. 27.733 million (December 31, 2020: Rs. 27.733 million).

9.2.4 The market value of securities classified as held-to-maturity as at amounted to Rs. 41,038.646 million (December 31, 2020: Rs. 35,862.699 million).

	(Un-audited) June 30, 2021		(Audited) December 31, 2020	
	Cost	Market value	Cost	Market value
----- Rupees in '000 -----				
<b>9.3 Investments given as collateral</b>				
<b>Held-for-trading securities</b>				
<b>Federal Government Securities</b>				
Market Treasury Bills	-	-	4,864,464	4,864,680
<b>Available-for-sale securities</b>				
<b>Federal Government Securities:</b>				
Market Treasury Bills	13,353,280	13,355,054	4,902,054	4,902,811
<b>Foreign Debt Securities</b>				
Government Debt Securities	1,620,972	1,621,342	-	-
Non Government Debt Securities	170,581	171,801	-	-
	1,791,553	1,793,143	-	-
	<u>15,144,833</u>	<u>15,148,197</u>	<u>9,766,518</u>	<u>9,767,491</u>

	Note	(Un-audited)	(Audited)
		June 30, 2021	December 31, 2020
----- Rupees in '000 -----			
<b>9.4 Provision for diminution in value of investments</b>			
<b>Opening balance</b>		904,764	506,640
Charge during the period / year		-	276,202
Reversal during the period / year		(278,237)	(836)
	31	(278,237)	275,366
<b>Impairment under IFRS 9 in Bahrain branch</b>			
(Reversal) / charge during the period / year		(27,882)	122,758
Exchange Gain		(1,961)	-
		(29,843)	122,758
<b>Closing Balance</b>		<u>596,684</u>	<u>904,764</u>

	(Un-audited) June 30, 2021		(Audited) December 31, 2020	
	NPI	Provision	NPI	Provision
----- Rupees in '000 -----				
<b>9.4.1 Particulars of provision against debt securities</b>				
<b>Category of classification</b>				
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	367,180	367,180	370,051	370,051
	<u>367,180</u>	<u>367,180</u>	<u>370,051</u>	<u>370,051</u>

	Note	Performing		Non Performing		Total	
		(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020
----- Rupees in '000 -----							
<b>10. ADVANCES</b>							
Loans, cash credits, running finances, etc.		224,326,109	231,066,384	14,029,478	11,733,555	238,355,587	242,799,939
Bills discounted and purchased		12,593,810	11,602,390	-	-	12,593,810	11,602,390
Advances - gross		236,919,919	242,668,774	14,029,478	11,733,555	250,949,397	254,402,329
Provision against advances							
General		(360,054)	-	-	-	(360,054)	-
General provision - under IFRS-9	10.3.3	(25,548)	(21,327)	-	-	(25,548)	(21,327)
Specific	10.3	-	-	(4,934,885)	(4,181,836)	(4,934,885)	(4,181,836)
		(385,602)	(21,327)	(4,934,885)	(4,181,836)	(5,320,487)	(4,203,163)
Advances - net of provision		<u>236,534,317</u>	<u>242,647,447</u>	<u>9,094,593</u>	<u>7,551,719</u>	<u>245,628,910</u>	<u>250,199,166</u>

<b>10.1 Particulars of advances (gross)</b>			
In local currency		242,495,570	245,005,622
In foreign currencies		8,453,827	9,396,707
		<u>250,949,397</u>	<u>254,402,329</u>

**10.2** Advances include Rs. 14,029.478 million (December 31, 2020: Rs. 11,733.555 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) June 30, 2021		(Audited) December 31, 2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- Rupees in '000 -----				
<b>Domestic</b>				
Other Assets Especially Mentioned	833,377	340	296,799	394
Substandard	2,005,260	212,224	1,177,804	156,095
Doubtful	2,861,016	744,328	3,264,335	724,426
Loss	8,329,825	3,977,993	6,994,617	3,300,921
<b>Total</b>	<u>14,029,478</u>	<u>4,934,885</u>	<u>11,733,555</u>	<u>4,181,836</u>

### 10.3 Particulars of provision against advances

	(Un-audited) June 30, 2021				(Audited) December 31, 2020			
	Specific	General	General provision - under IFRS-9	Total	Specific	General	General provision - under IFRS-9	Total
	Rupees in '000							
Opening balance	4,181,836	-	21,327	4,203,163	3,339,941	161,166	7,520	3,508,627
Exchange adjustments	-	-	(272)	(272)	-	-	71	71
Charge for the period / year	845,134	360,054	4,493	1,209,681	1,087,212	-	13,736	1,100,948
Reversals for the period / year	(91,998)	-	-	(91,998)	(245,317)	(161,166)	-	(406,483)
	753,136	360,054	4,493	1,117,683	841,895	(161,166)	13,736	694,465
Amounts written off	(87)	-	-	(87)	-	-	-	-
<b>Closing balance</b>	<b>4,934,885</b>	<b>360,054</b>	<b>25,548</b>	<b>5,320,487</b>	<b>4,181,836</b>	<b>-</b>	<b>21,327</b>	<b>4,203,163</b>

10.3.1 This includes reversal of provision of NIL (December 31, 2020: Rs. 8.604 million) against reduction of non-performing loans of Rs. 212.090 million (December 31, 2020: Rs. 90.180 million) of certain borrowers under 'Debt Property Swap' transactions, as disclosed in note 13.1.

10.3.2 The Bank, in accordance with BPRD circular letter No. 31 of 2020 dated July 10, 2020, has taken the benefit of general provision to make good the specific provision requirement of the consumer financing portfolio till December 31, 2021 and thereafter, will be maintained as per prudential regulations of consumer financing.

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

10.3.4 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at June 30, 2021, the Bank has availed cumulative FSV benefit under the directives of the SBP, resultantly the specific provision held against advances is decreased by Rs. 5,377.881 million (December 31, 2020: Rs. 4,763.931 million).

Had the benefit not been taken the unappropriated profit after tax would have reduced by Rs. 3,280.508 million (December 31: 2020 Rs. 2,905,998 million). Further, as required by the SBP directives, this unappropriated profit will not be available for distribution as dividend or any other appropriations.

#### 10.3.5 Advances - Deferred & Restructured / Rescheduled

The SBP vide BPRD circular letter No. 13 of 2020 dated March 26, 2020, has relaxed certain classification criteria of SBP Prudential Regulation R-8 (Classification and Provisioning of Assets). Accordingly, certain exposures as at June 30, 2021 relating to facilities of customers have not been classified as non-performing on account of such relaxation.

10.3.6 Subsequent to period end, on August 02, 2021, JS Bank audit team has uncovered a fraud relating to gold financing amounting to Rs.741.73 million, however, Rs.567.03 million balance pertains to June 30, 2021. Consequently, recovery proceedings have been initiated and the Bank has recorded a provision of Rs. 253.59 million in these financial statements net of expected insurance recoveries.

	Note	(Un-audited)	(Audited)
		June 30, 2021	December 31, 2020
		Rupees in '000	
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	686,656	291,402
Property and equipment	11.2 & 11.3	5,025,890	4,925,430
Right-of-use assets		2,751,341	2,382,706
		<b>8,463,887</b>	<b>7,599,538</b>
<b>11.1 Capital work-in-progress</b>			
Civil works		281,928	225,220
Advance for purchase of furniture and fixtures		15,178	1,013
Advance for purchase of equipment		389,550	61,794
Advance for purchase of vehicle		-	3,375
		<b>686,656</b>	<b>291,402</b>

11.2 The following additions, book value of disposals and writeoffs have been made to fixed assets during the period:

	(Un-audited)					
	Additions		Disposal		Write (back) / Offs-net	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	Rupees in '000					
Capital work-in-progress - net	599,751	4,117	-	-	-	-
<b>Property and equipment</b>						
Building on leasehold land	74,219	-	-	-	-	-
Leasehold improvements	80,194	74,491	1,991	29	-	43,754
Furniture and fixture	17,891	25,399	774	921	(2,390)	5,144
Electrical, office and computer equipment	280,839	139,655	5,270	2,049	(20,589)	9,610
Vehicles	3,375	-	5,237	764	(1,941)	-
	456,518	239,545	13,272	3,763	(24,920)	58,508
<b>Right-of-use assets</b>						
Additional impact or adjustments arised during the period	808,928	155,085	-	-	-	-
	<b>1,865,197</b>	<b>243,662</b>	<b>13,272</b>	<b>3,763</b>	<b>(24,920)</b>	<b>58,508</b>

11.2.1 This includes transfer from capital work in progress during the period of Rs. 204.497 million.

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
---- Rupees in '000 ----			
<b>11.3 Non-current assets held for sale</b>			
Leasehold land	11.3.1	739,200	739,200

**11.3.1** In 2020, the Board of Directors accorded its in-principle approval and authorised the management of the Bank to explore the possibility to sell a land located at Plot No. 201, situated at Upper Mall, Lahore, Pakistan of the following reasons:

- The property is available for immediate sale and can be sold in its current condition subject to completion of certain legal formalities.
- The actions to complete the sale were initiated and expected to be completed within one year from the date of classification.
- The Bank expects the legal and procedural formalities for the sale to be completed by the end of 2021.

Immediately before the classification of the property as a held for sale, the Property was revalued by independent professional valuer M/s. Tristar International Consultants (Private) Limited as at December 31, 2020 and resulted no significant change was observed in valuations of the property.

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
---- Rupees in '000 ----			
<b>12. INTANGIBLE ASSETS</b>			
Capital work-in-progress	12.1	213,703	213,312
Computer software	12.1.2	895,653	809,789
Goodwill		1,463,624	1,463,624
		<b>2,572,980</b>	<b>2,486,725</b>
<b>12.1 Capital work-in-progress</b>			
Advance for purchase of software	12.1.1	213,703	213,312

**12.1.1** This includes transfer from capital work in progress during the period of Rs. 143.130 million.

**12.1.2** During the period, advance against purchase of software was written off Rs. 3.964 million as disclosed in note 31.

	(Un-audited) June 30, 2021	(Audited) June 30, 2020
---- Rupees in '000 ----		
<b>12.2 Additions to intangible assets</b>		
The following additions have been made to intangible assets during the period:		
Capital work-in-progress - net	109,147	12,340
Computer software	146,858	119,103
	<b>256,005</b>	<b>131,443</b>

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
---- Rupees in '000 ----			
<b>13. OTHER ASSETS</b>			
Income / mark-up accrued in local currency		7,930,673	6,879,923
Income / mark-up accrued in foreign currencies		98,488	93,950
Advances, deposits, advance rent and other prepayments		816,802	477,717
Acceptances		4,350,436	3,603,192
Taxation (payments less provision)		439,681	84,522
Defined benefit plan assets - net		209,092	317,581
Receivable against bancassurance / bancatakaful		62,947	30,660
Stationery and stamps in hand		15,000	22,730
Receivable in respect of home remittance		37,384	30,656
Due from State Bank of Pakistan		124,086	245,310
Rebates receivable from SBP and others		116,928	305,331
Non-banking assets acquired in satisfaction of claims	13.1	1,408,362	1,176,143
Mark to market gain on derivative instruments		70,927	175,454
Mark to market gain on forward foreign exchange contracts		287,057	334,735
Advance for subscription of shares		105,488	-
Credit card settlement		244,727	140,899
Insurance		6,869	7,636
Others		269,989	628,121
		<b>16,594,936</b>	<b>14,554,560</b>
Less: Provision held against other assets		(11,241)	(11,241)
Other assets (net of provisions)		<b>16,583,695</b>	<b>14,543,319</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		135,065	135,109
Other assets - total		<b>16,718,760</b>	<b>14,678,428</b>

**13.1** During the period, the Bank has acquired properties of Rs. 235.630 million (December 31, 2020: Rs. 90.178 million) against debt swap transactions with borrowers resulting in reversal of provision of Rs. Nil (December 31, 2020: Rs. 8.604 million) (refer note 10.3.1).

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	---- Rupees in '000 ----	
<b>14. BILLS PAYABLE</b>		
In Pakistan	6,025,728	4,752,985
Outside Pakistan	225,668	228,998
	<b>6,251,396</b>	<b>4,981,983</b>
<b>15. BORROWINGS</b>		
<b>Secured</b>		
<b>Borrowings from State Bank of Pakistan under:</b>		
Export Refinancing Scheme (ERF)	20,620,499	20,962,803
Long-Term Finance Facility (LTFF)	2,484,678	2,518,310
<b>Other borrowings</b>		
Financing Facility for Storage of Agricultural Produce (FFSAP)	274,356	193,029
Financing Facility for Renewable Energy Projects	637,834	433,085
Refinance and credit guarantee scheme for women entrepreneurs	52,337	32,900
Refinance for Wages & Salaries	8,586,971	11,543,118
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	2,570	96,192
Refinance facility for combating COVID-19	211,408	229,984
Refinance facility for working capital of SMEs	22,301	33,901
Temporary economic refinance facility (TERF)	605,311	51,871
Small and Medium Enterprises' Financing	9,360	-
	<b>33,507,625</b>	36,095,193
Repurchase agreement borrowings	9,905,560	-
	<b>43,413,185</b>	36,095,193
<b>Borrowing from financial institutions</b>		
Repurchase agreement borrowings	4,884,469	9,667,181
Refinancing facility for mortgage loans	2,958,809	2,397,468
	<b>7,843,278</b>	12,064,649
<b>Total secured</b>	<b>51,256,463</b>	48,159,842
<b>Unsecured</b>		
Overdrawn nostro accounts	488,469	143,570
Due against bills re-discounting	315,087	-
<b>Total unsecured</b>	<b>803,556</b>	143,570
	<b>52,060,019</b>	48,303,412
<b>15.1 Particulars of borrowings</b>		
In local currency	49,808,257	48,159,842
In foreign currencies	2,251,762	143,570
	<b>52,060,019</b>	48,303,412

**16. DEPOSITS AND OTHER ACCOUNTS**

	(Un-audited) June 30, 2021			(Audited) December 31, 2020		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- Rupees in '000 -----					
<b>Customers</b>						
Current deposits	110,842,403	7,800,523	118,642,926	90,714,627	9,668,068	100,382,695
Savings deposits	92,467,433	3,489,449	95,956,882	98,103,956	3,944,797	102,048,753
Term deposits	185,124,167	13,370,379	198,494,546	186,691,026	15,203,881	201,894,907
Margin deposits	8,646,681	48	8,646,729	5,920,595	163	5,920,758
	<b>397,080,684</b>	<b>24,660,399</b>	<b>421,741,083</b>	381,430,204	28,816,909	410,247,113
<b>Financial Institutions</b>						
Current deposits	2,592,509	269,213	2,861,722	1,281,700	435,683	1,717,383
Savings deposits	13,776,257	52	13,776,309	12,831,324	-	12,831,324
Term deposits	9,866,048	-	9,866,048	8,266,773	-	8,266,773
	<b>26,234,814</b>	<b>269,265</b>	<b>26,504,079</b>	22,379,797	435,683	22,815,480
	<b>423,315,498</b>	<b>24,929,664</b>	<b>448,245,162</b>	403,810,001	29,252,592	433,062,593

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	---- Rupees in '000 ----	
<b>17. SUBORDINATED DEBT</b>			
Term Finance Certificates - First Issue	17.1	2,994,600	2,995,200
Term Finance Certificates - Second Issue	17.2	1,997,200	1,997,600
Term Finance Certificates - Third Issue	17.3	2,500,000	2,500,000
		<u>7,491,800</u>	<u>7,492,800</u>

**17.1** In 2016, the Bank has issued Rs.3 billion of rated, privately placed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 120 of the Companies Ordinance, 1984 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

**Purpose:** To contribute towards the Bank's Tier II Capital for complying with the Capital Adequacy Ratio requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.

**Issue date:** December 14, 2016

**Tenure:** Up to Seven years from the Issue date.

**Maturity Date:** December 14, 2023

**Rating:** A + (Single A Plus)

**Profit Rate:** Floating rate of return at Base rate + 1.4 percent per annum;  
Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.

**Profit payment:** Semi-annual

**Redemption:** The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.

**Security:** The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.

**Call Option:** Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.

**Lock-in-clause:** Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.

**Loss absorbency clause:** Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule vide BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger as declared by SBP of the non-viability event as declared by SBP, subject to a cap of 467,836,257 shares.

**17.2** In 2017, the Bank has issued Rs. 2 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

**Purpose:** To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.

**Issue date:** December 29, 2017

**Tenure:** Up to Seven years from the Issue date.

**Maturity Date:** December 29, 2024

**Rating:** A + (Single A Plus)

**Profit Rate:** Floating rate of return at Base rate + 1.4 percent per annum;  
Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.

**Profit payment:** Semi-annual

**Redemption:** The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.

**Security:** The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.

**Call Option:** Exercisable in part or in full on or after the 10th redemption, with prior approval of SBP.

**Lock-in-clause:** Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.

**Loss absorbency clause:** Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 319,982,544 shares.

**17.3** In 2018, the Bank has issued Rs.2.5 billion of rated, privately placed and listed, unsecured, subordinated, perpetual and non-cumulative additional Tier I capital term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 (the "Circular") and Basel III guidelines. Summary of terms and conditions of the Issue are:

**Purpose:** To contribute towards the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.

**Issue date:** December 31, 2018

**Maturity date:** Perpetual

**Rating:** A (Single A)

**Profit Rate:** Floating rate of return at Base rate + 2.25 percent per annum;  
Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.

**Profit payment frequency:** Semi-annually on a non-cumulative basis

**Redemption:** Not applicable

**Security:** The Issue is unsecured and subordinated as to payment of Principal and profit to all other claims except common shares.

**Call Option:** Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.

**Lock-in-clause:** Payment of profit will be made from current year's earning and subject to compliance with MCR or CAR set by SBP.

**Loss absorbency clause:**

**Pre-Specified Trigger ("PST")** Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013 which stipulates that if an Issuer's Common Equity Tier 1 ("CET 1") ratio falls to or below 6.625% of Risk Weighted Assets ("RWA"), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to:

- If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible);
- The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and
- In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the Issuer.

Point of Non-Viability ("PONV") Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP. subject to the cap specified below:

The PONV trigger event is the earlier of:

- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;
- The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP; and
- The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	---- Rupees in '000 ----	
<b>18. DEFERRED TAX LIABILITIES</b>			
<b>Deductible Temporary Differences on:</b>			
Provision against investments		(63,680)	(57,149)
Provision against loans and advances		(350,920)	(287,840)
General provision under IFRS-9		(39,381)	(43,552)
Intangible other than Goodwill		(2,552)	(2,904)
		<b>(456,533)</b>	<b>(391,445)</b>
<b>Taxable Temporary Differences on:</b>			
Fixed assets		176,501	172,562
Goodwill		570,813	512,268
Surplus on revaluation of operating fixed assets	20	459,913	240,391
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	52,673	4,029
Unrealized gain on revaluation of derivative instruments		5,148	5,302
Mark to market loss / (gain) on forward foreign exchange contracts		44,953	(22,893)
Unrealised gain on revaluation of investments classified as held for trading		142	282
Surplus on revaluation of investments classified as available for sale	20	1,431,668	673,756
		<b>2,741,811</b>	<b>1,585,697</b>
		<b>2,285,278</b>	<b>1,194,252</b>
<b>19. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		2,592,368	2,994,596
Mark-up / return / interest payable in foreign currencies		35,831	52,729
Unearned income on guarantees		184,422	176,270
Accrued expenses		345,697	669,383
Acceptances		4,350,436	3,603,192
Unclaimed dividends		4,214	4,214
Mark to market loss on derivative instruments		57,728	160,306
Mark to market loss on forward foreign exchange contracts		171,793	400,144
Payable in respect of defined benefit obligation - net		-	-
Grauity Payable to contractual staff		3,062	-
Withholding taxes payable		128,766	401,303
Government challan collection		54,529	94,510
Donation payable		19,763	-
Security deposits against leases, lockers and others		3,273,378	3,490,704
Sindh Workers' Welfare Fund		134,000	114,237
Payable in respect of home remittance		714,913	831,042
Retention money payable		42,466	42,044
Lease liability against right-of-use assets		3,069,349	2,583,947
Insurance payable		23,668	10,137
Payable to vendors against SBS goods		152,779	93,634
Debit card settlement		112,640	65,855
Inter bank fund transfer settlement		446,858	159,136
Clearing and settlement accounts		499,435	290,794
Others		630,039	302,977
		<b>17,048,134</b>	<b>16,541,154</b>

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	----- Rupees in '000 -----	
<b>20. SURPLUS ON REVALUATION OF ASSETS</b>			
<b>Surplus on revaluation of:</b>			
Available-for-sale securities	9.1 & 20.1	3,670,944	1,925,017
Fixed assets		1,179,262	1,192,173
Non-banking assets acquired in satisfaction of claims		135,065	135,109
		<u>4,985,271</u>	<u>3,252,299</u>
<b>Deferred tax on surplus on revaluation of:</b>			
Available-for-sale securities		(1,431,668)	(673,756)
Fixed assets		(459,913)	(240,391)
Non-banking assets acquired in satisfaction of claims		(52,673)	(4,029)
		<u>(1,944,254)</u>	<u>(918,176)</u>
		<u>3,041,017</u>	<u>2,334,123</u>

**20.1** As of June 30, 2021, the Bank has recognized in profit and loss account expected credit loss of Rs. 92.915 million (December 31, 2020: Rs.122.758 million) under IFRS-9 on foreign debt securities of the wholesale banking branch in Bahrain of the Bank against an adjustment in the loss allowance. However, the loss allowance is recognized in other comprehensive income without reducing the carrying amount of the said securities in these condensed interim unconsolidated statements of financial position.

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	----- Rupees in '000 -----	
<b>21. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	21.1	50,159,510	58,779,594
Commitments	21.2	68,815,348	65,262,832
		<u>118,974,858</u>	<u>124,042,426</u>
<b>21.1 Guarantees:</b>			
Financial guarantees		1,317,915	1,024,422
Performance guarantees		26,600,083	36,678,881
Other guarantees		22,241,512	21,076,291
	21.1.1	<u>50,159,510</u>	<u>58,779,594</u>

**21.1.1** Included herein are outstanding guarantees of Rs. 733.629 million (December 31, 2020: Rs. 29.054 million) of related parties.

<b>21.2 Commitments:</b>			
<b>Documentary credits and short-term trade-related transactions</b>			
- letters of credit	21.2.1	23,436,889	21,111,360
<b>Commitments in respect of:</b>			
- Forward foreign exchange contracts	21.2.2	38,132,775	38,178,262
- Derivative instruments	21.2.3	6,101,687	5,362,948
- Forward lending	21.2.4	627,990	384,230
<b>Commitments for acquisition of:</b>			
- Fixed assets	21.2.5	516,007	226,032
		<u>68,815,348</u>	<u>65,262,832</u>

**21.2.1** Included herein are the outstanding letter of credits of Rs. 332.220 million (December 31, 2020: Rs. 86.543 million) of related parties.

<b>21.2.2 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		23,247,624	23,137,733
Sale		14,885,151	15,040,529
		<u>38,132,775</u>	<u>38,178,262</u>

The Bank utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At period end, all foreign exchange contracts have a remaining maturity of less than one year.

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
		----- Rupees in '000 -----	
<b>21.2.3 Commitments in respect of derivative instruments</b>			
Purchase		1,200,500	1,760,637
Sale		4,901,187	3,602,311
		<u>6,101,687</u>	<u>5,362,948</u>
<b>21.2.3.1 Interest rate swaps (notional principal)</b>			
Purchase		659,197	1,176,824
Sale		659,197	1,176,824
		<u>1,318,394</u>	<u>2,353,648</u>
<b>21.2.3.2 Options (notional principal)</b>			
Purchase		541,303	582,419
Sale		4,241,990	2,425,487
		<u>4,783,293</u>	<u>3,007,906</u>
<b>21.2.3.3 Commitments in respect of forward securities</b>			
Purchase		-	1,394

	Note	(Un-audited) June 30, 2021 ----- Rupees in '000 -----	(Audited) December 31, 2020
<b>21.2.4 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend	21.2.4.1	<u>627,990</u>	<u>384,230</u>
<b>21.2.4.1</b> These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.			
<b>21.2.5 Commitments for acquisition of fixed assets</b>		<u>516,007</u>	<u>226,032</u>
<b>21.2.50.1</b> These represent commitments related to purchase of lease hold improvements, furniture and fixtures, hardware & network equipments and electrical equipments.			
<b>21.2.6</b> There are no changes in contingent liabilities since the date of annual unconsolidated audited financial statements for the year ended December 31, 2020 except those as disclosed in note 32.1.			

## 22. DERIVATIVE INSTRUMENTS

Derivative instruments, such as Forward Exchange Contracts, Interest Rate Swaps and Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business also provides risk solutions for the existing and potential customers of the Bank.

The Bank has entered into a Cross Currency Swap transaction with its customer on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan. Policies in line with SBP instructions have been formulated and are operative.

The Bank has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities.

These transactions cover the aspects of both market making and hedging. The risk management related to derivative is disclosed in note 45 to the annual unconsolidated financial statements for the year ended December 31, 2020.

Accounting policies in respect of derivative financial instruments are described in note 4.4.2 of the unconsolidated annual financial statements for the year ended December 31, 2020.

		(Un-audited) June 30, 2021					
		Interest Rate Swaps		Options		Forward securities	
		Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
<b>22.1 Product analysis</b>		----- Rupees in '000 -----					
<b>With Banks for</b>							
Hedging		1,318,394	3,624	4,783,293	9,575	-	-
Market making		-	-	-	-	-	-
<b>With FIs other than banks</b>							
Hedging		-	-	-	-	-	-
Market making		-	-	-	-	-	-
<b>Total</b>							
Hedging		1,318,394	3,624	4,783,293	9,575	-	-
Market making		-	-	-	-	-	-

		(Audited) December 31, 2020					
		Interest Rate Swaps		Options		Forward securities	
		Notional principal	Mark to market	Notional principal	Mark to Market	Notional principal	Mark to Market
		----- Rupees in '000 -----					
<b>With Banks for</b>							
Hedging		2,353,648	4,943	3,007,906	10,205	-	-
Market making		-	-	-	-	-	-
<b>With FIs other than banks</b>							
Hedging		-	-	-	-	-	-
Market making		-	-	-	-	1,394	-
<b>Total</b>							
Hedging		2,353,648	4,943	3,007,906	10,205	-	-
Market making		-	-	-	-	1,394	-

		----- Un-audited -----	
		June 30, 2021	June 30, 2020
		----- Rupees in '000 -----	
23. MARK-UP / RETURN / INTEREST EARNED	Note		
<b>On:</b>			
Loans and advances		10,096,123	14,929,136
Investments		8,247,370	8,582,879
Lendings to financial institutions		31,446	37,393
Balances with other banks		11,569	5,288
Securities purchased under resale agreements		459,339	795,147
		<u>18,845,847</u>	<u>24,349,843</u>
<b>24. MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits		10,497,829	17,056,289
Borrowings	24.1	1,728,301	1,172,551
Subordinated debt		336,021	555,709
Cost of foreign currency swaps against foreign currency deposits / borrowings		245,177	182,814
Lease liability against right-of-use assets		189,637	232,046
		<u>12,996,965</u>	<u>19,199,409</u>
<b>24.1 Borrowings</b>			
Export Refinancing Scheme (ERF)		197,984	173,836
Long-Term Finance Facility (LTFF)		24,155	22,822
Other Borrowings from State Bank Bank of Pakistan		9,058	4,600
Securities sold under repurchase agreements		1,258,284	724,263
Other borrowings		238,820	247,030
		<u>1,728,301</u>	<u>1,172,551</u>
<b>25. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		67,140	145,331
Consumer finance related fees		25,507	12,415
Card related fees (debit and credit cards)		159,121	278,888
Credit related fees		187,046	228,656
Investment banking fees		33,296	37,384
Commission on trade		391,456	308,965
Commission on guarantees		211,378	184,581
Commission on cash management		2,819	2,415
Commission on remittances including home remittances		141,803	176,555
Commission on bancassurance		73,070	71,117
Commission on distribution of mutual funds		1,000	22,489
Commission on online services		116,205	141,248
Postage & courier income		12,094	11,729
Rebate income		127,097	112,067
Rebate on primary dealership		34,638	27,637
		<u>1,583,670</u>	<u>1,761,477</u>
<b>26. GAIN ON SECURITIES</b>			
Realised	26.1	300	784,082
Unrealised - held for trading		364	70
		<u>664</u>	<u>784,152</u>
<b>26.1 Realised gain / (loss) on:</b>			
<b>Federal government securities</b>			
Market treasury bills		4,708	86,437
Pakistan investment bonds		38,761	707,404
Ijara sukuk certificates		603	25
		<u>44,072</u>	<u>793,866</u>
<b>Shares</b>			
Listed companies		(107,631)	(12,850)
<b>Non Government Debt Securities</b>			
Term finance certificates		22,622	-
Sukuk certificates		-	450
		<u>22,622</u>	<u>450</u>
<b>Mutual fund units</b>			
		3,426	2,995
<b>Foreign currency bonds</b>			
		37,811	(379)
		<u>300</u>	<u>784,082</u>

		----- Un-audited -----	
		June 30, 2021	June 30, 2020
		----- Rupees in '000 -----	
27. OTHER (LOSS) / INCOME	Note		
Gain on sale of fixed assets - net		3,688	246
Loss on termination of leases - net		(2,829)	-
Others		-	4,640
		<u>859</u>	<u>4,886</u>
<b>28. OPERATING EXPENSES</b>			
Total compensation expense		<b>2,920,933</b>	3,118,589
<b>Property expense</b>			
Rent & taxes		37,311	17,277
Insurance		3,505	2,638
Utilities cost		168,648	161,376
Security (including guards)		131,795	156,448
Repair & maintenance (including janitorial charges)		127,921	85,098
Depreciation		95,605	95,122
Depreciation - Right of Use Assets		440,293	506,114
Depreciation on non banking assets		3,455	4,539
		<u>1,008,533</u>	<u>1,028,612</u>
<b>Information technology expenses</b>			
Software maintenance		291,097	124,465
Hardware maintenance		94,050	129,883
Depreciation		116,804	97,740
Amortisation		63,251	54,523
Network charges		78,484	55,293
		<u>643,686</u>	<u>461,904</u>
<b>Other operating expenses</b>			
Directors' fees and allowances		8,250	9,150
Legal & professional charges		49,740	89,814
Insurance		144,765	85,831
Outsourced services costs		80,765	79,925
Travelling & conveyance		40,496	51,120
NIFT clearing charges		24,508	19,902
Depreciation		152,611	147,611
Training & development		18,426	7,700
Postage & courier charges		47,329	52,527
Communication		48,423	57,781
Stationery & printing		118,491	106,655
Marketing, advertisement & publicity		182,375	228,487
Donations		19,763	60,841
Auditors' Remuneration		4,191	3,474
Staff Auto fuel & maintenance		111,748	97,511
Bank Charges		24,981	31,581
Stamp Duty		17,215	7,395
Online verification charges		31,571	7,636
Brokerage, fee and commission		27,284	18,693
Card related fees (debit and credit cards)		160,983	8,237
CDC and other charges		2,540	2,355
Consultancy fee		15,900	20,457
Deposit protection corporation	28.1	126,225	72,910
Entertainment expenses		48,427	34,756
Repair and maintenance		37,310	29,208
Cash handling charges		95,851	60,933
Fee and Subscription		51,005	50,240
Employees social security		2,235	4,948
Generator fuel & maintenance		42,681	35,685
Others		23,065	29,003
		<u>1,759,154</u>	<u>1,512,366</u>
		<u>6,332,306</u>	<u>6,121,471</u>

**28.1** Under the provision of section 5(2) of the Deposit Protection Corporation Act, 2016 (the Act), and DPC Circular No. 04 of 2018, the Bank is liable to pay annual premium, on quarterly basis, to the Deposit Protection Corporation, a subsidiary company of State Bank of Pakistan, @ 0.16% on eligible deposits as of December 31 of each preceding calendar year.

**29. WORKERS' WELFARE FUND**

Provision held at @ 2% of the higher of profit before tax or taxable income under Sindh Workers' Welfare Act, 2014 and the Punjab Workers' Welfare Fund Act, 2019.

		---- Un-audited ----	
		June 30, 2021	June 30, 2020
		---- Rupees in '000 ----	
	Note		
<b>30. OTHER CHARGES</b>			
Penalties imposed by State Bank of Pakistan		202	74,587
<b>31. PROVISIONS / (REVERSALS) AND WRITE OFFS - NET</b>			
(Reversals) / provisions for diminution in value of investments	9.4	(278,237)	31,466
Provisions against loans & advances - specific	10.3	753,136	224,207
Provisions against loans & advances - general	10.3	360,054	75,303
(Reversals) / provisions under IFRS-9 - general	31.1	(17,022)	52,564
Fixed assets written (back) / off	11.2	(24,920)	58,508
Intangible assets written off	12.1.2	3,964	-
Other assets written off		259	4,159
		<b>797,234</b>	<b>446,207</b>
<b>31.1 (Reversals) / provisions under IFRS-9 - general</b>			
<b>Charge / (reversal) during the period</b>			
Balances with other banks		97	(13)
Lendings to financial institutions		6,270	(1,171)
Investments	9.4	(27,882)	37,492
Advances	10.3	4,493	16,256
		<b>(17,022)</b>	<b>52,564</b>
<b>32. TAXATION</b>			
Current		358,238	61,437
Deferred		59,894	554,332
		<b>418,132</b>	<b>615,769</b>

**32.1** During the period, the Bank has received amended assessment order for tax year 2020 creating a demand of Rs. 200 million. The Bank has not accepted the amendments and filed appeal before Commissioner Inland Revenue – Appeals (the CIRA) against said order. Further, till the decision of the CIRA, the Bank has also obtained stay orders from Sindh High Court against impugned demand of tax year 2020.

Further, the Bank has filed appeal before the Supreme Court of Pakistan (the SCP) against levy of Super Tax demanded under above assessment order with other pending appeals of tax year 2016 to 2019 on same issue. The SCP has allowed interim relief to the taxpayers subject to the payment of 50% of the super tax liability.

**32.2 Sales tax**

During the period, the Bank as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued Sales Tax Orders from the Sindh Revenue Board (SRB) for the period from January to December 2015 and 2017, creating demand of Rs. 27.8 million and Rs. 31.7 million respectively against the Bank for allegedly non-payment of Sindh sales tax on certain 'presumed non-taxable services / incomes (i.e. Bancassurance, Home Remittances under Pakistan Remittance Initiative Scheme, SBP rebates on Government securities, and FX gain on remittance by Western Union). Appeals have been filed before Commissioner (Appeals) Sindh Revenue Board, CA-SRB against the decision of AC-SRB which are pending for hearing.

The management of the Bank is confident that the appeals filed in respect of the above matter will be decided in the Bank's favor and accordingly no demand for payment would arise.

		----- Un-audited -----			
		Quarter Ended		Half year ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
		----- Rupees in '000 -----			
<b>33. BASIC AND DILUTED EARNINGS PER SHARE</b>					
Profit after taxation for the period - attributable to ordinary equity holders of the Bank		179,913	473,784	569,996	856,326
		----- Numbers -----			
Weighted average number of outstanding ordinary shares during the period		1,297,464,262	1,297,464,262	1,297,464,262	1,297,464,262
		----- Rupee -----			
Basic and diluted earnings per share		0.14	0.37	0.44	0.66

		(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2020
		----- Rupees in '000 -----		
	Note			
<b>34. CASH AND CASH EQUIVALENTS</b>				
Cash and balances with treasury banks	6	36,206,451	30,421,231	32,726,084
Balances with other banks - Gross	7	856,779	1,106,419	1,132,588
Overdrawn nostro accounts	15	(488,469)	(143,570)	(611,022)
		<b>36,574,761</b>	<b>31,384,080</b>	<b>33,247,650</b>

### 35. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 4.6 to the annual unconsolidated financial statements for the year ended December 31, 2020.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer loans and deposits are frequently repriced.

#### Fair value hierarchy

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

**Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

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

#### 35.1 Valuation techniques used in determination of fair values within level

Item	Valuation approach and input used
<b>Financial Instruments- Level 1</b>	
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.
<b>Financial instruments - Level 2</b>	
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.
Market Treasury Bills(MTB) / Pakistan Investment Bonds(PIB), and GoP Sukuks (GIS)	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV and PKFRV rates (Reuters page).
Debt Securities (TFCs) and Sukuk other than Government	Investments in debt securities (comprising of 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.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of price available on Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.

#### Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

#### Non- financial assets- Level 3

Fixed assets - Land and building	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values as disclosed in note 11 and 13 respectively in the annual unconsolidated financial statements. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.
Non-banking assets under satisfaction of claims	

**35.2** The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the period.

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

(Un-audited)					
June 30, 2021					
Level 1	Level 2	Level 3	Total		
----- Rupees in '000 -----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
<b>Held-for-trading securities</b>					
Investments					
	Federal Government Securities	-	17,514,412	-	17,514,412
<b>Available-for-sale securities</b>					
Investments					
	Federal Government Securities	-	163,169,546	-	163,169,546
	Shares	5,630,300	-	-	5,630,300
	Non Government Debt Securities	-	459,100	-	459,100
	Foreign Securities	-	4,884,702	-	4,884,702
	Open end mutual funds	-	625,258	-	625,258
		5,630,300	169,138,606	-	174,768,906
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
	Federal Government Securities	-	41,470,582	-	41,470,582
		5,630,300	228,123,600	-	233,753,900
<b>Non-Financial assets - measured at fair value</b>					
	Revalued fixed assets	-	-	2,647,597	2,647,597
	Non-banking assets acquired in satisfaction of claims	-	-	1,543,427	1,543,427
		-	-	4,191,024	4,191,024
<b>Off balance sheet financial instruments</b>					
<b>Commitments in respect of:</b>					
<b>Forward foreign exchange contracts</b>					
	Purchase	-	23,399,759	-	23,399,759
	Sale	-	14,922,020	-	14,922,020
<b>Derivative instruments:</b>					
<b>Interest rate swaps</b>					
	Purchase	-	704,110	-	704,110
	Sale	-	707,734	-	707,734
<b>Options</b>					
	Purchase	-	530,421	-	530,421
	Sale	-	4,262,447	-	4,262,447
(Audited)					
December 31, 2020					
Level 1	Level 2	Level 3	Total		
----- Rupees in '000 -----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
<b>Held-for-trading securities</b>					
Investments					
	Federal Government Securities	-	25,003,774	-	25,003,774
<b>Available-for-sale securities</b>					
Investments					
	Federal Government Securities	-	127,406,043	-	127,406,043
	Shares	4,339,823	-	-	4,339,823
	Non Government Debt Securities	-	457,454	-	457,454
	Foreign Securities	-	4,017,289	-	4,017,289
		4,339,823	131,880,786	-	136,220,609
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments					
	Federal Government Securities	-	36,109,599	-	36,109,599
		4,339,823	192,994,159	-	197,333,982
<b>Non-Financial assets - measured at fair value</b>					
	Revalued fixed assets	-	-	2,610,300	2,610,300
	Non-banking assets acquired in satisfaction of claims	-	-	1,311,252	1,311,252
		-	-	3,921,552	3,921,552
<b>Off balance sheet financial instruments</b>					
<b>Commitments in respect of:</b>					
<b>Forward foreign exchange contracts</b>					
	Purchase	-	22,942,707	-	22,942,707
	Sale	-	14,910,910	-	14,910,910
<b>Derivative instruments</b>					
<b>Forward securities</b>					
	Purchase	-	1,394	-	1,394
<b>Interest rate swaps</b>					
	Purchase	-	1,120,607	-	1,120,607
	Sale	-	1,125,550	-	1,125,550
<b>Options</b>					
	Purchase	-	581,042	-	581,042
	Sale	-	2,437,068	-	2,437,068

### 36. SEGMENT INFORMATION

#### 36.1 Segment details with respect to business activities:

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Others	Total
<b>June 30, 2021 (Un-audited)</b>						
----- Rupees in '000 -----						
<b>Profit &amp; Loss</b>						
Net mark-up / return / interest / (expense)	(497,707)	6,918,855	397,731	(913,802)	(56,195)	5,848,882
Inter segment revenue - net	516,251	(6,880,925)	4,022,163	2,342,511	-	-
Non mark-up / return / income / (loss)	128,824	530,750	886,074	743,194	(91)	2,288,751
<b>Total Income / (loss)</b>	<b>147,368</b>	<b>568,680</b>	<b>5,305,968</b>	<b>2,171,903</b>	<b>(56,286)</b>	<b>8,137,633</b>
Segment direct expenses	10,846	84,309	2,840,824	449,198	2,967,094	6,352,271
Inter segment expense allocation	20,960	82,585	2,429,337	336,035	(2,868,917)	-
<b>Total expenses</b>	<b>31,806</b>	<b>166,894</b>	<b>5,270,161</b>	<b>785,233</b>	<b>98,177</b>	<b>6,352,271</b>
Provisions	-	-	266,898	381,374	148,962	797,234
<b>Profit / (loss) before tax</b>	<b>115,562</b>	<b>401,786</b>	<b>(231,091)</b>	<b>1,005,296</b>	<b>(303,425)</b>	<b>988,128</b>
<b>June 30, 2021 (Un-audited)</b>						
<b>Statement of financial position</b>						
Cash & Bank balances	-	-	37,062,689	-	-	37,062,689
Investments	-	233,048,144	-	4,914,930	-	237,963,074
Net inter segment lending	9,625,388	-	105,932,437	90,562,002	12,734,054	218,853,881
Lendings to financial institutions	-	4,061,292	-	2,040,546	-	6,101,838
<b>Advances - net</b>	<b>1,553,775</b>	<b>-</b>	<b>73,101,325</b>	<b>162,264,819</b>	<b>-</b>	<b>236,919,919</b>
Advances - performing	-	-	7,419,917	6,609,561	-	14,029,478
Advances - non-performing	-	-	(2,495,032)	(2,825,455)	-	(5,320,487)
Advances - (Provisions)/reversals - Net	1,553,775	-	78,026,210	166,048,925	-	245,628,910
Others	-	-	-	-	28,494,827	28,494,827
<b>Total Assets</b>	<b>11,179,163</b>	<b>237,109,436</b>	<b>221,021,336</b>	<b>263,566,403</b>	<b>41,228,881</b>	<b>774,105,219</b>
Borrowings	60,139	11,589,269	6,971,765	33,438,846	-	52,060,019
Subordinated debt	-	7,491,800	-	-	-	7,491,800
Deposits & other accounts	11,112,663	-	208,932,242	228,200,257	-	448,245,162
Net inter segment borrowing	-	218,028,367	-	825,514	-	218,853,881
Others	6,361	-	5,117,328	1,101,787	19,359,332	25,584,808
<b>Total liabilities</b>	<b>11,179,163</b>	<b>237,109,436</b>	<b>221,021,335</b>	<b>263,566,404</b>	<b>19,359,332</b>	<b>752,235,670</b>
Equity	-	-	-	-	21,869,549	21,869,549
<b>Total Equity &amp; liabilities</b>	<b>11,179,163</b>	<b>237,109,436</b>	<b>221,021,335</b>	<b>263,566,404</b>	<b>41,228,881</b>	<b>774,105,219</b>
<b>Contingencies &amp; Commitments</b>	<b>-</b>	<b>58,482,439</b>	<b>42,963,742</b>	<b>17,400,494</b>	<b>128,183</b>	<b>118,974,858</b>
<b>June 30, 2020 (Un-audited)</b>						
----- Rupees in '000 -----						
<b>Profit &amp; Loss</b>						
Net mark-up / return / interest / (expense)	273,309	(940,991)	5,718,342	1,359,624	(1,259,850)	5,150,434
Inter segment revenue - net	(2,831)	-	(560,647)	(127,452)	690,930	-
Non mark-up / return / income / (loss)	27,345	1,277,558	1,210,201	602,665	(142,146)	2,975,623
<b>Total Income / (loss)</b>	<b>297,823</b>	<b>336,567</b>	<b>6,367,896</b>	<b>1,834,837</b>	<b>(711,066)</b>	<b>8,126,057</b>
Segment direct expenses	22,585	66,371	2,578,342	315,082	3,225,375	6,207,755
Inter segment expense allocation	71,316	185,548	1,860,826	652,891	(2,770,581)	-
<b>Total expenses</b>	<b>93,901</b>	<b>251,919</b>	<b>4,439,168</b>	<b>967,973</b>	<b>454,794</b>	<b>6,207,755</b>
Provisions	3,020	-	156,587	56,619	229,981	446,207
<b>Profit / (loss) before tax</b>	<b>200,902</b>	<b>84,648</b>	<b>1,772,141</b>	<b>810,245</b>	<b>(1,395,841)</b>	<b>1,472,095</b>
<b>December 31, 2020 (Audited)</b>						
<b>Statement of financial position</b>						
Cash & Bank balances	-	20,722,345	10,804,855	-	-	31,527,200
Investments	2,891,836	198,806,637	-	-	-	201,698,473
Net inter segment lending	-	-	129,898,985	109,429,008	11,732,961	251,060,954
Lendings to financial institutions	-	23,239,672	-	-	-	23,239,672
<b>Advances - net</b>	<b>-</b>	<b>-</b>	<b>52,152,981</b>	<b>190,515,793</b>	<b>-</b>	<b>242,668,774</b>
Advances - performing	-	-	4,760,888	6,972,667	-	11,733,555
Advances - non-performing	-	-	(938,040)	(3,265,123)	-	(4,203,163)
Advances (Provisions) - Net	-	-	55,975,829	194,223,337	-	250,199,166
Others	-	4,590,700	3,570,545	3,315,506	14,027,140	25,503,891
<b>Total Assets</b>	<b>2,891,836</b>	<b>247,359,354</b>	<b>200,250,214</b>	<b>306,967,851</b>	<b>25,760,101</b>	<b>783,229,356</b>
Borrowings	-	12,208,219	1,996,091	34,099,102	-	48,303,412
Subordinated debt	-	7,492,800	-	-	-	7,492,800
Deposits & other accounts	-	-	166,087,049	266,975,544	-	433,062,593
Net inter segment borrowing	2,891,836	227,156,281	21,012,836	-	-	251,060,953
Others	-	502,054	11,154,238	5,893,204	5,167,893	22,717,389
<b>Total liabilities</b>	<b>2,891,836</b>	<b>247,359,354</b>	<b>200,250,214</b>	<b>306,967,850</b>	<b>5,167,893</b>	<b>762,637,147</b>
Equity	-	-	-	-	20,592,208	20,592,208
<b>Total Equity &amp; liabilities</b>	<b>2,891,836</b>	<b>247,359,354</b>	<b>200,250,214</b>	<b>306,967,850</b>	<b>25,760,101</b>	<b>783,229,355</b>
<b>Contingencies &amp; Commitments</b>	<b>-</b>	<b>60,973,417</b>	<b>44,793,723</b>	<b>18,141,644</b>	<b>133,642</b>	<b>124,042,426</b>

### 37. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiaries, associates, directors and Key Management Personnel and other related parties.

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

Details of transactions with related parties, other than those which have been specially disclosed elsewhere in these unconsolidated financial statements are as follows:

	As at June 30, 2021 (Un-audited)						As at December 31, 2020 (Audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees in '000											
<b>Statement of Financial Position</b>												
<b>Lendings to financial institutions</b>												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	-	1,800,000	-	-	-	-	-	4,100,000
Repaid during the period / year	-	-	-	-	-	(1,800,000)	-	-	-	-	-	(4,100,000)
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
<b>Investments</b>												
Opening balance	-	-	-	1,919,121	269,800	2,720,901	-	-	-	1,919,121	228,972	1,617,327
Investment made during the period / year	-	-	-	-	-	400,000	-	-	-	-	40,828	4,009,279
Investment redeemed / disposed off during the period / year	-	-	-	-	-	(1,045,230)	-	-	-	-	-	(2,905,705)
Closing balance	-	-	-	1,919,121	269,800	2,075,671	-	-	-	1,919,121	269,800	2,720,901
Provision for diminution in value of investments	-	-	-	-	-	62,151	-	-	-	-	-	277,456
<b>Advances</b>												
Opening balance	-	122,106	779,655	193,550	370,768	4,093,430	-	-	596,257	-	-	1,946,481
Addition during the period / year	-	2,352	65,722	-	-	1,409,450	-	58	265,948	193,550	153,128	6,402,913
Repaid during the period / year	-	(26,901)	(128,427)	(48,388)	(138,011)	(2,028,651)	-	(832)	(150,821)	-	(2,235)	(5,488,750)
Transfer in / (out) - net	-	31,508	(316,790)	-	-	388,104	-	122,880	68,271	-	219,875	1,232,786
Closing balance	-	129,065	400,160	145,162	232,757	3,862,333	-	122,106	779,655	193,550	370,768	4,093,430
<b>Other Assets</b>												
Interest /mark-up accrued	-	950	-	1,086	827	39,039	-	2,801	6	1,253	954	52,998
Receivable against bancassurance / bancatakaful	-	-	-	-	-	62,947	-	-	-	-	-	28,051
Net defined benefit plan	-	-	-	-	-	209,092	-	-	-	-	-	317,581
Other receivable	-	-	-	-	-	379	-	-	-	-	-	379
Provision against other assets	-	-	-	-	-	379	-	-	-	-	-	379
<b>Borrowings</b>												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings during the period / year	-	-	-	-	-	-	-	-	-	-	-	11,105,705
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	(11,105,705)
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
<b>Deposits and other accounts</b>												
Opening balance	172,019	212,335	76,237	1,638,770	49,753	10,365,166	271,648	24,444	59,593	1,246,363	23,104	8,622,201
Received during the period / year	5,012,776	145,538	367,582	228,791,136	904,075	119,132,067	5,511,316	511,942	973,685	499,101,485	861,135	160,825,941
Withdrawn during the period / year	(3,094,131)	(147,431)	(359,279)	(228,719,758)	(917,136)	(118,748,187)	(5,610,945)	(324,417)	(869,813)	(498,707,020)	(834,486)	(159,215,607)
Transfer in / (out) - net	-	118,254	(39,967)	-	-	27,564	-	366	(87,228)	(2,058)	-	132,631
Closing balance	2,090,664	328,696	44,573	1,710,148	36,692	10,776,610	172,019	212,335	76,237	1,638,770	49,753	10,365,166

	As at June 30, 2021 (Un-audited)						As at December 31, 2020 (Audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees in '000						Rupees in '000					
<b>Subordinated debt</b>	-	-	-	-	-	889,354	-	-	-	-	-	889,432
<b>Other Liabilities</b>												
Interest / return / mark-up payable on deposits	-	-	18	-	-	34,139	-	-	85	-	-	153,374
Interest / return / mark-up payable on subordinated debt	-	-	-	-	-	1,249	-	-	-	-	-	1,308
Others payable	-	-	-	-	-	-	-	-	353	-	-	-
<b>Represented By</b>												
Share Capital	9,733,073	31,173	3,500	-	-	46,295	9,733,073	19,180	12,223	-	-	45,323
<b>Contingencies and Commitments</b>												
Letter of guarantee	-	-	-	-	-	733,629	-	-	-	-	-	29,054
Letter of Credit	-	-	-	-	-	332,220	-	-	-	-	-	86,543
	For the period ended June 30, 2021 (Un-audited)						For the period ended June 30, 2020 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees in '000						Rupees in '000					
<b>Profit and loss account</b>												
<b>Income</b>												
Mark-up / return / interest earned	-	3,135	15,827	2,711	4,809	90,830	-	1,476	31,212	-	16,367	163,612
Fee and commission income	-	44	89	14	25	76,480	-	9	94	40	-	116,434
Dividend income	-	-	-	-	-	160,634	-	-	-	-	-	52,794
(Loss) / gain on sale of securities - net	-	-	-	-	-	(90,663)	-	-	-	-	-	2,995
Other Income	-	-	-	-	-	-	-	-	-	-	-	-
<b>Reversal / (provisions) and write offs - net</b>												
Reversal for diminution in value of Investents	-	-	-	-	-	215,305	-	-	-	-	-	-
<b>Expense</b>												
Mark-up / return / interest paid	21,805	7,422	714	69,442	2,478	379,778	12,697	566	916	94,182	1,952	566,951
Commission / charges paid	-	-	-	836	-	-	-	-	-	3,872	-	-
Remuneration paid	-	26,198	155,013	-	-	-	-	-	253,879	-	-	-
Non-executive directors' fee	-	8,250	-	-	-	-	-	7,040	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	124,801	-	-	-	-	-	113,705
Net charge for defined benefit plans	-	-	-	-	-	111,551	-	-	-	-	-	107,560
Donation	-	-	-	-	-	-	-	-	-	-	-	56,500
Rental expense	-	-	-	-	-	-	-	-	-	-	-	92
Advisory fee	-	-	-	-	-	3,500	-	-	-	-	-	-
Other expenses	825	-	-	-	-	1,103	225	-	-	-	-	-
Reimbursement of expenses	15,998	298	1,777	-	-	109	-	-	-	-	-	-
<b>Payments made during the period</b>												
Insurance premium paid	-	-	-	-	-	354,202	-	-	-	-	-	354,929
Insurance claims settled	-	-	-	-	-	2,586	-	-	-	-	-	2,793
<b>Other Transactions</b>												
Sale of Government Securities	-	-	-	-	-	44,016,914	292,150	1,645	-	-	-	64,260,189
Purchase of Government Securities	-	-	-	-	-	2,889,006	-	-	-	-	-	13,362,416
Sale of Foreign Currencies	-	-	-	-	-	28,860,440	-	-	-	-	-	14,573,027
Purchase of Foreign Currencies	-	-	-	-	-	10,423,056	-	-	-	-	-	20,871,287

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- Rupees in '000 -----	
<b>38. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<b>10,119,242</b>	10,119,242
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<b>16,824,954</b>	16,227,512
Eligible Additional Tier 1 (ADT 1) Capital	<b>2,300,000</b>	2,251,350
Total Eligible Tier 1 Capital	<b>19,124,954</b>	18,478,862
Eligible Tier 2 Capital	<b>5,447,692</b>	4,621,001
Total Eligible Capital (Tier 1 + Tier 2)	<b>24,572,646</b>	23,099,863
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<b>163,016,340</b>	155,761,884
Market Risk	<b>1,090,279</b>	1,144,972
Operational Risk	<b>23,981,730</b>	23,981,730
Total	<b>188,088,349</b>	180,888,586
Common Equity Tier 1 Capital Adequacy ratio	<b>8.95%</b>	8.97%
Tier 1 Capital Adequacy Ratio	<b>10.17%</b>	10.22%
Total Capital Adequacy Ratio	<b>13.06%</b>	12.77%
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	<b>19,124,954</b>	18,478,862
Total Exposures	<b>619,695,767</b>	605,685,437
Leverage Ratio	<b>3.09%</b>	3.05%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<b>198,423,228</b>	157,850,263
Total Net Cash Outflow	<b>67,171,941</b>	57,017,766
Liquidity Coverage Ratio	<b>295.40%</b>	276.84%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<b>369,607,995</b>	357,021,802
Total Required Stable Funding	<b>264,424,677</b>	256,068,898
Net Stable Funding Ratio	<b>139.78%</b>	139.42%

**39. NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE**

As explained in note 10.3.6 of these condensed interim unconsolidated financial statements, subsequent to period end, on August 02, 2021, JS Bank audit team has uncovered a fraud relating to gold financing amounting to Rs. 741 million as at July 31, 2021. Consequently, recovery and legal proceedings have been initiated.

**40. GENERAL**

- 40.1** These condensed interim unconsolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular no. 5 dated March 22, 2019 and related clarifications / modifications.
- 40.2** Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report.
- 40.3** The figures in these condensed interim unconsolidated financial statements have been rounded off to the nearest thousand.

**41. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim unconsolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on August 25, 2021.

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

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**Chief Financial  
Officer**

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

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

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



Condensed Interim  
Consolidated financial statements  
for the Half Year Ended June 30, 2021

**JS BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
Note	----- Rupees in '000 -----	
<b>ASSETS</b>		
Cash and balances with treasury banks	6 36,206,757	30,421,531
Balances with other banks	7 981,380	1,128,135
Lendings to financial institutions	8 6,101,838	23,239,672
Investments	9 237,692,864	201,807,654
Advances	10 245,920,680	250,455,534
Fixed assets	11 9,866,430	9,026,764
Intangible assets	12 2,589,516	2,515,549
Deferred tax assets	-	-
Other assets	13 18,411,562	16,743,107
Non-current assets held for sale	11.3 739,200	739,200
	<b>558,510,227</b>	<b>536,077,146</b>
<b>LIABILITIES</b>		
Bills payable	14 6,251,396	4,981,983
Borrowings	15 52,060,019	48,303,412
Deposits and other accounts	16 446,608,743	431,423,822
Liabilities against assets subject to finance lease	-	-
Subordinated debt	17 7,491,800	7,492,800
Deferred tax liabilities	18 2,167,061	1,083,590
Other liabilities	19 19,822,750	19,875,838
	<b>534,401,769</b>	<b>513,161,445</b>
<b>NET ASSETS</b>	<b>24,108,458</b>	<b>22,915,701</b>
<b>REPRESENTED BY</b>		
Share capital - net	10,119,242	10,119,242
Reserves	2,097,717	1,991,169
Surplus on revaluation of assets	20 3,914,397	3,247,593
Unappropriated profit	7,698,790	7,029,251
	<b>23,830,146</b>	<b>22,387,255</b>
Non-controlling interest	278,312	528,446
	<b>24,108,458</b>	<b>22,915,701</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	21	

The annexed notes from 1 to 41 form an integral part of these condensed interim consolidated financial statements.

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

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

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

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

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

**JS BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

	Note	Quarter Ended		Half year ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
		----- Rupees in '000 -----			
Mark-up / return / interest earned	23	9,260,626	11,443,317	18,894,933	24,401,323
Mark-up / return / interest expensed	24	6,168,715	8,799,355	12,988,664	19,174,872
<b>Net mark-up / interest income</b>		<b>3,091,911</b>	<b>2,643,962</b>	<b>5,906,269</b>	<b>5,226,451</b>
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income	25	1,149,636	1,064,825	2,195,756	2,092,725
Dividend income		131,208	32,791	174,712	85,017
Foreign exchange income		272,445	158,948	538,465	351,923
(Loss) / income from derivatives		(3,863)	(2,539)	4,761	17,207
(Loss) / gain on securities	26	(53,980)	660,018	37,657	782,597
Share of profit / (loss) from associates		9,807	(1,411)	13,905	(15,798)
Other income	27	5,107	30,318	16,975	39,948
<b>Total non mark-up / interest income</b>		<b>1,510,360</b>	<b>1,942,950</b>	<b>2,982,231</b>	<b>3,353,619</b>
<b>Total Income</b>		<b>4,602,271</b>	<b>4,586,912</b>	<b>8,888,500</b>	<b>8,580,070</b>
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	28	3,516,755	3,435,971	6,830,323	6,557,876
Workers' welfare fund	29	9,285	7,476	25,978	13,720
Other charges	30	177	70,543	202	74,587
<b>Total non-mark-up / interest expenses</b>		<b>3,526,217</b>	<b>3,513,990</b>	<b>6,856,503</b>	<b>6,646,183</b>
<b>Profit before provisions</b>		<b>1,076,054</b>	<b>1,072,922</b>	<b>2,031,997</b>	<b>1,933,887</b>
Provisions / (reversals) and write offs - net	31	695,076	216,568	800,790	420,184
Extraordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<b>380,978</b>	<b>856,354</b>	<b>1,231,207</b>	<b>1,513,703</b>
Taxation	32	190,094	502,627	512,689	751,486
<b>PROFIT AFTER TAXATION</b>		<b>190,884</b>	<b>353,727</b>	<b>718,518</b>	<b>762,217</b>
<b>Attributable to:</b>					
Equity holders of the Bank		193,271	371,786	699,052	773,674
Non-controlling interest		(2,387)	(18,059)	19,466	(11,457)
		<b>190,884</b>	<b>353,727</b>	<b>718,518</b>	<b>762,217</b>
----- Rupee -----					
<b>Basic and diluted earnings per share</b>	33	<b>0.15</b>	<b>0.29</b>	<b>0.54</b>	<b>0.60</b>

The annexed notes from 1 to 41 form an integral part of these condensed interim consolidated financial statements.

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

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

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

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

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

**JS BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	----- Rupees in '000 -----			
<b>Profit after taxation for the period</b>	<b>190,884</b>	353,727	<b>718,518</b>	762,217
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods</b>				
Effect of translation of net investment in foreign branch	<b>20,045</b>	10,073	<b>(7,451)</b>	37,432
Movement in surplus on revaluation of investments - net of tax	<b>431,769</b>	1,920,426	<b>933,579</b>	1,956,104
Movement in general provision under IFRS 9 - net	<b>5,874</b>	4,765	<b>18,204</b>	25,631
Share of other comprehensive loss from associated companies - net of tax	-	(2,316)	-	(2,316)
	<b>437,643</b>	1,922,875	<b>951,783</b>	1,979,419
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Movement in surplus on revaluation of operating fixed assets - net of tax	<b>(47,687)</b>	75,356	<b>(224,557)</b>	75,356
Movement in surplus on revaluation of non-banking assets - net of tax	<b>(5,404)</b>	-	<b>(48,662)</b>	-
Share of other comprehensive income from associated companies - net of tax	-	2,316	-	1,216
	<b>(53,091)</b>	77,672	<b>(273,219)</b>	76,572
<b>Total other comprehensive income</b>	<b>404,597</b>	2,010,620	<b>671,113</b>	2,093,423
<b>Total comprehensive income</b>	<b>595,481</b>	2,364,347	<b>1,389,631</b>	2,855,640
<b>Attributable to:</b>				
Equity holders of the Bank	<b>594,867</b>	2,348,534	<b>1,378,102</b>	2,869,616
Non-controlling interest	<b>614</b>	15,813	<b>11,529</b>	(13,976)
	<b>595,481</b>	2,364,347	<b>1,389,631</b>	2,855,640

The annexed notes from 1 to 41 form an integral part of these condensed interim consolidated financial statements.

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

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

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

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

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

**JS BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

	Attributable to shareholders of the Bank							Non-controlling interest	Total	
	Share capital	Statutory reserve *	Capital reserve - exchange translation	Surplus / (Deficit) on revaluation of			Unappropriated profit			Sub-total
				Investments	Fixed assets	Non banking assets				
Rupees in '000										
<b>Balance as at January 01, 2020 - audited</b>	10,119,242	1,646,167	103,505	(365,795)	1,581,550	92,776	5,795,596	18,973,041	508,271	19,481,312
<b>Total comprehensive income for the half year ended June 30, 2020 - un-audited</b>										
Profit after taxation	-	-	-	-	-	-	773,674	773,674	(11,457)	762,217
Other comprehensive income / (loss) - net of tax	-	-	37,432	1,984,254	76,572	-	(2,316)	2,095,942	(2,519)	2,093,423
	-	-	37,432	1,984,254	76,572	-	771,358	2,869,616	(13,976)	2,855,640
Transfer to statutory reserve	-	171,265	-	-	-	-	(171,265)	-	-	-
<b>Transfer from surplus on revaluation of assets to unappropriated profit - net of tax</b>										
Fixed assets	-	-	-	-	(19,732)	-	19,732	-	-	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(41)	41	-	-	-
Pre-acquisition surplus (net) on available-for-sale investments realised during the year	-	-	-	-	-	-	(67,968)	(67,968)	(12,410)	(80,378)
<b>Balance as at June 30, 2020 - un-audited</b>	10,119,242	1,817,432	140,937	1,618,459	1,638,390	92,735	6,347,494	21,774,689	481,885	22,256,574
<b>Total comprehensive income for the half year ended December 31, 2020 - un-audited</b>										
Profit / (loss) after taxation	-	-	-	-	-	-	336,699	336,699	9,519	346,218
Other comprehensive income - net of tax	-	-	(25,947)	(27,564)	-	38,398	290,980	275,867	37,042	312,909
	-	-	(25,947)	(27,564)	-	38,398	627,679	612,566	46,561	659,127
Transfer to statutory reserve	-	58,747	-	-	-	-	(58,747)	-	-	-
<b>Transfer from surplus on revaluation of assets to unappropriated profit - net of tax</b>										
Fixed assets	-	-	-	-	(20,646)	-	20,646	-	-	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(53)	53	-	-	-
Non-current assets held for sale	-	-	-	-	(92,126)	-	92,126	-	-	-
<b>Balance as at December 31, 2020 - Audited</b>	10,119,242	1,876,179	114,990	1,590,895	1,525,618	131,080	7,029,251	22,387,255	528,446	22,915,701
<b>Total comprehensive income for the half year ended June 30, 2021 - un-audited</b>										
Profit after taxation	-	-	-	-	-	-	699,052	699,052	19,466	718,518
Other comprehensive income net of tax	-	-	(7,451)	959,721	(224,557)	(48,662)	-	679,051	(7,938)	671,113
	-	-	(7,451)	959,721	(224,557)	(48,662)	699,052	1,378,103	11,528	1,389,631
Transfer to statutory reserve	-	113,999	-	-	-	-	(113,999)	-	-	-
<b>Transfer from surplus on revaluation of assets to unappropriated profit - net of tax</b>										
Fixed assets	-	-	-	-	(19,672)	-	19,672	-	-	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(26)	26	-	-	-
Buy-back of shares by subsidiary from NCI	-	-	-	-	-	-	16,114	16,114	(263,722)	(247,608)
Gain arisen on buy back shares	-	-	-	-	-	-	-	-	1,232	1,232
Bargain Purchase Gain at the time of acquisition	-	-	-	-	-	-	48,674	48,674	828	49,502
<b>Balance as at June 30, 2021 - un-audited</b>	<b>10,119,242</b>	<b>1,990,178</b>	<b>107,539</b>	<b>2,550,616</b>	<b>1,281,389</b>	<b>82,392</b>	<b>7,698,790</b>	<b>23,830,146</b>	<b>278,312</b>	<b>24,108,458</b>

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

The annexed notes from 1 to 41 form an integral part of these condensed interim consolidated financial statements.

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

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chairman

**JS BANK LIMITED**  
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

	June 30, 2021	June 30, 2020
Note	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,231,207	1,513,703
Less: Dividend income	(174,712)	(85,017)
(Less) / add : Share of (profit) / loss from associates	(13,905)	15,798
	<b>1,042,590</b>	<b>1,444,484</b>
<b>Adjustments:</b>		
Depreciation	416,613	382,118
Depreciation on non-banking assets	28 3,455	4,539
Depreciation - right of use assets	28 461,816	541,982
Amortisation of intangible assets	28 65,838	56,940
Charge for defined benefit plan	111,551	107,560
Unrealised loss on revaluation of investments classified as held-for-trading - net	26 77,906	1,210
Unrealised gain on revaluation of forward foreign exchange contracts	(115,264)	(263,878)
Unrealised gain on revaluation of derivative instruments - net	(12,422)	(25,736)
Provisions and write offs - net	31 800,790	420,184
Provision for workers' welfare fund	29 25,978	13,720
Mark-up / return / interest expense on lease liability against right-of-use assets	24 206,571	259,046
Gain on sale of fixed assets - net	27 (4,256)	(9,612)
Loss on termination of leases	27 2,829	-
	<b>2,041,405</b>	<b>1,488,073</b>
	<b>3,083,995</b>	<b>2,932,557</b>
<b>Decrease / (increase) in operating assets</b>		
Lendings to financial institutions	17,131,536	20,344,115
Held-for-trading securities	7,725,570	48,213,880
Advances	3,417,444	1,191,015
Other assets (excluding advance taxation)	(1,147,352)	(882,492)
	<b>27,127,198</b>	<b>68,866,518</b>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	1,269,413	454,579
Borrowings	3,411,708	(17,875,247)
Deposits and other accounts	15,184,921	35,896,091
Other liabilities	(721,596)	1,784,305
	<b>19,144,446</b>	<b>20,259,728</b>
	<b>49,355,639</b>	<b>92,058,803</b>
Gratuity paid	(3,062)	(151,881)
Income tax paid	(742,030)	(65,412)
<b>Net cash generated from operating activities</b>	<b>48,610,547</b>	<b>91,841,510</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in available-for-sale securities	(36,295,167)	(79,230,297)
Net investment in held-to-maturity securities	(5,360,983)	(3,421,906)
Investment in associated companies	-	(40,828)
Dividend received	175,815	83,524
Investments in fixed assets	(898,302)	(637,939)
Investments in intangible assets	(142,453)	(133,016)
Proceeds from sale of fixed assets	18,555	20,769
Effect of translation of net investment in foreign branch	(7,451)	37,432
<b>Net cash flows used in investing activities</b>	<b>(42,509,986)</b>	<b>(83,322,261)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of lease liability against right of use assets	(559,522)	(674,868)
Subordinated debt	(1,000)	-
Shares bought back from non-controlling interest	(246,376)	-
<b>Net cash used in financing activities</b>	<b>(806,898)</b>	<b>(674,868)</b>
<b>Increase in cash and cash equivalents</b>	<b>5,293,663</b>	<b>7,844,381</b>
Cash and cash equivalents at beginning of the period	34 31,406,546	25,429,551
<b>Cash and cash equivalents at end of the period</b>	<b>36,700,209</b>	<b>33,273,932</b>

The annexed notes from 1 to 41 form an integral part of these condensed interim consolidated financial statements.

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

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chairman

**JS BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

**1. STATUS AND NATURE OF BUSINESS**

**1.1 The "Group" consists of:**

**1.1.1 Holding Company: JS Bank Limited**

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

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 281 (December 31, 2020: 307) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2020: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

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

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

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

**1.1.3 Composition of the Group**

		<b>Ownership interest and voting power held by</b>			
		<b>June 30, 2021</b>		<b>December 31, 2020</b>	
Note		<b>The Group</b>	<b>NCI</b>	<b>The Group</b>	<b>NCI</b>
<b>Subsidiaries</b>					
JS Global Capital Limited	1.1.3.1	<b>92.90%</b>	<b>7.10%</b>	83.53%	16.47%
JS Investment Limited		<b>84.56%</b>	<b>15.44%</b>	84.56%	15.44%
JS ABAMCO Commodities Limited	1.1.3.2	-	-	84.56%	15.44%

**1.1.3.1** During the period, the Bank's ownership interest in JSGCL has increased by 9.37%, without any change in the cost of investment, due to the fact that JSGCL has bought back its 3,079,703 ordinary shares out of its 30,557,000 ordinary shares. Resultantly, JSGCL is principally owned by the Bank, holding 92.90% of its equity interest.

**1.1.3.2** JS ABAMCO Commodities Limited (JSACL) did not intend to carry on the business of Futures Broker, therefore, the directors of JSIL were desirous of merging JSACL with and into JSIL. The Scheme of Arrangement under Section 284 of the Companies Act, 2017, for merger or amalgamation (the Scheme) of JSACL with and into JSIL, was approved by SECP under Rule 7(2) (cb) of Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 vide its letter dated January 13, 2021. The Board of Directors of JSACL in their meeting held on February 19, 2021 has approved the Scheme with effect from March 31, 2021. Subsequently, the Scheme under section 284(2) of the Companies Act, 2017, submitted with Companies Registration Office, along with Form-35, which is approved dated June 24, 2021. Therefore, with effect from March 31, 2021, JSACL was merged with JS Investments Limited and is no more an indirect subsidiary of the Bank.

**1.1.4 Composition of the Associated Companies**

**Associates**

Omar Jibran Engineering Industries Limited  
Veda Transit Solutions (Private) Limited  
Intercity Touring Company (Private) Limited

Ownership interest and voting power held by Bank	
June 30, 2021	December 31, 2020
9.60%	9.60%
9.12%	9.12%
9.12%	9.12%

**2. BASIS OF PRESENTATION**

**2.1** These condensed interim consolidated financial statements include financial statements of JS Bank Limited and its subsidiary companies, (the "Group") and share of the profit / reserves of associates.

These condensed interim consolidated financial statements have been presented in Pakistan Rupees (PKR), which is the currency of the primary economic environment in which the Group operates and functional currency of the Holding Company, in that environment as well.

**2.2 Statement of Compliance**

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

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

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

The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD circular letter No. 5 dated March 22, 2019 and IAS 34.

These condensed interim consolidated financial Statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

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

IFRS10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O 56(I)/2016 dated January 28, 2016, that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim consolidated financial statements.

The applicability of the IFRS 9 'Financial Instruments' for all companies was deferred by SECP through its S.R.O. 229 (I)/2019 dated February 14, 2019. Under this standard all companies were required to prepare their financial statements in accordance with the requirements of IFRS 9 for reporting period / year ending on or after June 30, 2019 (earlier application was also permitted). However, in case of Holding Company, State Bank of Pakistan (SBP) has extended the effective date of applicability of IFRS 9 on or after January 01, 2022 through its BPRD Circular No. 24 dated July 05, 2021.

The guidelines and instructions on the application of IFRS 9 for the banking sector of Pakistan has not been issued by the State Bank of Pakistan (SBP), therefore, the Holding Company has not considered the impact of IFRS 9 for its domestic operations in these condensed interim consolidated financial statements. The Holding Company has continued to fulfil the requirements of Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of assets and provision/ impairment against non-performing assets.

## **2.3 BASIS OF CONSOLIDATION**

### **2.3.1 The Group**

- The condensed interim consolidated financial statements include the financial statements of the Bank (The Holding Company) and its subsidiary companies together - "the Group".
- Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with investee and has the ability to effect those return through its power over the investee, except investment in mutual funds established under trust structure where IFRS 10 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under Trust structure.
- These condensed interim consolidated financial statements incorporate the financial statements of subsidiaries from the date that control commences until the date that control ceases.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Non-controlling interests are that part of the net results of operations and of net assets of subsidiaries attributable to interest which are not owned by the holding company.
- Material intra-group balances and transactions are eliminated.

### **2.3.2 Associate**

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method.

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

There are certain new and amended standards, interpretations of and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations.

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

As per State Bank of Pakistan (SBP) BPRD circular letter no. 24 of 2021, IFRS 9 'Financial Instruments' is applicable to banks effective January 01, 2022. please refer note 2.1 above.

There are various other standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not effective in the current period. These are not likely to have material effect on the Bank's financial statements.

## **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements are the same as that applied in the preparation of the annual consolidated financial statements for the year ended December 31, 2020.

## **4. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements for the year ended December 31, 2020.

## **5. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the annual consolidated financial statements for the year ended December 31, 2020.

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
----- Rupees in '000 -----			
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand:</b>			
Local currency		9,127,365	6,337,389
Foreign currencies		779,981	1,301,503
		<u>9,907,346</u>	<u>7,638,892</u>
<b>With State Bank of Pakistan in:</b>			
Local currency current account		18,877,983	16,268,165
Foreign currency current account - non remunerative		976,771	1,086,874
Foreign currency deposit account - remunerative		2,052,700	2,261,337
		<u>21,907,454</u>	<u>19,616,376</u>
<b>With National Bank of Pakistan in:</b>			
Local currency current accounts		2,889,970	2,609,635
<b>National Prize Bonds</b>		1,501,987	556,628
		<u>36,206,757</u>	<u>30,421,531</u>
<b>7. BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current accounts		292,002	123,526
In deposit accounts		45,245	24,390
		<u>337,247</u>	<u>147,916</u>
<b>Outside Pakistan</b>			
In current accounts		644,674	980,669
		<u>981,921</u>	<u>1,128,585</u>
Less: General provision under IFRS 9	7.1	(541)	(450)
Balances with other banks - net of provision		<u>981,380</u>	<u>1,128,135</u>
<b>7.1</b>	This represents general provision held under IFRS 9 by Bahrain branch of the Holding Company.		
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings		2,048,068	2,237,682
Repurchase agreement lendings (Reverse Repo)		4,061,292	21,003,215
Due against bills re-discounting		-	-
		<u>6,109,360</u>	<u>23,240,897</u>
Less: General provision under IFRS 9	8.2	(7,522)	(1,225)
Lending to Financial Institutions - net of provision		<u>6,101,838</u>	<u>23,239,672</u>
<b>8.1 Particulars of lendings - gross</b>			
In local currency		4,061,292	21,003,215
In foreign currencies		2,048,068	2,237,682
		<u>6,109,360</u>	<u>23,240,897</u>
<b>8.2</b>	This represents general provision held under IFRS 9 by Bahrain branch of the Holding Company.		

	(Un-audited) June 30, 2021				(Audited) December 31, 2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
<b>9. INVESTMENTS - NET</b>	Rupees in '000							
<b>9.1 Investments by type</b>								
<b>Held-for-trading securities</b>								
Federal Government Securities	17,514,048	-	364	17,514,412	25,002,969	-	805	25,003,774
Shares	31,431	-	768	32,199	194,428	-	12,981	207,409
Open end mutual funds	251,915	-	(80,182)	171,733	310,221	-	416	310,637
	17,797,394	-	(79,050)	17,718,344	25,507,618	-	14,202	25,521,820
<b>Available-for-sale securities</b>								
Federal Government Securities	163,147,855	-	21,691	163,169,546	127,308,516	-	97,527	127,406,043
Shares	2,184,170	(136,589)	3,610,232	5,657,813	3,018,184	(411,955)	1,701,753	4,307,982
Non Government Debt Securities	3,347,251	(693,636)	566	2,654,181	3,579,278	(696,507)	(420)	2,882,351
Open end mutual funds	1,481,221	-	339,142	1,820,363	826,188	-	390,100	1,216,288
Foreign Securities	4,945,906	(92,915)	64,346	4,917,337	4,079,070	(122,758)	136,466	4,092,778
	175,106,403	(923,140)	4,035,977	178,219,240	138,811,236	(1,231,220)	2,325,426	139,905,442
<b>Held-to-maturity securities</b>								
Federal Government Securities	41,470,582	-	-	41,470,582	36,109,599	-	-	36,109,599
<b>Associates</b>	284,698	-	-	284,698	270,793	-	-	270,793
<b>Total Investments</b>	<b>234,659,077</b>	<b>(923,140)</b>	<b>3,956,927</b>	<b>237,692,864</b>	<b>200,699,246</b>	<b>(1,231,220)</b>	<b>2,339,628</b>	<b>201,807,654</b>
<b>9.2 Investments by segments:</b>								
<b>Held-for-trading securities</b>								
<b>Federal Government Securities</b>								
Market Treasury Bills	5,856,872	-	86	5,856,958	25,002,969	-	805	25,003,774
Pakistan Investment Bonds	11,657,176	-	278	11,657,454	-	-	-	-
	17,514,048	-	364	17,514,412	25,002,969	-	805	25,003,774
<b>Shares:</b>								
<b>Listed Companies</b>								
Ordinary shares	31,431	-	768	32,199	194,428	-	12,981	207,409
<b>Open End Mutual Funds</b>	251,915	-	(80,182)	171,733	310,221	-	416	310,637
	17,797,394	-	(79,050)	17,718,344	25,507,618	-	14,202	25,521,820
<b>Available-for-sale securities</b>								
<b>Federal Government Securities:</b>								
Market Treasury Bills	115,005,276	-	5,648	115,010,924	90,027,949	-	20,041	90,047,990
Pakistan Investment Bonds	47,197,148	-	16,039	47,213,187	37,280,567	-	77,486	37,358,053
GoP Ijara Sukuk	945,431	-	4	945,435	-	-	-	-
	163,147,855	-	21,691	163,169,546	127,308,516	-	97,527	127,406,043
<b>Shares:</b>								
<b>Listed Companies</b>								
Ordinary shares	2,036,581	-	3,610,232	5,646,813	2,870,595	(275,366)	1,701,753	4,296,982
Preference shares	136,589	(136,589)	-	-	136,589	(136,589)	-	-
<b>Unlisted Companies</b>								
Ordinary shares	11,000	-	-	11,000	11,000	-	-	11,000
	2,184,170	(136,589)	3,610,232	5,657,813	3,018,184	(411,955)	1,701,753	4,307,982
<b>Non Government Debt Securities</b>								
<b>Listed</b>								
Term Finance Certificates	442,048	(155,169)	419	287,298	442,682	(155,169)	(147)	287,366
Sukuk Certificates	329,750	-	147	329,897	402,955	-	(273)	402,682
<b>Unlisted</b>								
Term Finance Certificates	1,211,017	(538,467)	-	672,550	1,340,804	(541,338)	-	799,466
Sukuk Certificates-unlisted	1,336,703	-	-	1,336,703	1,365,104	-	-	1,365,104
Preference shares	27,733	-	-	27,733	27,733	-	-	27,733
	3,347,251	(693,636)	566	2,654,181	3,579,278	(696,507)	(420)	2,882,351
<b>Open End Mutual Funds</b>	1,481,221	-	339,142	1,820,363	826,188	-	390,100	1,216,288
<b>Foreign Securities</b>								
Government Debt Securities *	3,379,718	(77,858)	41,020	3,342,880	3,633,601	(120,619)	130,420	3,643,402
Non Government Debt Securities *	1,535,038	(15,057)	21,841	1,541,822	379,654	(2,139)	(3,628)	373,887
Ordinary shares	31,150	-	1,485	32,635	65,815	-	9,674	75,489
	4,945,906	(92,915)	64,346	4,917,337	4,079,070	(122,758)	136,466	4,092,778
	175,106,403	(923,140)	4,035,977	178,219,240	138,811,236	(1,231,220)	2,325,426	139,905,442
<b>Held-to-maturity securities</b>								
<b>Federal Government Securities:</b>								
Pakistan Investment Bonds	41,470,582	-	-	41,470,582	36,109,599	-	-	36,109,599
<b>Associates</b>								
Omar Jibran Engineering Industries Limited	227,749	-	-	227,749	215,793	-	-	215,793
Veda Transit Solutions (Private) Limited	56,949	-	-	56,949	54,302	-	-	54,302
Intercity Touring Company (Private) Limited	-	-	-	-	698	-	-	698
	284,698	-	-	284,698	270,793	-	-	270,793
<b>Total Investments</b>	<b>234,659,077</b>	<b>(923,140)</b>	<b>3,956,927</b>	<b>237,692,864</b>	<b>200,699,246</b>	<b>(1,231,220)</b>	<b>2,339,628</b>	<b>201,807,654</b>

\* Provision for diminution against foreign debt securities represents expected credit loss provisioning under IFRS 9 on portfolio pertaining to Bahrain Branch.

- 9.2.1** This represents the investments in related parties of the Group.
- 9.2.2** Included herein are the investments in related parties amounting to Rs. 2,013.520 million (December 31, 2020: Rs. 2,655.879 million) having market value of Rs. 5,597.665 million (December 31, 2020: Rs. 4,135.436 million).
- 9.2.3** Included herein are the investments in related parties amounting to Rs. 11.866 million (December 31, 2020: Rs. 12.5 million) having market value of Rs. 11.922 million (December 31, 2020: Rs. 12.366 million).
- 9.2.4** Included herein is the investment of Rs. 388.607 million (December 31, 2020: Rs. 391.478 million) in a related party at the rate of 6 months KIBOR + 1.75% to 11% having maturity dates of December 04, 2017 to October 19, 2020. Due to weak financial position of the investee, the Group has recognised full impairment loss on these Term Finance Certificates.
- 9.2.5** This represents investment in an associated company amounting to Rs. 27.733 million (December 31, 2020: Rs. 27.733 million).
- 9.2.6** This represents the investments in related parties amounting to Rs. 1,108.136 million (December 31, 2020: Rs. 1,136.409 million) having market value of 1,366.838 million (December 31, 2020: Rs. 1,526.925 million).
- 9.2.7** The market value of securities classified as held-to-maturity as at amounted to Rs. 41,038.646 million (December 31, 2020: Rs. 35,862.699 million).

	<b>(Un-audited) June 30, 2021</b>		<b>(Audited) December 31, 2020</b>	
	<b>Cost</b>	<b>Market value</b>	<b>Cost</b>	<b>Market value</b>
----- Rupees in '000 -----				
<b>9.3 Investments given as collateral</b>				
<b>Held-for-trading securities</b>				
<b>Federal Government Securities</b>				
Market Treasury Bills	-	-	4,864,464	4,864,680
<b>Available-for-sale securities</b>				
<b>Federal Government Securities:</b>				
Market Treasury Bills	<b>13,353,280</b>	<b>13,355,054</b>	4,902,054	4,902,811
Pakistan Investment Bonds	-	-	-	-
	<b>13,353,280</b>	<b>13,355,054</b>	4,902,054	4,902,811
<b>Foreign Securities</b>				
Government Debt Securities	<b>1,620,972</b>	<b>1,621,342</b>	-	-
Non Government Debt Securities	<b>170,581</b>	<b>171,801</b>	-	-
	<b>1,791,553</b>	<b>1,793,143</b>	-	-
	<b>15,144,833</b>	<b>15,148,197</b>	9,766,518	9,767,491
			<b>(Un-audited) June 30, 2021</b>	<b>(Audited) December 31, 2020</b>
			----- Rupees in '000 -----	
<b>9.4 Provision for diminution in value of investments</b>		<b>Note</b>		
<b>9.4.1</b> Opening balance			<b>1,231,220</b>	859,119
Charge during the period / year			-	276,202
Reversal during the period / year			<b>(278,237)</b>	(26,859)
		31	<b>(278,237)</b>	249,343
<b>Impairment under IFRS 9 in Bahrain branch</b>				
(Reversal) / charge during the period / year			<b>(27,882)</b>	122,758
Exchange Gain			<b>(1,961)</b>	-
			<b>(29,843)</b>	122,758
Closing balance			<b>923,140</b>	1,231,220
<b>9.4.2 Particulars of provision against debt securities</b>				
			<b>(Un-audited) June 30, 2021</b>	<b>(Audited) December 31, 2020</b>
<b>Category of classification</b>			<b>NPI</b>	<b>Provision</b>
<b>Domestic</b>			----- Rupees in '000 -----	
Other assets especially mentioned			-	-
Substandard			-	-
Doubtful			-	-
Loss			<b>693,636</b>	<b>696,507</b>
			<b>693,636</b>	<b>696,507</b>
			696,507	696,507
			696,507	696,507

	Note	Performing		Non Performing		Total	
		(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020
----- Rupees in '000 -----							
10. ADVANCES		224,617,879	231,322,752	14,029,478	11,733,555	238,647,357	243,056,307
Loans, cash credits, running finances, etc.		12,593,810	11,602,390	-	-	12,593,810	11,602,390
Bills discounted and purchased		237,211,689	242,925,142	14,029,478	11,733,555	251,241,167	254,658,697
Advances - gross							
Provision against advances		(360,054)	-	-	-	(360,054)	-
General		(25,548)	(21,327)	-	-	(25,548)	(21,327)
General provision - under IFRS-9	10.3.3	-	-	(4,934,885)	(4,181,836)	(4,934,885)	(4,181,836)
Specific	10.3	(385,602)	(21,327)	(4,934,885)	(4,181,836)	(5,320,487)	(4,203,163)
Advances - net of provision		236,826,087	242,903,815	9,094,593	7,551,719	245,920,680	250,455,534

#### 10.1 Particulars of advances (gross)

In local currency	242,787,340	245,261,990
In foreign currencies	8,453,827	9,396,707
	251,241,167	254,658,697

10.2 Advances include Rs. 14,029.478 million (December 31, 2020: Rs. 10,353.164 million) which have been placed under non-performing status as detailed below:

Category of classification	(Un-audited) June 30, 2021		(Audited) December 31, 2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	----- Rupees in '000 -----			
<b>Domestic</b>				
Other Assets Especially Mentioned	833,377	340	296,799	394
Substandard	2,005,260	212,224	1,177,804	156,095
Doubtful	2,861,016	744,328	3,264,335	724,426
Loss	8,329,825	3,977,993	6,994,617	3,300,921
<b>Total</b>	<b>14,029,478</b>	<b>4,934,885</b>	<b>11,733,555</b>	<b>4,181,836</b>

#### 10.3 Particulars of provision against non-performing advances

	(Un-audited) June 30, 2021				(Audited) December 31, 2020			
	Specific	General	General provision under IFRS-9	Total	Specific	General	General provision under IFRS-9	Total
----- Rupees in '000 -----								
Opening balance	4,181,836	-	21,327	4,203,163	3,339,941	161,166	7,520	3,508,627
Exchange adjustments	-	-	(272)	(272)	-	-	71	71
Charge for the period/ year	845,134	360,054	4,493	1,209,681	1,087,212	-	13,736	1,100,948
Reversals for the period / year	(91,998)	-	-	(91,998)	(245,317)	(161,166)	-	(406,483)
	753,136	360,054	4,493	1,117,683	841,895	(161,166)	13,736	694,465
Amount written off from the opening balance	(87)	-	-	(87)	-	-	-	-
<b>Closing Balance</b>	<b>4,934,885</b>	<b>360,054</b>	<b>25,548</b>	<b>5,320,487</b>	<b>4,181,836</b>	<b>-</b>	<b>21,327</b>	<b>4,203,163</b>

10.3.1 This includes reversal of provision of NIL (December 31, 2020: Rs. 8.604 million) against reduction of non-performing loans of Rs. 212.090 million (December 31, 2020: Rs. 90.180 million) of certain borrowers under 'Debt Property Swap' transactions, as disclosed in note 13.1.

10.3.2 The Holding Company, in accordance with BPRD circular letter No. 31 of 2020 dated July 10, 2020, has taken the benefit of general provision to make good the specific provision requirement of the consumer financing portfolio till December 31, 2021.

10.3.3 This represents general provision held under IFRS 9 by Bahrain branch of the Holding company.

10.3.4 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at June 30, 2021, the Holding Company has availed cumulative FSV benefit under the directives of the SBP, resultant the specific provision held against advances is decreased by Rs. 5,377.881 million (December 31, 2020: Rs. 4,763.931 million).

Had the benefit not been taken the unappropriated profit after tax would have reduced by Rs. 3,248.508 million (December 31: 2020 Rs. 2,905,998 million). Further, as required by the SBP directives, this unappropriated profit will not be available for distribution as dividend or any other appropriations.

#### 10.3.5 Advances - Deferred & Restructured / Rescheduled

The SBP vide BPRD circular letter number 13 of 2020 dated March 26, 2020, has relaxed certain classification criteria of SBP Prudential Regulation R-8 (Classification and Provisioning of Assets). Accordingly, certain exposures of the Holding Company as at June 30, 2021 relating to facilities of customers have not been classified as non-performing on account of such relaxation.

10.3. Subsequent to period end, on August 02, 2021, JS Bank audit team has uncovered a fraud relating to gold financing amounting to Rs. 741.73 million, however, Rs. 567.03 million balance pertains to June 30, 2021. Consequently, recovery proceedings have been initiated and the Holding Company has recorded a provision of Rs. 253.59 million in these financial statements net of expected insurance recoveries.

11. FIXED ASSETS	Note	(Un-audited)	(Audited)
		June 30, 2021	December 31, 2020
----- Rupees in '000 -----			
Capital work-in-progress	11.1	724,728	298,971
Property and equipment	11.2 & 11.3	6,162,892	6,099,025
Right-of-use assets		2,978,810	2,628,768
		<u>9,866,430</u>	<u>9,026,764</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		320,000	232,789
Advance for purchase of furniture and fixtures		15,178	1,013
Advance for purchase of vehicles		389,550	61,794
Advance for purchase of equipment and software		-	3,375
		<u>724,728</u>	<u>298,971</u>

11.2 The following additions, book value of disposals and writeoffs have been made to fixed assets during the period:

	(Un-audited)					
	Additions		Disposal		Write (back) / offs	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
----- Rupees in '000 -----						
Capital work-in-progress - net	599,751	4,117	-	-	-	-
<b>Property and equipment</b>						
Building on leasehold land	74,219	-	-	-	-	-
Leasehold improvements	80,194	83,397	1,991	-	-	43,754
Furniture and fixture	18,216	25,229	1,312	29	(2,390)	5,144
Electrical, office and computer equipment	284,559	141,280	5,310	2,063	(20,589)	9,610
Vehicles	13,773	-	5,686	9,065	(1,941)	-
	<u>470,961</u>	<u>249,906</u>	<u>14,299</u>	<u>11,157</u>	<u>(24,920)</u>	<u>58,508</u>
<b>Right-of-use assets</b>						
Additional impact or adjustments arising during the period	814,996	155,085	-	-	-	-
	<u>1,070,712</u>	<u>254,023</u>	<u>14,299</u>	<u>11,157</u>	<u>(24,920)</u>	<u>58,508</u>

11.2. This includes transfer from capital work in progress during the period of Rs. 204.497 million.

11.3 Non-current assets held for sale	Note	(Un-audited)	(Audited)
		June 30, 2021	December 31, 2020
----- Rupees in '000 -----			
Leasehold land	11.3.1	<u>739,200</u>	<u>739,200</u>

11.3. In 2020, the Board of Directors accorded its in-principle approval and authorised the management of the Bank to explore the possibility to sell a land located at Plot No. 201, situated at Upper Mall, Lahore, Pakistan of the following reasons:

- The property is available for immediate sale and can be sold in its current condition subject to completion of certain legal formalities.
- The actions to complete the sale were initiated and expected to be completed within one year from the date of classification.
- The Bank expects the legal and procedural formalities for the sale to be completed by the end of 2021.

Immediately before the classification of the property as a held for sale, the Property was revalued by independent professional valuer by M/s. Tristar International Consultants (Private) Limited as at December 31, 2020 and resulted no significant change was observed in valuations of the property.



	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- Rupees in '000 -----	
<b>15. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan under:		
Export refinancing scheme (ERF)	20,620,499	21,496,075
Long-Term Finance Facility (LTFF)	2,484,678	1,985,038
<b>Other borrowings</b>		
Financing Facility for Storage of Agricultural produce (FFSAP)	274,356	193,029
Financing Facility for Renewable Energy Projects	637,834	433,085
Refinance and credit guarantee scheme for women entrepreneurs	52,337	32,900
Refinance for Wages & Salaries	8,586,971	11,543,118
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	2,570	96,192
Refinance facility for combating COVID-19	211,408	229,984
Refinance facility for working capital of SMEs	22,301	33,901
Temporary economic refinance facility	605,311	51,871
Small and Medium Enterprises' Financing	9,360	-
	<b>33,507,625</b>	36,095,193
Repurchase agreement borrowings	9,905,560	-
	<b>43,413,185</b>	36,095,193
<b>Borrowing from financial institutions</b>		
Repurchase agreement borrowings	4,884,469	9,667,181
Refinancing facility for mortgage loans	2,958,809	2,397,468
	<b>7,843,278</b>	12,064,649
<b>Total secured</b>	<b>51,256,463</b>	48,159,842
<b>Unsecured</b>		
Overdrawn nostro accounts	488,469	143,570
Due against bills re-discounting	315,087	-
<b>Total unsecured</b>	<b>803,556</b>	143,570
	<b>52,060,019</b>	48,303,412
<b>15.1 Particulars of borrowings</b>		
In local currency	49,808,257	48,159,842
In foreign currencies	2,251,762	143,570
	<b>52,060,019</b>	48,303,412

**16. DEPOSITS AND OTHER ACCOUNTS**

	(Un-audited) June 30, 2021			(Audited) December 31, 2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- Rupees in '000 -----					
<b>Customers</b>						
Current deposits	110,842,403	7,800,523	118,642,926	90,714,627	9,668,068	100,382,695
Savings deposits	92,467,433	3,489,449	95,956,882	98,103,956	3,944,797	102,048,753
Term deposits	185,124,167	13,370,379	198,494,546	186,691,026	15,203,881	201,894,907
Margin deposits	8,646,681	48	8,646,729	5,920,595	163	5,920,758
	<b>397,080,684</b>	<b>24,660,399</b>	<b>421,741,083</b>	381,430,204	28,816,909	410,247,113
<b>Financial Institutions</b>						
Current deposits	2,592,278	269,213	2,861,491	1,281,453	435,683	1,717,136
Savings deposits	12,140,069	52	12,140,121	11,192,800	-	11,192,800
Term deposits	9,866,048	-	9,866,048	8,266,773	-	8,266,773
	<b>24,598,395</b>	<b>269,265</b>	<b>24,867,660</b>	20,741,026	435,683	21,176,709
	<b>421,679,079</b>	<b>24,929,664</b>	<b>446,608,743</b>	402,171,230	29,252,592	431,423,822

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	----- Rupees in '000 -----	
<b>17. SUB-ORDINATED DEBT</b>			
Term Finance Certificates - First Issue	17.1	2,994,600	2,995,200
Term Finance Certificates - Second Issue	17.2	1,997,200	1,997,600
Term Finance Certificates - Third Issue	17.3	2,500,000	2,500,000
		<b>7,491,800</b>	7,492,800

**17.1** In 2016, the Holding company has issued Rs.3 billion of rated, privately placed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 120 of the Companies Ordinance, 1984 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

**Purpose:** To contribute towards the Bank's Tier II Capital for complying with the Capital Adequacy Ratio requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.

**Issue date:** December 14, 2016

**Tenure:** Up to Seven years from the Issue date.

**Maturity Date:** December 14, 2023

**Rating:** A + (Single A Plus)

**Profit Rate:** Floating rate of return at Base rate + 1.4 percent per annum;  
Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period

**Profit payment:** Semi-annual

**Redemption:** The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.

**Security:** The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.

**Call Option:** Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.

**Lock-in-clause:** Principal and profit will be payable subject to compliance with MCR or CAR set

**Loss absorbency clause:** Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule vide BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger as declared by SBP of the non-viability event as declared by SBP, subject to a cap of 467,836,257 shares.

**17.2** In 2017, the Holding company has issued Rs. 2 billion of rated, over the counter listed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

**Purpose:** To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.

**Issue date:** December 29, 2017

**Tenure:** Up to Seven years from the Issue date.

**Maturity Date:** December 29, 2024

**Rating:** A + (Single A Plus)

**Profit Rate:** Floating rate of return at Base rate + 1.4 percent per annum;  
Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.

**Profit payment:** Semi-annual

**Redemption:** The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.

**Security:** The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.

**Call Option:** Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.

**Lock-in-clause:** Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.

Loss absorbency clause: Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 319,982,544 shares.

**17.3** In 2018, the Holding company has issued Rs.2.5 billion of rated, privately placed, unsecured, subordinated, perpetual and non-cumulative term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 (the "Circular") and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose: To contribute towards the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.

Issue date: December 31, 2018

Maturity Date: Perpetual

Rating: A (Single A)

Profit Rate: Floating rate of return at Base rate + 2.25 percent per annum;

Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period

Profit payment frequency: Semi-annually on a non-cumulative basis

Redemption: Not applicable

Security: The Issue is unsecured and subordinated as to payment of Principal and profit to all other claims except common shares.

Call Option: Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.

Lock-in-clause: Payment of profit will be made from current year's earning and subject to compliance with MCR or CAR set by SBP.

**Loss absorbency clause:**

Pre-Specified Trigger ("PST") Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013 which stipulates that if an Issuer's Common Equity Tier 1 ("CET 1") ratio falls to or below 6.625% of Risk Weighted Assets ("RWA"), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to:

- If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible);
- The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%);
- In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the Issuer;

Point of Non-Viability Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below;

The PONV trigger event is the earlier of:

- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;
- The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP.
- The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	----- Rupees in '000 -----	
<b>18. DEFERRED TAX LIABILITIES</b>			
<b>Deductible Temporary Differences on:</b>			
Provision against investments		(63,680)	(57,149)
Provision against loans and advances		(350,915)	(287,840)
Other assets		(118,693)	(119,330)
General provision under IFRS-9		(39,381)	(43,552)
Intangible other than Goodwill		(2,552)	(2,904)
Unrealised gain on revaluation of investments classified as held for trading		(8,892)	4,032
Provision for workers' welfare fund		-	(179)
		<b>(584,113)</b>	<b>(506,922)</b>
<b>Taxable Temporary Differences on:</b>			
Operating fixed assets		177,114	188,533
Goodwill		570,813	512,268
Surplus on revaluation of operating fixed assets	20	459,913	240,391
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	52,673	4,029
Unrealised gain / (loss) on revaluation of derivative financial instruments		5,148	5,302
Liability against assets subject to finance lease - net		8,507	(11,381)
Mark to market gain / (loss) on forward foreign exchange contracts		44,953	(22,893)
Government Grant		910	1,888
Surplus on revaluation of investments classified assets as available for sale	20	1,431,143	672,375
		<b>2,751,174</b>	<b>1,590,512</b>
		<b>2,167,061</b>	<b>1,083,590</b>
<b>19. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		2,751,860	3,132,699
Mark-up / return / interest payable in foreign currencies		35,831	52,729
Unearned commission income on guarantees		184,422	176,270
Accrued expenses		496,064	809,789
Acceptances		4,350,436	3,603,192
Trade payable from brokerage business		1,868,198	2,353,304
Unclaimed dividends		7,576	7,576
Mark to market loss on derivative instruments		58,505	172,635
Mark to market loss on forward foreign exchange contracts		171,793	400,144
Dividend payable		4,985	5,183
Gratuity Payable to contractual staff		3,062	-
Withholding taxes payable		321,331	599,853
Government challan collection		54,529	94,510
Donation payable		19,763	-
Security deposits against leases, lockers and others		3,273,378	3,490,704
Provision for Workers' Welfare Fund		186,143	160,165
Payable in respect of home remittance		714,913	831,042
Retention money payable		42,466	42,044
Lease liability against right-of-use assets		3,352,961	2,891,226
Insurance payable		23,668	10,137
Payable to vendors against SBS goods		152,779	93,634
Debit card settlement		112,640	65,855
Inter bank fund transfer		446,858	159,136
Clearing and settlement accounts		499,435	290,794
Others		689,154	433,217
		<b>19,822,750</b>	<b>19,875,838</b>

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	----- Rupees in '000 -----	
<b>20. SURPLUS ON REVALUATION OF ASSETS</b>			
<b>Surplus on revaluation of:</b>			
Available-for-sale securities	20.1.1	4,035,977	2,325,426
Operating fixed assets		1,741,302	1,766,009
Non-banking assets acquired in satisfaction of claims		135,065	135,109
		<u>5,912,344</u>	<u>4,226,544</u>
<b>Deferred tax on surplus on revaluation of:</b>			
Available-for-sale securities		(1,431,143)	(672,375)
Operating fixed assets		(459,913)	(240,391)
Non-banking assets acquired in satisfaction of claims		(52,673)	(4,029)
		<u>(1,943,729)</u>	<u>(916,795)</u>
		<u>3,968,615</u>	<u>3,309,749</u>
<b>20.1 Group's share</b>		<b>3,914,397</b>	<b>3,247,593</b>
Non-controlling interest		54,218	62,156
		<u>3,968,615</u>	<u>3,309,749</u>

**20.1.1** Expected credit loss / general provision under IFRS 9 of Rs. 92.915 million (December 31, 2020: Rs.122.758 million) is adjusted with Surplus on revaluation of foreign debt securities of the wholesale banking branch in Bahrain of the Holding Company and is recognised in profit or loss without reducing the carrying amount of securities.

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	----- Rupees in '000 -----	
<b>21. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	21.1	50,159,510	58,779,594
Commitments	21.2	69,281,253	65,953,138
		<u>119,440,763</u>	<u>124,732,732</u>
<b>21.1 Guarantees:</b>			
Financial guarantees		1,317,915	1,024,422
Performance guarantees		26,600,083	36,678,881
Other guarantees		22,241,512	21,076,291
	21.1.1	<u>50,159,510</u>	<u>58,779,594</u>

**21.1.1** Included herein are outstanding guarantees of Rs. 733.629 million (December 31, 2020: Rs. 29.054 million) of related parties.

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	----- Rupees in '000 -----	
<b>21.2 Commitments:</b>			
<b>Documentary credits and short-term trade-related transactions</b>			
- letters of credit	21.2.1	23,436,889	21,111,360
<b>Commitments in respect of:</b>			
- Forward foreign exchange contracts	21.2.2	38,132,775	38,178,262
- Derivative instruments	21.2.3	6,126,291	5,564,000
- Forward lending	21.2.4	627,990	384,230
- Bank Guarantee from a commercial Bank in favor of National Clearing Company of Pakistan Limited	21.2.5	400,000	400,000
- Outstanding settlements against margin financing contracts - net	21.2.6	41,301	57,411
<b>Commitments for acquisition of:</b>			
- operating fixed assets	21.2.7	516,007	257,875
		<u>69,281,253</u>	<u>65,953,138</u>

**21.2.1** Included herein are the outstanding letter of credits of Rs. 332.220 million (December 31, 2020: Rs. 86.543 million) of related parties.

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- Rupees in '000 -----	
<b>21.2.2 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	23,247,624	23,137,733
Sale	14,885,151	15,040,529
	<u>38,132,775</u>	<u>38,178,262</u>

The Holding company utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At period ended, all foreign exchange contracts have a remaining maturity of less than one year.

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- Rupees in '000 -----	
<b>21.2.3 Commitments in respect of derivative instruments</b>		
Purchase	1,200,500	1,760,637
Sale	4,925,791	3,803,363
	<u>6,126,291</u>	<u>5,564,000</u>
<b>21.2.3.1 Interest rate swaps (notional principal)</b>		
Purchase	659,197	1,176,824
Sale	659,197	1,176,824
	<u>1,318,394</u>	<u>2,353,648</u>
<b>21.2.3.2 Options (notional principal)</b>		
Purchase	541,303	582,419
Sale	4,241,990	2,425,487
	<u>4,783,293</u>	<u>3,007,906</u>
<b>21.2.3.3 Commitments in respect of forward securities</b>		
Purchase	-	1,394
Sale	24,604	201,052
	<u>24,604</u>	<u>202,446</u>
<b>21.2.4 Commitments in respect of forward lending</b>		
Undrawn formal standby facilities, credit lines and other commitments to lend	21.2.4.1 <u>627,990</u>	<u>384,230</u>
<b>21.2.4.1</b> These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.		
	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- Rupees in '000 -----	
<b>21.2.5 Bank Guarantee from a commercial Bank in favor of National Clearing Company of Pakistan Limited</b>	<u>400,000</u>	400,000
<b>21.2.6 Outstanding settlements against margin financing contracts - net</b>	<u>41,301</u>	57,411
<b>21.2.7 Commitments for acquisition of operating fixed assets</b>	<u>516,007</u>	257,875
<b>21.2.8</b> There are no changes in contingent liabilities since the date of annual consolidated audited financial statements for the year ended December 31, 2020 except those as disclosed in note 32.1.		

## 22. DERIVATIVE INSTRUMENTS

Derivative instruments, such as Forward Exchange Contracts, Interest Rate Swaps and Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business also provides risk solutions for the existing and potential customers of the Group.

The Group has entered into a Cross Currency Swap transaction with its customer on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan. Policies in line with SBP instructions have been formulated and are operative.

The Holding company has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities.

These transactions cover the aspects of both market making and hedging. The risk management related to derivative is disclosed in note 45 to the annual consolidated financial statements for the year ended December 31, 2020.

Accounting policies in respect of derivative financial instruments are described in note 4.4.2 of the unconsolidated annual financial statements for the year ended December 31, 2020.

		(Un-audited) June 30, 2021					
		Interest rate swaps		Options		Forward securities	
		Notional principal	Mark to market	Notional principal	Mark to market	Notional principal	Mark to market
<b>22.1</b>	<b>Product Analysis</b>	----- Rupees in '000 -----					
	<b>With Banks</b>						
	Hedging	1,318,394	3,624	4,783,293	9,575	-	-
	Market making	-	-	-	-	24,604	(777)
	<b>With FIs other banks</b>						
	Hedging	-	-	-	-	-	-
	Market making	-	-	-	-	-	-
	<b>Total</b>						
	Hedging	1,318,394	3,624	4,783,293	9,575	-	-
	Market making	-	-	-	-	24,604	(777)

		(Audited) December 31, 2020					
		Interest rate swaps		Options		Forward securities	
		Notional principal	Mark to market	Notional principal	Mark to market	Notional principal	Mark to market
		----- Rupees in '000 -----					
	<b>With Banks</b>						
	Hedging	2,353,648	4,943	3,007,906	10,205	-	-
	Market making	-	-	-	-	201,052	(12,329)
	<b>With FIs other banks</b>						
	Hedging	-	-	-	-	-	-
	Market making	-	-	-	-	1,394	-
	<b>Total</b>						
	Hedging	2,353,648	4,943	3,007,906	10,205	-	-
	Market making	-	-	-	-	202,446	(12,329)

		----- Un-audited -----	
		June 30, 2021	June 30, 2020
		----- Rupees in '000 -----	
<b>23.</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>	Note	
	<b>On:</b>		
	Loans and advances	10,093,231	14,961,564
	Investments	8,255,159	8,600,716
	Lendings to financial institutions	31,446	37,393
	Balances with other banks	55,758	6,503
	Securities purchased under resale agreements	459,339	795,147
		<b>18,894,933</b>	<b>24,401,323</b>

		----- Un-audited -----	
		June 30, 2021	June 30, 2020
		----- Rupees in '000 -----	
24.	MARK-UP / RETURN / INTEREST EXPENSED	Note	
	<b>On:</b>		
	Deposits		17,004,752
	Borrowings	24.1	1,172,551
	Subordinated debt		555,709
	Cost of foreign currency swaps against foreign currency deposits / borrowings		182,814
	Lease liability against right-of-use assets		259,046
			<u>12,988,664</u>
			<u>19,174,872</u>
<b>24.1</b>	<b>Borrowings</b>		
	Export refinancing scheme (ERF)		173,836
	Long-Term Finance Facility (LTFF)		22,822
	Other Borrowings from State Bank of Pakistan		4,600
	Securities sold under repurchase agreements		724,263
	Other short term borrowings		247,030
			<u>1,172,551</u>
<b>25.</b>	<b>FEE, COMMISSION AND BROKERAGE INCOME</b>		
	Branch banking customer fees		145,291
	Consumer finance related fees		12,415
	Card related fees (debit and credit cards)		278,888
	Credit related fees		228,656
	Investment banking fees		53,902
	Commission on trade		308,965
	Commission on guarantees		184,581
	Commission on cash management		2,415
	Commission on remittances including home remittances		176,555
	Commission on bancassurance		71,117
	Commission on distribution of mutual funds		22,489
	Commission on online Services		141,248
	Postage & Courier income		11,729
	Rebate income		112,067
	Rebate on primary dealership		27,637
	Brokerage income		213,319
	Management fee		101,451
			<u>2,092,725</u>
<b>26.</b>	<b>GAIN / (LOSS) ON SECURITIES - NET</b>		
	Realised	26.1	783,807
	Unrealised - held for trading		(1,210)
			<u>782,597</u>
<b>26.1</b>	<b>Realised gain on:</b>		
	<b>Federal government securities</b>		
	Market treasury bills		86,455
	Pakistan investment bonds		707,432
	Ijara sukuk certificates		25
			<u>793,912</u>
	<b>Shares</b>		
	Listed companies		(3,577)
	<b>Non Government Debt Securities</b>		
	Term finance certificates		6,086
	Sukuk certificates		450
			<u>6,536</u>
	<b>Mutual fund units</b>		(12,685)
	<b>Foreign currency bonds</b>		(379)
			<u>783,807</u>
<b>27.</b>	<b>OTHER INCOME</b>		
	Gain on sale of fixed assets - net		9,612
	Loss / (gain) on termination of leases - net		19,755
	Others		10,581
			<u>39,948</u>

	Note	---- Un-audited ----	
		June 30, 2021	June 30, 2020
		---- Rupees in '000 ----	
<b>28. OPERATING EXPENSES</b>			
Total compensation expense		3,209,315	3,339,172
<b>Property expense</b>			
Rent & taxes		32,007	20,497
Insurance		3,505	2,639
Utilities cost		180,004	171,107
Security (including guards)		132,626	157,212
Repair & maintenance (including janitorial charges)		142,304	98,509
Depreciation		130,360	119,145
Depreciation on right-of-use assets		461,816	541,982
Depreciation on non banking assets		3,455	4,539
		1,086,077	1,115,630
<b>Information technology expenses</b>			
Software maintenance		296,778	130,750
Hardware maintenance		104,006	136,058
Depreciation		122,093	103,411
Amortisation		65,838	56,940
Network charges		83,746	60,385
		672,461	487,544
<b>Other operating expenses</b>			
Directors' fees and allowances		9,975	10,600
Legal & professional charges		65,016	103,147
Insurance		153,596	90,799
Outsourced services costs		82,761	81,978
Travelling & conveyance		62,272	71,353
NIFT clearing charges		24,508	19,902
Depreciation		164,160	159,562
Training & development		19,048	7,802
Postage & courier charges		47,784	53,045
Communication		54,779	63,503
Stationery & printing		121,164	109,252
Marketing, advertisement & publicity		190,208	233,308
Donations		19,763	60,841
Auditors' remuneration		6,219	5,374
Staff auto fuel & maintenance		113,655	98,422
Bank charges		25,140	31,679
Stamp duty		17,260	7,395
Online verification charges		31,571	7,636
Brokerage, fee and commission		28,704	17,024
Card related fees (debit and credit cards)		160,983	8,237
CDC and other charges		18,465	13,420
Consultancy fee		18,750	23,307
Deposit protection corporation	28.1	126,225	72,910
Entertainment expenses		50,260	36,421
Repair and maintenance		37,310	29,208
Cash handling charges		95,851	60,933
Fee and Subscription		68,176	75,560
Employees social security		2,693	5,340
Generator fuel & maintenance		42,689	35,695
Fee and allowances to Shariah Board		49	32
Royalty		15,000	15,000
Others		24,035	30,422
		1,898,069	1,639,107
		6,865,922	6,581,453
Less: Reimbursement of selling and distribution expenses		(35,599)	(23,577)
		<b>6,830,323</b>	<b>6,557,876</b>

**28.1** Under the provision of section 5(2) of the Deposit Protection Corporation Act, 2016 (the Act), and DPC Circular No. 04 of 2018, the Bank is liable to pay annual premium, on quarterly basis, to the Deposit Protection Corporation, a subsidiary company of State Bank of Pakistan, @ 0.16% on eligible deposits as of December 31 of each preceding calendar year.

**29. WORKERS WELFARE FUND**

Provision held at @ 2% of the higher of profit before tax or taxable income under Sindh Workers' Welfare Act, 2014 and the Punjab Workers' Welfare Fund Act, 2019.

		---- Un-audited ----	
		June 30, 2021	June 30, 2020
		---- Rupees in '000 ----	
<b>30. OTHER CHARGES</b>	<b>Note</b>		
Penalties imposed by State Bank of Pakistan		<b>202</b>	<b>74,587</b>
<b>31. PROVISIONS / (REVERSALS) AND WRITE OFFS - NET</b>			
(Reversals) / Provisions for diminution in value of investments	9.4.1	<b>(278,237)</b>	5,443
Provisions against loans & advances	10.3	<b>753,136</b>	224,207
Provisions against loans & advances - general		<b>360,054</b>	75,303
(Reversals) / provisions under IFRS-9 - general	31	<b>(17,022)</b>	52,564
Fixed assets written (back) / off	11.2	<b>(24,920)</b>	58,508
Intangible assets written off	12.1.2	<b>4,964</b>	-
Other assets written off		<b>2,815</b>	4,159
		<b>800,790</b>	<b>420,184</b>
<b>31.1 (Reversals) / provisions under IFRS-9 - general</b>			
<b>Charge / (reversal) during the period</b>			
Balances with other banks		<b>97</b>	(13)
Lendings to financial institutions		<b>6,270</b>	(1,171)
Investments	9.4.1	<b>(27,882)</b>	37,492
Advances	10.3	<b>4,493</b>	16,256
		<b>(17,022)</b>	<b>52,564</b>
<b>32. TAXATION</b>			
Current		<b>461,207</b>	119,108
Deferred		<b>51,482</b>	632,378
		<b>512,689</b>	<b>751,486</b>

**32.1 The Holding Company, JS Bank Limited**

During the period, the Holding Company has received amended assessment order for tax year 2020 creating a demand of Rs. 200 million. The Holding Company has not accepted the amendments and filed appeal before Commissioner Inland Revenue – Appeals (the CIRA) against said order. Further, till the decision of the CIRA, the Holding Company has also obtained stay orders from Sindh High Court against impugned demand of tax year 2020.

Further, the Bank has filed appeal before the Supreme Court of Pakistan (the SCP) against levy of Super Tax demanded under above assessment order with other pending appeals of tax year 2016 to 2019 on same issue. The SCP has allowed interim relief to the taxpayers subject to the payment of 50% of the super tax liability.

**32.2 Sales tax**

During the period, the Holding Company as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued Sales Tax Orders from the Sindh Revenue Board (SRB) for the period from January to December 2015 and 2017, creating demand of Rs. 27.8 million and Rs. 31.7 million respectively against the Holding Company for allegedly non-payment of Sindh sales tax on certain 'presumed non-taxable services / incomes' (i.e. Bancassurance, Home Remittances under Pakistan Remittance Initiative Scheme, SBP rebates on Government securities, and FX gain on remittance by Western Union). Appeals have been filed before Commissioner (Appeals) Sindh Revenue Board, CA-SRB against the decision of AC-SRB which are pending for hearing.

The management of the Holding Company is confident that the appeals filed in respect of the above matter will be decided in the Bank's favor and accordingly no demand for payment would arise.

		----- Un-audited -----			
		Quarter Ended		Half year ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
		----- Rupees in '000 -----			
<b>33. BASIC AND DILUTED EARNINGS PER SHARE</b>					
Profit after taxation for the period - attributable to ordinary equity holders of the holding company		<b>193,271</b>	371,786	<b>699,052</b>	773,674
		----- Numbers -----			
Weighted average number of basic outstanding ordinary shares during the period		<b>1,297,464,262</b>	1,297,464,262	<b>1,297,464,262</b>	1,297,464,262
		----- Rupee -----			
Basic and diluted earnings per share		<b>0.15</b>	0.29	<b>0.54</b>	0.60

		(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2020
		----- Rupees in '000 -----		
<b>34. CASH AND CASH EQUIVALENTS</b>	<b>Note</b>			
Cash and balances with treasury banks	6	<b>36,206,757</b>	30,421,531	32,726,351
Balances with other banks	7	<b>981,921</b>	1,128,585	1,158,603
Overdrawn nostro accounts	15	<b>(488,469)</b>	(143,570)	(611,022)
		<b>36,700,209</b>	31,406,546	<b>33,273,932</b>

### 35. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 4.6 to the annual consolidated financial statements.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer loans and deposits are frequently repriced.

#### Fair value hierarchy

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

**Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

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

#### 35.1 Valuation techniques used in determination of fair values within level

Item	Valuation approach and input used
<b>Financial Instruments- Level 1</b>	
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.
<b>Financial instruments - Level 2</b>	
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.
Market Treasury Bills(MTB) / Pakistan Investment Bonds(PIB),	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV and PKFRV rates (Reuters page).
Debt Securities (TFCs) and Sukuk other than Government	Investments in debt securities (comprising of 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.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of price available on Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.
<b>Non- financial assets- Level 3</b>	
Fixed assets - Land and building	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values as disclosed in note 11 and 13 in the annual consolidated financial statements. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.
Non-banking assets under satisfaction of claims	
<b>Financial instruments in level 3</b>	
Currently, no financial instruments are classified in level 3.	
The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.	

**35.2** The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the period.

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

(Un-audited)				
June 30, 2021				
Level 1	Level 2	Level 3	Total	
----- Rupees in '000 -----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
<b>Held-for-trading securities</b>				
Investments				
Federal Government Securities	-	17,514,412	-	17,514,412
Shares	32,199	-	-	32,199
Open end mutual funds	-	171,733	-	171,733
	<b>32,199</b>	<b>17,686,145</b>	<b>-</b>	<b>17,718,344</b>
<b>Available-for-sale securities</b>				
Investments				
Federal Government Securities	-	163,169,546	-	163,169,546
Shares	5,679,448	-	-	5,679,448
Non Government Debt Securities	-	617,195	-	617,195
Foreign Securities	-	4,884,702	-	4,884,702
Open end mutual funds	-	1,820,363	-	1,820,363
	<b>5,679,448</b>	<b>170,491,806</b>	<b>-</b>	<b>176,171,254</b>
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	-	41,470,582	-	41,470,582
	<b>5,711,647</b>	<b>229,648,533</b>	<b>-</b>	<b>235,360,180</b>
<b>Non-Financial assets - measured at fair value</b>				
Revalued fixed assets	-	-	2,647,597	2,647,597
Non-banking assets acquired in satisfaction of claims	-	-	1,543,427	1,543,427
	<b>-</b>	<b>-</b>	<b>4,191,024</b>	<b>4,191,024</b>
<b>Off balance sheet financial instruments</b>				
<b>Commitments in respect of:</b>				
<b>Forward foreign exchange contracts</b>				
Purchase	-	23,399,759	-	23,399,759
Sale	-	14,922,020	-	14,922,020
<b>Derivative instruments</b>				
<b>Forward investments securities</b>				
Sale	23,827	-	-	23,827
<b>Interest rate swaps (notional principal)</b>				
Purchase	-	704,110	-	704,110
Sale	-	707,734	-	707,734
<b>Options</b>				
Purchase	-	530,421	-	530,421
Sale	-	4,262,447	-	4,262,447

**(Audited)**  
**December 31, 2020**

	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
<b>Held-for-trading securities</b>				
Investments				
Federal Government Securities	-	25,003,774	-	25,003,774
Shares	207,409	-	-	207,409
Open end mutual funds	-	244,002	-	244,002
	207,409	25,247,776	-	25,455,185
<b>Available-for-sale securities</b>				
Investments				
Federal Government Securities	-	127,406,043	-	127,406,043
Shares	4,372,471	-	-	4,372,471
Non Government Debt Securities	-	690,048	-	690,048
Foreign Securities	-	4,017,289	-	4,017,289
Open end mutual funds	-	1,216,288	-	1,216,288
	4,372,471	133,329,668	-	137,702,139
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	-	36,109,599	-	36,109,599
	4,579,880	194,687,043	-	199,266,923
<b>Non-Financial assets - measured at fair value</b>				
Revalued fixed assets	-	-	2,610,300	2,610,300
Non-banking assets acquired in satisfaction of claims	-	-	1,311,252	1,311,252
	-	-	3,921,552	3,921,552
<b>Off balance sheet financial instruments</b>				
<b>Commitments in respect of:</b>				
<b>Forward foreign exchange contracts</b>				
Purchase	-	22,942,707	-	22,942,707
Sale	-	14,910,910	-	14,910,910
<b>Derivative instruments</b>				
<b>Forward investments securities</b>				
Purchase	-	-	-	-
Sale	188,723	-	-	188,723
<b>Interest rate swaps (notional principal)</b>				
Purchase	-	1,120,607	-	1,120,607
Sale	-	1,125,550	-	1,125,550
<b>Options</b>				
Purchase	-	581,042	-	581,042
Sale	-	2,437,068	-	2,437,068

### 36. SEGMENT INFORMATION

#### 36.1. Segment Details with respect to Business Activities:

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Brokerage	Asset management	Others	Total
<b>June 30, 2021 (Un-audited)</b>								
----- Rupees in '000 -----								
<b>Profit &amp; Loss</b>								
Net mark-up / return / interest / (expense)	(497,707)	6,947,403	397,731	(913,802)	42,051	(13,212)	(56,195)	5,906,269
Inter segment revenue - net	516,251	(6,880,925)	4,022,163	2,342,511	-	-	-	-
Non mark-up / return / income / (loss)	128,824	544,655	886,074	743,194	570,010	109,565	(91)	2,982,231
<b>Total Income / (loss)</b>	<b>147,368</b>	<b>611,133</b>	<b>5,305,968</b>	<b>2,171,903</b>	<b>612,061</b>	<b>96,353</b>	<b>(56,286)</b>	<b>8,888,500</b>
Segment direct expenses	10,846	76,045	2,840,824	449,198	340,695	171,802	2,967,093	6,856,503
Inter segment expense allocation	20,960	82,585	2,429,337	336,035	-	-	(2,868,917)	-
<b>Total expenses</b>	<b>31,806</b>	<b>158,630</b>	<b>5,270,161</b>	<b>785,233</b>	<b>340,695</b>	<b>171,802</b>	<b>98,176</b>	<b>6,856,503</b>
Provisions / (reversals)	-	-	266,898	381,374	-	3,556	148,962	800,790
<b>Profit / (loss) before tax</b>	<b>115,562</b>	<b>452,503</b>	<b>(231,091)</b>	<b>1,005,296</b>	<b>271,366</b>	<b>(79,005)</b>	<b>(303,424)</b>	<b>1,231,207</b>
<b>June 30, 2021 (Un-audited)</b>								
<b>Statement of financial position</b>								
Cash & Bank balances	-	-	37,062,689	-	122,967	2,481	-	37,188,137
Investments	-	231,171,654	-	4,914,930	114,442	1,491,838	-	237,692,864
Net inter segment lending	9,625,388	-	105,932,437	90,562,002	-	-	12,734,054	218,853,881
Lendings to financial institutions	-	4,061,292	-	2,040,546	-	-	-	6,101,838
Advances - performing	1,553,775	-	73,101,325	162,119,657	433,786	3,146	-	237,211,689
Advances - non-performing	-	-	7,419,917	6,609,561	-	-	-	14,029,478
Advances - (provisions) / reversals - net	-	-	(2,495,032)	(2,825,455)	-	-	-	(5,320,487)
	1,553,775	-	78,026,210	165,903,763	433,786	3,146	-	245,920,680
Others	-	-	-	-	2,476,491	635,391	28,494,826	31,606,708
<b>Total Assets</b>	<b>11,179,163</b>	<b>235,232,946</b>	<b>221,021,336</b>	<b>263,421,241</b>	<b>3,147,686</b>	<b>2,132,856</b>	<b>41,228,880</b>	<b>777,364,108</b>
Borrowings	60,139	11,589,269	6,971,765	33,438,846	-	-	-	52,060,019
Subordinated debt	-	7,491,800	-	-	-	-	-	7,491,800
Deposits & other accounts	11,112,663	-	208,932,242	226,563,838	-	-	-	446,608,743
Net inter segment borrowing	-	218,028,367	-	825,514	-	-	-	218,853,881
Others	6,361	-	5,117,328	1,101,787	2,238,994	417,413	19,359,324	28,241,207
<b>Total Liabilities</b>	<b>11,179,163</b>	<b>237,109,436</b>	<b>221,021,335</b>	<b>261,929,985</b>	<b>2,238,994</b>	<b>417,413</b>	<b>19,359,324</b>	<b>753,255,650</b>
Equity	-	-	-	-	-	-	23,830,146	23,830,146
Non-controlling interest	-	-	-	-	-	-	278,312	278,312
<b>Total Equity &amp; Liabilities</b>	<b>11,179,163</b>	<b>237,109,436</b>	<b>221,021,335</b>	<b>261,929,985</b>	<b>2,238,994</b>	<b>417,413</b>	<b>43,467,782</b>	<b>777,364,108</b>
<b>Contingencies &amp; Commitments</b>	<b>-</b>	<b>58,482,439</b>	<b>42,963,742</b>	<b>17,400,494</b>	<b>465,905</b>	<b>-</b>	<b>128,183</b>	<b>119,440,763</b>

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Brokerage	Asset management	Others	Total
<b>June 30, 2020 (Un-audited)</b>								
<b>Profit &amp; Loss</b>								
----- Rupees in '000 -----								
Net mark-up / return / interest / (expense)	273,309	(889,454)	5,718,342	1,359,624	32,436	(7,956)	(1,259,850)	5,226,451
Inter segment revenue - net	(2,831)	-	(560,647)	(127,452)	-	-	690,930	-
Non mark-up / return / income / (loss)	27,345	1,261,760	1,210,201	602,665	278,527	115,267	(142,146)	3,353,619
<b>Total Income / (loss)</b>	<b>297,823</b>	<b>372,306</b>	<b>6,367,896</b>	<b>1,834,837</b>	<b>310,963</b>	<b>107,311</b>	<b>(711,066)</b>	<b>8,580,070</b>
Segment direct expenses	22,585	62,459	2,578,342	315,082	268,244	174,096	3,225,375	6,646,183
Inter segment expense allocation	71,316	185,548	1,860,826	652,891	-	-	(2,770,581)	-
<b>Total expenses</b>	<b>93,901</b>	<b>248,007</b>	<b>4,439,168</b>	<b>967,973</b>	<b>268,244</b>	<b>174,096</b>	<b>454,794</b>	<b>6,646,183</b>
Provisions	3,020	-	156,587	56,619	-	(26,023)	229,981	420,184
<b>Profit / (loss) before tax</b>	<b>200,902</b>	<b>124,299</b>	<b>1,772,141</b>	<b>810,245</b>	<b>42,719</b>	<b>(40,762)</b>	<b>(1,395,841)</b>	<b>1,513,703</b>
<b>December 31, 2020 (Audited)</b>								
<b>Statement of financial position</b>								
Cash & Bank balances	-	20,722,345	10,804,855	-	19,153	3,313	-	31,549,666
Investments	2,891,836	196,878,742	-	-	347,651	1,689,425	-	201,807,654
Net inter segment lending	-	-	129,898,985	109,429,008	-	-	11,732,961	251,060,954
Lendings to financial institutions	-	23,239,672	-	-	-	-	-	23,239,672
Advances - performing	-	-	52,152,981	190,322,242	446,088	3,831	-	242,925,142
Advances - non-performing	-	-	4,760,888	6,972,667	-	-	-	11,733,555
Advances - (provisions) / reversals - net	-	-	(938,040)	(3,265,123)	-	-	-	(4,203,163)
	-	-	55,975,829	194,029,786	446,088	3,831	-	250,455,534
Others	-	4,590,700	3,570,545	3,315,506	2,854,534	666,196	14,027,138	29,024,619
<b>Total Assets</b>	<b>2,891,836</b>	<b>245,431,459</b>	<b>200,250,214</b>	<b>306,774,300</b>	<b>3,667,426</b>	<b>2,362,765</b>	<b>25,760,099</b>	<b>787,138,099</b>
Borrowings	-	12,208,219	1,996,091	34,099,102	-	-	-	48,303,412
Subordinated debt	-	7,492,800	-	-	-	-	-	7,492,800
Deposits & other accounts	-	-	166,087,049	265,336,773	-	-	-	431,423,822
Net inter segment borrowing	2,891,836	227,156,281	21,012,836	-	-	-	-	251,060,953
Others	-	551,556	11,154,238	5,893,204	2,728,064	446,461	5,167,888	25,941,411
<b>Total Liabilities</b>	<b>2,891,836</b>	<b>247,408,856</b>	<b>200,250,214</b>	<b>305,329,079</b>	<b>2,728,064</b>	<b>446,461</b>	<b>5,167,888</b>	<b>764,222,398</b>
Equity	-	-	-	-	-	-	22,387,255	22,387,255
Non-controlling interest	-	-	-	-	-	-	528,446	528,446
<b>Total Equity &amp; Liabilities</b>	<b>2,891,836</b>	<b>247,408,856</b>	<b>200,250,214</b>	<b>305,329,079</b>	<b>2,728,064</b>	<b>446,461</b>	<b>28,083,589</b>	<b>787,138,099</b>
<b>Contingencies &amp; Commitments</b>	<b>-</b>	<b>60,973,417</b>	<b>44,793,723</b>	<b>18,141,644</b>	<b>690,306</b>	<b>-</b>	<b>133,642</b>	<b>124,732,732</b>

### 37. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, associates, directors & Key Management Personnel and other related parties.

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

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

	As at June 30, 2021 (Un-audited)					As at December 31, 2020 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
----- Rupees in '000 -----										
<b>Statement of financial position</b>										
<b>Loanings to financial institutions</b>										
Opening balance	-	-	-	-	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	1,800,000	-	-	-	-	4,100,000
Repaid during the period / year	-	-	-	-	(1,800,000)	-	-	-	-	(4,100,000)
Closing balance	-	-	-	-	-	-	-	-	-	-
<b>Investments</b>										
Opening balance	12,500	-	-	269,800	4,527,652	15,000	-	-	228,972	3,560,728
Investment made during the period / year	-	-	-	-	1,284,665	-	-	-	40,828	4,298,203
Investment redeemed / disposed off during the period / year	(634)	-	-	-	(2,282,049)	(2,500)	-	-	-	(3,331,279)
Closing balance	11,866	-	-	269,800	3,530,268	12,500	-	-	269,800	4,527,652
Provision for diminution in value of investments	-	-	-	-	388,607	-	-	-	-	391,478
<b>Advances</b>										
Opening balance	-	122,106	791,027	370,768	4,093,430	-	-	596,257	-	1,946,481
Addition during the year	-	2,352	69,733	-	1,409,450	-	58	284,284	153,128	6,402,913
Repaid during the year	-	(26,901)	(131,862)	(138,011)	(2,028,651)	-	(832)	(157,785)	(2,235)	(5,488,750)
Transfer in / (out) - net	-	31,508	(316,790)	-	388,104	-	122,880	68,271	219,875	1,232,786
Closing balance	-	129,065	412,108	232,757	3,862,333	-	122,106	791,027	370,768	4,093,430
<b>Other Assets</b>										
Interest / mark-up accrued	331	950	-	827	39,039	344	2,801	6	954	52,998
Receivable against bancassurance / bancatakaful	-	-	-	-	62,947	-	-	-	-	28,051
Net defined benefit plan	-	-	-	-	209,092	-	-	-	-	317,581
Trade receivable	-	-	13	-	28,726	73,455	-	80	-	158,590
Advance against purchase of property	-	-	-	-	-	-	-	-	-	-
Other receivable	285	-	-	-	7,264	281	-	-	-	8,889
Provision against other assets	-	-	-	-	379	-	-	-	-	379
<b>Borrowings</b>										
Opening balance	-	-	-	-	-	-	-	-	-	-
Borrowings during the period / year	-	-	-	-	-	-	-	-	-	11,105,705
Settled during the period / year	-	-	-	-	-	-	-	-	-	(11,105,705)
Closing balance	-	-	-	-	-	-	-	-	-	-
<b>Deposits and other accounts</b>										
Opening balance	172,019	212,335	76,237	49,753	10,365,166	271,648	24,444	59,593	23,104	8,622,201
Received during the period / year	5,012,776	145,538	367,582	904,075	119,132,067	5,511,316	511,942	973,685	861,135	160,825,941
Withdrawn during the period / year	(3,094,131)	(147,431)	(359,279)	(917,136)	(118,748,187)	(5,610,945)	(324,417)	(869,813)	(834,486)	(159,215,607)
Transfer in / (out) - net	-	118,254	(39,967)	-	27,564	-	366	(87,228)	-	132,631
Closing balance	2,090,664	328,696	44,573	36,692	10,776,610	172,019	212,335	76,237	49,753	10,365,166

	As at June 30, 2021 (Un-audited)					As at December 31, 2020 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
<b>Subordinated debt</b>	-	-	-	-	889,354	-	-	-	-	889,432
<b>Other Liabilities</b>										
Interest / return / mark-up payable on deposits	-	-	18	-	34,139	-	-	85	-	153,374
Interest / return / mark-up payable on subordinated debt	-	-	-	-	1,249	-	-	-	-	1,308
Trade payable	2,427	-	3,725	-	3,595	-	-	6,314	-	783
Donation Payable	-	-	-	-	-	-	-	-	-	4,500
Others payable	-	-	-	-	1,607	75	-	-	-	1,571
<b>Represented By</b>										
Share Capital	9,733,073	31,173	3,500	-	46,295	9,733,073	19,180	12,223	-	45,323
<b>Contingencies and Commitments</b>										
Letter of guarantee	-	-	-	-	733,629	-	-	-	-	29,054
Letter of Credit	-	-	-	-	332,220	-	-	-	-	86,543
	For the period ended June 30, 2021 (Un-audited)					For the period ended June 30, 2020 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000									
<b>Profit and loss account</b>										
<b>Income</b>										
Mark-up / return / interest earned	536	3,135	15,827	4,809	91,493	1,154	1,476	31,212	16,367	163,612
Fee, commission and brokerage income	7,604	44	12,049	25	182,270	1,295	9	607	-	133,797
Dividend income	-	-	-	-	163,672	-	-	-	-	52,794
(Loss) / gain on sale of securities - Net	-	-	-	-	(86,899)	-	-	-	-	3,395
<b>Reversal/(provisions) and write offs - net</b>										
Reversal for diminution in value of Investments	-	-	-	-	215,305	-	-	-	-	-
<b>Expense</b>										
Mark-up / return / interest paid	21,805	7,422	714	2,478	379,778	12,697	566	916	1,952	566,951
Remuneration paid	-	41,533	286,585	-	-	-	19,145	371,947	-	-
Non-executive directors' fee	-	9,107	-	-	-	-	8,940	-	-	-
Net charge for defined contribution plans	-	-	-	-	136,700	-	-	-	-	124,804
Net charge for defined benefit plans	-	-	-	-	111,551	-	-	-	-	107,560
Rental expense	-	-	-	-	14,798	18,818	-	-	-	92
Advisory fee	-	-	-	-	-	-	-	-	-	-
Royalty	-	-	-	-	15,000	-	-	-	-	15,000
Other expenses	825	-	-	-	1,103	225	-	-	-	-
Reimbursement of expenses	25,523	298	-	-	12,601	2,473	-	3,034	-	32,509
<b>Payments made during the period</b>										
Insurance premium paid	-	-	-	-	365,104	-	-	-	-	368,151
Insurance claims settled	-	-	-	-	2,586	-	-	-	-	2,793
<b>Other Transactions</b>										
Sale of Government Securities	-	-	-	-	44,597,994	292,150	1,645	-	-	64,260,189
Purchase of Government Securities	-	-	-	-	2,896,977	-	-	-	-	13,362,416
Sale of Foreign Currencies	-	-	-	-	28,860,440	-	-	-	-	14,573,027
Purchase of Foreign Currencies	-	-	-	-	10,423,056	-	-	-	-	20,871,287

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
<b>38. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>	----- Rupees in '000 -----	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<b>10,119,242</b>	10,119,242
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<b>18,086,749</b>	17,433,159
Eligible Additional Tier 1 (ADT 1) Capital	<b>1,968,331</b>	1,965,291
Total Eligible Tier 1 Capital	<b>20,055,080</b>	19,398,450
Eligible Tier 2 Capital	<b>6,328,466</b>	5,558,052
Total Eligible Capital (Tier 1 + Tier 2)	<b>26,383,546</b>	24,956,502
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<b>161,784,975</b>	154,573,487
Market Risk	<b>3,288,763</b>	3,835,995
Operational Risk	<b>25,579,240</b>	25,579,240
Total	<b>190,652,978</b>	183,988,722
Common Equity Tier 1 Capital Adequacy ratio	<b>9.49%</b>	9.48%
Tier 1 Capital Adequacy Ratio	<b>10.52%</b>	10.54%
Total Capital Adequacy Ratio	<b>13.84%</b>	13.56%
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	<b>20,055,080</b>	19,398,450
Total Exposures	<b>639,794,849</b>	623,856,077
Leverage Ratio	<b>3.13%</b>	3.11%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<b>199,136,288</b>	166,890,275
Total Net Cash Outflow	<b>69,126,887</b>	57,575,341
Liquidity Coverage Ratio	<b>288.07%</b>	289.86%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<b>370,666,281</b>	358,895,534
Total Required Stable Funding	<b>267,271,392</b>	259,861,191
Net Stable Funding Ratio	<b>138.69%</b>	138.11%

**39. NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE**

As explained in note 10.3.6 of these condensed interim consolidated financial statements, subsequent to period end, on August 02, 2021, JS Bank audit team has uncovered a fraud relating to gold financing amounting to Rs. 741 million as at July 31, 2021. Consequently, recovery and legal proceedings have been initiated.

**40. GENERAL**

- 40.1** These condensed interim consolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular no. 5 dated March 22, 2019 and related clarifications / modifications.
- 40.2** Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report.
- 40.3** The figures in these condensed interim consolidated financial statements have been rounded off to the nearest thousand.

**41. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim consolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on August 25, 2021.

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

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

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

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

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