



JS Bank Limited

Condensed Interim Financial Information
for the Half Year Ended June 30, 2012
(Un-Audited)



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Company Information

Board of Directors	Chairman	Mr. Jahangir Siddiqui Mr. Mazharul Haq Siddiqui Mr. Maqbool A. Soomro Mr. Ashraf Nawabi Mr. Rafique R. Bhimjee Mr. Shahab Anwar Khawaja Mr. Adil Matcheswala	Non-Executive Non-Executive Independent Independent Non-Executive Independent Non-Executive
President & Chief Executive Officer		Mr. Kalim-ur-Rahman	
Audit Committee	Chairman	Mr. Jahangir Siddiqui Mr. Maqbool A. Soomro Mr. Rafique R. Bhimjee	
Company Secretary		Mr. Muhammad Yousuf Amanullah	
Auditors		M. Yousuf Adil Saleem & Co. Chartered Accountants (Member firm of Deloitte Touche Tohmatsu)	
Legal Advisors		Bawaney & Partners Liaquat Merchant Associates	
Share Registrar		Technology Trade (Pvt.) Limited 241-C, Block-2, P.E.C.H.S., Karachi.	
Registered Office		JS Bank Limited Shaheen Commercial Complex Dr. Ziauddin Ahmed Road P.O. Box 4847 Karachi-74200, Pakistan.	
Entity Ratings		Long Term A+ ("Single A Plus") Short Term A1 ("A One")	
Website		www.jsbl.com	



DIRECTORS' REPORT

On behalf of the Board of Directors, I am pleased to present the reviewed financial statements of JS Bank Limited (the 'Bank') along with reviewed consolidated financial statements of the Bank with its subsidiary JS Global Capital Limited for the half year ended June 30, 2012.

The Economy

Pakistan's economic growth target of 4.2% for FY12 was missed as GDP growth was recorded at 3.7%. However, the growth was notable considering various challenges facing the economy, ranging from the energy crises, floods, international oil prices and security concerns. Average inflation for FY12 clocked in at 11% which was lower than initial projections as the recent decline in oil prices allowed inflation to ease. Nevertheless, the State Bank of Pakistan (SBP) adopted a wait and see approach in its last monetary policy of the fiscal year by keeping the policy rate unchanged at 12%. Managing external and fiscal pressures are key concerns going forward, while energy shortages and low private investment continue to hinder the economy's capacity to grow.

On the banking front, total industry advances and investments recorded growths of 7% each in 1HCY12. In the same period, deposits grew by 9%, taking the industry wide Advances/Deposit ratio to 58.41% as of June 2012.

Our Business

The Bank's deposit base reached an all time high of Rs 51.805 billion, an increase of 24.87% since end December 2011. The strong showing on the deposit front was complemented with growth in the ancillary business lines with home remittance transactions exceeding 250,000, an increase of 37% over the same period last year. In the Bancassurance business, which has become a strong source of revenues for the Bank, we are now one of the leading banks in the country.

On the product development front, Internet Banking was launched with a full scale 360 degree marketing campaign and has been very well received by the market and bank's existing customers. JS Bank continued to maintain its steady growth and moved ahead with its branch expansion bringing the total to 150 branches in 81 cities. Considerable focus remained on consistently improving the level of service delivery at branch locations across Pakistan to ensure that the JS Bank customers receive a standard of service well above the competition. All in all, our Retail Banking Group's performance during the period under review has been most commendable.

The Corporate and Commercial Banking Division continue to be our foundation for the advances business and they are progressively increasing corporate advances portfolio to attain higher profitability, supported by strong trade business volumes. This will help in improving the Bank's off balance sheet income together with the mark-up income.

On the Treasury front, we are proud to announce that your bank has again been ranked by the SBP as the Number: 1 Primary Dealer of the country for the second consecutive year. The Primary Dealership list is announced by the SBP as an annual listing of 11 leading financial institutions that are privileged to participate and underwrite auctions of Government Securities i.e. Pakistan Investment Bonds and Treasury Bills.

During the period under review, our Investment Banking Group (IBG) successfully advised and arranged PKR 1,600 million for Microfinance sector under SBP's Microfinance Credit Guarantee Facility and also became the largest lender under the said scheme.



Financial Review

During the six months period under review, the balance sheet of your bank grew by 19.68% to Rs 64.530 billion, mainly due to an increase in the Bank's deposit base from Rs. 41.487 billion to Rs. 51.805 billion. On the asset side, the growth was recorded both in investments and advances which grew by 27.30% and 10.41% respectively.

Your bank has earned a profit after tax of Rs 278.210 million as compared to a profit after tax of Rs 100.398 million in the corresponding period last year. Going forward, we plan to further strengthen our branch network to increase brand awareness and mobilize low cost deposits. On the lending side, we plan to increase our focus on the Corporate, Commercial and SME sectors. We are confident that, with our current strategy in place, we would see further improvement in our results in the days to come.

To meet the Minimum Capital Requirement, the SBP has allowed us to increase the paid up capital through swap of new shares of the Bank against shares of JS Investments Limited held by Jahangir Siddiqui & Co. Ltd. and other investors. Approval from the Shareholders has been obtained in an Extraordinary General Meeting held on June 27, 2012. The Bank is now in the process of obtaining necessary approvals from the Securities and Exchange Commission of Pakistan and completing other procedural formalities.

JS Global Capital Limited

Operating revenue declined due to lower equity brokerage revenue in comparison to the corresponding period last year. However, the overall results of the Company have shown a substantial increase by 107.43% to Rs. 95.743 million, as compared to the corresponding period last year. The Balance Sheet size of the Company grew by Rs 234.972 million and stood at Rs 3.091 billion as compared to Rs 2.856 billion corresponding period last year. Further, the cost control measures have resulted in an overall reduction by 13.77% in the administrative expenses.

Entity Ratings

The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term entity rating of JS Bank from "A" to "A+" (Single A Plus), while maintaining the short term rating at "A1" (A One). The ratings reflect the Bank's sound financial profile emanating from improving profitability, strong liquidity and sound capital adequacy. The Bank's strengthening franchise owing to its expanding branch network, supported by a sound technological platform, were key considerations for the upgrade.

Acknowledgements

We take this opportunity to express our gratitude to our customers and business partners for their continued support and trust. We greatly value and appreciate the guidance and co-operation provided by the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory authorities. Finally, we are also thankful to our associates, staff and colleagues for their hard work and unstinted commitment to the Bank.

Karachi: August 28, 2012

On behalf of the Board

Kalim-ur-Rahman
President &
Chief Executive Officer



AUDITORS' REVIEW REPORT ON UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of JS Bank Limited (the Bank) as at June 30, 2012 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial information"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information 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 information 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 unconsolidated condensed interim financial information as of and for the half year then ended June 30, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

We draw attention to the following matters:

- a) Note 1.3 to the accompanying unconsolidated condensed interim financial information wherein management has explained the plans of the Bank to meet the minimum capital requirements as prescribed by the State Bank of Pakistan as the Bank does not meet the minimum capital requirement; and
- b) Notes 10.2.3 and 11.2 to the accompanying unconsolidated condensed interim financial information relating to goodwill and deferred tax asset respectively wherein management has described the assumptions which it has used in determining the value in use of cash generating unit to which the goodwill was allocated for impairment testing and determining recoverability of deferred tax assets respectively. There is an inherent uncertainty in the assumptions which depend on future events.

In the respect of matters described in paragraphs (a) and (b) above, our opinion is not qualified.



Other matters

The figures of the unconsolidated condensed interim profit and loss account and the unconsolidated condensed interim statement of comprehensive income for the quarters ended June 30, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2012.

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Karachi
Date: August 28, 2012

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2012

	Note	(Unaudited) June 30, 2012	(Audited) December 31, 2011
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		4,609,306	3,880,688
Balances with other banks		312,638	136,880
Lendings to financial institutions	7	5,170,901	4,073,103
Investments - net	8	28,833,885	22,649,824
Advances - net	9	19,893,871	18,018,778
Operating fixed assets	10	3,120,922	3,021,439
Deferred tax assets - net	11	963,728	1,082,466
Other assets		1,625,165	1,057,391
		64,530,416	53,920,569
LIABILITIES			
Bills payable		890,471	1,246,994
Borrowings	12	3,337,917	2,944,495
Deposits and other accounts	13	51,805,240	41,487,031
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		747,885	765,019
		56,781,513	46,443,539
NET ASSETS		7,748,903	7,477,030
REPRESENTED BY:			
Share capital		10,002,930	10,002,930
Reserves		145,620	89,978
Discount on issue of shares		(1,944,880)	(1,944,880)
Accumulated losses		(420,350)	(642,918)
		7,783,320	7,505,110
Deficit on revaluation of assets - net of tax	14	(34,417)	(28,080)
		7,748,903	7,477,030
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 23 form an integral part of this unconsolidated condensed interim financial information.

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive Officer

Ashraf Nawabi
Director

Mazharul Haq Siddiqui
Director



UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2012

	Quarter ended		Half year ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	(Rupees in '000)			
Mark-up / return / interest earned	1,393,774	1,026,571	2,668,161	1,953,772
Mark-up / return / interest expensed	891,344	598,484	1,678,692	1,182,992
Net mark-up / interest income	502,430	428,087	989,469	770,780
(Provision) / reversal against non-performing loans and advances	(59,465)	89,106	(59,401)	84,649
(Provision) / reversal of diminution in value of investments	(22,707)	139,569	(7,799)	139,569
Bad debts written off directly	-	-	-	-
	(82,172)	228,675	(67,200)	224,218
Net mark-up / interest income after provisions	420,258	656,762	922,269	994,998
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	141,884	90,345	273,222	156,441
Dividend income	876	13,378	51,926	13,378
Income from dealing in foreign currencies	54,790	25,320	96,347	43,443
Gain / (loss) on sale / redemption of securities	72,106	(115,137)	102,336	(21,473)
Unrealised gain / (loss) on revaluation of investments classified as held for trading	2,106	(3,722)	248	(1,073)
Other income	15,021	5,948	29,427	6,567
Total non-mark-up / interest income	286,783	16,132	553,506	197,283
	707,041	672,894	1,475,775	1,192,281
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	604,737	530,454	1,104,854	1,028,231
Other provisions / write offs	-	-	-	-
Other charges	695	7,494	695	7,765
Total non-mark-up / interest expenses	605,432	537,948	1,105,549	1,035,996
	101,609	134,946	370,226	156,285
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	101,609	134,946	370,226	156,285
Taxation				
- Current	(806)	(11,856)	(20,528)	(22,940)
- Prior years	50,661	-	50,661	-
- Deferred	(75,842)	(32,947)	(122,149)	(32,947)
	(25,987)	(44,803)	(92,016)	(55,887)
PROFIT AFTER TAXATION	75,622	90,143	278,210	100,398
----- Rupees -----				
Basic and diluted earnings per share	0.08	0.11	0.28	0.12

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

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive Officer

Ashraf Nawabi
Director

Mazharul Haq Siddiqui
Director



UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2012

	Quarter ended		Half Year ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	----- (Rupees in '000) -----			
Profit for the period	75,622	90,143	278,210	100,398
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>75,622</u>	<u>90,143</u>	<u>278,210</u>	<u>100,398</u>

(Deficit) / surplus arising on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 and with the directives of the State Bank of Pakistan in a separate account below equity.

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

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive Officer

Ashraf Nawabi
Director

Mazharul Haq Siddiqui
Director



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2012**

	Issued, Subscribed and paid-up share capital	Statutory reserve	Discount on issue of shares	Accumulated losses	Total
----- (Rupees in '000) -----					
Balance as at January 01, 2011	8,149,715	18,040	(1,415,477)	(930,671)	5,821,607
Comprehensive Income					
Profit after taxation for the half year ended June 30, 2011	-	-	-	100,398	100,398
Other comprehensive Income - net of tax	-	-	-	-	-
	-	-	-	100,398	100,398
Transfers					
Transfers to statutory reserve	-	20,080	-	(20,080)	-
Balance as at June 30, 2011	8,149,715	38,120	(1,415,477)	(850,353)	5,922,005
Comprehensive Income					
Profit after taxation for the half year ended December 31, 2011	-	-	-	259,293	259,293
Other comprehensive Income - net of tax	-	-	-	-	-
	-	-	-	259,293	259,293
Transaction with owners recorded directly in equity					
Issue of shares during the period	1,853,215	-	-	-	1,853,215
Discount on issue of shares	-	-	(529,403)	-	(529,403)
	1,853,215	-	(529,403)	-	1,323,812
Transfers					
Transfers to statutory reserve	-	51,858	-	(51,858)	-
Balance as at December 31, 2011	10,002,930	89,978	(1,944,880)	(642,918)	7,505,110
Comprehensive Income					
Profit after taxation for the half year ended June 30, 2012	-	-	-	278,210	278,210
Other comprehensive Income - net of tax	-	-	-	-	-
	-	-	-	278,210	278,210
Transfers					
Transfers to statutory reserve	-	55,642	-	(55,642)	-
Balance as at June 30, 2012	10,002,930	145,620	(1,944,880)	(420,350)	7,783,320

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

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive Officer

Ashraf Nawabi
Director

Mazharul Haq Siddiqui
Director

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2012

	June 30, 2012	June 30, 2011
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	370,226	156,285
Less: Dividend income	(51,926)	(13,378)
	<u>318,300</u>	<u>142,907</u>
Adjustments:		
Depreciation	108,257	112,131
Amortisation of intangibles	9,337	8,375
Charge for defined benefit plan	18,753	16,209
Unrealised (gain) / loss on revaluation of investments classified as held for trading	(248)	1,073
Provision / (reversal) against non-performing advances - net	59,401	(84,649)
Provision / (reversal) of diminution in value of investments - net	7,799	(139,569)
Gain on sale of fixed assets	(29,427)	(6,567)
	<u>173,872</u>	<u>(92,997)</u>
	<u>492,172</u>	<u>49,910</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(1,097,798)	1,979,446
Held-for-trading securities	(963,367)	(8,282,553)
Advances	(1,934,494)	(2,128,644)
Other assets (excluding advance taxation)	(546,353)	(185,182)
	<u>(4,542,012)</u>	<u>(8,616,933)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(356,523)	307,542
Borrowings	355,508	(1,620,494)
Deposits	10,318,209	6,779,487
Other liabilities	(35,887)	(738,266)
	<u>10,281,307</u>	<u>4,728,269</u>
	<u>6,231,467</u>	<u>(3,838,754)</u>
Income tax paid	8,712	(20,493)
Net cash from / (used in) operating activities	<u>6,240,179</u>	<u>(3,859,247)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available for sale securities	(5,237,993)	3,955,149
Dividend income received	51,926	13,378
Investment in operating fixed assets	(230,083)	(310,532)
Sale proceeds of property and equipment disposed-off	42,433	10,037
Net cash (used in) / from investing activities	<u>(5,373,717)</u>	<u>3,668,032</u>
CASH FLOW FROM FINANCING ACTIVITIES		
	-	-
Increase / (decrease) in cash and cash equivalents	<u>866,462</u>	<u>(191,215)</u>
Cash and cash equivalents at beginning of the period	4,016,008	3,212,435
Cash and cash equivalents at end of the period	<u>4,882,470</u>	<u>3,021,220</u>

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

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive Officer

Ashraf Nawabi
Director

Mazharul Haq Siddiqui
Director



NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2012

1. STATUS AND NATURE OF BUSINESS

- 1.1** JS Bank Limited (the Bank), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank is listed on Karachi Stock Exchange in Pakistan. The Bank is a subsidiary of Jahangir Siddiqui & Company Limited (JSCL). The registered office of the Bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi. The Bank operates with 150 (2011: 147) branches / sub-branches in Pakistan. The Pakistan Credit Rating Agency (Private) Limited (PACRA) has assigned the long term credit rating of the Bank as A+ ("Single A Plus") and the short term rating as A1 ("A One") with stable outlook.
- 1.2** Jahangir Siddiqui Investment Bank Limited (JSIBL) and its holding company, Jahangir Siddiqui & Company Limited (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 (AEBL) Pakistan Operations. Consequently, a new banking company, JS Bank Limited (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.

Further, 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. 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/NBF-C(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by State Bank of Pakistan (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 State Bank of Pakistan through its BSD Circular No. 7 dated April 15, 2009 has prescribed that the minimum paid up capital (net of losses) for Banks / Development Finance Institutions (DFIs) be raised to Rs.10 billion by the year ending December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.8 billion paid-up capital (free of losses) by the end of the financial year 2011. The paid-up capital (free of losses) of the Bank as at June 30, 2012 stood at Rs.7.638 billion.

As disclosed in note 1.3 to the unconsolidated financial statements for the year ended December 31, 2011, the Bank had submitted a plan to the SBP which envisaged the increase in the Bank's paid capital through swap of new shares of the Bank against shares of JS Investment Limited (JSIL) currently held by the JSCL and other investors. In this connection, approvals from the SBP and the shareholders of the Bank have been obtained. The Bank is now in the process of completing procedural formalities and is hopeful that it will be able to meet the minimum capital requirement (MCR) for the financial year 2011 after the said plan is completed. In the meantime, SBP has exempted the Bank from complying with requirements of MCR till September 30, 2012.

2. STATEMENT OF COMPLIANCE

This unconsolidated condensed interim financial information of the Bank for the half year ended June 30, 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS 34), provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and

the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

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 through BSD Circular Letter No. 10 dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, IFRS - 7 'Financial Instruments: Disclosures' has not been made applicable to banks. Accordingly, the requirements of these standards have not been considered in the preparation of this unconsolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

The disclosures made in this unconsolidated condensed interim financial information has been limited based on a format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and IAS 34, do not include all the disclosures required in the annual financial statements. Accordingly, this condensed interim unconsolidated financial information should be read in conjunction with the annual audited financial statements of the Bank for the year ended December 31, 2011.

3. BASIS OF MEASUREMENT

This unconsolidated condensed interim financial information has been prepared under the historical cost convention except for held for trading, available-for-sale investments and derivative financial instruments which are stated at fair value.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of this condensed interim unconsolidated financial information are consistent with those applied in the preparation of the annual audited financial statements of the Bank for the year ended December 31, 2011.

5. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Bank for the year ended December 31, 2011.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted in the preparation of this unconsolidated condensed interim financial information are consistent with those disclosed in the annual audited financial statements of the Bank for the year ended December 31, 2011.

		(Unaudited) June 30, 2012	(Audited) December 31, 2011
	Note	(Rupees in '000)	
7. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		250,000	1,000,000
Lending to financial institutions		1,280,973	772,758
Repurchase agreement lendings (Reverse Repo)	7.1 & 7.2	3,639,928	2,300,345
		<u>5,170,901</u>	<u>4,073,103</u>

7.1 Repurchase agreement lendings are secured through Pakistan Investment Bonds and Market Treasury Bills having total market value of Rs.3,816.309 million (December 31, 2011: Rs. 2,303.555 million).

7.2 Included here in a sum of Rs. Nil (December 31, 2011: 270.080 million) due from a related party.

8. INVESTMENTS

	(Unaudited) June 30, 2012			(Audited) December 31, 2011		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total

Note ----- (Rupees in '000) -----

8.1 INVESTMENTS BY TYPES:

Held for trading securities

Market Treasury Bills	5,809,674	-	5,809,674	4,755,721	-	4,755,721
Pakistan Investment Bonds	310,515	-	310,515	208,211	-	208,211
Ijara Sukuk	902,100	-	902,100	998,000	-	998,000
Open end mutual funds	-	-	-	100,000	-	100,000
	7,022,289	-	7,022,289	6,061,932	-	6,061,932

Available-for-sale securities

Market Treasury Bills	6,289,187	2,172,502	8,461,689	5,951,430	1,696,954	7,648,384
Pakistan Investment Bonds	6,791,561	-	6,791,561	4,421,546	-	4,421,546
Ordinary shares of listed companies	1,371,328	-	1,371,328	19,096	-	19,096
Preference shares of a listed company	143,739	-	143,739	95,503	-	95,503
Term Finance Certificates-listed	1,843,389	-	1,843,389	1,375,972	-	1,375,972
Term Finance Certificates-unlisted	720,497	-	720,497	783,774	-	783,774
Sukuk Certificates	154,836	-	154,836	193,966	-	193,966
Commercial Paper	-	-	-	51,256	-	51,256
Closed end mutual funds	99,701	-	99,701	118,601	-	118,601
Open end mutual funds	222,717	-	222,717	264,290	-	264,290
US Dollar Bonds	860,629	-	860,629	459,705	-	459,705
	18,497,584	2,172,502	20,670,086	13,735,139	1,696,954	15,432,093

Subsidiary

JS Global Capital Limited	8.1.5	1,357,929	-	1,357,929	1,357,929	-	1,357,929
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Investments at cost

	26,877,802	2,172,502	29,050,304	21,155,000	1,696,954	22,851,954
Less: Provision for diminution in value of investments	(163,718)	-	(163,718)	(155,920)	-	(155,920)
Investments (net of provision)	26,714,084	2,172,502	28,886,586	20,999,080	1,696,954	22,696,034

Unrealised gain / (loss) on revaluation of investments classified as held for trading	248	-	248	(3,010)	-	(3,010)
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Deficit on revaluation of available-for-sale securities	14	(52,857)	(92)	(52,949)	(42,522)	(678)	(43,200)
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Total investments at carrying value	26,661,475	2,172,410	28,833,885	20,953,548	1,696,276	22,649,824
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8.1.1 Included herein preference shares of Agritech Limited, a related party, amounting to Rs.48.237 million (December 31, 2011: NIL) and having market value of Rs.48.237 million (December 31, 2011: NIL).

8.1.2 Included herein are investments in term finance certificates of following related parties:

- a) Agritech Limited, amounting to Rs.149.860 million at the rate of 6 months KIBOR ask rate + 1.75% maturing on November 29, 2019 (December 31, 2011: Rs.149.860 million).

- b) Azgard Nine Limited, amounting to Rs.149.870 million at the rate of 6 months KIBOR ask rate + 1.25% maturing on December 04, 2017 (December 31, 2011: Rs.149.880 million).
- c) The State Bank of Pakistan vide letter number BSD/BRP-1/5388/2012 dated May 02, 2012 has granted the relaxation for provisioning requirement under Prudential Regulations till June 30, 2012. Consequently, provision of Rs.299.730 has not been recognized in this unconsolidated condensed interim financial information in respect of above investments.
- 8.1.3** This represents investment in closed end mutual fund, JS Value Fund, a related party, amounting to Rs.99.701 million (December 31, 2011: Rs.99.701 million) and having market value of Rs.64.543 million (December 31, 2011: Rs.37.606 million).
- 8.1.4** Included herein are investments in open end mutual fund units of following related parties:
- a) JS Principal Secure Fund, amounting to Rs.22.717 million (December 31, 2011: 22.717 million) and having market value of Rs.25.197 million (December 31, 2011: 22.815 million).
- b) JS Income Fund, amounting to Rs.200.000 million (December 31, 2011: 200.000 million) and having market value of Rs.200.455 million (December 31, 2011: 200.070 million).
- 8.1.5** In 2011, the Bank acquired 25,525,169 ordinary shares of JS Global Capital Limited (JSGCL) in lieu of issuance of 185,321,546 shares of the Bank at an agreed share-exchange ratio of 7.26034550 shares of Bank for each share in JSGCL. The transactions consisted of acquiring entire shareholding of JSCL (43.47%) comprising of 21,734,826 shares on October 21, 2011 whereas remaining 3,790,343 shares were acquired from open market through public offer on December 21, 2011. The total holding of the Bank in subsidiary is 51.05% (December 31, 2011: 51.05%) Further details of subsidiary are given in consolidated condensed interim financial information note 1.1.2

	(Unaudited) June 30, 2012	(Audited) December 31, 2011
9. ADVANCES - net	Note	(Rupees in '000)
Loans, cash credits, running finances, etc.		
In Pakistan	17,204,193	16,532,849
Outside Pakistan	1,267,507	1,116,517
	18,471,700	17,649,366
Net investment in finance lease - in Pakistan	436,242	413,039
Bills discounted and purchased (excluding market treasury bills)		
Payable in Pakistan	720,081	320,468
Payable outside Pakistan	838,998	149,654
	1,559,079	470,122
Advances - gross	20,467,021	18,532,527
Provision for non-performing advances		
Specific	9.1 (572,096)	(512,666)
General (against consumer financing)	(1,054)	(1,083)
	(573,150)	(513,749)
Advances - net of provision	19,893,871	18,018,778

9.1 Advances include Rs.2,872.261 million (December 31, 2011: Rs.2,776.895 million) which have been placed under non-performing status as detailed below:

Category of Classification

	(Unaudited) June 30, 2012				
	Domestic	Overseas	Total	Provision Required	Provision Held
----- (Rupees in '000) -----					
Other assets especially mentioned	-	-	-	-	-
Substandard	4,050	-	4,050	137	137
Doubtful	1,639,639	-	1,639,639	848	848
Loss	1,228,572	-	1,228,572	571,111	571,111
	<u>2,872,261</u>	<u>-</u>	<u>2,872,261</u>	<u>572,096</u>	<u>572,096</u>

Category of Classification

	(Audited) December 31, 2011				
	Domestic	Overseas	Total	Provision Required	Provision Held
----- (Rupees in '000) -----					
Other assets especially mentioned	-	-	-	-	-
Substandard	973	-	973	95	95
Doubtful	1,671,373	-	1,671,373	248	248
Loss	1,104,549	-	1,104,549	512,323	512,323
	<u>2,776,895</u>	<u>-</u>	<u>2,776,895</u>	<u>512,666</u>	<u>512,666</u>

9.1.1 Included herein are the classified advances pertaining to Azgard Nine Limited and Agritech Limited (related parties) amounting to Rs.561.428 million and Rs.1,331.478 million respectively. The State Bank of Pakistan vide letter number BSD/BRP-1/5388/2012 dated May 02, 2012 has granted the relaxation for provisioning requirement under Prudential Regulations till June 30, 2012. Consequently, provision of Rs.408.775 million and Rs.665,739 million excluding benefit of collaterals, have not been recognized in this unconsolidated condensed interim financial information in respect of these loans.

	Note	(Unaudited) June 30, 2012	(Audited) December 31, 2011
		(Rupees in '000)	
10. OPERATING FIXED ASSETS			
Capital work-in-progress		28,374	17,591
Property and equipment		1,491,400	1,398,849
Intangible assets	10.2	1,601,148	1,604,999
		<u>3,120,922</u>	<u>3,021,439</u>

10.1 During the current period, the Bank invested in property and equipment and net capital work in process amounting to Rs. 213.723 million (June 30, 2011: Rs.273 million) and Rs.10.783 million (June 30, 2011: Rs.22.8 million) respectively and disposed off property and equipment costing Rs. 45.610 million (June 30, 2011: Rs.10.5 million) and having a written down value of Rs. 13.006 million (June 30, 2011: Rs. 3.6 million).

	(Unaudited) June 30, 2012	(Audited) December 31, 2011
Note	(Rupees in '000)	
10.2 Intangible assets		
Stock exchange card	10.2.1 11,000	11,000
Computer Software	126,524	130,375
Goodwill	10.2.2 & 10.2.3 1,463,624	1,463,624
	1,601,148	1,604,999

10.2.1 This represents membership card of Islamabad Stock Exchange. It has an indefinite useful life and is carried at cost.

10.2.2 For impairment testing goodwill has been allocated to 'Trading and Sales' Segment as Cash Generating Unit (CGU), which is also a reportable segment.

10.2.3 Key assumptions used in 'value in use' calculation

As at December 31, 2011 the recoverable amount of the CGU had been determined based on 'value in use' calculation, using cash flow projections based on business plan approved by the Board of Directors of the Bank covering a five year period. The discount rates applied to cash flows beyond the five year period are extrapolated using a terminal growth rate. The following rates are used by the Bank.

	December 2011	December 2010
- Discount rate	23.86%	25.90%
- Terminal growth rate	10.00%	10.00%

The calculation of 'value in use' is most sensitive to the following assumptions:

a) Interest margins

Interest margins are based on prevailing industry trends and anticipated market conditions.

b) Discount rates

Discount rates reflect management estimates of the rate of return required for each business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using the cost of equity of the Bank.

c) Key business assumptions

These assumptions are important as they represent management assessment of how the unit's position might change over the projected period. Based on expansion plans, management expects aggressive growth in advances, investments and deposits during the projected periods and thereafter stabilisation in line with industry trends.



d) Sensitivity to changes in assumptions

The estimated recoverable amount of the 'Trading and Sales' CGU as at December 31, 2011 exceeds its carrying amount by approximately Rs.769.125 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount:

		Change required for carrying amount to equal recoverable amount(%)	
		1.86	
		(3.17)	
		(Unaudited)	(Audited)
		June 30,	December 31,
		2012	2011
	Note	(Rupees in '000)	
11. DEFERRED TAX ASSETS			
Deferred tax debits arising from:			
Unused tax losses	11.1 & 11.2	1,207,292	1,248,585
Provision against investments and loans		108,775	106,415
Unrealized loss of revaluation of investment classified as held-for-trading		-	1,053
Deferred cost		-	235
Provision for gratuity		-	26,371
Minimum tax		63,106	86,140
Deficit on revaluation of investment classified as available-for-sale	14	18,532	15,120
		1,397,705	1,483,919
Deferred tax credits arising due to:			
Fixed assets		(148,730)	(140,471)
Goodwill		(281,748)	(256,134)
Unrealized gain of revaluation of investment classified as held-for-trading		(87)	-
Unrealized gain on revaluation of forward foreign exchange contracts		-	(1,436)
Share of profit from associate		(3,412)	(3,412)
		(433,977)	(401,453)
		963,728	1,082,466

11.1 Included herein is a sum of Rs.261.958 million (December 31, 2011: Rs.305.885 million) representing deferred tax asset relating to American Express Bank Limited - Pakistan Branch, in respect of tax losses, expected to be available for carry forward and set off against the income of the Bank in terms of Section 57A of the Income Tax Ordinance, 2001. In addition, it also includes deferred tax asset set up in respect of tax losses of the Bank. The management of the Bank believes that based on the projections of future taxable profit, it would be able to realise these tax losses in the future.

11.2 As at December 31, 2011 the management of the Bank has prepared a five year business plan which has been approved by the Board of Directors of the Bank. The business plan involves certain key assumptions underlying the estimation of future taxable profits projected in the plan. The determination of future taxable profits is most sensitive to certain key assumptions such as cost to income ratio of the Bank, deposit composition, growth of deposits and advances, investment returns, potential provision against assets, branch expansion plan, etc. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset. The management believes that it is probable that the Bank will be able to achieve the profits projected in the business plan and consequently the deferred tax asset will be fully realised in the future.

	(Unaudited) June 30, 2012	(Audited) December 31, 2011
	(Rupees in '000)	
12. BORROWINGS		
Secured		
Borrowings from SBP under export refinancing scheme	1,132,369	1,248,000
Repurchase agreement borrowings	2,166,074	1,694,935
	3,298,443	2,942,935
Unsecured		
Overdrawn nostro accounts	39,474	1,560
	3,337,917	2,944,495
13. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	18,086,850	14,252,810
Savings deposits	13,780,946	11,404,426
Current accounts - non-remunerative	14,691,825	11,293,377
Margin accounts	141,529	94,834
	46,701,150	37,045,447
Financial institutions		
Remunerative deposits	4,998,665	4,366,465
Non-remunerative deposits	105,425	75,119
	5,104,090	4,441,584
	51,805,240	41,487,031
13.1 Particulars of deposits		
In local currency	48,916,081	38,494,249
In foreign currencies	2,889,159	2,992,782
	51,805,240	41,487,031



	(Unaudited) June 30, 2012	(Audited) December 31, 2011
14. DEFICIT ON REVALUATION OF ASSETS - net of tax		
Surplus / (deficit) on revaluation of available-for-sale securities - net of tax	(Rupees in '000)	
Term Finance Certificates - listed	(26,692)	(4,716)
Ordinary shares - listed	(13,055)	(724)
Closed end mutual funds	33,059	6,146
Open end mutual funds	2,936	324
US dollar bonds	6,177	(15,373)
Government Securities	(55,374)	(28,857)
	(52,949)	(43,200)
Related deferred tax asset	18,532	15,120
	(34,417)	(28,080)
15. CONTINGENCIES AND COMMITMENTS		
15.1 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions.		
i) Government	1,358,089	890,007
ii) Banking companies and other financial institutions	46,911	98,165
iii) Others	860,055	403,562
	2,265,055	1,391,734
15.2 Trade-related contingent liabilities		
Documentary credits	2,535,094	2,921,223
15.3 Other contingencies		
Claims not acknowledged as debts	66,661	66,481
15.4 Commitments in respect of forward exchange contracts		
Purchase	2,337,474	1,948,987
Sale	3,388,551	1,446,561
15.5 Commitments in respect of forward lending		
Forward commitment to extend credit	600,528	214,800
15.6 Other commitments		
Commitment in respect of capital expenditure	19,966	8,438

16. ADMINISTRATIVE EXPENSES

This includes salaries, wages and allowances amounting to Rs.559.654 million (June 30, 2011: Rs. 456.560 million), rent, taxes, insurance and electricity charges amounting to Rs. 185.185 million (June 30, 2011: Rs. 177.573 million) and depreciation and amortisation amounting to Rs. 117.594 million (June 30, 2011: Rs. 119.251 million).

(Unaudited)			
Quarter ended		Half Year ended	
June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
----- (Rupees in '000) -----			

17. OTHER CHARGES

Penalties imposed by
State Bank of Pakistan

<u>695</u>	<u>7,494</u>	<u>695</u>	<u>7,765</u>
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18. TAXATION

In view of the tax loss of the Bank, tax provision has been made subject to minimum taxation @ 0.5% under section 113 of Income Tax Ordinance, 2001 in this unconsolidated condensed interim financial information.

19. BASIC AND DILUTED EARNING PER SHARE

(Unaudited)			
Quarter ended		Half Year ended	
June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
----- (Rupees) -----			

Profit after taxation for the
period (Rupees in '000)

<u>75,622</u>	<u>90,143</u>	<u>278,210</u>	<u>100,398</u>
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Weighted average number of
ordinary shares (Number in '000)

<u>1,000,293</u>	<u>814,971</u>	<u>1,000,293</u>	<u>814,972</u>
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Basic and diluted earning
per share - Rupee

<u>0.08</u>	<u>0.11</u>	<u>0.28</u>	<u>0.12</u>
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20. RELATED PARTY TRANSACTIONS

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

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

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

	Key management personnel		Subsidiary company		Other related parties		Total	
	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)
----- (Rupees in '000) -----								
Advances								
Opening balance	39,651	3,423	-	-	2,975,684	2,994,330	3,015,335	2,997,753
Disbursements	36,255	42,692	-	-	3,820,002	7,387,316	3,856,257	7,430,008
Repayments	(8,105)	(6,464)	-	-	(3,656,516)	(7,405,962)	(3,664,621)	(7,412,426)
Closing balance	67,801	39,651	-	-	3,139,170	2,975,684	3,206,971	3,015,335
Mark-up / return / interest earned - six months (unaudited)	538	149	-	-	186,473	207,410	187,011	207,559

	Parent		Key management personnel		Subsidiary company		Other related parties		Total	
	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)
----- (Rupees in '000) -----										
Deposits										
Opening balance	560,818	1,799	10,994	9,695	1,316,216	1,044,434	1,733,460	771,816	3,621,488	1,827,744
Deposits	1,485,626	2,535,433	165,403	173,263	100,132,020	235,895,674	17,932,819	25,371,652	119,715,868	263,976,022
Withdrawals	(1,939,613)	(1,976,414)	(134,732)	(171,964)	(100,915,750)	(235,623,892)	(16,027,566)	(24,410,008)	(119,017,661)	(262,182,278)
Closing balance	106,831	560,818	41,665	10,994	532,486	1,316,216	3,638,713	1,733,460	4,319,695	3,621,488
Mark-up / return / interest expensed - six months (unaudited)	12,265	5,634	243	107	17,346	-	68,809	82,172	98,663	87,913

Material transactions with related parties are given below:

Nature of transactions	Subsidiary company		Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties		Total		
	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	
Sale of Term Finance Certificates	131,587	251,877	-	-	-	-	128,059	-	41,419	251,877	301,065
Purchase of Term Finance Certificates	403,592	331,201	-	-	-	-	387,503	16,347	-	347,548	791,095
Sale of Government Securities	23,006,598	8,066,482	15,788,001	12,153,312	440,027	12,718,737	155,649	152,739	155,649	24,447,249	48,034,296
Purchase of Government Securities	23,987,177	6,510,709	7,088,146	786,334	-	12,390,733	-	49,395	-	13,648,250	24,773,511
Purchase of Ijara Sukuk	49,286	2,846,907	-	-	-	49,286	-	-	-	2,846,907	98,572
Sale of Ijara Sukuk	18,637	1,740,857	60,882	74,194	1,028,388	18,637	-	-	-	2,830,127	111,468
Sale of shares / Units	-	-	-	-	-	162,372	-	-	-	-	162,372
Purchase of shares / Units	-	-	-	-	200,000	363,500	-	48,237	-	248,237	363,500
Rent Receivable	881	476	-	-	521	923	-	-	-	997	1,804
Call lending / Reverse Repo	2,023,823	2,858,851	-	-	-	900,000	-	-	-	2,858,851	2,923,823
Call borrowing / Repo	-	-	-	-	-	3,150,000	8,775,000	-	-	3,150,000	8,775,000
Purchase of forward foreign exchange contracts	-	-	-	-	-	4,458,161	2,278,397	-	-	4,458,161	2,278,397
Sale of forward foreign exchange contracts	-	-	-	-	-	4,129,310	2,687,569	-	-	4,129,310	2,687,569

(Unaudited)

(Rupees in '000)

Nature of transactions	Subsidiary company		Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties		Total	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Insurance claim received	-	-	8,491	4,536	-	-	-	-	8,491	4,536
Markup income	-	-	-	-	-	25,351	-	-	25,351	-
Services received	-	-	-	-	-	-	7	7	-	7
Reimbursement of expenses	277	-	-	35	320	732	-	-	597	767
Payment of insurance premium	-	-	23,016	23,823	-	-	-	-	23,016	23,823
Services rendered	-	-	-	-	-	644	-	-	-	644
Redemption of Units	-	-	-	-	353,682	164,267	-	-	353,682	164,267
Rent expense paid / accrued	-	-	-	-	-	1,019	-	-	-	1,019
Commission paid / accrued	5,925	-	-	-	-	608	-	-	5,925	608
Commission income	1,200	-	44,632	31,409	1,240	895	57	142	47,129	32,446
Dividend income	51,050	-	-	-	-	4,347	-	-	51,050	4,347
Consultancy fee	-	-	-	-	-	-	3,000	1,000	3,000	1,000

(Rupees in '000)

(Unaudited)

Nature of transactions	Parent company	
	June 30, 2012	June 30, 2011
Rent expense paid / accrued	451	-
Reimbursement of expenses	33	-
	<u>484</u>	<u>-</u>

(Rupees in '000)

(Unaudited)



21. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	(Unaudited) June 30, 2010						
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others	Total
	----- (Rupees in '000) -----						
Total income	33,612	1,717,743	1,976,134	1,198,152	65,165	29,427	5,020,233
Total expenses	2,390	1,443,806	2,001,811	1,170,911	13,442	88,532	4,742,023
Net income / (loss)	31,222	273,937	(25,677)	27,241	51,723	(59,105)	278,210

	(Unaudited) June 30, 2010						
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others	Total
	----- (Rupees in '000) -----						
Total income	4,849	1,066,870	187,887	1,090,583	18,426	6,657	2,375,272
Total expenses	1,745	890,096	274,875	1,032,180	12,325	63,653	2,274,874
Net income / (loss)	3,104	176,774	(86,988)	58,403	6,101	(56,996)	100,398

22. DATE OF AUTHORISATION FOR ISSUE

This unconsolidated condensed interim financial information was authorised for issue by the Board of Directors on August 28, 2012.

23. GENERAL

- 23.1** Figures of the profit and loss account and comprehensive income for the quarters ended June 30, 2012 and June 30, 2011 have not been subjected to limited scope review by the auditors as they are only required to review half-yearly figures.
- 23.2** Comparative figures have been reclassified wherever necessary.
- 23.3** The figures in this unconsolidated condensed interim financial information have been rounded off to the nearest thousand.

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive Officer

Ashraf Nawabi
Director

Mazharul Haq Siddiqui
Director



Consolidated Condensed Interim Financial Information
for the Half Year Ended June 30, 2012
(Un-Audited)



AUDITORS' REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of JS Bank Limited (the Bank) as at June 30, 2012 and the related consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim cash flow statement, consolidated condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "consolidated condensed interim financial information"). The condensed interim financial information of the subsidiary JS Global Capital Limited for the twelve months ended June 30, 2012 was reviewed by us in accordance with International Standard on Review Engagements 2410. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this consolidated condensed interim financial information 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 information 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 consolidated condensed interim financial information as of and for the half year then ended June 30, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

We draw attention to the following matters:

- a) Note 1.2 to the accompanying consolidated condensed interim financial information wherein management has explained the plans of the Bank to meet the minimum capital requirements as prescribed by the State Bank of Pakistan as the Bank does not meet the minimum capital requirement; and
- b) Notes 10.2.3 and 11.2 to the accompanying consolidated condensed interim financial information relating to goodwill and deferred tax asset respectively wherein management has described the assumptions which it has used in determining the value in use of cash generating unit to which the goodwill was allocated for impairment testing and determining recoverability of deferred tax assets respectively. There is an inherent uncertainty in the assumptions which depend on future events.

In the respect of matters described in paragraphs (a) and (b) above, our opinion is not qualified.



Other matters

The figures of the consolidated condensed interim profit and loss account and the consolidated condensed interim statement of comprehensive income for the quarters ended June 30, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2012.

M. Yousuf Adil Saleem & Co.

Chartered Accountants

Engagement Partner:

Nadeem Yousuf Adil

Karachi

Date: August 28, 2012



CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2012

		(Unaudited) June 30, 2012	(Audited) December 31, 2011
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		4,609,400	3,880,782
Balances with other banks		323,463	165,067
Lendings to financial institutions	7	5,170,901	3,803,022
Investments - net	8	29,146,007	22,906,646
Advances - net	9	19,900,706	18,029,884
Operating fixed assets	10	3,165,370	3,064,883
Deferred tax assets - net	11	1,096,137	1,228,756
Other assets		<u>2,193,986</u>	<u>1,423,585</u>
		65,605,970	54,502,625
LIABILITIES			
Bills payable		<u>890,471</u>	1,246,994
Borrowings	12	<u>3,337,917</u>	3,171,800
Deposits and other accounts	13	<u>51,272,753</u>	40,174,351
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		<u>1,054,329</u>	1,128,444
		<u>56,555,470</u>	45,721,589
NET ASSETS		<u>9,050,500</u>	<u>8,781,036</u>
REPRESENTED BY:			
Share capital		<u>10,002,930</u>	10,002,930
Reserves		<u>145,620</u>	89,978
Discount on issue of shares		<u>(1,944,880)</u>	(1,944,880)
Non-Controlling interest		<u>1,300,857</u>	1,303,146
Accumulated losses		<u>(422,198)</u>	(642,058)
		<u>9,082,329</u>	8,809,116
Deficit on revaluation of assets - net of tax	14	<u>(31,829)</u>	(28,080)
		<u>9,050,500</u>	<u>8,781,036</u>
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes from 1 to 25 form an integral part of this consolidated condensed interim financial information.

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive Officer

Ashraf Nawabi
Director

Mazharul Haq Siddiqui
Director

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2012

Note	Quarter ended		Half year ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	(Rupees in '000)			
Mark-up / return / interest earned	1,425,039	1,026,571	2,744,961	1,953,772
Mark-up / return / interest expensed	880,805	598,484	1,663,524	1,182,992
Net mark-up / interest income	544,234	428,087	1,081,437	770,780
(Provision) / reversal against non-performing loans and advances	(59,465)	89,106	(59,401)	84,649
(Provision) / reversal of diminution in value of investments	(42,707)	139,569	(27,799)	139,569
Bad debts written off directly	-	-	-	-
	(102,172)	228,675	(87,200)	224,218
Net mark-up / interest income after provisions	442,062	656,762	994,237	994,998
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	199,714	90,345	380,996	156,441
Dividend income	2,613	13,378	4,350	13,378
Income from dealing in foreign currencies	55,022	25,320	96,659	43,443
Gain / (loss) on sale / redemption of securities	51,938	(115,137)	97,828	(21,473)
Unrealised gain / (loss) on revaluation of investments classified as held for trading	70,863	(3,722)	69,163	(1,073)
Other income	20,873	5,948	36,933	6,567
Total non-mark-up / interest income	401,023	16,132	685,929	197,283
	843,085	672,894	1,680,166	1,192,281
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	16	679,708	530,454	1,028,231
Other provisions / write offs/ (Reversals)	17	(22,843)	-	-
Other charges	18	695	7,494	7,765
Total non-mark-up / interest expenses		657,560	537,948	1,035,996
		185,525	134,946	156,285
Extra ordinary / unusual items		-	-	-
PROFIT BEFORE TAXATION		185,525	134,946	156,285
Taxation				
- Current	19	(17,615)	(11,856)	(22,940)
- Prior years		50,661	-	-
- Deferred		(88,330)	(32,947)	(32,947)
		(55,284)	(44,803)	(55,887)
PROFIT AFTER TAXATION		130,241	90,143	100,398
Attributable to:				
Equity holders of the Bank		103,210	90,143	100,398
Non-controlling interest		27,031	-	-
		130,241	90,143	100,398
		Rupees		
Basic and diluted earnings per share	20	0.10	0.11	0.28
				0.12

The annexed notes from 1 to 25 form an integral part of this consolidated condensed interim financial information.

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive Officer

Ashraf Nawabi
Director

Mazharul Haq Siddiqui
Director



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)**
FOR THE HALF YEAR ENDED JUNE 30, 2012

	Quarter ended		Half Year ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	----- (Rupees in '000) -----			
Profit for the period	130,241	90,143	322,163	100,398
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	130,241	90,143	322,163	100,398
Attributable to:				
Equity holders of the Bank	103,210	90,143	275,502	100,398
Non-controlling interest	27,031	-	46,661	-
	130,241	90,143	322,163	100,398

(Deficit) / surplus arising on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 and with the directives of the State Bank of Pakistan in a separate account below equity.

The annexed notes from 1 to 25 form an integral part of this consolidated condensed interim financial information.

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive Officer

Ashraf Nawabi
Director

Mazharul Haq Siddiqui
Director

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2012**

	Issued, Subscribed and paid-up share capital	Statutory reserve	Discount on issue of shares	Accumulated losses	Sub total	Non- Controlling Interest	Total
(Rupees in '000)							
Balance as at January 01, 2011	8,149,715	18,040	(1,415,477)	(930,671)	5,821,607	-	5,821,607
Comprehensive Income							
Profit after taxation for the half year ended June 30, 2011	-	-	-	100,398	100,398	-	100,398
Other comprehensive Income - net of tax	-	-	-	-	-	-	-
	-	-	-	100,398	100,398	-	100,398
Transfers							
Transfer to statutory reserve	-	20,080	-	(20,080)	-	-	-
Balance as at June 30, 2011	8,149,715	38,120	(1,415,477)	(850,353)	5,922,005	-	5,922,005
Non-Controlling Interest on acquisition of subsidiary	-	-	-	-	-	1,302,052	1,302,052
Comprehensive Income							
Profit after taxation for the half year ended December 31, 2011	-	-	-	260,153	260,153	1,094	261,247
Other comprehensive Income - net of tax	-	-	-	-	-	-	-
	-	-	-	260,153	260,153	1,094	261,247
Transaction with owners recorded directly in equity							
Issue of shares during the period	1,853,215	-	-	-	1,853,215	-	1,853,215
Discount on issue of shares	-	-	(529,403)	-	(529,403)	-	(529,403)
	1,853,215	-	(529,403)	-	1,323,812	-	1,323,812
Transfers							
Transfer to statutory reserve	-	51,858	-	(51,858)	-	-	-
Balance as at December 31, 2011	10,002,930	89,978	(1,944,880)	(642,058)	7,505,970	1,303,146	8,809,116
Comprehensive Income							
Profit after taxation for the half year ended June 30, 2012	-	-	-	275,502	275,502	46,661	322,163
Other comprehensive Income - net of tax	-	-	-	-	-	-	-
	-	-	-	275,502	275,502	46,661	322,163
Transaction with owners recorded directly in equity							
Dividend for the half year ended December 31, 2011 @ Rs.2 per ordinary share paid to non-controlling interest	-	-	-	-	-	(48,950)	(48,950)
Transfers							
Transfer to statutory reserve	-	55,642	-	(55,642)	-	-	-
Balance as at June 30, 2012	10,002,930	145,620	(1,944,880)	(422,198)	7,781,472	1,300,857	9,082,329

The annexed notes from 1 to 25 form an integral part of this consolidated condensed interim financial information.

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive Officer

Ashraf Nawabi
Director

Mazharul Haq Siddiqui
Director

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2012

	June 30, 2012	June 30, 2011
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	454,307	156,285
Less: Dividend income	(4,350)	(13,378)
	<u>449,957</u>	<u>142,907</u>
Adjustments:		
Depreciation	112,041	112,131
Amortisation of intangibles	9,391	8,375
Charge for defined benefit plan	18,753	16,209
Unrealised (gain) / loss on revaluation of investments classified as held for trading	(69,163)	1,073
Provision / (reversal) against non-performing advances - net	59,401	(84,649)
Provision / (reversal) for diminution in value of investments - net	27,799	(139,569)
Other provisions / write offs/ (Reversals)	(22,843)	-
Gain on sale of fixed assets	(30,244)	(6,567)
	<u>105,135</u>	<u>(92,997)</u>
	555,092	49,910
(Increase) / decrease in operating assets		
Lendings to financial institutions	(1,367,879)	1,979,446
Held-for-trading securities	(1,010,758)	(8,282,553)
Advances	(1,930,223)	(2,128,644)
Other assets	(734,322)	(185,182)
	<u>(5,043,182)</u>	<u>(8,616,933)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(356,523)	307,542
Borrowings	128,203	(1,620,494)
Deposits	11,098,402	6,779,487
Other liabilities	(92,868)	(738,266)
	<u>10,777,214</u>	<u>4,728,269</u>
	6,289,124	(3,838,754)
Income tax paid	(10,743)	(20,493)
Net cash from / (used in) operating activities	<u>6,278,381</u>	<u>(3,859,247)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	(5,193,006)	3,955,149
Dividend income received	4,350	13,378
Investment in operating fixed assets	(235,700)	(310,532)
Sale proceeds of property and equipment disposed of	44,025	10,037
Net cash (used in) / from investing activities	<u>(5,380,331)</u>	<u>3,668,032</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	(48,950)	-
	<u>849,100</u>	<u>(191,215)</u>
Increase / (decrease) in cash and cash equivalents	849,100	(191,215)
Cash and cash equivalents at beginning of the period	4,044,289	3,212,435
Cash and cash equivalents at end of the period	<u>4,893,389</u>	<u>3,021,220</u>

The annexed notes from 1 to 25 form an integral part of this consolidated condensed interim financial information.

<u>Jahangir Siddiqui</u> Chairman	<u>Kalim-ur-Rahman</u> President & Chief Executive Officer	<u>Ashraf Nawabi</u> Director	<u>Mazharul Haq Siddiqui</u> Director
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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2012

1. STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

1.1.1 Holding Company

JS Bank Limited (the Bank), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank is listed on Karachi Stock Exchange in Pakistan. The Bank is a subsidiary of Jahangir Siddiqui & Company Limited (JSCL). The registered office of the Bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi. The Bank operates with 150 (December 31, 2011:147) branches / sub-branches in Pakistan. The Pakistan Credit Rating Agency (Private) Limited (PACRA) has assigned the long term credit rating of the Bank as A+ ("Single A Plus") and the short term rating as A1 ("A One") with stable outlook.

Jahangir Siddiqui Investment Bank Limited (JSIBL) and its holding company, Jahangir Siddiqui & Company Limited (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 (AEBL) Pakistan Operations. Consequently, a new banking company, JS Bank Limited (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.

Further, 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. 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/NBF-C(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by State Bank of Pakistan (SBP) vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

1.1.2 Subsidiary Company

JS Global Capital Limited (JSGCL) is principally owned by the Bank, holding 51.05% of its equity interest. The Bank acquired effective controlling interest in JSGCL on December 21, 2011. JSGCL is listed on Karachi and Islamabad stock exchanges. The principal business of JSGCL is to carry out share brokerage, money market, forex and commodity brokerage, advisory and consultancy services. Other activities include investment in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions.

In the current year JSGCL has changed its financial year from June 30 to December 31 to align its year-end with the Bank. In this respect JSGCL has been granted approval by SECP through letter No.EMD/233/667/2005-1576 dated June 05, 2012 to change its financial year from July-June to January-December in accordance with the provisions of the section 238 of the Companies Ordinance 1984. The JSGCL has also been allowed the following approvals/permissions:

- Waiver of the requirement for laying accounts for the calendar year 2012

- Preparation of accounts for a period eighteen (18) months period starting from July 01, 2011 to December 31, 2012



- Waiver from holding of annual general meeting for the calendar year 2012

- Extension for holding of annual general meeting of the company for the calendar year 2012 upto April 30 2013 i.e. beyond fifteen months from last preceding annual general meeting.

In view of above, management of JSGCL has prepared condensed interim financial information for the twelve months period ended starting from July 1, 2011 to June 30, 2012 from which financial information for the half year ended start from January 1, 2012 to June 30, 2012 has been extracted for the purpose of this consolidated condensed interim financial information. The condensed financial information for the twelve months period ended starting from July 1, 2011 to June 30, 2012 have been reviewed by the auditors of JSGCL.

- 1.2** The State Bank of Pakistan through its BSD Circular No. 7 dated April 15, 2009 has prescribed that the minimum paid up capital (net of losses) for Banks / Development Finance Institutions (DFIs) be raised to Rs.10 billion by the year ending December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.8 billion paid-up capital (free of losses) by the end of the financial year 2011. The paid-up capital (free of losses) of the Bank as at June 30, 2012 stood at Rs.7.638 billion.

As disclosed in note 1.3 to the unconsolidated financial statements for the year ended December 31, 2011, the Bank had submitted a plan to the SBP which envisaged the increase in the Bank's paid capital through swap of new shares of the Bank against shares of JS Investment Limited (JSIL) currently held by the JSCL and other investors. In this connection, approvals from the SBP and the shareholders of the Bank have been obtained. The Bank is now in the process of completing procedural formalities and is hopeful that it will be able to meet the minimum capital requirement for the financial year 2011 after the said plan is completed. In the meantime, SBP has exempted the Bank from complying with requirements of MCR till September 30, 2012.

1.3 Basis of consolidation

- The consolidated financial information includes the financial information of the Bank (holding company) and its subsidiary company together - "the Group".
- Subsidiary company is fully consolidated from the date on which more than 51.05% of voting rights are transferred to the Group or power to control the company is established and excluded from consolidation from the date of disposal or when the control is lost.
- The financial statements of the subsidiary is prepared for the same reporting year as the holding company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiary company have been consolidated on a line by line basis.
- Non-Controlling Interest in equity of the subsidiary company is measured at proportionate share of net assets of the acquiree as of the acquisition date
- Material intra-group balances and transactions have been eliminated.

2. STATEMENT OF COMPLIANCE

This consolidated condensed interim financial information of the Bank for the half year ended June 30, 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS 34), provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.



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 through BSD Circular Letter No. 10 dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable to banks. Accordingly, the requirements of these standards have not been considered in the preparation of this consolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

The disclosures made in this consolidated condensed interim financial information has been limited based on a format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and IAS 34, do not include all the disclosures required in the annual financial statements. Accordingly, this condensed interim consolidated financial information should be read in conjunction with the annual audited consolidated financial statements of the Bank for the year ended December 31, 2011.

3. BASIS OF MEASUREMENT

This consolidated condensed interim financial information has been prepared under the historical cost convention except for held for trading, available-for-sale investments and derivative financial instruments which are stated at fair value.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of the annual audited consolidated financial statements of the Bank for the year ended December 31, 2011.

5. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual audited consolidated financial statements of the Bank for the year ended December 31, 2011.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted in the preparation of this condensed interim consolidated financial information are consistent with those disclosed in the annual audited consolidated financial statements of the Bank for the year ended December 31, 2011.

		(Unaudited) June 30, 2012	(Audited) December 31, 2011
	Note	(Rupees in '000)	
7. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		250,000	1,000,000
Lending to financial institutions		1,280,973	772,758
Repurchase agreement lendings (Reverse Repo)	7.1	3,639,928	2,030,264
		<u>5,170,901</u>	<u>3,803,022</u>

7.1 Repurchase agreement lendings are secured through Pakistan Investment Bonds and Market Treasury Bills having total market value of Rs.3,816.309 million (December 31, 2011: Rs.2,303.555 million).

8. INVESTMENTS

	(Unaudited)			(Audited)		
	June 30, 2012			December 31, 2011		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Note	----- (Rupees in '000) -----					
8.1 INVESTMENTS BY TYPES:						
Held-for-trading securities						
Market Treasury Bills	6,299,745	-	6,299,745	4,755,435	451,953	5,207,388
Pakistan Investment Bonds	506,762	-	506,762	306,812	49,149	355,961
National Saving Bonds	180	-	180	5,547	-	5,547
Ijara Sukuk	902,100	-	902,100	998,000	-	998,000
Term Finance Certificates- listed	84,533	-	84,533	4,955	-	4,955
Term Finance Certificates- unlisted	76,590	-	76,590	135,000	-	135,000
Ordinary Shares of listed companies	-	-	-	22,400	-	22,400
Open end mutual funds	621,133	-	621,133	734,766	-	734,766
	8,491,043	-	8,491,043	6,962,915	501,102	7,464,017
Available-for-sale securities						
Market Treasury Bills	6,285,205	2,172,502	8,457,707	5,951,430	1,696,954	7,648,384
Pakistan Investment Bonds	6,791,561	-	6,791,561	4,421,551	-	4,421,551
Ordinary shares of listed companies	1,371,328	-	1,371,328	19,096	-	19,096
Preference shares of a listed company	442,410	-	442,410	394,174	-	394,174
Term Finance Certificates - listed	1,843,389	-	1,843,389	1,390,972	-	1,390,972
Term Finance Certificates - unlisted	740,497	-	740,497	829,774	-	829,774
Sukuk Certificates	154,836	-	154,836	193,966	-	193,966
Commercial Paper	-	-	-	51,256	-	51,256
Closed end mutual funds	99,701	-	99,701	118,601	-	118,601
Open end mutual funds	222,717	-	222,717	264,290	-	264,290
US Dollar Bonds	860,629	-	860,629	459,705	-	459,705
	18,812,273	2,172,502	20,984,775	14,094,815	1,696,954	15,791,769
Subsidiary						
JS Global Capital Limited	-	-	-	-	-	-
Investments at cost						
	27,303,316	2,172,502	29,475,818	21,057,730	2,198,056	23,255,786
Less: Provision for diminution in value of investments	(349,881)	-	(349,881)	(322,083)	-	(322,083)
Investments (net of provision)	26,953,435	2,172,502	29,125,937	20,735,647	2,198,056	22,933,703
Unrealised gain/(loss) on revaluation of investments classified as held-for-trading						
	69,037	-	69,037	26,586	(3,424)	23,162
Deficit on revaluation of available-for-sale securities						
	(48,875)	(92)	(48,967)	(49,541)	(678)	(50,219)
Total investments at carrying value	26,973,597	2,172,410	29,146,007	20,712,692	2,193,954	22,906,646

8.1.1 Included herein are investments in following related parties:

- JS Cash Fund, a related party, amounting to Rs.250.216 million (December 31, 2011: Rs.250.216 million) and having market value of Rs.275.134 million (December 31, 2011: 261.159 million).
- JS Principal Secure Fund I, a related party, amounting to Rs.292.355 million (December 31, 2011: Rs.292.355 million) and having market value of Rs.339.536 million (December 31, 2011: 307.437 million).



8.1.2 Included herein are investments in preference shares of following related parties:

- a) Agritech Limited, amounting to Rs.48.237 million (December 31, 2011: NIL) and having market value of Rs.48.237 million (December 31, 2011: NIL).
- b) Azgard Nine Limited, partly convertible preference shares having issue price of Rs.10 each and carrying dividend @ 8.95% per annum payable annually in arrears on the issue price with a term of 6 years from the issue date of September 24, 2004. As per the original terms of the issue, 50% of the preference shares were due for redemption at the end of the fifth year whereas remaining 50% were due for redemption at the end of the sixth year (September 24, 2010). As per the terms of the issue, if the issuer fails to redeem the shares in the said manner, the entire amount of the face value of the shares together with the dividend accrued will be converted into ordinary shares of the Azgard Nine Limited at the option of the shareholder at the end of the sixth year (completed on September 24, 2010).

Azgard Nine Limited did not comply with the original terms of the issue and issued draft revised terms last year as per which 50% of the outstanding amount would be converted into ordinary shares of Agritech Limited and the balance of 50% would be converted into ordinary shares of Azgard Nine Limited. Azgard Nine Limited failed to comply with the revised terms also subsequently. Management is currently considering various recourses at its disposal and on prudent basis determined provision for impairment against these preference shares.

8.1.3 Included herein are investments in term finance certificates of following related parties:

- a) Agritech Limited, amounting to Rs.149.860 million at the rate of 6 months KIBOR ask rate + 1.75% maturing on November 29, 2019 (December 31, 2011: Rs.149.860 million).
- b) Azgard Nine Limited, amounting to Rs.149.870 million at the rate of 6 months KIBOR ask rate + 1.25% maturing on December 04, 2017 (December 31, 2011: Rs.149.880 million).
- c) The State Bank of Pakistan vide letter number BSD/BRP-1/5388/2012 dated May 02, 2012 has granted the relaxation for provisioning requirement under Prudential Regulations till June 30, 2012. Consequently, provision of Rs 299.730 has not been recognized in this consolidated condensed interim financial information in respect of above investments.

8.1.4 This represents investment in close end mutual fund, JS Value Fund, a related party, amounting to Rs.99.701 million (December 31, 2011: Rs.99.701 million) and having market value of Rs.64.543 million (December 31, 2011: Rs.37.606 million).

8.1.5 Included herein are investments in open end mutual fund units of the following related parties:

- a) JS Principal Secure Fund, amounting to Rs.22.717 million (December 31, 2011: Rs.22.717 million) and having market value of Rs.25.197 million (December 31, 2011: Rs. 2.815 million).
- b) JS Income Fund, amounting to Rs.200 million (December 31, 2011: Rs.200 million) and having market value of Rs.200.455 million (December 31, 2011: Rs.200.070 million).

	(Unaudited) June 30, 2012	(Audited) December 31, 2011
9. ADVANCES - net	Note	(Rupees in '000)
Loans, cash credits, running finances, etc.		
In Pakistan	17,211,028	16,540,422
Outside Pakistan	1,267,507	1,116,517
	18,478,535	17,656,939
Net investment in finance lease - in Pakistan	436,242	413,039
Bills discounted and purchased (excluding market treasury bills)		
Payable in Pakistan	720,081	320,468
Payable outside Pakistan	838,998	149,654
	1,559,079	470,122
Financing in respect of margin trading system	-	3,533
Advances - gross	20,473,856	18,543,633
Provision for non-performing advances		
Specific	9.1 (572,096)	(512,666)
General (against consumer financing)	(1,054)	(1,083)
	(573,150)	(513,749)
Advances - net of provision	19,900,706	18,029,884

9.1 Advances include Rs.2,872.261 (December 31, 2011: Rs.2,776.895) million which have been placed under non-performing status as detailed below:

Category of Classification

	(Unaudited) June 30, 2012				
	Domestic	Overseas	Total	Provision Required	Provision Held
	(Rupees in '000)				
Other assets especially mentioned	-	-	-	-	-
Substandard	4,050	-	4,050	137	137
Doubtful	1,639,639	-	1,639,639	848	848
Loss	1,228,572	-	1,228,572	571,111	571,111
	2,872,261	-	2,872,261	572,096	572,096

Category of Classification

	(Audited) December 31, 2011				
	Domestic	Overseas	Total	Provision Required	Provision Held
	(Rupees in '000)				
Other assets especially mentioned	-	-	-	-	-
Substandard	973	-	973	95	95
Doubtful	1,671,373	-	1,671,373	248	248
Loss	1,104,549	-	1,104,549	512,323	512,323
	2,776,895	-	2,776,895	512,666	512,666



9.1.1 Included herein are the classified advances pertaining to Azgard Nine Limited and Agritech Limited (related parties) amounting to Rs.561.428 million and Rs.1,331.478 million respectively. The State Bank of Pakistan vide letter number BSD/BRP-1/5388/2012 dated May 02, 2012 has granted the relaxation for provisioning requirement under Prudential Regulations till June 30, 2012. Consequently, provision of Rs.408.775 million and Rs.665.739 million excluding benefit of collaterals, have not been recognized in this consolidated condensed interim financial information in respect of these loans.

	Note	(Unaudited) June 30, 2012	(Audited) December 31, 2011
(Rupees in '000)			
10. OPERATING FIXED ASSETS			
Capital work-in-progress		31,780	17,591
Property and equipment		1,508,671	1,418,793
Intangible assets	10.2	<u>1,624,919</u>	<u>1,628,499</u>
		<u>3,165,370</u>	<u>3,064,883</u>

10.1 During the current period, the Bank invested in property and equipment and net capital work in process amounting to Rs. 215.665 million (June 30, 2011: Rs. 273 million) and Rs. 10.783 million (June 30, 2011: Rs.22.8 million) respectively and disposed off property and equipment costing Rs. 52.383 million (June 30, 2011: Rs.10.5 million) and having a written down value of Rs. 13.781 million (June 30, 2011: Rs. 3.6 million).

	Note	(Unaudited) June 30, 2012	(Audited) December 31, 2011
(Rupees in '000)			
10.2 Intangible assets			
Stock exchange card	10.2.1	34,500	34,500
Computer Software		126,795	130,375
Goodwill	10.2.2 & 10.2.3	<u>1,463,624</u>	<u>1,463,624</u>
		<u>1,624,919</u>	<u>1,628,499</u>

10.2.1 This represents membership card of Karachi Stock Exchange, Islamabad Stock Exchange and Pakistan Mercantile Exchange. It has an indefinite useful life and is carried at cost.

10.2.2 For impairment testing goodwill has been allocated to 'Trading and Sales' Segment as Cash Generating Unit (CGU), which is also a reportable segment.

10.2.3 Key assumptions used in 'value in use' calculation

As at December 31, 2011 the recoverable amount of the CGU has been determined based on 'value in use' calculation, using cash flow projections based on business plan approved by the Board of Directors of the Bank covering a five year period. The discount rates applied to cash flows beyond five years are extrapolated using a terminal growth rate. The following rates are used by the Bank.

- Discount rate	<u>2011</u> 23.86%	<u>2010</u> 25.90%
- Terminal growth rate	10.00%	10.00%

The calculation of 'value in use' is most sensitive to following assumptions:

a) Interest margins

Interest margins are based on prevailing industry trends and anticipated market conditions.

b) Discount rates

Discount rates reflect management estimates of the rate of return required for each business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using cost of equity of the Bank.

c) Key business assumptions

The assumptions are important as they represent management assessment of how the unit's position might change over the projected period. Based on the expansion plans, management expects aggressive growth in advances, investments and deposits during the projected periods and thereafter stabilisation in line with industry trends.

d) Sensitivity to changes in assumptions

The estimated recoverable amount of the 'Trading and Sales' CGU as at December 31, 2011 exceeds its carrying amount by approximately Rs.769.125 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount:

		Change required for carrying amount to equal recoverable amount(%)	
		<u>1.86</u>	
		<u>(3.17)</u>	
		(Unaudited)	(Audited)
		June 30,	December 31,
		2012	2011
11. DEFERRED TAX ASSETS	Note	(Rupees in '000)	
Deferred tax debits arising from:			
Unused tax losses	11.1 & 11.2	1,207,292	1,248,585
Provision against investments and loans		248,410	106,415
Unrealized loss of revaluation of investment classified as held-for-trading		-	1,053
Deferred cost		-	235
Provision for gratuity		-	26,371
Minimum tax		63,106	86,140
Deficit on revaluation of investment classified as available-for-sale	14	<u>17,138</u>	<u>15,120</u>
		1,535,946	1,483,919
Deferred tax credits arising due to:			
Fixed assets		(147,684)	(140,471)
Goodwill		(281,748)	(256,134)
Unrealized gain of revaluation of investment classified as held-for-trading		(6,965)	-
Unrealized gain on revaluation of forward foreign exchange contracts		-	(1,436)
Share of profit from associate		(3,412)	(3,412)
		<u>(439,809)</u>	<u>(401,453)</u>
		1,096,137	1,082,466



11.1 Included herein is a sum of Rs.261.958 (December 31, 2011: Rs.305.885) million representing deferred tax asset relating to American Express Bank Limited - Pakistan Branch, in respect of tax losses, expected to be available for carry forward and set off against the income of the Bank in terms of Section 57A of the Income Tax Ordinance, 2001. In addition, it also includes deferred tax asset set up in respect of tax losses of the Bank. The management of the Bank believes that based on the projections of future taxable profit, it would be able to realise these tax losses in the future tax years.

11.2 As at December 31, 2011, the management of the Bank has prepared a five year business plan which has been approved by the Board of Directors of the Bank. The business plan involves certain key assumptions underlying the estimation of future taxable profits projected in the plan. The determination of future taxable profits is most sensitive to certain key assumptions such as cost to income ratio of the Bank, deposit composition, growth of deposits and advances, investment returns, potential provision against assets, branch expansion plan, etc. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset. The management believes that it is probable that the Bank will be able to achieve the profits projected in the business plan and consequently the deferred tax asset will be fully realised in the future.

	(Unaudited) June 30, 2012	(Audited) December 31, 2011
	(Rupees in '000)	
12. BORROWINGS		
Secured		
Borrowings from SBP under export refinancing scheme	1,132,369	1,248,000
Repurchase agreement borrowings	2,166,074	1,922,240
	3,298,443	3,170,240
Unsecured		
Overdrawn nostro accounts	39,474	1,560
	3,337,917	3,171,800
13. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	18,086,850	14,252,810
Savings deposits	13,780,946	11,404,426
Current accounts - non-remunerative	14,691,825	11,293,377
Margin accounts	141,529	94,834
	46,701,150	37,045,447
Financial institutions		
Remunerative deposits	4,466,694	3,054,842
Non-remunerative deposits	104,909	74,062
	4,571,603	3,128,904
	51,272,753	40,174,351
13.1 Particulars of deposits		
In local currency	48,388,246	37,181,569
In foreign currencies	2,884,507	2,992,782
	51,272,753	40,174,351

	(Unaudited) June 30, 2012	(Audited) December 31, 2011
14. DEFICIT ON REVALUATION OF ASSETS - net of tax		
Surplus / (deficit) on revaluation of available-for-sale securities - net of tax	(Rupees in '000)	
Term Finance Certificates - listed	(26,692)	(4,716)
Ordinary shares - listed	(13,055)	(724)
Closed end mutual funds	33,059	6,146
Open end mutual funds	2,936	324
US dollar bonds	6,177	(15,373)
Government Securities	(51,392)	(28,857)
Related deferred tax asset	17,138	15,120
	<u>(31,829)</u>	<u>(28,080)</u>
15. CONTINGENCIES AND COMMITMENTS		
15.1 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions.		
i) Government	1,358,089	890,007
ii) Banking companies and other financial institutions	46,911	98,165
iii) Others	460,055	203,562
	<u>1,865,055</u>	<u>1,191,734</u>
15.2 Trade-related contingent liabilities		
Documentary credits	<u>2,535,094</u>	<u>2,921,223</u>
15.3 Other contingencies		
Claims not acknowledged as debts	<u>73,161</u>	<u>66,481</u>
15.4 Commitments in respect of forward exchange contracts		
Purchase	<u>2,337,474</u>	<u>1,948,987</u>
Sale	<u>3,388,551</u>	<u>1,446,561</u>
15.5 Commitments in respect of forward lending		
Forward commitment to extend credit	<u>600,528</u>	<u>214,800</u>
15.6 Other commitments		
Commitment in respect of capital expenditure	<u>19,966</u>	<u>8,438</u>



16. ADMINISTRATIVE EXPENSES

This includes salaries, wages and allowances amounting to Rs.708.674 million (June 30, 2011: Rs. 456.560 million), rent, taxes, insurance and electricity charges amounting to Rs. 226.185 million (June 30, 2011: Rs. 177.573 million) and depreciation and amortisation amounting to Rs. 126.430 million (June 30, 2011: Rs. 119.251 million).

17. This includes recovery from Azgard Nine Limited (a related party) on account of advisory fee amounting to Rs. 22.843 million.

(Unaudited)			
Quarter ended		Half Year ended	
June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
----- (Rupees in '000) -----			

18. OTHER CHARGES

Penalties imposed by
State Bank of Pakistan

695	7,494	695	7,765
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19. TAXATION

In view of the tax loss of the Bank, tax provision has been made subject to minimum taxation @ 0.5% under section 113 of Income Tax Ordinance, 2001 in this consolidated condensed interim financial information.

(Unaudited)			
Quarter ended		Half Year ended	
June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
----- (Rupees) -----			

20. BASIC AND DILUTED EARNING PER SHARE

Profit after taxation for the half
year ended - attributable to
ordinary equity holders of the
Bank (Rupees in '000)

103,210	90,143	275,502	100,398
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Weighted average number of
ordinary shares (number in '000)

1,000,293	814,972	1,000,293	814,972
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Basic and diluted earning
per share - Rupee

0.10	0.11	0.28	0.12
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21. RELATED PARTY TRANSACTIONS

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

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

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

	Key management personnel		Other related parties		Total	
	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)
----- (Rupees in '000) -----						
Advances						
Opening balance	39,651	3,423	2,975,684	2,994,330	3,015,335	2,997,753
Disbursements	36,853	42,692	3,820,002	7,387,316	3,856,855	7,430,008
Repayments	(9,163)	(6,464)	(3,656,516)	(7,405,962)	(3,665,679)	(7,412,426)
Closing balance	67,341	39,651	3,139,170	2,975,684	3,206,511	3,015,335
Mark-up / return / interest earned - six months (unaudited)	719	149	186,473	207,410	187,192	207,559

	Parent		Key management personnel		Other related parties		Total	
	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)
----- (Rupees in '000) -----								
Deposits								
Opening balance	560,818	1,799	10,994	9,695	1,150,159	1,171,815	1,721,971	1,183,309
Deposits	1,485,626	2,535,433	165,403	173,263	17,932,819	24,388,352	19,583,848	27,097,048
Withdrawals	(1,939,613)	(1,976,414)	(134,732)	(171,964)	(15,383,132)	(24,410,008)	(17,457,477)	(26,558,386)
Balance as at	106,831	560,818	41,665	10,994	3,699,846	1,150,159	3,848,342	1,721,971
Mark-up / return / interest expensed - six months (unaudited)	12,265	5,634	243	107	68,809	82,172	81,317	87,913

Material transactions with related parties are given below:

	Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties		Total	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
(Unaudited)								
(Rupees in '000)								
Nature of transactions								
Sale of Term Finance Certificates	-	-	-	128,059	-	41,419	-	169,478
Purchase of Term Finance Certificates	-	-	-	387,503	16,347	-	16,347	387,503
Sale of Government Securities	15,788,001	12,153,312	440,027	12,718,737	152,739	155,649	16,380,767	25,027,698
Purchase of Government Securities	7,088,146	786,334	-	12,390,733	49,395	-	7,137,541	13,177,067
Purchase of Sukuk	-	-	-	49,286	-	-	-	49,286
Sale of Sukuk / Ijara	60,882	74,194	1,028,388	18,637	-	-	1,089,270	92,831
Sale of shares / units	-	-	-	162,372	-	-	-	162,372
Purchase of shares / units	-	-	275,000	363,500	48,237	-	323,237	363,500
Rent Receivable	-	-	-	923	-	-	521	923
Call lending / Reverse Repo	-	-	-	900,000	-	-	-	900,000
Call borrowing / Repo	-	-	3,150,000	8,775,000	-	-	3,150,000	8,775,000
Purchase of forward foreign exchange contracts	-	-	-	2,278,397	-	-	4,458,161	2,278,397
Sale of forward foreign exchange contracts	-	-	-	2,687,569	-	-	4,129,310	2,687,569

Material transactions with related parties are given below:

	Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties		Total	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	(Unaudited)							
	(Rupees in '000)							
Nature of transactions								
Insurance claim received	8,491	4,536	-	-	-	-	8,491	4,536
Markup income	-	-	-	-	25,351	-	25,351	-
Rent received	-	-	604	-	-	7	604	7
Reimbursement of expenses	-	35	320	732	19,516	-	19,836	767
Payment of insurance premium	23,016	23,823	-	-	-	-	23,016	23,823
Services rendered	-	-	-	644	-	-	-	644
Redemption of units	-	-	353,682	164,267	-	-	353,682	164,267
Rent expense paid / accrued	-	-	-	1,019	-	-	-	1,019
Commission paid / accrued	-	-	-	608	-	-	-	608
Commission income	44,632	31,409	1,240	895	5,584	142	51,456	32,446
Dividend income	-	-	-	4,347	3,475	-	3,475	4,347
Consultancy fee	-	-	-	-	3,000	1,000	3,000	1,000
Royalty	5,000	-	-	-	-	-	5,000	-

Parent company

June 30, 2012 June 30, 2011

(Unaudited)

(Rupees in '000)

Nature of transactions

Rent expense paid / accrued	451	-
Reimbursement of expenses	33	-
	484	-

22. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	(Unaudited) June 30, 2012						
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others	Total
	----- (Rupees in '000) -----						
Total income	33,612	1,923,925	1,976,134	1,174,829	65,165	59,238	5,232,903
Total expenses	2,390	1,523,949	2,001,811	1,175,277	13,442	193,871	4,910,740
Net income / (loss)	31,222	399,976	(25,677)	(448)	51,723	(134,633)	322,163

	(Unaudited) June 30, 2011						
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others	Total
	----- (Rupees in '000) -----						
Total income	4,849	1,066,870	187,887	1,090,583	18,426	6,657	2,375,272
Total expenses	1,745	890,096	274,875	1,032,180	12,325	63,653	2,274,874
Net income / (loss)	3,104	176,774	(86,988)	58,403	6,101	(56,996)	100,398

23. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorised for issue by the Board of Directors on August 28, 2012.

24. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of directors of the JSGL have approved cash dividend of 15% (June 30, 2011: Nil) for the twelve months ended June 30, 2012, amounting to Rs. 36.713 million (June 30, 2011: Nil) in their meeting held on August 27, 2012. for the minority shareholders.

25. GENERAL

25.1 Figures of the profit and loss account and comprehensive income for the quarters ended June 30, 2012 and June 30, 2011 have not been subjected to limited scope review by the auditors as they are only required to review half-yearly figures.

25.2 Comparative figures have been reclassified wherever necessary.

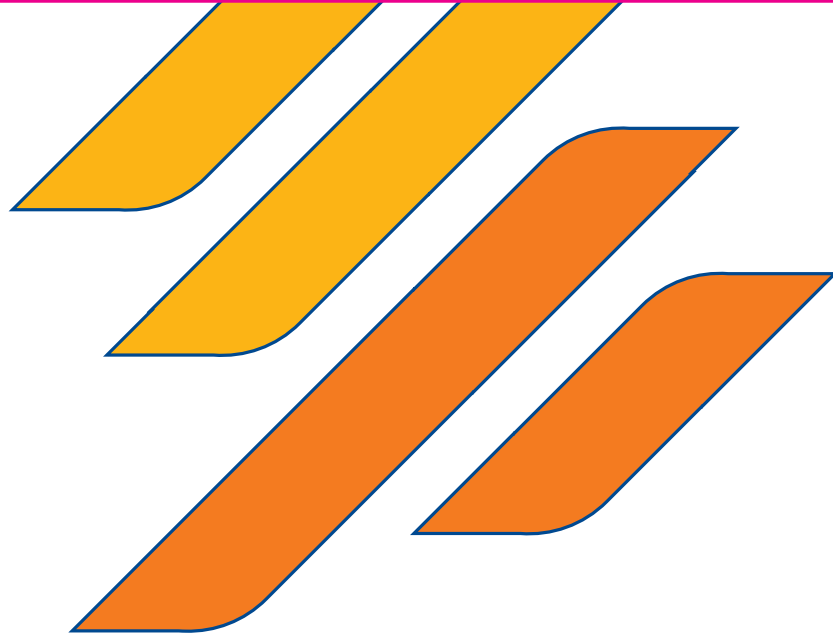
25.3 The figures in this consolidated condensed interim financial information have been rounded off to the nearest thousand.

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive Officer

Ashraf Nawabi
Director

Mazharul Haq Siddiqui
Director



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