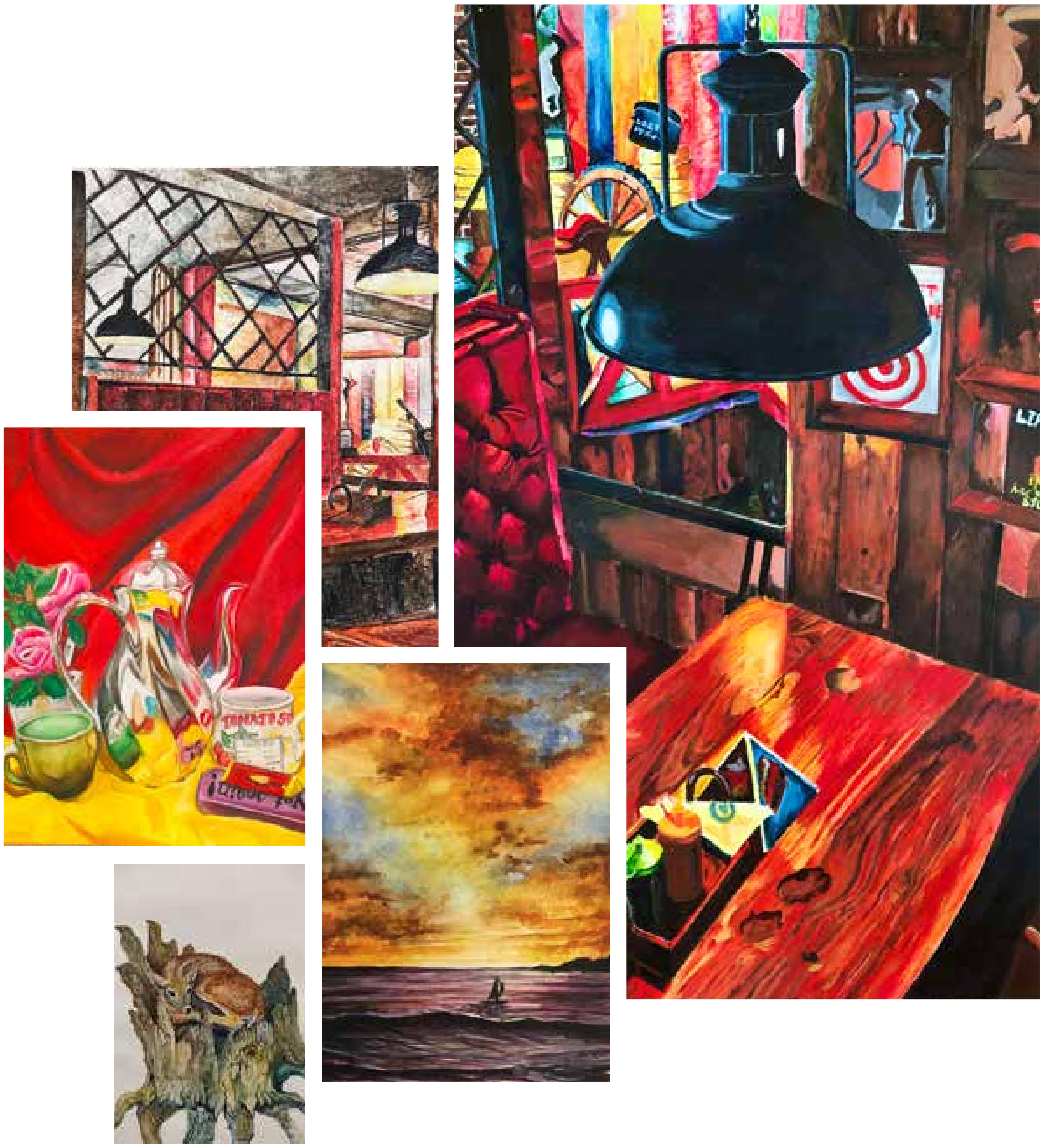
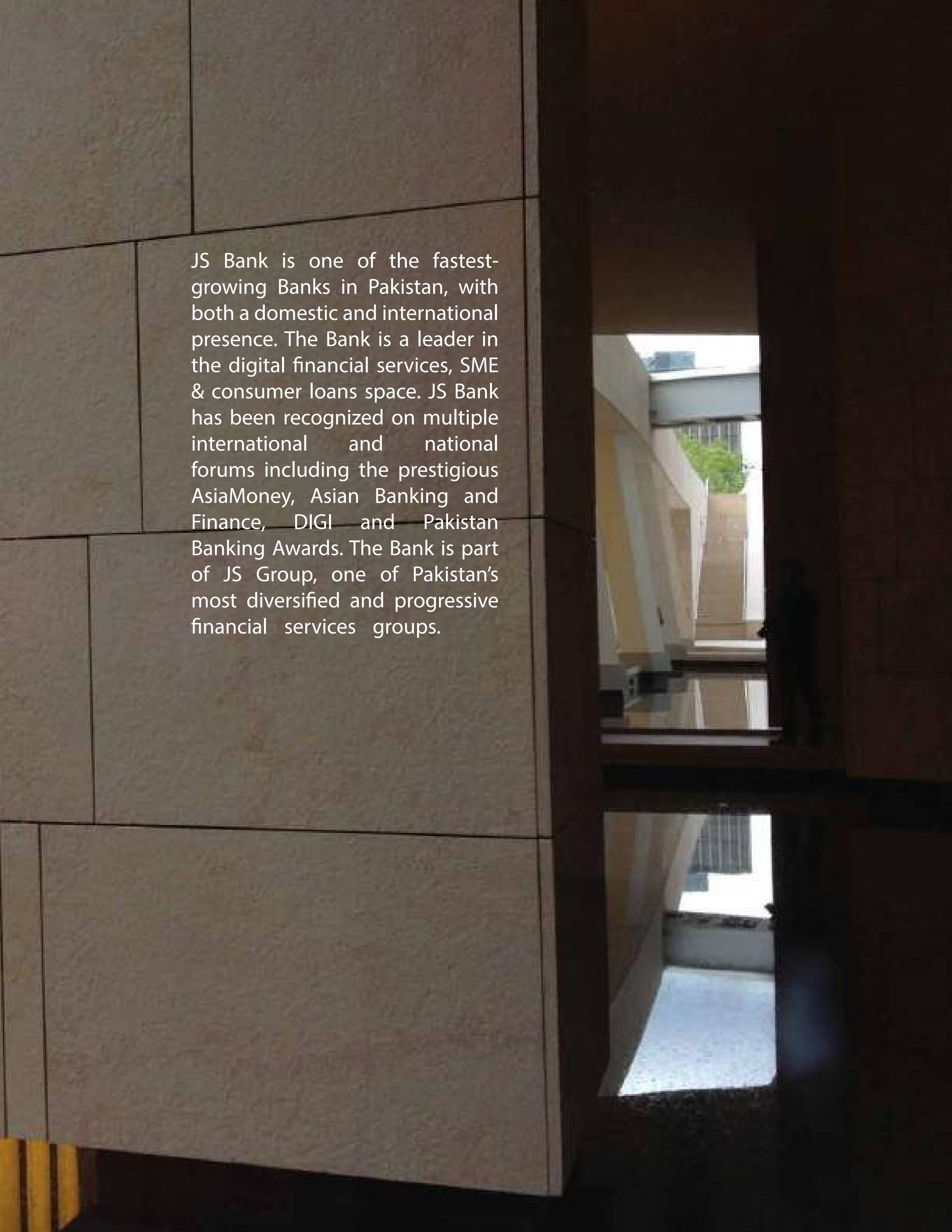
JS BANK



Annual Report 2020

JS BANK



JS Bank is one of the fastest-growing Banks in Pakistan, with both a domestic and international presence. The Bank is a leader in the digital financial services, SME & consumer loans space. JS Bank has been recognized on multiple international and national forums including the prestigious AsiaMoney, Asian Banking and Finance, DIGI and Pakistan Banking Awards. The Bank is part of JS Group, one of Pakistan's most diversified and progressive financial services groups.

Contents

02 Vision
02 Mission
04 Corporate Values
04 Code of Conduct

ORGANIZATIONAL OVERVIEW

05 Products and Services
08 Company Information
10 Entity Credit Rating
11 Operating Structure
12 Profile of the Board of Directors
16 Staff Strength
17 Our Presence
18 Organizational Structure
19 Corporate Profile of the Bank
20 Chairman's Review
23 Directors' Report

PERFORMANCE & POSITION

45 Six Years' Financial Summary
46 Six Years' Vertical Analysis
47 Six Years' Horizontal Analysis
48 Financial Performance 2015- 2020
50 Graphical Presentation of Financial Statements
51 Financial Ratios
52 DuPont Analysis
53 Economic Value-Added Statement
54 Summary of Cash Flows
54 Free Cash Flows
55 Analysis of Capital Adequacy Ratio
56 Category of Investments
57 Non-Performing Loans
58 Advances by Segmentation
59 Funding Mix
60 Deposits Breakdown
60 Deposits Composition
61 Quarterly Performance
92 Quarterly Analysis of NIM & PBT
63 Markup & Non-Markup Income
65 Market Share Information
66 Share Price Trend
67 Calendar of Major Events During 2020

STRATEGY & RESOURCE ALLOCATION

68 Strategic Objectives and KPIs
69 Strategy to Overcome Liquidity Gap

IDENTIFICATION AND MITIGATION OF RISKS AND OPPORTUNITIES

73 Sources of Risk and its Assessment
74 Risk Management Framework
74 Risk Governance Structure
74 Inadequacy in the Capital Structure and Plans to Address such Inadequacy
74 Sensitivity Analysis Due to Foreign Currency Fluctuations
74 Information about Default in Payment of any Debts and Reasons Thereof

CORPORATE GOVERNANCE

76 Role & Responsibilities of the Board
80 Management Committees
82 Salient Features of Board Committees' TOR
85 IT Governance

89 Human Resource Management Policy

92 Sustainability & Corporate Social Responsibility

94 Business Model

STAKEHOLDERS RELATIONSHIP

97 Steps to Encourage Minority Shareholders Participation in AGM

97 Investor Relation Section on Corporate Website

97 Investors Relations Policy

97 Corporate Briefing Session

98 Excellence in Corporate Reporting

99 Statement and Distribution of Value Added

100 Auditors' Review Report to the Members on Statement of Compliance

101 Statement of Compliance with Listed Companies (CCG Regulations, 2019)

UNCONSOLIDATED FINANCIAL STATEMENTS

104 Auditors' Report to the Members on Unconsolidated Financial Statements

109 Unconsolidated Statement of Financial Position

110 Unconsolidated Profit and Loss Account

111 Unconsolidated Statement of Comprehensive Income

112 Unconsolidated Statement of Changes in Equity

113 Unconsolidated Cash Flow Statement

114 Notes to the Unconsolidated Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS

217 Directors' Report on Consolidated Financial Statements

222 Auditors' Report to the Members on Consolidated Financial Statements

227 Consolidated Statement of Financial Position

228 Consolidated Profit and Loss Account

229 Consolidated Statement of Comprehensive Income

230 Consolidated Statement of Changes in Equity

231 Consolidated Cash Flow Statement

232 Notes to the Consolidated Financial Statements

345 Annexure I

346 Annexure II

347 Branch Network

353 Pattern of Shareholding

355 Notice of Fifteenth Annual General Meeting

Form of Proxy

Vision

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

Mission

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

Corporate Values

INTEGRITY

Integrity is at the core of everything we do. We believe in achieving success by building a culture of trust and accountability by adhering to high moral values. We empower our people to say NO.

CUSTOMER CENTRICITY

Customer satisfaction is our prime objective. We aim to fully understand the needs of our customers and stakeholders so as to adapt our products and services to exceed their expectations.

TEAMWORK

Teamwork enables individuals to achieve bigger goals which foster a culture of trust and support. We believe in supporting each other and putting team before individual performance. We respect diversity and promote inclusion.

PROFESSIONAL EXCELLENCE

As the industry we operate in is evolving rapidly and providing abundance of choice to the customers, we believe only persistent commitment towards excellence will make us the very best among the industry.

INNOVATION

We believe innovation is vital at workplace as it gives organization an edge in implementing new ideas, refining services and creating dynamic products leading to business growth by effectively adapting the evolving marketplace.

Code of Conduct

JS Bank's Code of Conduct is designed to guide the personal business ethics of its employees and does not tolerate any conduct which might be considered detrimental to the Bank and its reputation.

The Bank considers honesty and integrity as cornerstones of ethical behavior for lasting business relationships. The Bank aims to deliver products and services in a fair, transparent, and ethical manner. Our Code of Conduct emphasizes upholding ethical standards across all business dealings and relationships. The Bank aims to be transparent in all its dealings and enhance customer banking knowledge and inform them about banking services in a wholistic manner.

The complete Code of Conduct is handed over to all employees and is available on the Bank's website as well.

Products and Services

JS Current Deposit Products

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

JS Savings Deposit Products

We offer a wide array of savings products that cater to short term investment and transactional needs.

JS Term Deposit Products

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

Foreign Currency Accounts

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

Corporate Banking

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

JS Private Banking

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

Employee Banking and Cash Management

We offer superior payroll and cash management solutions to corporates across Pakistan. In addition to the best set of product features, our payroll customers enjoy unmatched rates on consumer loans, free of cost insurance coverage and facilities such as Advance Salary, Personal Loans & Charge Cards.

JS Consumer Lending Products

JS Consumer Banking offers a full suite of consumer lending products to our valued customers. The Bank's Current product portfolio consists of Credit Cards, Auto loans, Home loans and Personal loans.

JS Digital Banking Products and Services

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

We provide Mastercard Debit Cards with EMV chip and NFC capabilities to our customers. Mastercard is accepted worldwide and offers added benefits, including travel and dining. For the ease of our valued customers, we are now also offering Debit Card activation via IVR and JS Bank ATMs.

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

JS ATMs

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

JS SMS Alerts

We continually update our valued customers with financial transaction and information alerts via SMS.

JS Mobile Wallet

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

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

JS Call Centre

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

Home Remittances

We offer customers a multitude of Home Remittance offerings and are committed to contributing towards the national interest of promoting remittances through legal channels.

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

Safe Deposit Lockers

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

SME Banking

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

JS School Development Finance

JS School Development Finance, offers educational institutions with financing of up to Rs. 50 million to fulfil all their financial and non-financial needs.

JS Hospital Financing

JS Hospital Financing, based on State Bank's Refinance Facility for Combating COVID-19 (RFCC), is a loan facility for Hospitals, Medical Centres and entities planning to engage in manufacturing of medical equipment to combat COVID-19 and allows them to buy local /imported medical equipment so that they are fully prepared and adequately equipped to deliver quality services.

JS Green Financing

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

JS Agri Financing Products

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

JS Gold Finance

We are one of the leading banks offering loans against gold ornaments for business and agricultural requirements. We provide one of the most swift turnaround times, with loans being processed as quickly as 100 minutes from the time of application.

JS Kamyab Jawan Youth Entrepreneurship Scheme (PMYES)

In October 2020, we launched the Prime Minister's Kamyab Jawan Youth Entrepreneurship Scheme (PMYES). The scheme aims at empowering the youth of Pakistan by providing them highly subsidized loans to set up or expand their business. Through its strategic alliance based model, we have partnered with various local and international organizations in the ride hailing, dairy farming and transportation segment in addition to financing individuals business loans. In the coming years, strategic partnerships in the Agri value chain, Education, Business Incubation, Economic Development, and Manufacturing sectors are being explored as we look to transform lives throughout the country.

JS Khud Mukhtar

A financing solution based on State Bank of Pakistan's Refinance and Credit Guarantee Scheme for Women Entrepreneurs, JS Khud Mukhtar enables empowerment and financial stability for women entrepreneurs in Pakistan.

JS Naya Aghaaz

The JS Naya Aghaaz SME Loan has been designed to enable personal development of the differently abled individuals in Pakistan through term finance based on State Bank of Pakistan's Small Enterprise (SE) Financing and Credit Guarantee Scheme for Special Persons.

Company Information

Board of Directors

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

Audit Committee

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

Human Resource, Remuneration & Nomination Committee

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

Risk Management Committee

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

Board IT Committee

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

Chief Financial Officer

Mr. Hasan Shahid

Company Secretary

Mr. Ashraf Shahzad

Auditors

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

Legal Advisors

Bawaney & Partners
Haidermota & Co.
Liaquat Merchant Associates

Share Registrar

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

Registered office

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


JS BANK
ATM

Entity Credit Rating

Long Term

AA-

(Double A Minus)

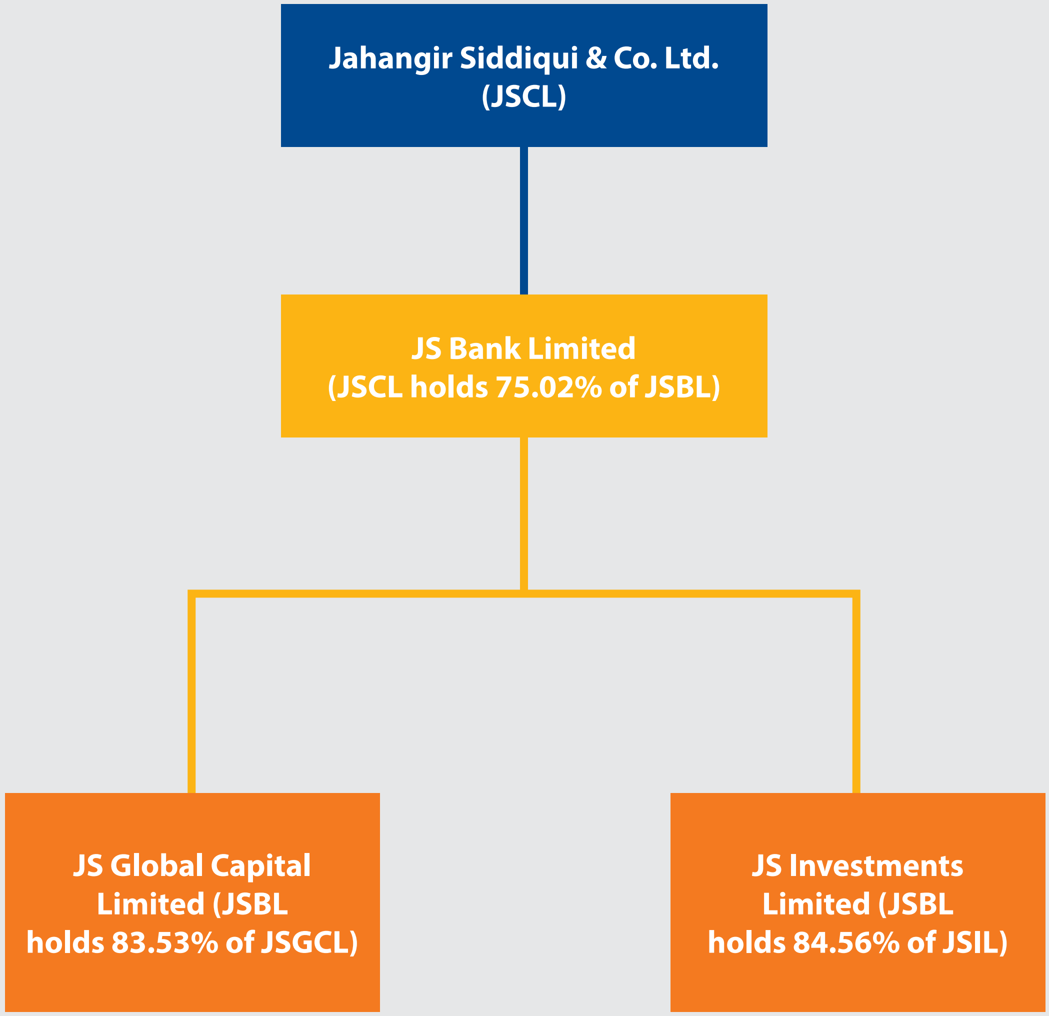
Short Term

A1+

(A One Plus)

(Assigned by Pakistan Credit Rating Agency)

Operating Structure



Profile of the Board of Directors

Composition of the Board

S.No	Name of Directors	Status
1	Mr. Kalim-ur-Rahman - Chairman	Non- Executive Director
2	Mr. Adil Matcheswala	Non- Executive Director
3	Mr. Ashraf Nawabi	Non- Executive Director
4	Mr. G.M. Sikander	Independent Director
5	Mr. Hassan Afzal	Non- Executive Director
6	Mr. Munawar Alam Siddiqui	Non- Executive Director
7	Ms. Nargis Ghaloo	Independent Director
8	Mr. Sohail Aman	Independent Director
9	Mr. Basir Shamsie- President & CEO	Non-Elected Executive Director

The Board of Directors of JS Bank presently has three (3) directors as Independent Directors including one Female Independent Director. The Independent Directors meet the criteria of independence as defined in the Companies Act, 2017 and the State Bank of Pakistan's directives. Further, the Board also has five Non-Executive Directors. The President & CEO of the Bank is a non-elected Executive Director.

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

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

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

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

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

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

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

Directorships in Other Companies:
Excel Labs (Pvt) Limited

Mr. Adil Matcheswala
Non-Executive Director

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

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

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

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

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

Directorships in Other Companies:

Speed (Private) Limited
JOMO Technologies (Private) Limited

Mr. Ashraf Nawabi
Non-Executive Director

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

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

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

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

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

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

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

Mr. G.M. Sikander
Independent Director

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

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

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

Mr. Sikander is also a Trustee of the Hamza

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

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

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

Directorships in Other Companies:
Nil

Mr. Hassan Afzal
Non-Executive Director

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

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

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

Directorships in Other Companies:
Nil

Mr. Munawar Alam Siddiqui
Non-Executive Director

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

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

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

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

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

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

Directorships in Other Companies:

Jahangir Siddiqui & Sons Limited

Fakhr-e-Imdad Foundation

JS ABAMCO Commodities Limited

Karachi Education Initiative

Peregrine Aviation (Private) Limited

Karigar Training Institute.

Ms. Nargis Ghaloo
Independent Director

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

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

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

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

Directorships in Other Companies:

Alpha Insurance Company Limited

Hinopak Motors Limited

Mr. Sohail Aman
Independent Director

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

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

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

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

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

Sohail Aman is also a man of great compassion which is evident from the monumental steps he has undertaken for the welfare of families of martyrs, Personnel with Special Needs (PSN) and education and wellbeing of low paid employees of PAF.

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

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

Directorships in Other Companies:

Nil

Mr. Basir Shamsie
President & CEO

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

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

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

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

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

Directorships in Other Companies:

Nil

Staff Strength

Number of employees as on December 31, 2020

5,311

Average number of employees as on December 31, 2020

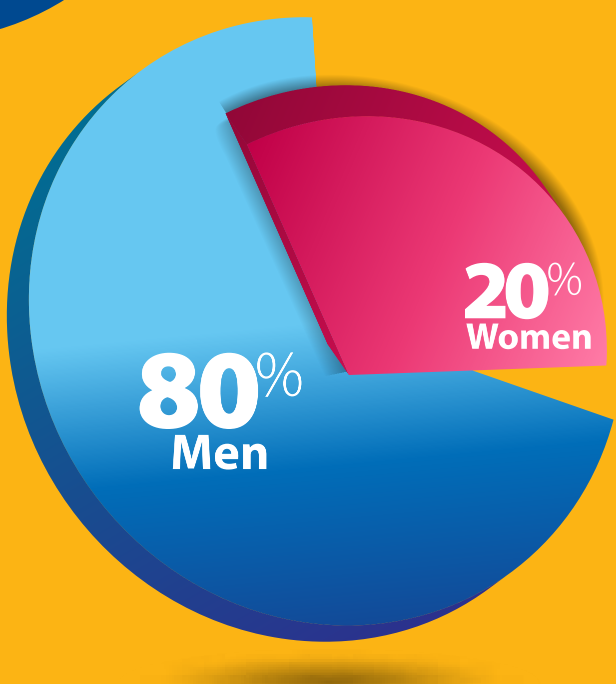
5,111

Men Joining in 2020

1212

Women Joining in 2020

311

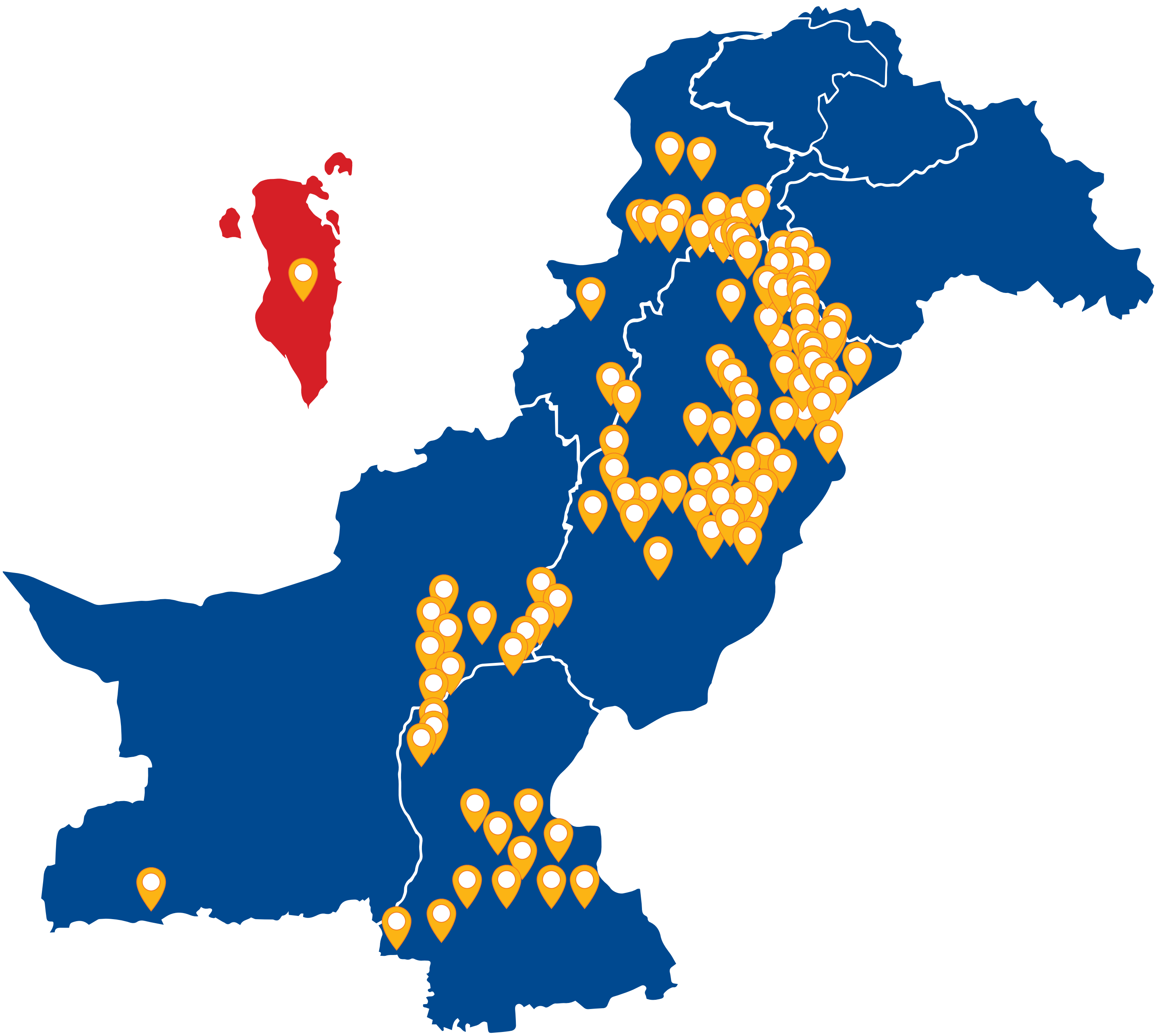


New Joining in 2020

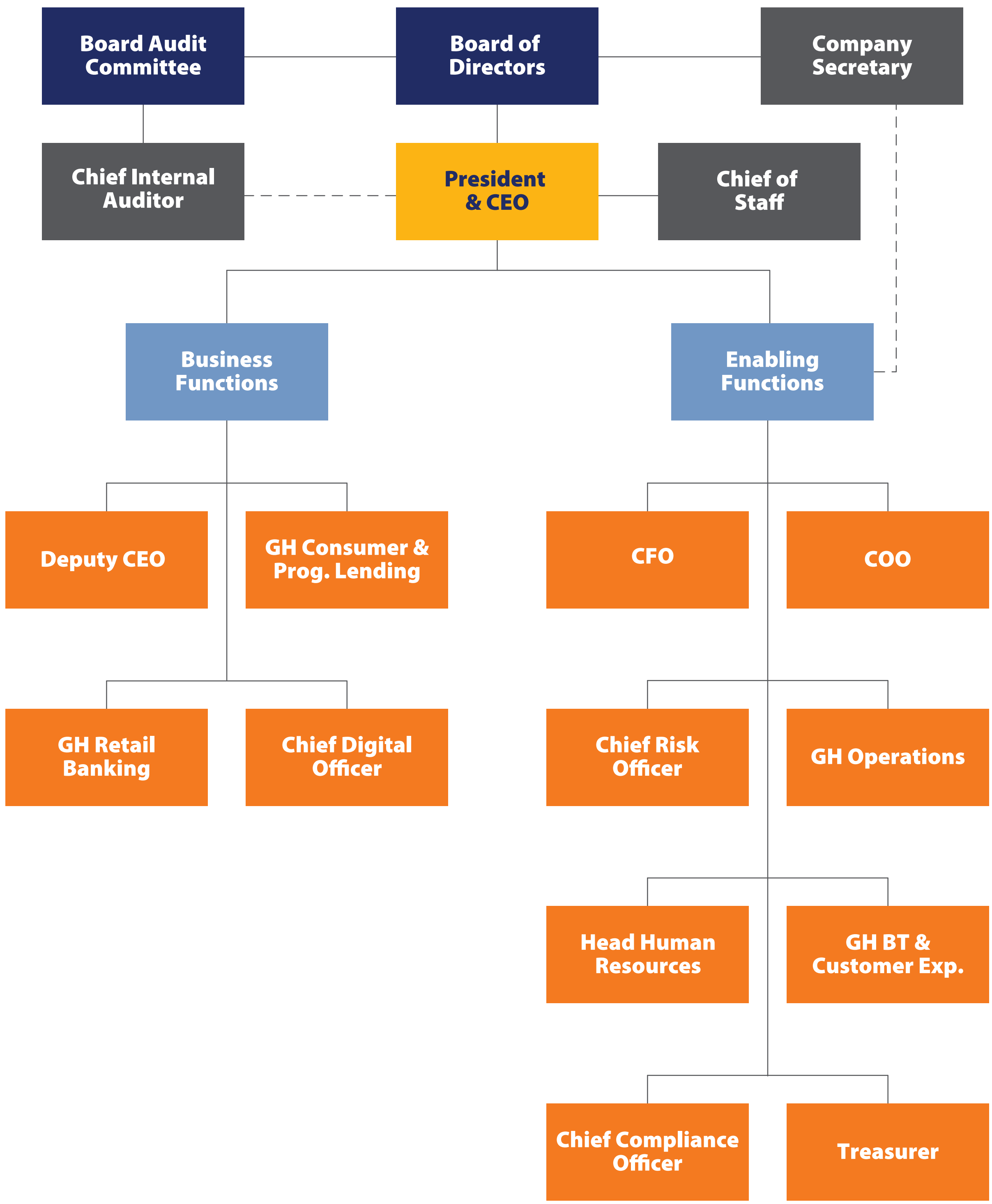
Our Presence

1 International branch in
Bahrain

Nationwide
Branches



Organizational Structure



Corporate Profile of the Bank

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

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 307 (December 31, 2019: 360) branches / sub-branches in Pakistan and one wholesale banking

branch in Bahrain (December 31, 2019: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained at A1+ (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

Subsidiaries

JS Global Capital Limited

Holding 83.53%

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

JS Investments Limited

Holding 84.56%

Profile: JS Investments Limited is a licensed Investment Adviser and Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company is also a licensed Pension Fund Manager under the Voluntary Pension System Rules 2005. Recently, JSIL also acquired the Private Equity and Venture Capital Fund Management Services license and RIET management services license from the Securities and Exchange Commission of Pakistan. Further, JS ABAMCO Commodities Limited is a wholly owned subsidiary of JS Investments Limited.

Chairman's Review

I am pleased to present this report to the valued stakeholders of JS Bank Limited (the "Bank") on the overall performance of the Bank and efficacy of the role played by the Board in driving the Bank's objectives.

The Bank's principal market strengths were acknowledged by the Pakistan Credit Rating Agency (PACRA) and the Bank has been assigned a short-term credit rating of A1+(A One Plus), the highest possible in the category, while long-term credit rating was maintained at AA- (Double A Minus). The ratings denote very high credit quality, low expectation of credit risk and strong capacity for timely payment of financial commitments.

The Bank is committed to its role of acting as a catalyst of progress within the financial industry, by providing customers with innovative and value-added financial products and services designed to make their lives simple, easy, and convenient. The Bank's deposit and advances have continued to show remarkable stability, and we continue to engage with customers facing economic shocks at an individual level.

As of December 2020, JS Bank was ranked as one of the top SME banks in Pakistan. It continued to enhance current SME relationships while introducing innovative financial products with customized financial offerings. Based on the Country's goal of increasing exports, JS Bank established itself as a one-window solution by financing trade and servicing the cash management & payroll needs of the SME client-base.

Responsibility to the community is a cornerstone of the Bank's activities through sustainable development and responsible business. In the effort to fight and respond to COVID-19, in November 2020 JS Bank, in partnership with Future Trust, has launched Future Labs, a highly advanced robotic mobile COVID-19 laboratory in Islamabad. Future Trust is a non-profit philanthropic organization, set up by the JS Group that seeks to use advanced technology to address the problems caused by poverty.

In 2020 the Bank has been recognized for its commitment to excellence on a national and international level. The prestigious awards that JS Bank received in the year 2020 include Asiamoney Award - Best Bank for SMEs – Pakistan, Asiamoney Award - Best Bank for CSR – Pakistan, Asian Banking Finance Awards 2020 - SME Bank of the Year – Pakistan and Certificate of Merit – Best Corporate Report Award 2019 by ICAP/ICMA. These global acknowledgments bear testimony to our customer centricity and outreach, driving us to deliver value added offerings and services that surpass expectations.

Based on an extensive market analysis and business efficiency ratios, the Bank conducted a branch network review and successfully merged 51 branches during the year.

The Board of JS Bank is committed to ensuring good corporate governance through ethical and professional business conduct as well as effective risk and audit management. The Board continually reviews the Bank's financial and operational soundness, and significant policies in-line with regulatory requirements. The Board has constituted its sub-committees for oversight of all key areas of the Bank covering risk management, audit related matters, information technology and human resources for achieving the Bank's strategic objectives. The Pakistan Institute of Corporate Governance (PICG) has been engaged to perform annual evaluation(s) of the Board, its committees and its respective members as per regulatory guidelines and international best practices.

In 2021, the Bank will continue to play its innovative role in Pakistan's banking system. The shifting customer preference for digital products has driven banks to transform the traditional way of banking. Our strategic priorities in the years ahead include continuous focus on operational digitalization and transformation to enhance the customer service experience.

Core strategies are based on identifying and fulfilling customer needs through product innovation, alliances, and automation of service delivery. Simplification of banking through digitized products and secure payment enablement are among our key priorities. Several technology initiatives have been rolled out to support business growth while improving the speed and accuracy of credit decision-making. The Bank is making continuous efforts to strengthen its ability to prevent, detect and respond to cyber-attacks by improving governance and leveraging technology advancements.

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

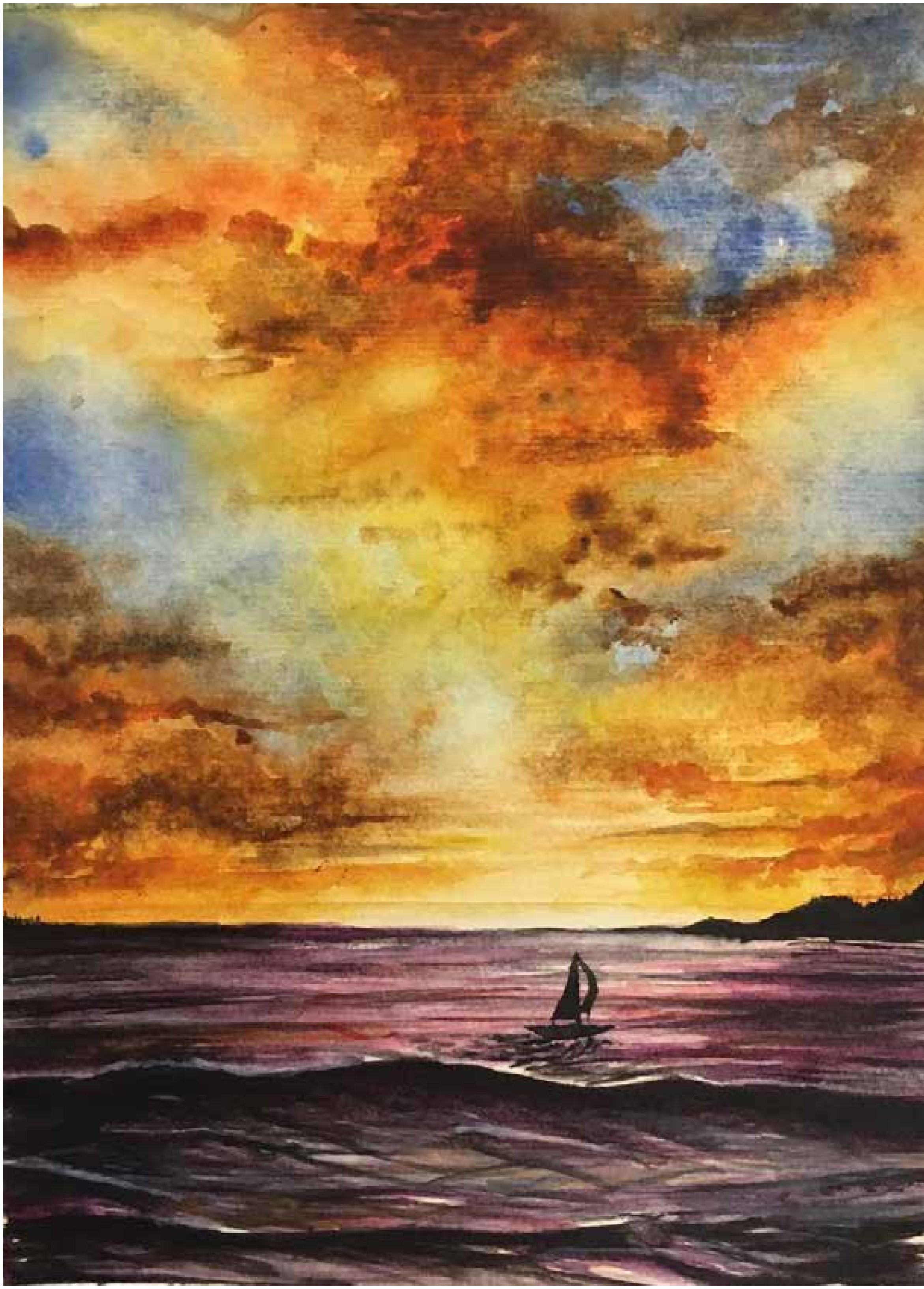
I am confident that with our diversified Board of Directors, value added offerings, unique emphasis on customer satisfaction and dedication towards excellence, we will succeed and thrive, no matter what the conditions or environment.

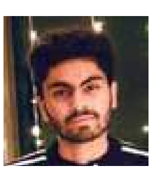
On behalf of the Board of Directors, I would like to extend appreciation for the continuous co-operation extended by the regulatory bodies including the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and Federal Board of Revenue. I would also like to thank our shareholders,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

Sincerely,

Kalim-ur-Rahman

February 24, 2021





Muhammad Kamran

I believe art is something which cannot be verbally explained but only felt and expressed in your paintings. since art has no boundaries and totally depends upon one's creativeness.

Institute: FAST University

Directors' Report

We are pleased to present herein the 15th Annual Report of JS Bank Limited ("JSBL") along with the audited accounts and auditors' report for the year ended December 31, 2020.

Economic Review

Pakistan, much like other countries across the globe, witnessed the socio-economic impact of the COVID-19 pandemic during the first half of CY20. Nonetheless, the timely relief measures taken by the Government of Pakistan and the State Bank of Pakistan (SBP) provided due support to the economy and the masses through various measures including Monetary Policy, Regulatory Framework, Health, Investments, Loans, Employment, and Availability and Continuity of Financial Services. Among the key relief measures were the cut in interest rates, subsidized lending to businesses, deferment options for loan repayments, a cash disbursement program for low-income families etc. Hence, the economy not only began to show signs of recovery during 2HCY20, while the second wave of COVID-19 not significantly hindered the country's economic activity.

After a decline in Large Scale Manufacturing Index during 1HCY20, recovery was reflected in the second half of the year. Resumption of economic activity and materialization of the construction package announced by the Honorable Prime Minister in the earlier part of CY20 have been among the key factors that drove the rebound in LSM. During 5MFY21, LSM has already reported 7.4% YoY growth.

On the external front, the country's current account has reported a surplus of USD 1.13 billion in 1HFY21 as against a deficit of USD 2.03 billion during the same period last year. Key contributors to the surplus have been a remarkable growth remittances and controlled imports. Resultantly the Foreign Exchange reserves increased by more than USD 2.5 billion during the year under review and closed at USD 20.51 billion at CY20 end. Despite the pandemic situation considerably weakening the currencies of several regional countries, the Rupee closed the year with only 3% depreciation against the greenback. On the fiscal side, where Pakistan had a deficit of 2.5% of GDP during 1HFY21, the country is still in a surplus on the primary balance front.

Although volatile food prices pushed inflation upward during CY20, the high base could harness inflation in the coming months. Furthermore, despite the recent increase in energy tariffs, the SBP's view of 7-9 percent inflation for FY21 remains unchanged.

Banking Sector Review

The year under review witnessed numerous developments for Pakistan's banking sector. The SBP took relevant measures to curb the potential impact of the pandemic during the first half of the year, which included sharp monetary easing – drop in the Policy Rate from 13.25% to 7.00%, subsidized loans offered for investments and preventing layoffs, and other relief packages to consumers and the SME segment.

During the same period, the banking sector's deposits witnessed a robust growth of 22% YoY, marking the highest growth the sector has witnessed in the past fifteen years, reaching PKR 17,876 billion. Meanwhile, the sector's Investments crossed PKR 11,500 billion, reporting 31% YoY growth, and increasing the Investments-to-Deposit Ratio (IDR) by 447 basis points, from CY19, to 65%. Total Advances witnessed muted growth, expanding by 4% YoY and clocking in at PKR 8,497 billion. The sector's Advances-to-Deposit Ratio (ADR) declined to 48%, as compared to 56% in CY19. Concurrently, private sector credit also reported slow growth of 5% YoY during CY20. Non-Performing Loans (NPLs) grew to PKR 852 billion during 9MCY20, taking the infection ratio to 10.5%.

Financial Performance

In 2020, the Bank launched multiple targeted offerings aimed at a diverse customer base while undertaking organization redesign and cost economization.

The Bank's earnings during the year remain strong despite a challenging operating environment. The Bank reported a profit before tax of PKR 2,023 million (profit after tax of PKR 1,150 million) for the year ended December 31, 2020 as compared to a profit before tax of PKR 133 million (profit after tax of PKR 25 million) in the corresponding period last year.

On the revenue side, the Bank reported total mark-up revenue of PKR 43,099 million compared to PKR 41,595 million from the corresponding period last year, an improvement of 3.6%. Net interest income was 39.1% higher than the corresponding period last year and closed at PKR 9,777 million. Non-markup income stood at PKR 6,676 million, higher by 69.3%, with major contribution from capital gains of PKR 1,873 million, FX income of PKR 1,010 million and fee & commission income of PKR 3,596 million despite slower resumption in economic activities in the country due to the pandemic lockdowns.

Administrative expenses were PKR 13,019 million compared to PKR 10,792 million for the corresponding period last year, up by 20.6%. The cost to income ratio of the Bank improved to 79.1% as compared to 98% during the corresponding period last year, showing the Bank's focus on cost rationalization.

Earnings per Share (EPS)

The EPS for the year ended December 31, 2020 is PKR 0.8864 per share as compared to EPS of PKR 0.0004 per share by December 31, 2019.

Capital Adequacy

As of December 31, 2020, JS Bank's Capital Adequacy Ratio (CAR) stood at 12.77% as compared to 12.93% in 2019. Minimum required CAR (including Capital Conservation Buffer) as prescribed by SBP is 12.50%. However, the State Bank of Pakistan as a regulatory relief to dampen the effects of COVID-19, for the time being, has reduced the requirement of CAR for banks by 1%.

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

PKR 'million'

Particulars	2020	2019	2018	2017	2016	2015
Deposits	433,063	369,790	321,413	290,078	226,099	141,840
Equity	20,592	17,333	15,617	16,669	16,650	15,968
Total Assets	532,168	469,821	456,754	391,479	264,700	218,476
Investments-Net	201,698	142,568	148,690	169,612	133,727	116,030
Advances- Net	250,199	242,944	251,991	184,140	93,794	76,666
Gross Mark-up Income	43,099	41,595	29,997	20,381	15,081	15,328
Net Mark-up Income	9,777	7,028	8,809	6,242	5,728	5,590
Non-Mark-up Income	6,676	3,943	2,141	4,051	4,861	3,290
Profit Before Tax	2,023	133	905	1,621	3,390	3,174
Profit After Tax	1,150	25	562	973	2,077	2,026
Earnings Per Share (Basic) – PKR	0.8864	0.0004	0.30	0.74	1.77	1.74
Return on Avg. Assets (ROAA)	0.23%	0.01%	0.13%	0.30%	0.86%	1.03%
Return on Avg. Equity (ROAE)	6.06%	0.16%	3.49%	5.84%	12.74%	13.95%
Capital Adequacy Ratio (CAR)	12.77%	12.93%	12.01%	11.95%	14.05%	12.50%
Advances to Deposits Ratio (ADR)	57.8%	65.70%	78.40%	63.48%	41.48%	54.05%
Branches	308	360	345	323	307	277
Employees	5,311	4,904	5,127	4,998	4,163	2,946

Business Overview

The year witnessed continued steady balance sheet growth, backed by prudent expansion in advances, aggressive deposit mobilization and diversified fee business. The Bank's overall product strategy is to promote access to financial services for financial inclusion as well as identifying and fulfilling needs of customers across all customer segments while also catering to niche market needs in an effort to stand apart from the competition.

Deposits

JS Bank remained focused on core deposit mobilization, particularly targeting growth in low-cost deposits (Current Accounts – CA). The Bank was able to close CY2020 with a deposit base of PKR 433 billion, registering growth of 17.1% over CY2019. Significant growth in the CA deposit base has been augmented by focusing on affluent and mass affluent market segments, providing greater stability and strength to the Bank. The Bank embarked on several key initiatives to expand its deposit relationships in various segments including business accounts, employee banking, cash management relationships, corporate deposits and technology-based solutions.

Advances

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

In addition to traditional lending segments, the Bank enhanced its focus on the SME landscape through a relationship lending model, operating through several SME hub branches. Furthermore, the secured consumer lending volumes remained strong through 2020. The leasing business also developed a healthy portfolio catering to all industrial sectors of the economy.

The Bank grew its Gold Finance and Solar Panel financing portfolios by forming multiple alliances to promote the products within their value chains. JS Bank met its agriculture credit targets with a clean portfolio, paving the way for sustainable expansion in the coming years.

Fee Business

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

The Investment Banking Group (IBG) continued its focus on advisory business and building the Bank's asset base by extending services to entities across microfinance, construction, oil & gas, and power sectors. Trustee and Agency services together with Bankers-to-the-Issue business continued to yield positive outcome. Going forward, IBG is to continue its focus on the advisory business, capital market and privatization transactions.

Service Management and Fair Treatment of Customers

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

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

Sustainable Finance

JS Bank continued its efforts towards national sustainability and green project support. After successfully becoming an accredited entity of the executing Green Climate Fund (GCF), despite COVID, JS Bank has been working with GCF to develop and finance multiple projects to help mitigate the climate change impact in Pakistan. GCF is the world's largest climate fund and JS Bank, as an accredited entity, can apply to fund projects up to USD 250 million. Over the year, the Bank also focused its efforts towards plantation drives pan-Pakistan in association with renowned entities as well as its operating locations worldwide. Being a responsible lender, the Bank implemented SBP's Green Banking Guidelines which focus on risk management, own impact reduction and promotion of renewable and energy efficient products.

Risk Management

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

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

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

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

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

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

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

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

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

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

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

Statement on Internal Controls

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

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

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

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

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

Upon satisfactory completion of the Internal Control over Financial Reporting (ICFR) Roadmap, SBP granted exemption to the Bank in August 2016 from the submission of a Long Form Report (LFR) by external auditors. Annual assessment report for December 31, 2020 on efficacy of ICFR shall henceforth be submitted to SBP duly approved by the Board Audit Committee.

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

Corporate Governance

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

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

Corporate and Financial Reporting Framework

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

- The financial statements prepared by the management present fairly the state of affairs of the Bank, the results of its operations, cash flow statement and statement of changes in equity.
- Proper books of accounts of the Bank have been maintained.
- Accounting policies as stated in the notes to the accounts have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards as applicable to banks in Pakistan have been followed in preparation of the financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no doubts about the Bank's ability as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The details of outstanding statutory payments, if any, have been adequately disclosed in the financial statements.

Holding Company

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

Subsidiary Companies

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

Attendance of Directors in the Board meetings

Six meetings of the Board of Directors were held during the year 2020. The attendance of directors at Board Meetings was as follows:

Name of Director	Eligible to attend	Meetings attended
Mr. Kalim-ur-Rahman – Chairman	6	6
Mr. Adil Matcheswala	6	6
Mr. Ashraf Nawabi	6	5
Mr. G.M. Sikander	6	6
Mr. Hassan Afzal	6	6
Mr. Munawar A. Siddiqui	6	6
Ms. Nargis Ghaloo	6	6
Mr. Sohail Aman	6	6
Mr. Basir Shamsie, President & CEO	6	6

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

Name of Director	Audit Committee		Risk Committee		HR Committee		IT Committee	
	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended
Mr. Kalim–ur-Rahman	-	-			7	7	4	4
Mr. Adil Matcheswala	4	4			7	7	-	-
Mr. Ashraf Nawabi	-	-	4	3			-	-
Mr. G.M Sikander	4	4			7	6	-	-
Mr. Hassan Afzal	-	-					4	4
Mr. Munawar A. Siddiqui	4	4	4	4			-	-
Ms. Nargis Ghaloo	4	4	4	4			-	-
Mr. Sohail Aman	-	-			7	7	4	4
Mr. Basir Shamsie President & CEO	-	-	4	4	-	-	4	4

Election of Directors

The election of directors of the Bank was held on March 28, 2019 at the AGM wherein eight directors were elected by the shareholders for a period of three years.

Directors Remuneration

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

Pattern of Shareholding

The pattern of shareholding at the close of December 31, 2020 as required u/s 227(f) of the Companies Act, 2017 is given on page number 353.

Related Party Transactions

Related party transactions are disclosed at note # 43 to the unconsolidated financial statements and the consolidated financial statements of the Bank for the year ended December 31, 2020.

Corporate & Social Responsibility

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

Credit Ratings

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

Dividend to Shareholders

No dividend is being paid to the shareholders on the ordinary shares for the year 2020.

Employee Benefit Schemes

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

The contribution made toward the Fund during the year 2020 is PKR 229 million (2019 PKR 209.87 million). Un-audited balance of the asset of the Fund as of December 31, 2020 was PKR 2,278 million (2019: PKR 1,795 million).

The contribution to be made to the Scheme is PKR 152 million for 2020 (2019: PKR 102 million). The un-audited balance of the assets of the Scheme as of December 31, 2020 was PKR 1,392 million (2019: PKR 705 million).

Auditors

The present auditors, EY Ford Rhodes, Chartered Accountants (a member firm of Ernst & Young Global Limited), retire and cannot, in compliance of the Listed Companies (Code of Corporate Governance) Regulations, 2019, be re-appointed as having completed a term of five years.

The Board of Directors, on the recommendation of the

Audit Committee of the Bank, has recommended the appointment of KPMG Taseer Hadi & Co. Chartered Accountants as auditors for the year ending December 31, 2021 at the upcoming Annual General Meeting of the Bank.

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

Evaluation of the Board's Performance

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

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

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

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

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

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

Events after the Date of Statement of Financial Position

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

Acknowledgements

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

For and on behalf of the Board,

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

February 24, 2021

درج فہرست کمپنیوں (کارپوریٹ گورننس کےقوانین) کےضابطہ 2019 کی تعمیل

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

فنانشل پوزیشن کی اسٹیٹمنٹ کی تاریخ کے بعد کے ایونٹس

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

اظہار تشکر

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

منجانب بورڈ

باصر شمسی	**کلیم الرحمان**
پریزیڈنٹ اور سی ای او	چیئرمین

کراچی: 24 فروری 2021

آڈیٹرز

موجودہ آڈیٹرز EY Ford Rhodes، چارٹرڈ اکاؤنٹنٹس (Ernst & Young Global Limited ایک ممبر فرم) کی میعاد ختم ہوگئی اور، لسٹڈ کمپنیز کے (کوڈ آف کارپوریٹ گورننس) ضابطہ 2019 کی تعمیل کے مطابق دوبارہ پانچ سال کی مدت پوری کرنے کیلئے تقرر نہیں کیا جاسکتا۔

بورڈ آف ڈائریکٹرز بینک کی آڈٹ کمیٹی کی تجویز پر 31 دسمبر 2021 کو مکمل ہونے والے آئندہ مالی سال کیلئے KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو بینک کے آنے والے سالانہ اجلاس میں بطور آڈیٹر مقرر کرنے کی سفارش کی ہے۔

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

بورڈ کی کارکردگی کا جائزہ

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

جے ایس بینک کے بورڈ آف ڈائریکٹرز میں مہارت، بنیادی قابلیت، تنوع، تجربہ اور علم کا اچھا امتزاج ہے جو بیک وقت اسٹیک ہولڈرز کے مجموعی مفادات کے تحفظ کے لئے مضبوط کارپوریٹ گورننس کیلئے پرعزم ہیں۔ بورڈ باقاعدگی سے بینک کے مالی اور آپریشنل معاملات، نظم و نسق، اندرونی کنٹرول اور اہم پالیسیوں کا ریگولیٹری تقاضوں کے مطابق باقاعدگی سے جائزہ لیتا ہے۔ مزید برآں، بورڈ کمیٹیوں کی تشکیل کی گئی ہے، جن میں سے ہر ایک کا مینڈیٹ اور ٹرمز آف ریفرنس موجود ہے۔

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

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

ڈائریکٹرز کا مشاہرہ

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

شیئر ہولڈنگ کا پیٹرن

31 دسمبر 2020 کے اختتام پر کمپنیز ایکٹ 2017 کی شق (f)227 کے تحت درکار شیئر ہولڈنگ کا پیٹرن صفحہ نمبر 353 پر دیا گیا ہے۔

متعلقہ پارٹی سے معاملات

متعلقہ پارٹی سے لین دین کی تفصیلات بینک کے 31 دسمبر 2020 کو ختم ہونے والے سال کی غیر متناسب مالی بیانات کے نوٹ نمبر 43 اور مستحکم مالی بیانات بیان کئے گئے ہیں۔

کارپوریٹ اور سوشل ریسپانسبلٹی

کارپوریٹ اور سوشل ریسپانسبلٹی اسٹیٹمنٹ سالانہ رپورٹ میں شامل ہے۔

کریڈٹ ریٹنگز

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

شیئر ہولڈرز میں ڈیویڈنڈ کی تقسیم

سال 2020 کے لئے عام شیئرز کی ادائیگی پر کوئی ڈیویڈنڈ نہیں دیا جا رہا ہے۔

ایمپلائی بینیفٹس اسکیمز

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

سال 2020 میں فنڈ کیلئے 229 ملین روپے جاری کئے گئے (2019 میں یہ رقم 209.87 ملین روپے تھی)۔ 31 دسمبر 2020 تک فنڈ کا غیر آڈٹ شدہ بیلنس 2,278 ملین روپے ہے۔ (سال 2019 میں یہ رقم 1,795 ملین روپے تھی)

سال 2020 میں اسکیم کے لئے 152 ملین روپے کی رقم جاری کی گئی (2019 میں یہ رقم 102 ملین روپے تھی)۔ 31 دسمبر 2020 تک اسکیم کے اثاثوں کا غیر آڈٹ شدہ بیلنس 1,392 ملین روپے ہے (2019 میں یہ رقم 705 ملین روپے تھی)۔

جناب جی ایم سکندر	6	6
جناب حسن افضل	6	6
جناب منور عالم صدیقی	6	6
محترمہ نرگس گھلو	6	6
جناب سہیل امان	6	6
جناب باصر شمسی، پریزیڈنٹ اور سی ای او	6	6

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

ڈائریکٹر کا نام	آڈٹ کمیٹی		رسک کمیٹی		ایچ آر کمیٹی		آئی ٹی کمیٹی	
	شرکت کی اہلیت	اجلاس میں حاضری	شرکت کی اہلیت	اجلاس میں حاضری	شرکت کی اہلیت	اجلاس میں حاضری	شرکت کی اہلیت	اجلاس میں حاضری
جناب کلیم الرحمان	-	-	-	-	7	7	4	4
جناب عادل ماچس والا	4	4			7	7	-	-
جناب اشرف نوابی	-	-	4	3			-	-
جناب جی ایم سکندر	4	4			7	6	-	-
جناب حسن افضل	-	-					4	4
جناب منور عالم صدیقی	4	4	4	4			-	-
محترمہ نرگس گھلو	4	4	4	4			-	-
جناب سہیل امان	-	-			7	7	4	4
جناب باصر شمسی، پریزیڈنٹ اور سی ای او	-	-	4	4	-	-	4	4

ڈائریکٹرز کے انتخابات

بینک کے ڈائریکٹرز کے انتخابات کا انعقاد 28 مارچ 2019 کے سالانہ مجلس عاملہ کے اجلاس میں ہوا جس میں 8 ڈائریکٹرز کو شیئر ہولڈرز نے تین سال کے لئے منتخب کیا۔

ہیں۔مینجمنٹ اور بورڈ کمیٹیوں کو ایک طے شدہ دائرہ کار کے ساتھ مستقل طور پر تشکیل دیا گیا ہے تاکہ یہ یقینی بنایا جا سکے کہ وہ اپنے مینڈیٹ اور متعلقہ شرائط کے مطابق اپنے مقرر کردہ فرائض کو درست اور مؤثر طریقہ سے انجام دیں۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

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

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

ہولڈنگ کمپنی

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

سبسڈری کمپنیز

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

بورڈ میٹنگز میں ڈائریکٹرز کی حاضری

سال 2020 کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ان اجلاسوں میں ڈائریکٹرز کی حاضری کچھ یوں رہی۔

ڈائریکٹر کا نام	شرکت کے اہل	اجلاس میں شرکت
جناب کلیم الرحمان، چیئرمین	6	6
جناب عادل ماچس والا	6	6
جناب اشرف نوابی	6	5

گئے ہیں، بلکہ اس کے خاتمے کے بجائے غیر متوقع نقصان کا خطرہ کاروباری مقاصد کو حاصل کرنے کے لئے کوشاں ہے۔

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

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

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

انٹرنل کنٹرولز اور فنانشل رپورٹنگ (ICFR) روڈ میپ کی اطمینان بخش تکمیل پر ایس بی پی (اسٹیٹ بینک آف پاکستان) نے اگست 2016 میں بینک کو بیرونی آڈیٹرز کی جانب سے لانگ فارم رپورٹ (LFR) جمع کروانے میں چھوٹ دی تھی۔ ICFR کے کارگر ہونے سے تعلق 31 دسمبر 2020 کی سالانہ تشخیصی رپورٹ اب بورڈ آڈٹ کمیٹی میں جمع کروادی جائے گی۔

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

کارپوریٹ گورننس

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

بورڈ باقاعدگی سے ذمہ داری کے مطابق پالیسی سے وابستہ معاملات اور طویل المدتی اثرات کا بغور جائزہ لیتا ہے جو بینک کی آپریشنل ضروریات کو بھی پورا کرتے

بینک نے ڈیزاسٹر ریکوری (DR) سائٹ بھی تیار کی ہے تا کہ صارفین اور شراکت داروں کو اہم (حساس وقت) اور معاون فنکشن کے ذریعہ سسٹم اور خدمات کی زیادہ سے زیادہ دستیابی کو یقینی بنایا جا سکے۔

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

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

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

اسٹیٹمنٹ برائے انٹرنل کنٹرولز

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

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

- مارکیٹ رسک مینجمنٹ پالیسی
- آپریشنل رسک مینجمنٹ پالیسی
- لیکویڈیٹی رسک مینجمنٹ پالیسی
- ملکی رسک مینجمنٹ پالیسی
- کاروباری تسلسل پالیسی
- انفارمیشن سیکورٹی پالیسی

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

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

مارکیٹ رسک پیمائش، مانیٹرنگ اور مینجمنٹ رپورٹنگ مستقل بنیاد پر کی جاتی ہے۔ مارکیٹ رسک اور بیسل یونٹ سپورٹ کو ٹریژری مڈل آفس کی تائید حاصل ہے جو شرح سود کے خطرے، ایکوئٹی رسک، کرنسی یا فارن ایکسچینج ریک، سرحد پار یا ملکی خطرہ، ملیاتی اداروں (FI)، لیکویڈیٹی رسک اور کفایت سرمایہ کی شکل میں متعلقہ تمام معاشی خطرات کی روزانہ کی بنیاد پر نگرانی شامل ہے۔ بینک اپنے سسٹم کی صلاحیتوں کو اپ گریڈ کرنے کے عمل میں ہے اور تجزیاتی صلاحیتوں کو بڑھانے کیلئے تیمونوس انسائٹ رسک انٹیلی جنس سلوشنز کے مارکیٹ رسک ماڈیول کو نافذ کیا ہے، اور آئندہ سال ریگولیٹری کیپیٹل اور اثاثہ جات اور ذمہ داری کے انتظام کیلئے ماڈیولز کو نافذ کرنے کا ارادہ رکھتا ہے۔

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

رسک اور کنٹرول سیلف اسیسمنٹ (RCSA) کی معمولی نگرانی کے علاوہ، آپریشنل ڈیٹا کا نقصان اور کلیدی رسک انڈیکیٹرز (KRI)، آپریشنل رسک مینجمنٹ فنکشن بزنس پالیسی کو بھی برقرار رکھتا ہے اور مشن کریٹیکل سسٹم کے خدمات کی سالانہ جانچ کی سہولیات فراہم کرتا ہے جو کسی بھی صورتحال یا تباہی کی وجہ سے متاثر ہو سکتے ہیں۔

خدمات کے معیار، فون بینکنگ، مسائل کے حل اور صارفین سے منصفانہ سلوک کی نگرانی کرتا ہے۔ بینک کی شکایات سے نمٹنے کی پالیسی اور ازالے کا طریقہ کار یہ یقینی بناتا ہے کہ شکایات کا بروقت حل کیا جائے اور جہاں تک ممکن ہو ایسی شکایات کو دوبارہ ہونے سے روکا جائے۔ صارفین کے پاس اختیار ہے کہ وہ اپنی شکایات بینک برانچ، فون بینکنگ سینٹر، جے ایس بینک کی ویب سائٹ یا بذریعہ ای میل درج کراسکیں۔

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

پائیدار مالیات

جے ایس بینک نے قومی استحکام اور گرین پروجیکٹ سپورٹ کی سمت اپنے بھرپور اقدامات جاری رکھے ہوئے ہیں۔ کورونا (COVID) کے باوجود گرین کلائمٹ فنڈ (GCF) پر کامیابی سے عملدرآمد کرنے والا تسلیم شدہ ادارہ بننے کے بعد، جے ایس بینک GCF کے ساتھ مل کر متعدد منصوبوں کی تیاری اور مالی معاونت کے لئے کام کر رہا ہے تاکہ پاکستان میں موسمیاتی تبدیلی کے اثرات کو کم کیا جاسکے۔ GCF بین الاقوامی سطح پر سب سے بڑا ماحولیاتی فنڈ ہے اور جے ایس بینک بطور ایک منظور شدہ ادارے کے 250 ملین ڈالر تک کے منصوبوں کی درخواست کر سکتا ہے۔ گزشتہ سال کے دوران بینک نے معروف اداروں اور تنظیموں کے اشتراک سے دنیا بھر میں ان کی نگرانی کے مقامات پر شجرکاری مہم 'پین پاکستان' پر بھی توجہ مرکوز کی ہے۔ بطور ایک ذمہ دار قرض دہندہ کے، بینک نے اسٹیٹ بینک کی گرین بینکنگ کے رہنما خطوط پر عملدرآمد کیا جو رسک مینجمنٹ، اپنے اثرات کو کم کرنے، اور قابل تجدید توانائی سے مؤثر مصنوعات کی ترویج پر مرکوز ہے۔

رسک مینجمنٹ

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

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

- رسک مینجمنٹ پالیسی
- کریڈٹ پالیسی
- ضامن انتظامی پالیسی

مجموعی مصنوعات کی حکمت عملی مالی شمولیت کیلئے مالی خدمات تک رسائی کو فروگ دینے کے ساتھ تمام صارفین کے تمام حصوں میں موجود صارفین کی ضروریات کی نشاندہی کرنا اورانہیں پورا کرنا ہے جبکہ مقابلہ سے الگ رہنے کی کوشش میں مخصوص مارکیٹ کی شناخت اورضروریات کی نشاندی کر کے اسے پورا کرنے پر مبنی ہے۔ جے ایس بینک کی اب 160 شہروں میں 308 برانچیں ہیں جس میں ایک بیرون ملک ہول سیل بینکنگ برانچ مانامہ، بحرین کی بھی شامل ہے۔

ڈیپازٹس

جے ایس بینک کی توجہ بنیادی طور پر ڈیپازٹ کو متحرک کرنے پر مرکوز ہے، خاص طور پر کم لاگت ڈیپازٹس (کرنٹ اکاؤنٹ، CA) میں اضافہ کرنا ہے۔ بینک سال 2020 کے اختتام تک ڈیپازٹ 433 بلین روپے تک کرنے میں کامیاب رہا جس میں سال 2019 کے مقابلہ 17.1 فیصد اضافہ ہوا۔ بڑے پیمانے پر افزودہ مارکیٹ طبقے پر توجہ مرکوز کر کے کرنٹ اکاؤنٹ میں نمایاں اضافہ ہوا، جس سے بینک کو زیادہ استحکام اور قوت حاصل ہوئی۔ بینک نے مختلف شعبوں میں تعلقات کر بڑھانے کیلئے نے متعدد اقدامات شروع کئے جن میں بزنس اکاؤنٹ، ایمپلائز بینکنگ، کیش مینجمنٹ تعلقات، کارپوریٹ ڈیپازٹس اور ٹیکنالوجی پر مبنی حل شامل ہیں۔

ایڈوانسز

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

روایتی قرضوں کے حصہ کے علاوہ بینک نے چھوٹی درمیانی صنعت (ایس ایم ای) کے شعبہ میں قرضوں کی فراہمی کے ماڈل پر توجہ کو بڑھایا، اور متعدد ایس ایم ای کے شعبوں میں کام شروع کیا۔ مزید برآں، صارفین کی محفوظ قرضوں کی تعداد 2020 کے دوران مضبوط رہی۔ لیزنگ کے شعبہ نے معیشت کے تمام صنعتی شعبوں کی بہترین نشونما کی۔

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

فیس کاروبار

بینک نے محصول اور فیس پر مبنی آمدنی کو بہتر بنانے کیلئے ٹھوس اقدامات کئے ہیں جس میں موجود اور نئے صارفین کو متوازی مختلف فیس پر مبنی مصنوعات کو فراہم کرنے کے علاوہ روایتی فیس آمدنی کی مصنوعات بھی فراہم کر رہا ہے۔

انویسٹمنٹ بینکنگ گروپ (IBG) نے مشاورتی کاروبار اور بینک کے اثاثہ جات کی تعمیر پر توجہ مرکوز کرتے ہوئے مائیکروفنانس، تعمیرات، تیل اور گیس، اور توانائی کے شعبے میں اداروں کو خدمات فراہم کیں ہیں۔ ٹرسٹی اور ایجنسی کی مشترکہ خدمات سے بینکنگ کے کاروبار میں مثبت نتائج برآمد ہوتے رہے۔ آگے بڑھتے ہوئے IBG مشاورتی کاروبار، کیپٹل مارکیٹ اور نجکاری کے لین دین پر توجہ جاری رکھے گی۔

سروس مینجمنٹ اور صارفین سے منصفانہ سلوک

جے ایس بینک اپنے صارفین کو اعلیٰ درجہ کی خدمات کے معیار اور اطمینان کی فراہمی کیلئے پرعزم ہے۔ بینک نے ایک مخصوص اور خودمختار انتظامی فنکشن قائم کیا ہے جو

کفایت سرمایہ

جے ایس بینک کا شرح کفایت سرمایہ (CAR)، 31 دسمبر 2020 تک 12.77 فیصد پر موجود تھا، جس کے مقابلے 2019 میں یہ شرح 12.93 فیصد تھی۔ کم از کم مطلوبہ CAR (بشمول کیپیٹل کنزرویشن بفر) 12.50 فیصد ہے جو اسٹیٹ بینک نے مقرر کیا ہے۔ تاہم، کورونا (COVID-19) کے اثرات کو کم کرنے کیلئے ایک باقاعدہ ریلیف کے طور پر اسٹیٹ بینک نے بینکوں کیلئے CAR کی ضرورت میں 1 فیصد کی کمی کر دی ہے۔

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

روپے ملین میں

تفصیلات	2020	2019	2018	2017	2016	2015
ڈیپازٹ	433,063	369,790	321,413	290,078	226,099	141,840
ایکوئٹی	20,592	17,333	15,617	16,669	16,650	15,968
کل اثاثے	532,168	469,821	456,754	391,479	264,700	218,476
سرمایہ کاری، نیٹ	201,698	142,568	148,690	169,612	133,727	116,030
ایڈوانسز، نیٹ	250,199	242,944	251,991	184,140	93,794	76,666
مجموعی مارک اپ آمدنی	43,099	41,595	29,997	20,381	15,081	15,328
نیٹ مارک اپ آمدنی	9,777	7,028	8,809	6,242	5,728	5,590
نان مارک اپ آمدنی	6,676	3,943	2,141	4,051	4,861	3,290
قبل از ٹیکس منافع	2,023	133	905	1,621	3,390	3,174
بعد از ٹیکس منافع	1,150	25	562	973	2,077	2,026
فی شیئر آمدنی (بنیادی) روپے	0.8864	0.0004	0.30	0.74	1.77	1.74
اوسط اثاثوں پر واپسی (ROAA)	0.23%	0.01%	0.13%	0.30%	0.86%	1.03%
اوسط ایکوئٹی پر واپسی (ROAE)	6.06%	0.16%	3.49%	5.84%	12.74%	13.95%
شرح کفایت سرمایہ (CAR)	12.77%	12.93%	12.01%	11.95%	14.05%	12.50%
ایڈوانس کے مقابلے ڈیپازٹ کا تناسب (ADR)	57.8%	65.70%	78.40%	63.48%	41.48%	54.05%
برانچیں	308	360	345	323	307	277
ملازمین	5,311	4,904	5,127	4,998	4,163	2,946

کاروباری جائزہ

رواں سال ایڈوانسز میں محتاط توسیع، جارحانہ ڈیپازٹس موبلائزیشن اور متنوع بزنس فیس کی پیش قدمی کے باعث بیلنس شیٹ میں مسلسل اضافہ کا مشاہدہ کیا گیا۔ بینک کی

رکھنے کیلئے رعایتی قرضے اور صارفین اور چھوٹے اور درمیانی صنعت (SME) شعبہ کیلئے دیگر امدادی پیکجز شامل ہیں۔

اسی مدت کے دوران، بینکنگ کے شعبہ کے ذخائر میں 22 فیصد سال بسال (YoY) کا مضبوط اضافہ دیکھا گیا، جو گزشتہ 15 سالوں میں اس شعبے میں سب سے زیادہ نمو ظاہر کرتے ہوئے 17,876 بلین روپے تک پہنچ گیا۔ دریں اثناء اس شعبے میں سرمایہ کاری نے 11,500 بلین روپے کو عبور کیا، جو 31 فیصد سال بسال (YoY) نمو ظاہر کرتا ہے، اور انویسٹمنٹ ٹو ڈیپازٹ تناسب (IDR) 447 بیس پوائنٹس اضافہ سے سال 2019 (CY19) میں 65 فیصد رہا۔ کل ایڈوانسز میں زیادہ نمو دیکھنے میں نہیں آئی، جس میں 4 فیصد سال بسال (YoY) اضافہ ہوا جو 8,497 بلین روپے تک پہنچ گیا۔ شعبہ کا ایڈوانس کے مقابلے ڈیپازٹ کا تناسب (ADR) کم ہو کر 48 فیصد ہو گیا اس کے مقابلے سال 2019 (CY19) میں 56 فیصد تھا۔ ساتھ ہی، نجی شعبہ کے کریڈٹ میں سال 2020 (CY20) کے دوران 5 فیصد سال بسال (YoY) کی سست شرح نمو ریکارڈ کی گئی۔ سال 2020 کے پہلے 9 ماہ (9MCY20) کے دوران نان پرفارمنگ لونز (NPL) بڑھ کر 852 بلین روپے ہو گئے، جس سے انفیکشن کا تناسب 10.5 فیصد ہو گیا۔

مالی کارکردگی

سال 2020 میں بینک نے مختلف صارفین بیس کو مدنظر رکھتے ہوئے استحکام اور لاگت کی معیشت کا ایک پروگرام شروع کیا جس میں بنائے گئے متعدد اہداف کیلئے سہولیات کا آغاز کیا۔

سال کے دوران ایک مشکل آپریٹنگ ماحول کے باوجود بینک کی آمدنی مضبوط رہی۔ بینک نے 31 دسمبر 2020 کے ختم ہونے والے سال پر بینک کا قبل از ٹیکس منافع 2,023 ملین روپے (بعد از ٹیکس منافع 1,150 ملین روپے) رپورٹ ہوا جبکہ اس کے مقابلے گزشتہ سال کی اسی مدت کے دوران قبل از ٹیکس منافع 133 ملین روپے (بعد از ٹیکس منافع 25 ملین روپے) تھا۔

آمدنی کی مد میں، بینک نے کل مارک اپ آمدنی 43,099 ملین روپے حاصل کی اس کے مطابق گزشتہ سال اسی مدت کے دوران 41,595 ملین روپے ہوئی جس میں 3.6 فیصد کی اضافہ ریکارڈ کیا گیا۔ نیٹ انٹرسٹ آمدنی میں گزشتہ سال کے مقابلہ 39.1 فیصد اضافہ ہوا جو 9,777 ملین روپے رہی۔ وباء میں لاک ڈاؤن اور معاشی سرگرمیوں کے سست روی کے باوجود بینک کی نان مارک اپ آمدنی 69.3 فیصد اضافہ سے 6,676 ملین روپے پر رہی، جس میں ایک بڑا حصہ کیپیٹل گین 1,873 ملین روپے، فاریکس آمدنی 1,010 ملین روپے اور فیس اور دیگر کمیشن آمدنی 3,596 ملین روپے کا ہے۔

انتظامی اخراجات 13,019 ملین روپے رہے جو گزشتہ سال اسی مدت کے دوران 10,792 ملین روپے پر تھے، جس میں 20.6 فیصد اضافہ ہوا۔ گزشتہ سال کے مقابلہ بینک کا آمدنی کا تناسب 98 فیصد کے مقابلہ 79.1 فیصد رہا۔ جس سے بینک کی لاگت کو معقول بنانے پر توجہ ظاہر کرتا ہے۔

فی شیئر آمدنی (EPS)

31 دسمبر 2020 کو ختم ہونے والے سال میں فی شیئر آمدنی (EPS)، 0.8864 روپے فی شیئر رہی جس کے مقابلے 31 دسمبر 2019 میں EPS آمدنی 0.0004 روپے فی شیئر تھی۔

ڈائریکٹرز رپورٹ

ہم انتہائی مسرت کے ساتھ 31 دسمبر 2020 کو ختم ہونے والے سال کے لئے جے ایس بینک لمیٹڈ (''جے ایس بی ایل'') کی پندرہویں سالانہ رپورٹ بشمول آڈٹ شدہ اکاؤنٹس، آڈیٹر رپورٹ پیش کررہے ہیں۔

معیشت

پاکستان نے دنیا کے دیگر ممالک کی طرح، سال 2020 (CY20) کی پہلی ششماہی کے دوران عالمی وباء کے مضر معاشرتی و معاشی اثرات کا سامنا کیا ہے۔ اس کے باوجود، حکومت پاکستان اور اسٹیٹ بینک آف پاکستان (SBP) کے بروقت امدادی اقدامات سے مالی پالیسی، ریگولیٹری فریم ورک، صحت، سرمایہ کاری، قرض، روزگار اور مالی خدمات کی دستیابی اور تسلسل سمیت دیگر اقدامات سے معیشت اور لوگوں کو موزوں سہولت فراہم کی۔ ریلیف کے اہم اقدامات میں شرح سود میں کمی، کاروباری اداروں کو کم قیمت پر قرضے، قرضوں کی ادائیگی مؤخر کرنے کا اختیار، کم آمدنی والے افراد کیلئے نقد رقم کی تقسیم جیسے دیگر پروگرام شامل تھے۔ لہٰذا، معیشت میں نہ صرف کیلنڈر سال 2020 کی دوسری ششماہی (2HCY20) کے دوران بحالی کے آثار نمودار ہونا شروع ہوئے، بلکہ معاشی سرگرمیوں میں رکاوٹ پیدا کرنے والی COVID-19 وباء کی دوسری لہر کا بھی بھرپور مقابلہ کیا۔

کیلنڈر سال 2020 کی پہلی ششماہی (1HCY20) کے دوران بڑے پیمانے پر مینوفیکچرنگ انڈیکس میں مستقل کمی کے باوجود، سال کی دوسری ششماہی میں بحالی ظاہر ہوئی۔ سال 2020 (CY20) کی ابتداء میں محترم وزیراعظم کی جانب سے معاشی سرگرمیوں کے دوبارہ آغاز اور تعمیراتی پیکج کو عملی شکل دینے کا اعلان لارج اسکیل مینوفیکچررز (LSM) کی بحالی میں ایک اہم جز تھا۔ مالی سال 2021 کے 5 ماہ (5MFY21) کے دوران، لارج اسکیل مینوفیکچررز (LSM) کی شرح نمو میں 7.4 فیصد سال بسال اضافہ ریکارڈ ہوا۔

ملک کے بیرونی محاذ پر مالی سال 21 کی پہلی ششماہی (1HFY21) کے دوران ماہانہ کرنٹ اکاؤنٹ 1.13 بلین ڈالر سرپلس رپورٹ ہوا جو گزشتہ سال اسی مدت کے دوران 2.03 بلین ڈالر خسارے میں تھا۔ ترسیلات زر اور کنٹرول شدہ درآمدات میں نمایاں اضافہ سرپلس میں کلیدی معاون ثابت ہوا۔ اس کے علاوہ، زیر تبصرہ مدت کے دوران زرمبادلہ کے ذخائر میں 2.5 بلین ڈالر سے زیادہ اضافہ ہوا، اور سال 2020 (CY20) کے اختتام پر 20.51 بلین ڈالر کی سطح پر بند ہوئے، جو بیرونی اکاؤنٹ اور ذخائر کے اضافہ میں مددگار رہا۔ باوجود اس کے کہ وبائی صورتحال میں خطہ کے دیگر ممالک کی کرنسی کو بہت حد تک کمزور کیا، پاکستانی روپیہ سال کے اختتام پر گرین بیک کے مقابلہ 3 فیصد فرسودگی کے ساتھ بند ہوا۔ مالی معاملات میں، پاکستان نے مالی سال 2021 کی پہلی ششماہی (1HFY21) کے دوران جی ڈی پی (GDP) میں 2.5 فیصد کا خسارہ ریکارڈ کیا، اس کے باوجود ملک کا بنیادی بیلنس سرپلس میں ہے۔

سال 2020 (CY20) میں غذائی قیمتوں سے مہنگائی میں اضافہ دیکھا گیا، جس کے باعث آنے والے مہینوں میں افراط زر بڑھنے کا امکان ہے۔ مزید برآں، توانائی کے ٹیرف میں حالیہ اضافہ کے باوجود، اسٹیٹ بینک (SBP) کا مالی سال 2021 (FY21) کیلئے افراط زر 7 سے 9 فیصد رہنے کا نظریہ تبدیل نہیں ہوا۔

شعبۂ بینکاری کا جائزہ

زیر تبصرہ سال میں پاکستان کے شعبہ بینکاری میں متعدد پیشرفت دیکھی گئیں۔ سال کی پہلی ششماہی کے دوران وباء کے ممکنہ اثرات کو روکنے کیلئے اسٹیٹ بینک نے متعلقہ اقدامات اٹھائے، جس میں فوری مالیاتی نرمی شامل ہے، جس کے باعث پالیسی ریٹ 13.25 فیصد سے کم ہو کر 7 فیصد ہوگیا، سرمایہ کاری اور ملازمت کو برقرار

Ahwar Nasir

I am a 19 year old aspiring artist who paints to make herself and others happy. Painting to me is to communicate love.

Institute: Indus Valley School of Art and Architecture

Six Years' Financial Summary

Rs. in million

	2020	2019	2018	2017	2016	2015
Statement of Financial Position						
Cash and balances with treasury banks	30,421	25,589	32,111	17,334	15,509	11,159
Balances with other banks	1,106	463	969	1,034	753	584
Lendings to financial institutions	23,240	30,321	1,937	3,116	11,334	3,581
Investments - net	201,698	142,568	148,690	169,612	133,727	116,030
Advances - net	250,199	242,945	251,991	184,140	93,794	76,666
Operating fixed assets	10,086	11,964	8,415	7,113	5,837	4,574
Deferred tax assets	-	9	287	-	-	-
Other assets	14,678	16,194	12,354	9,131	6,490	5,882
Assets held for sale	739	374	-	-	-	-
Total Assets	532,168	470,427	456,754	391,479	267,444	218,476
Bills payable	4,982	3,804	3,520	3,824	2,544	1,609
Borrowings	48,303	54,468	96,559	64,557	10,320	54,638
Deposits and other accounts	433,063	369,790	321,413	290,078	226,099	141,840
Sub-ordinated loans	7,493	7,495	7,497	4,999	3,000	-
Deferred tax liabilities	1,194	-	-	797	1,205	1,695
Other liabilities	16,541	17,536	12,148	10,555	7,626	2,724
Total Liabilities	511,576	453,094	441,137	374,810	250,794	202,508
Net Assets	20,592	17,333	15,617	16,669	16,650	15,968
Share capital	12,975	12,975	12,975	12,225	12,225	12,225
Discount on issue of shares	(2,855)	(2,855)	(2,855)	(2,105)	(2,105)	(2,105)
Preference shares	-	-	-	1,500	1,500	1,500
Reserves	1,991	1,750	1,712	1,541	1,334	919
Unappropriated profits	6,148	4,828	4,821	4,519	3,973	2,529
Surplus / (deficit) of assets - net of tax	2,334	637	(1,036)	490	1,223	2,401
Total Equity	20,592	17,333	15,617	16,669	16,650	15,968
Profit & Loss Account						
Mark-up / return / interest earned	43,099	41,595	29,997	20,381	15,081	15,328
Fee, commission and brokerage income	3,596	2,860	2,669	2,124	1,427	1,124
Gain/ (loss) on sale of securities - net	1,873	(711)	(1,434)	1,234	2,965	1,799
Income from dealing in foreign currencies	1,040	1,010	688	357	313	288
Dividend income	98	300	109	167	98	85
Other Income	70	484	109	169	59	(6)
Total Gross Income	49,775	45,538	32,138	24,433	19,942	18,618
Mark-up / return / interest expensed	33,322	34,566	21,188	14,139	9,353	9,738
Provision/ (reversal) against non-performing loans and advances	681	360	406	203	(64)	675
Provision / (reversal) of diminution in value of investments	275	(345)	(220)	123	415	141
Other provisions/ (reversal)/ write-off	324	(107)	52	45	-	-
Workers' welfare fund & Other Charges	132	139	(149)	46	99	65
Operating expenses	13,019	10,792	9,859	8,347	6,848	4,890
Total Expenses	47,752	45,405	31,136	22,902	16,652	15,509
Profit Before tax	2,023	133	905	1,621	3,390	3,174
Taxation	873	108	342	647	1,313	1,148
Profit After Taxation	1,150	25	562	973	2,077	2,026

Six Years' Vertical Analysis

Rs. in million

	Vertical Analysis											
	2020	%	2019	%	2018	%	2017	%	2016	%	2015	%
Statement of Financial Position												
Cash and balances with treasury banks	30,421	6%	25,589	5%	32,111	7%	17,334	4%	15,509	6%	11,159	5%
Balances with other banks	1,106	0%	463	0%	969	0%	1,034	0%	753	0%	584	0%
Lendings to financial institutions	23,240	4%	30,321	6%	1,937	0%	3,116	1%	11,334	4%	3,581	2%
Investments - net	201,698	38%	142,568	30%	148,690	33%	169,612	43%	133,727	50%	116,030	53%
Advances - net	250,199	47%	242,945	52%	251,991	55%	184,140	47%	93,794	35%	76,666	35%
Operating fixed assets	10,086	2%	11,964	3%	8,415	2%	7,113	2%	5,837	2%	4,574	2%
Deferred tax assets	-	0%	9	0%	287	0%	-	0%	-	0%	-	0%
Other assets	14,678	3%	16,194	3%	12,354	3%	9,131	2%	6,490	2%	5,882	3%
Assets held for sale	739	0%	374	0%	-	0%						
Total Assets	532,168	100%	470,427	100%	456,754	100%	391,479	100%	267,444	100%	218,476	100%
Bills payable	4,982	1%	3,804	1%	3,520	1%	3,824	1%	2,544	1%	1,609	1%
Borrowings	48,303	9%	54,468	12%	96,559	21%	64,557	16%	10,320	4%	54,638	25%
Deposits and other accounts	433,063	81%	369,790	79%	321,413	70%	290,078	74%	226,099	85%	141,840	65%
Sub-ordinated loans	7,493	1%	7,495	2%	7,497	2%	4,999	1%	3,000	1%	-	0%
Deferred tax liabilities	1,194	0%	-	0%	-	0%	797	0%	1,205	0%	1,695	1%
Other liabilities	16,541	3%	17,536	4%	12,148	3%	10,555	3%	7,626	3%	2,724	1%
Total Liabilities	511,576	96%	453,094	96%	441,137	97%	374,810	96%	250,794	94%	202,508	93%
Net Assets	20,592	4%	17,333	4%	15,617	3%	16,669	4%	16,650	6%	15,968	7%
Represented by:												
Share capital	12,975	2%	12,975	3%	12,975	3%	12,225	3%	12,225	5%	12,225	6%
Discount on issue of shares	(2,855)	1%	(2,855)	-1%	(2,855)	-1%	(2,105)	-1%	(2,105)	-1%	(2,105)	-1%
Preference shares	-	0%	-	0%	-	0%	1,500	1%	1,500	1%	1,500	1%
Reserves	1,991	0%	1,750	0%	1,712	0%	1,541	0%	1,334	0%	919	0%
Unappropriated profits	6,148	1%	4,828	1%	4,821	1%	4,519	1%	3,973	1%	2,529	1%
Surplus / (Deficit) on revaluation of assets - net of tax	2,334	0%	637	0%	(1,036)	-0%	490	0%	1,223	0%	2,401	1%
Total Equity	20,592	4%	17,333	4%	15,617	3%	16,669	4%	16,650	6%	15,968	7%
Profit & Loss Account												
Mark-up / return / interest earned	43,099	87%	41,595	91%	29,997	93%	20,381	83%	15,081	76%	15,328	82%
Fee, commission and brokerage income	3,596	7%	2,860	6%	2,669	8%	2,124	9%	1,427	7%	1,124	6%
Gain on sale of securities - net	1,873	4%	(711)	-2%	(1,434)	-4%	1,234	5%	2,965	15%	1,799	10%
Income from dealing in foreign currencies	1,040	2%	1,010	2%	688	2%	357	1%	313	2%	288	2%
Dividend income	98	0%	300	1%	109	0%	167	1%	98	0%	85	0%
Other Income	70	0%	484	1%	109	0%	169	1%	59	0%	(6)	-0%
Total Gross Income	49,775	100%	45,538	100%	32,138	100%	24,433	100%	19,942	100%	18,618	100%
Mark-up / return / interest expensed	33,322	67%	34,566	76%	21,188	66%	14,139	58%	9,353	47%	9,738	52%
Provision/ (reversal) against non-performing loans and advances	681	1%	360	1%	406	1%	203	1%	(64)	-0%	675	4%
Provision / (reversal) of diminution in value of investments	275	1%	(345)	-1%	(220)	-1%	123	1%	415	2%	141	1%
Other provision / (reversal) / write-off	324	0%	(107)	0%	52	0%	45	0%	-	0%	-	0%
Worker's welfare fund & Other Charges	132	0%	139	0%	(149)	0%	46	0%	99	0%	65	0%
Operating expenses	13,019	26%	10,792	24%	9,956	31%	8,256	34%	6,748	34%	4,824	26%
Total Operating Expenses	47,752	96%	45,405	100%	31,233	97%	22,812	93%	16,552	83%	15,444	83%
Profit Before tax	2,023	4%	133	0%	905	3%	1,621	7%	3,390	17%	3,174	17%
Taxation	873	2%	108	0%	342	1%	647	3%	1,313	7%	1,148	6%
Profit After Taxation	1,150	2%	25	0%	562	2%	973	4%	2,077	10%	2,026	11%

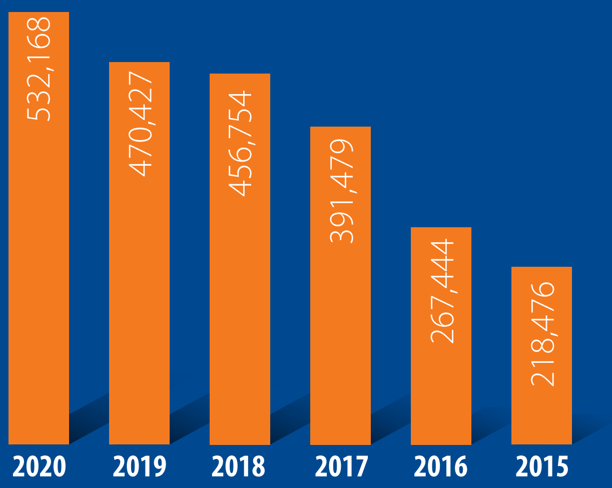
Six Years' Horizontal Analysis

Rs. in million

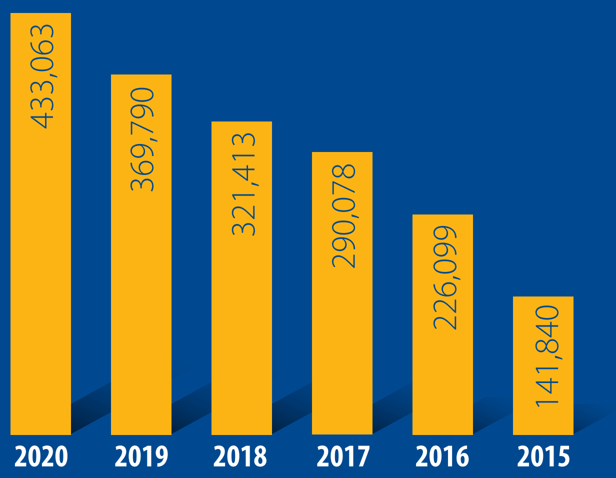
	Horizontal Analysis						
	6 Years CAGR	2020	2019	2018	2017	2016	2015
Statement of Financial Position							
Cash and balances with treasury banks	22%	30,421	25,589	32,111	17,334	15,509	11,159
Balances with other banks	18%	1,106	463	969	1,034	753	584
Lendings to financial institutions	13%	23,240	30,321	1,937	3,116	11,334	3,581
Investments - net	16%	201,698	142,568	148,690	169,612	133,727	116,030
Advances - net	26%	250,199	242,945	251,991	184,140	93,794	76,666
Operating fixed assets	18%	10,086	11,964	8,415	7,113	5,837	4,574
Deferred tax assets	0%	-	9	287	-	-	-
Other assets	17%	14,678	16,194	12,354	9,131	6,490	5,882
Assets held for sale	100%	739	374	-	-	-	-
Total Assets	**20%**	**532,168**	**470,427**	**456,754**	**391,479**	**267,444**	**218,476**
Bills payable	24%	4,982	3,804	3,520	3,824	2,544	1,609
Borrowings	-1%	48,303	54,468	96,559	64,557	10,320	54,638
Deposits and other accounts	26%	433,063	369,790	321,413	290,078	226,099	141,840
Sub-ordinated loans	16%	7,493	7,495	7,497	4,999	3,000	-
Deferred tax liabilities	18%	1,194	-	-	797	1,205	1,695
Other liabilities	37%	16,541	17,536	12,148	10,555	7,626	2,724
Total Liabilities	21%	511,576	453,094	441,137	374,810	250,794	202,508
Net Assets	**8%**	**20,592**	**17,333**	**15,617**	**16,669**	**16,650**	**15,968**
Represented by:							
Share capital	-3%	12,975	12,975	12,975	12,225	12,225	12,225
Discount on issue of shares	-100%	(2,855)	(2,855)	(2,855)	(2,105)	(2,105)	(2,105)
Preference shares	0%	-	-	-	1,500	1,500	1,500
Reserves	25%	1,991	1,750	1,712	1,541	1,334	919
Unappropriated profits	34%	6,148	4,828	4,821	4,519	3,973	2,529
Surplus / (deficit) on revaluation of assets - net of tax	9%	2,334	637	(1,036)	490	1,223	2,401
Total Equity	**8%**	**20,592**	**17,333**	**15,617**	**16,669**	**16,650**	**15,968**
Profit & Loss Account							
Mark-up / return / interest earned	25%	43,099	41,595	29,997	20,381	15,081	15,328
Fee, commission and brokerage income	28%	3,596	2,860	2,669	2,124	1,427	1,124
Gain on sale of securities - net	4%	1,873	(711)	(1,434)	1,234	2,965	1,799
Income from dealing in foreign currencies	25%	1,040	1,010	688	357	313	288
Dividend income	-5%	98	300	109	167	98	85
Other Income	100%	70	484	109	169	59	(6)
Total Gross Income	**24%**	**49,775**	**45,538**	**32,138**	**24,433**	**19,942**	**18,618**
Mark-up / return / interest expensed	29%	33,322	34,566	21,188	14,139	9,353	9,738
Provision/ (reversal) against non-performing loans and advances	1%	681	360	406	203	(64)	675
Provision / (reversal) of diminution in value of investments	9%	275	(345)	(220)	123	415	141
Other provision/ (reversal) / write-off	86%	324	(107)	52	45	-	-
Worker's welfare fund & Other Charges	15%	132	139	(149)	46	99	65
Operating expenses	22%	13,019	10,792	9,956	8,256	6,748	4,824
Total Expenses	**26%**	**47,752**	**45,405**	**31,233**	**22,812**	**16,552**	**15,444**
Profit Before Tax	4%	2,023	133	905	**1,621**	3,390	3,174
Taxation	8%	873	108	342	647	1,313	1,148
Profit After Taxation	1%	1,150	25	562	973	2,077	2,026

Financial Performance 2015 - 2020

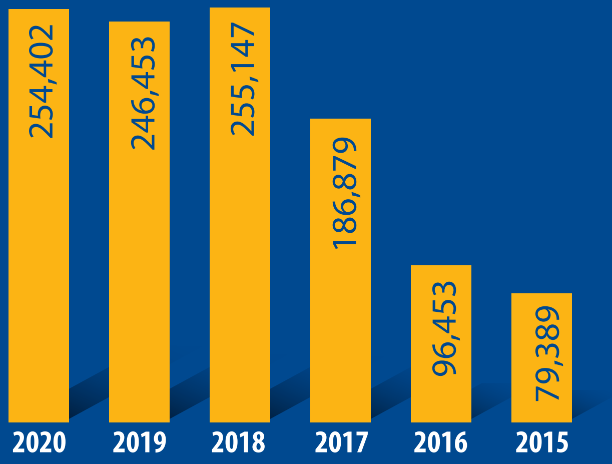
Total Assets CAGR 20%
Rs. in million



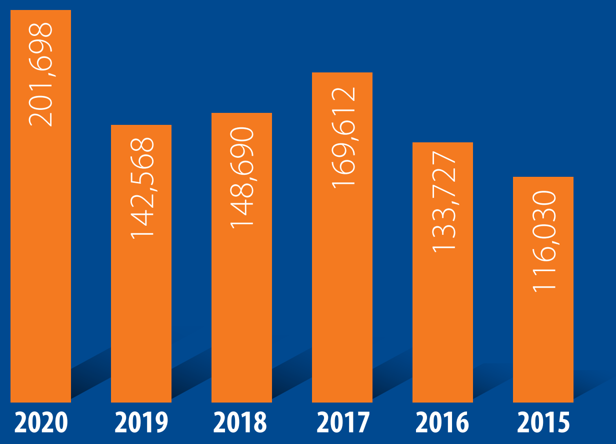
Deposits - CAGR 26%
Rs. in million



Gross Advances - CAGR 28%
Rs. in million

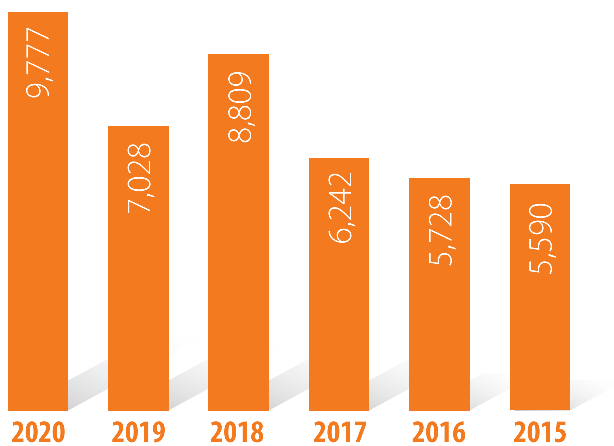


Investment - CAGR 16%
Rs. in million



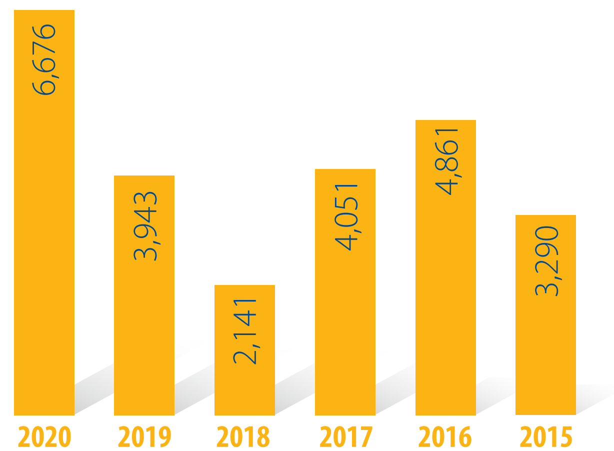
Net Markup Income - CAGR 17%

Rs. in million



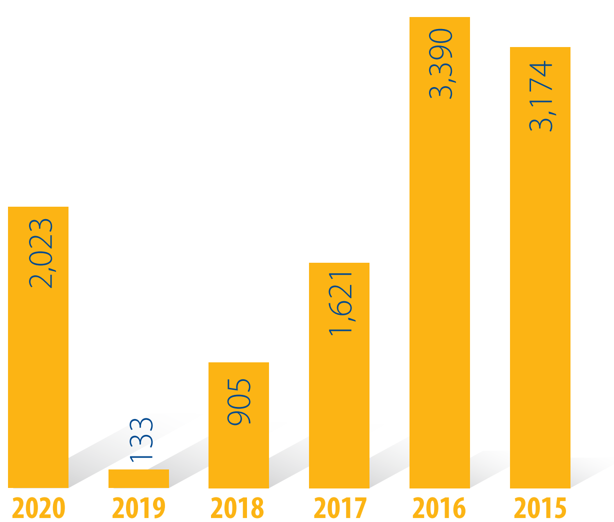
Non Markup Income - CAGR 17%

Rs. in million



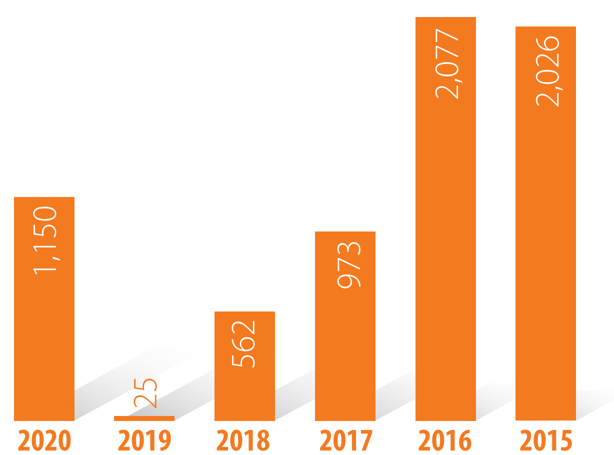
Profit Before Tax - CAGR 4%

Rs. in million



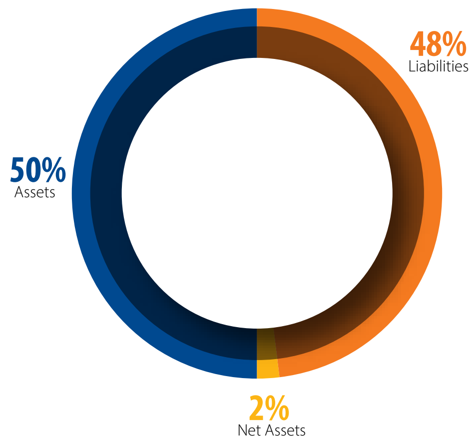
Profit After Tax - CAGR 1%

Rs. in million

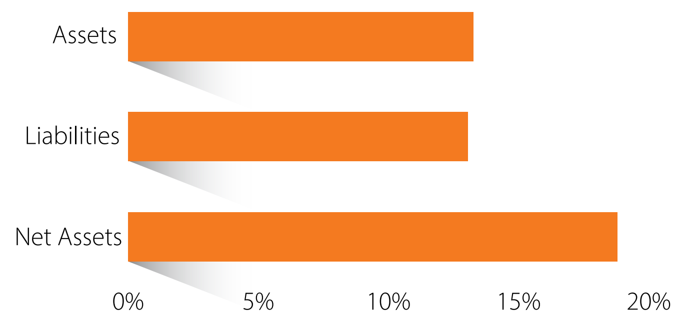


Graphical Presentation of Financial Statements

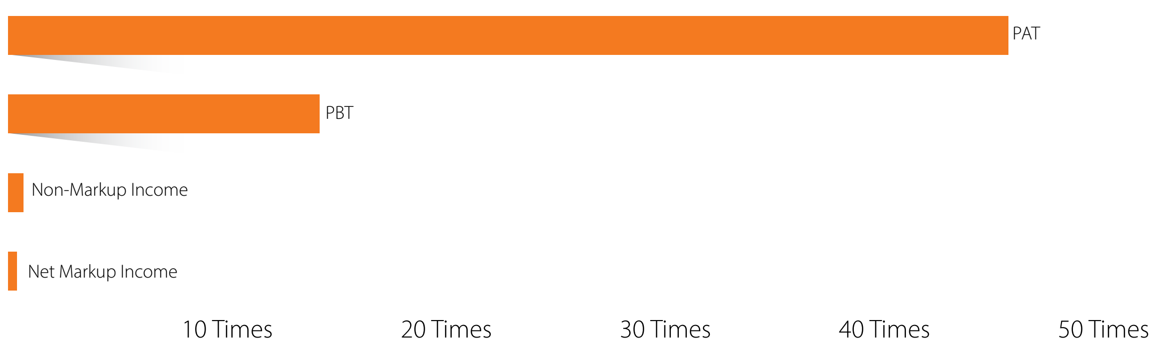
Statement of Financial Position



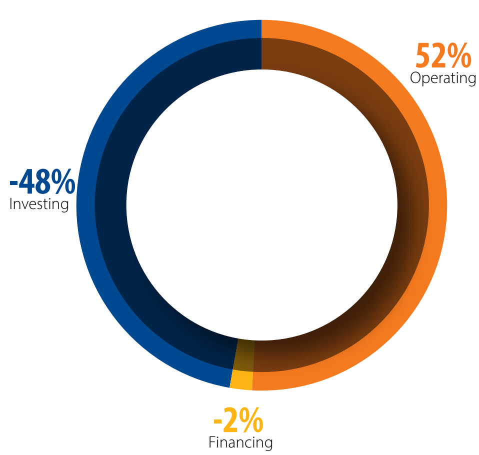
2020 - Variance from 2019



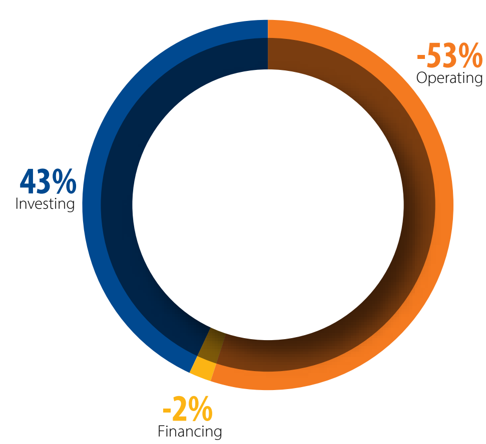
Profit and Loss Account-Variance from 2019



Cash Flows 2020



Cash Flows 2019



Financial Ratios

Six Years' Financial Performance

	2020	2019	2018	2017	2016	2015
Profitability Ratios	(Percentage)					
Profit before tax ratio (PBT / Total Income)	12.29%	1.22%	8.26%	15.74%	32.02%	35.75%
Gross yield on earning ratio	9.07%	10.00%	7.45%	5.71%	6.31%	7.81%
Non Interest income to total income	40.58%	35.94%	19.55%	39.36%	45.91%	37.05%
Cost/Income ratio	79.13%	98.36%	90.92%	80.21%	63.72%	54.33%
Return on Equity (PAT / Average Equity)	6.06%	0.15%	3.48%	5.84%	12.74%	13.95%
Investors' Ratios						
Market Price per share (Rs.)	6.30	5.40	7.37	7.52	10.81	7.75
Earning per share (Rs.)	0.89	0.00	0.30	0.74	1.77	1.74
Break Value or Net assets per share (Rs.)	15.87	13.36	12.04	15.54	15.52	14.89
Market capitalisation (Rs. in million)	8,174.02	7,006.31	9,562.31	8,064.93	11,593.34	8,311.60
Number of shares (Number in million)	1,297.46	1,297.46	1,297.46	1,072.46	1,072.46	1,072.46
Price to Book Ratio	39.69%	40.42%	61.23%	48.38%	69.63%	52.05%
Assets Quality and Liquidity Ratios	(Percentage / Times)					
Gross Advances to Deposits ratio	58.74%	66.65%	79.38%	64.42%	42.66%	55.97%
Net Advances to Deposits ratio	57.77%	65.70%	78.40%	63.48%	41.48%	54.05%
Investments to Deposits ratio	46.57%	38.55%	46.26%	58.47%	59.15%	81.80%
Infection Ratio (NPLs to Gross Advances)	4.61%	4.20%	3.26%	1.74%	3.45%	3.76%
NPLs to Net Advances Ratio	4.69%	4.26%	3.30%	1.77%	3.55%	3.89%
Coverage ratio (Specific provisions to NPLs)	35.64%	32.26%	35.98%	81.00%	78.68%	90.72%
Deposits to shareholders' equity	21.0 Times	21.3 Times	20.6 Times	17.4 Times	13.6 Times	8.9 Times
Assets to shareholders' equity	25.8 Times	27.1 Times	29.2 Times	23.5 Times	16.1 Times	13.7 Times
Earning assets to total assets ratio	89.28%	88.47%	88.15%	91.16%	89.31%	89.84%
Capital Adequacy	(Rs. in million / Percentage)					
Tier 1 Capital	18,478	17,120	15,917	14,351	13,181	10,525
Total Eligible Capital	23,099	21,426	20,178	18,943	16,721	11,399
Risk Weight Assets (RWA)	180,889	165,774	168,020	158,458	118,992	91,189
RWA to Total Assets	34.14%	35.27%	36.79%	40.48%	44.49%	41.74%
Tier 1 to RWA	10.21%	10.33%	9.47%	9.06%	11.08%	11.54%
Capital adequacy ratio	12.77%	12.93%	12.01%	11.95%	14.05%	12.50%
Financial Ratios	(Percentage)					
Net Operating Margin (PAT / Total Income)	6.99%	0.22%	5.13%	9.45%	19.62%	22.82%
Return on capital employed	4.35%	0.10%	2.51%	4.71%	11.66%	13.95%
Return on Assets (PAT / Average Assets)	0.23%	0.01%	0.13%	0.30%	0.86%	1.03%
Debt to Equity Ratio (Long term Debt / Equity)	0.4 Times	0.4 Times	0.5 Times	0.3 Times	0.2 Times	0.0 Times
Liquidity Ratios	(Percentage / Times)					
Advances to deposits ratio	57.77%	65.70%	78.40%	63.48%	41.48%	54.05%
Cash to Current Liabilities	57.09%	43.91%	32.09%	25.35%	120.56%	19.84%
Others	(Number)					
Number of branches	308	360	345	323	307	277
Number of Employees	5,311	4,904	5,127	4,998	4,163	2,946

DuPont Analysis

Dupont model is a financial ratio based on the return on equity ratio that is used to analyze Bank's ability to increase its return on equity. This is the method of breaking down the original equation for ROE into three components: operating efficiency, asset efficiency, and leverage.

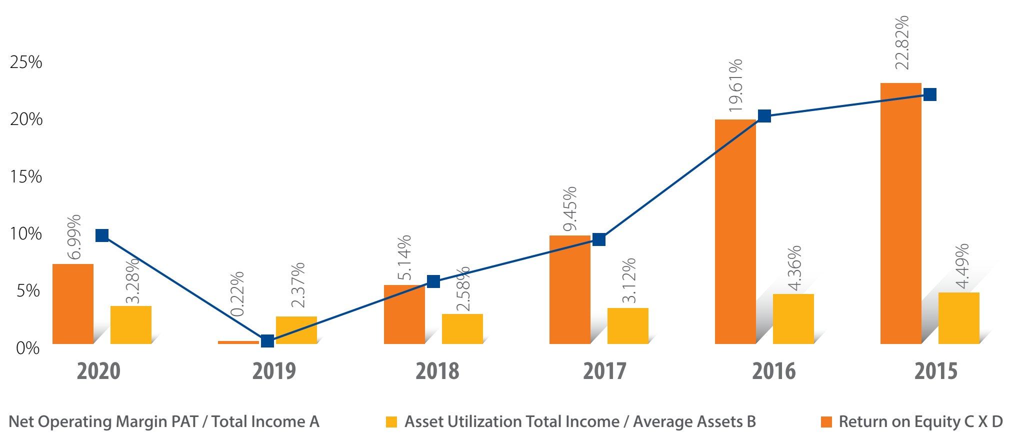
Operating efficiency is measured by Net Profit Margin and indicates the amount of net income generated after taking account all the expenses.

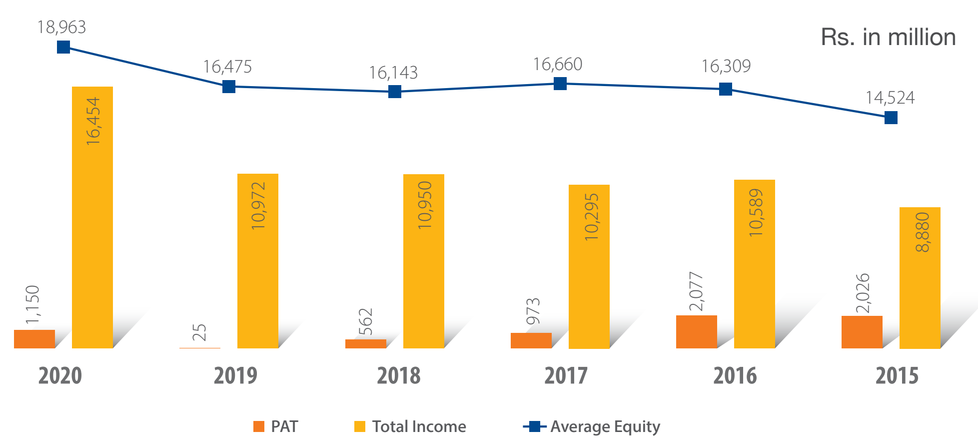
Asset efficiency is measured by the Total Asset Turnover and represents how much revenue has been generated by optimum utilization of the assets. Finally, financial leverage is determined by the Equity Multiplier

Net operating margin for the year has improved significantly indicating an increase in customer trust, product and service quality.

Improved Leverage ratio explains the Bank is well equipped to meet its financial obligation and commitments.

			2020	2019	2018	2017	2016	2015
Net Operating Margin	PAT / Total Income	A	6.99%	0.22%	5.14%	9.45%	19.61%	22.82%
Asset Utilization	Total Income / Average Assets	B	3.28%	2.37%	2.58%	3.12%	4.36%	4.49%
Return on Assets		C = A X B	0.23%	0.01%	0.13%	0.30%	0.85%	1.03%
Leverage Ratio / Equity Multiplier	Average Assets / Average Equity	D	26.42	28.12	26.27	19.78	14.90	13.60
Return on Equity		C X D	6.06%	0.15%	3.48%	5.84%	12.74%	13.95%

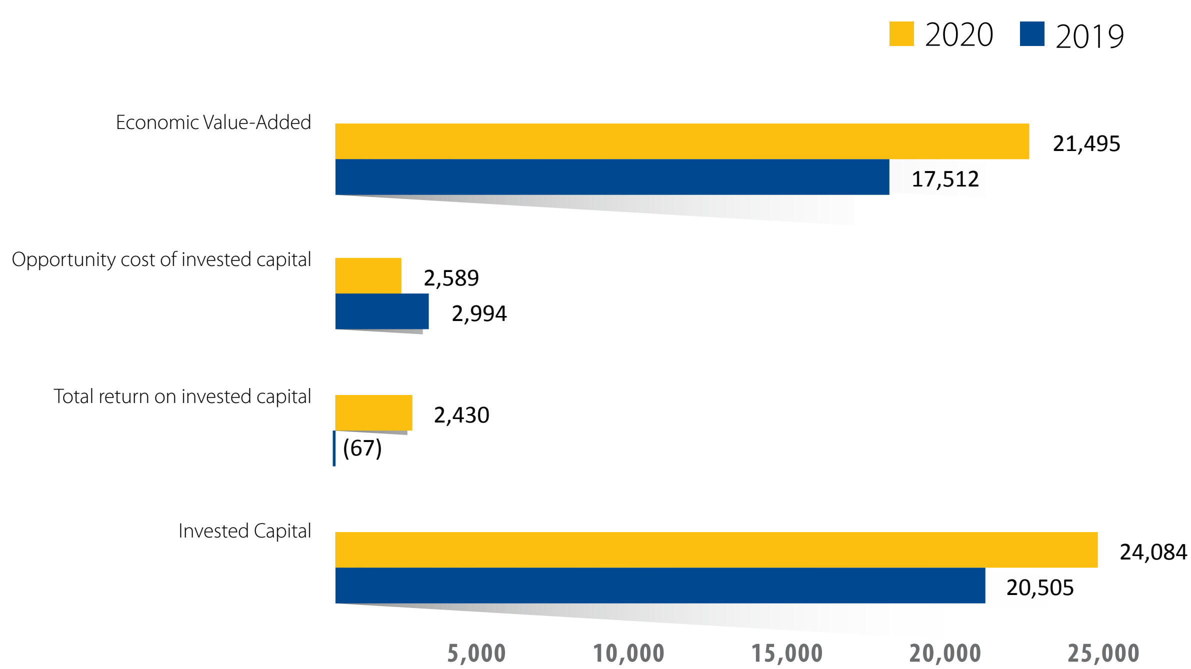




Economic Value-Added Statement

Economic value added is a measure based on the residual income technique that serves as an indicator of the profitability. It takes into account all costs including the opportunity cost of equity and it does not stick to accounting profits only.

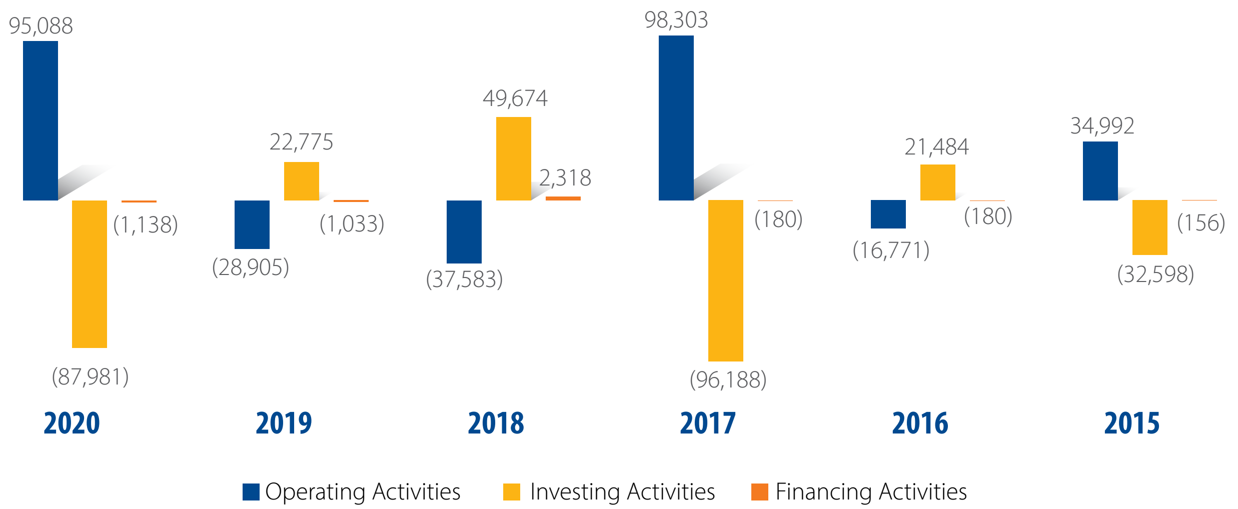
	2020	2019
	Rs. in million	
Invested Capital		
Average shareholders' equity	18,963	16,475
Add: Cumulative provision against assets	5,121	4,030
Invested Capital	24,084	20,505
Return on Invested Capital		
Profit after taxation	1,150	25
Add: (Reversals) / provision against write offs - net	1,280	(92)
Total return on invested capital	2,430	(67)
Economic cost (12 months average Treasury Bill rate plus 2% premium)	10.75 %	14.60%
Opportunity cost of invested capital	2,589	2,994
Economic Value-Added	21,495	17,512



Summary of Cash Flows

Rs. in million

	2020	2019	2018	2017	2016	2015
Cash flows from operating activities	**95,088**	(28,905)	(37,583)	98,303	(16,771)	34,992
Cash flows from investing activities	**(87,981)**	22,775	49,674	(96,188)	21,484	(32,598)
Cash flows from financing activities	**(1,138)**	(1,033)	2,318	(180)	(180)	(156)
Cash and cash equivalents at beginning of the year	**25,415**	32,578	18,169	16,221	11,688	9,450
Cash and cash equivalents at end of the year	**31,384**	25,415	32,578	18,169	16,221	11,688



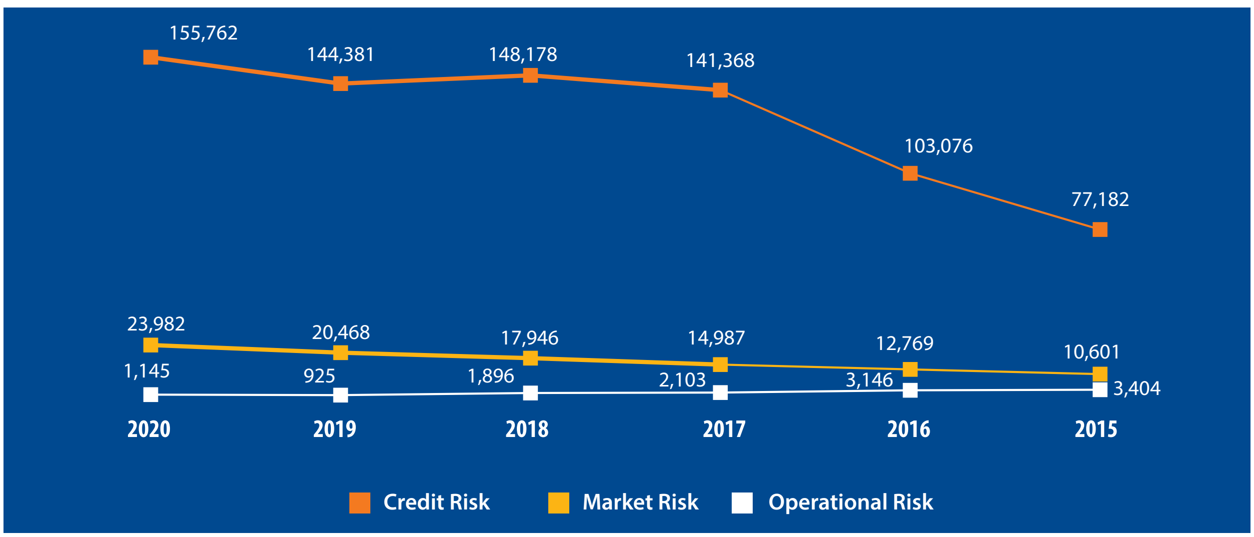
Free Cash Flows

Rs. in million

	2020	2019	2018	2017	2016	2015
Profit before taxation	**2,023**	133	905	1,621	3,390	3,174
Adjustment for non-cash items	**3,476**	1,457	537	834	891	1,312
Operating assets/liabilities changes	**89,589**	(30,495)	(39,026)	95,848	(21,052)	30,506
Net cash generated from operations	**95,088**	(28,905)	(37,583)	98,303	(16,771)	34,992
Capital expenditure	**1,076**	(2,032)	(1,367)	(1,290)	(1,850)	(1,305)
Free cash flows	**94,012**	(30,937)	(38,951)	97,013	(18,621)	33,687

Analysis of Capital Adequacy Ratio

	2020	2019
Minimum Capital Requirement (MCR):	Rs. in million	
Paid-up capital (net of losses)	**10,119**	10,119
Eligible Common Equity Tier 1 (CET 1) Capital	**16,229**	14,620
Eligible Additional Tier 1 (ADT 1) Capital	**2,251**	2,500
Total Eligible Tier 1 Capital	**18,479**	17,120
Eligible Tier 2 Capital	**4,621**	4,307
Total Eligible Capital (Tier 1 + Tier 2)	**23,100**	21,426
Risk Weighted Assets (RWAs):		
Credit Risk	**155,762**	144,381
Market Risk	**1,145**	925
Operational Risk	**23,982**	20,468
Total	**180,889**	165,774
Total Eligible Capital	**23,100**	21,426
Risk Weighted Assets (RWAs)	**180,889**	165,774
Capital Adequacy Ratio	**12.77%**	12.93%



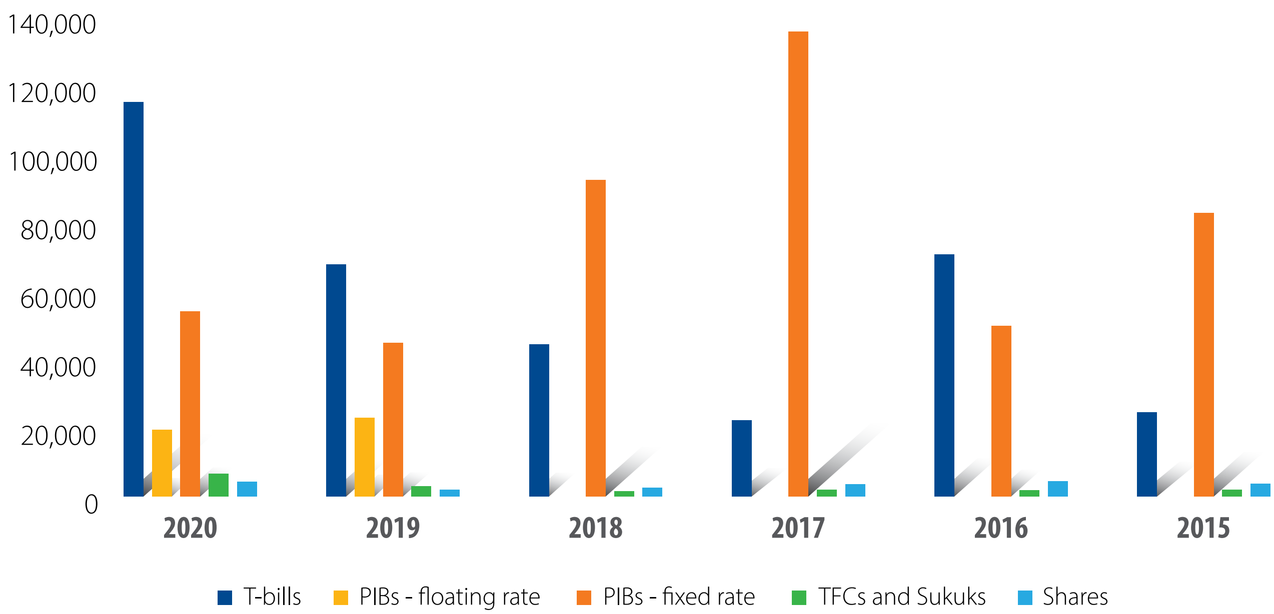
Risk Weighted Assets

Category of Investments

Rs. in million

	2020	2019	2018	2017	2016	2015
T-bills	**115,052**	67,669	44,375	22,254	70,643	24,488
PIBs - floating rate	**19,424**	22,927	-	-	-	-
PIBs - fixed rate	**54,044**	44,881	92,252	135,536	49,835	82,704
TFCs and Sukuks	**6,639**	2,963	1,526	1,992	1,754	2,008
Shares	**4,264**	1,966	2,557	3,547	4,388	3,649
Associates and subsidiaries	**2,161**	2,120	2,099	1,919	1,919	1,919
Others	**114**	41	5,882	4,364	5,188	1,261
	201,698	142,568	148,690	169,612	133,727	116,030

Rs. in million



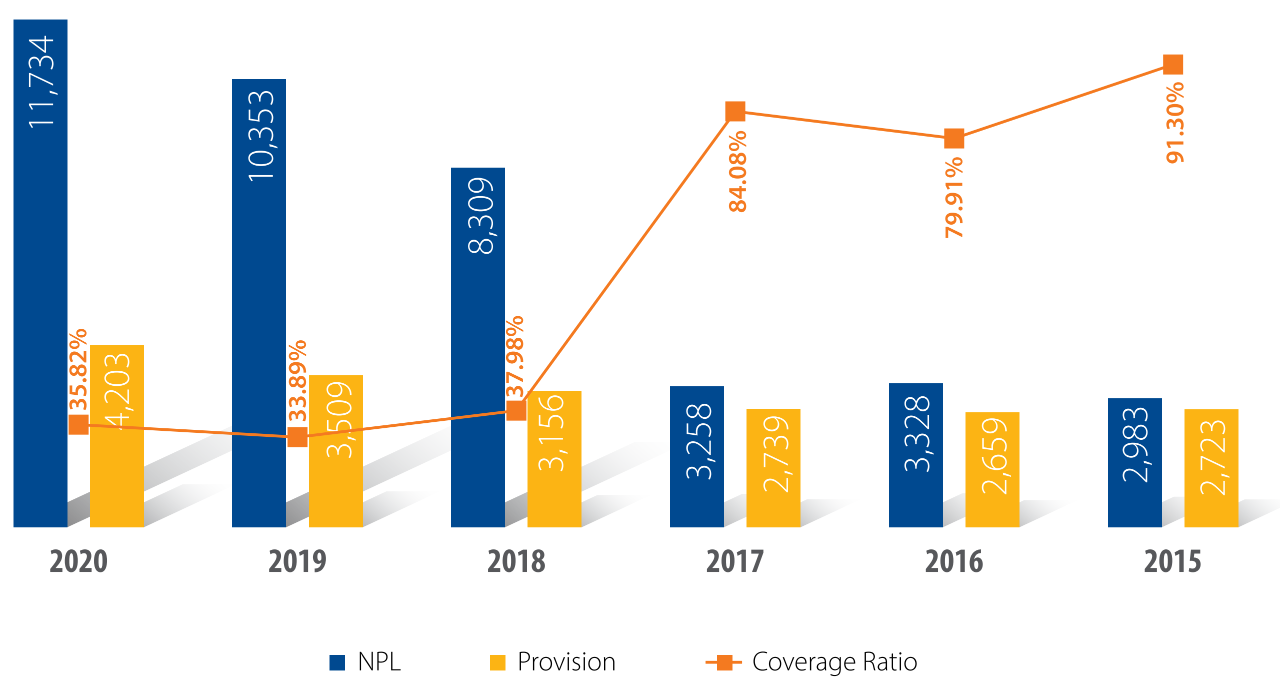
Non-Performing Loans

Rs. in million

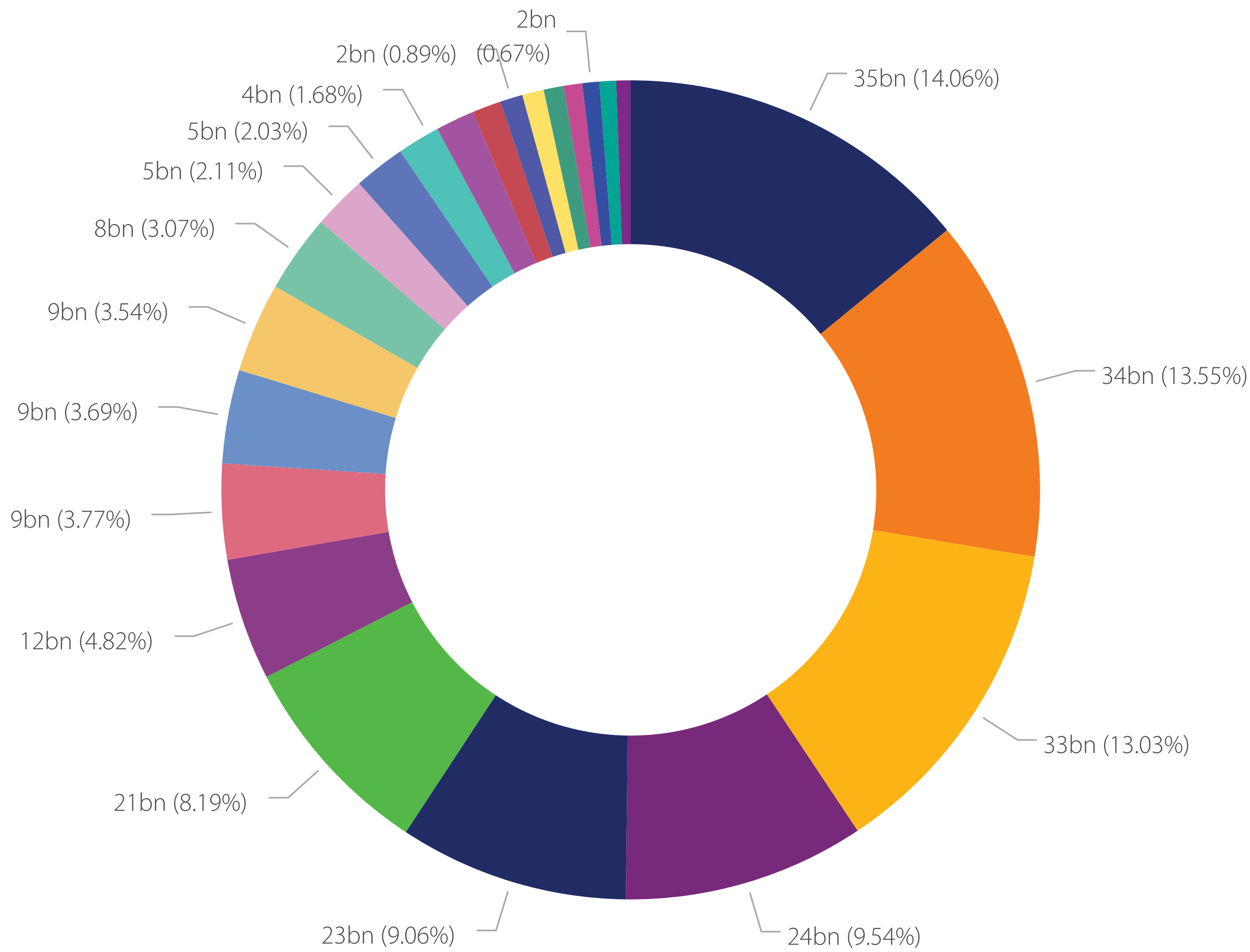
	2020		2019		Variance		2020
	NPLs	Provision	NPLs	Provision	NPLs	Provision	Coverage
Categorywise							
OAEM	**297**	**-**	841	2	-64.71%	100.00%	0.13%
Substandard	**1,178**	**156**	1,159	65	1.62%	141.33%	13.25%
Doubtful	**3,264**	**724**	2,442	426	33.66%	69.94%	22.19%
Loss	**6,995**	**3,301**	5,911	2,847	18.34%	15.93%	47.19%
Total	**11,734**	**4,182**	10,353	3,340	13.33%	25.21%	35.64%

Coverage Ratio

Rs. in million



Advances Segmentation

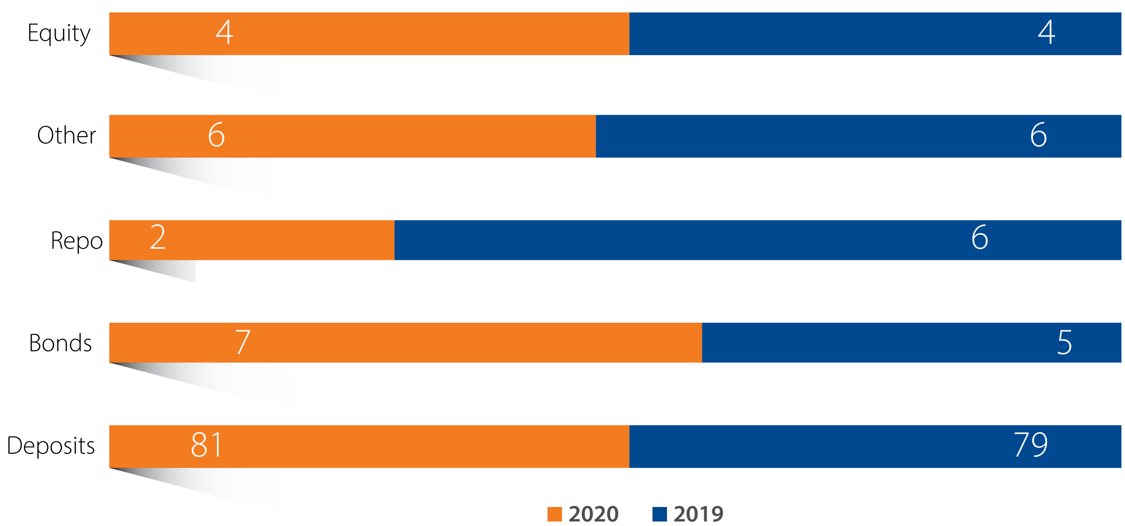


Segment

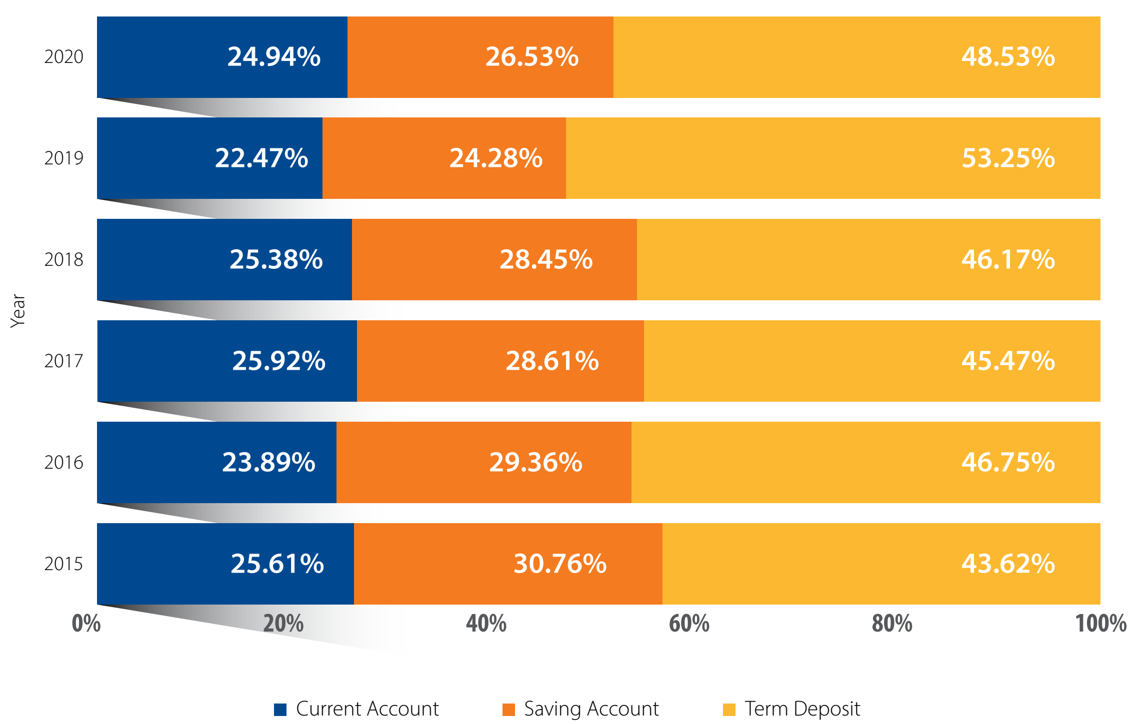
- Transportation
- Food / confectionery / beverages
- Individuals
- Petroleum, oil and gas
- Real estate
- Automobile and transportation equipment
- Brokerage
- Financial
- Power and water
- Textile
- Others
- Tele-communication
- Cement
- Fertilizer
- Agri finance
- Chemical
- Wholesale and retail trade
- Engineering, IT and other services
- Metal and steel
- Plastic
- Sugar
- Paper / board / furniture
- Pharmaceuticals

Funding Mix

Liability Composition %



Deposit Mix



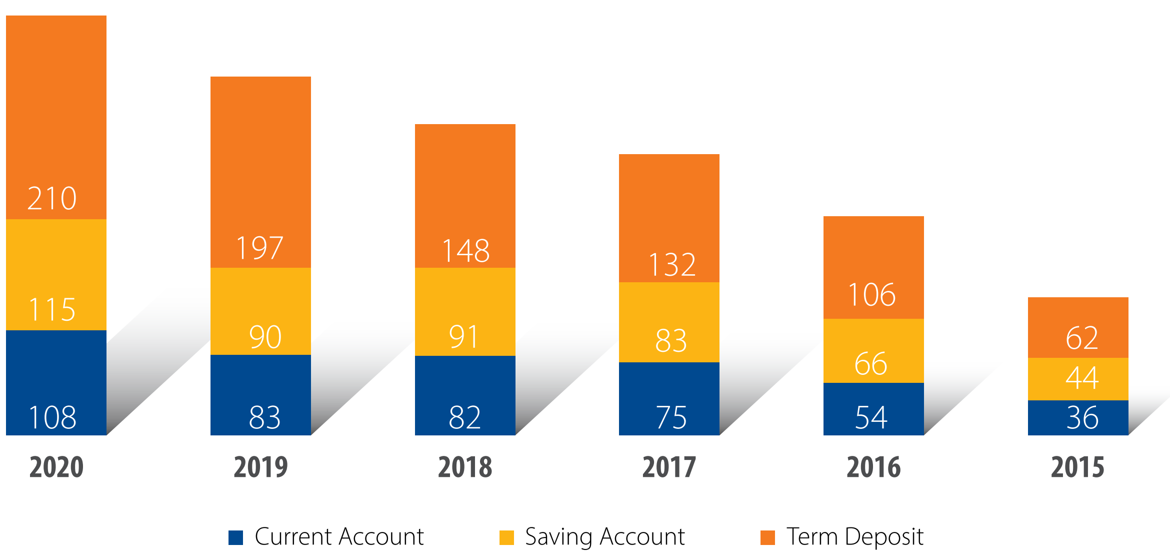
Deposits Breakdown

Rs. in billion

DEPOSIT TYPE	2020	2019	2018	2017	2016	2015
Term Deposit	**210**	197	148	132	106	62
Saving Account	**115**	90	91	83	66	44
Current Account	**108**	83	82	75	54	36
	433	370	321	290	226	142

Deposits Composition

Rs. in billion

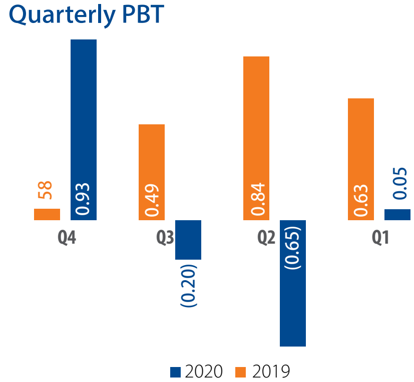


Quarterly Performance

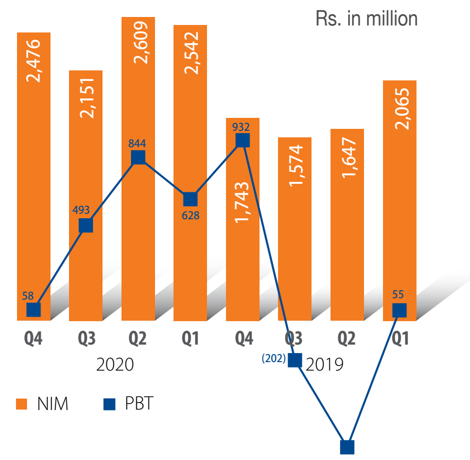
Rs. in million

	2020				2019			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Profit and loss account								
Mark-up earned	9,213	9,536	11,426	12,923	11,336	11,199	9,722	9,339
Mark-up expensed	(6,737)	(7,385)	(8,818)	(10,382)	(9,593)	(9,625)	(8,075)	(7,274)
Net mark-up income	2,476	2,151	2,609	2,542	1,743	1,574	1,647	2,065
Non mark-up income	2,218	1,483	1,769	1,207	1,622	749	803	768
Total Income	4,694	3,634	4,377	3,749	3,365	2,324	2,450	2,833
Non-mark-up expenses	(3,815)	(3,129)	(3,291)	2,917	(3,027)	(2,618)	(2,736)	(2,550)
Profit before provisions	879	505	1,086	832	338	(294)	(286)	283
Provisions and write off	822	(12)	243	204	593	92	(365)	(229)
Profit before taxation	58	493	844	628	932	(202)	(651)	55
Taxation	(73)	(184)	(370)	(246)	(329)	66	176	(21)
Profit after taxation	(15)	309	474	383	603	(136)	(475)	33
Statement of Financial Position								
Assets								
Cash and balance with treasury banks	30,421	33,588	32,726	27,431	25,589	21,094	34,742	19,973
Balances with other banks	1,106	618	1,133	1,316	463	1,140	2,315	1,131
Lendings to Financial Institutions	23,240	8,780	9,977	3,845	30,321	1,229	4,598	58,976
Investments	201,698	168,386	180,783	183,241	142,568	140,692	136,623	118,020
Advances	250,199	241,852	241,608	235,140	242,945	238,393	250,021	255,665
Fixed assets	7,600	8,835	9,182	9,393	9,693	11,736	11,578	6,349
Intangible assets	2,487	2,419	2,349	2,280	2,271	2,272	2,128	2,226
Deferred tax assets	-	-	-	-	9	612	471	111
Other assets	14,678	13,513	16,829	15,011	15,588	12,999	13,627	13,100
Assets held for sale	739	-	374	374	374	-	-	-
	532,168	477,990	494,961	478,030	469,821	430,167	456,103	475,550
Liabilities								
Bills payable	4,982	4,341	4,259	4,465	3,804	3,174	3,914	3,740
Borrowings	48,303	34,317	36,567	49,834	54,468	59,923	52,589	115,366
Deposits and other accounts	433,063	391,953	405,832	379,246	369,790	327,064	361,105	319,779
Subordinated debt	7,493	7,495	7,495	7,495	7,495	7,496	7,496	7,497
Deferred tax liabilities	1,194	1,217	1,621	171	-	-	-	-
Other liabilities	16,541	18,625	18,962	18,785	16,930	16,628	15,173	12,995
	511,576	457,947	474,736	459,996	452,488	414,285	440,277	459,377
Net assets	20,592	20,043	20,225	18,035	17,333	15,883	15,826	16,173
Represented by:								
Share capital	10,119	10,119	10,119	10,119	10,119	10,119	10,119	10,119
Reserves	1,991	2,012	1,958	1,854	1,750	1,751	1,764	1,723
Unappropriated profit	6,148	5,864	5,521	5,137	4,828	4,237	4,366	4,829
Surplus / (deficit) on revaluation of assets - net of tax	2,334	2,047	2,627	925	637	(225)	(423)	(498)
	20,592	20,043	20,225	18,035	17,333	15,883	15,826	16,173

Quarterly PBT



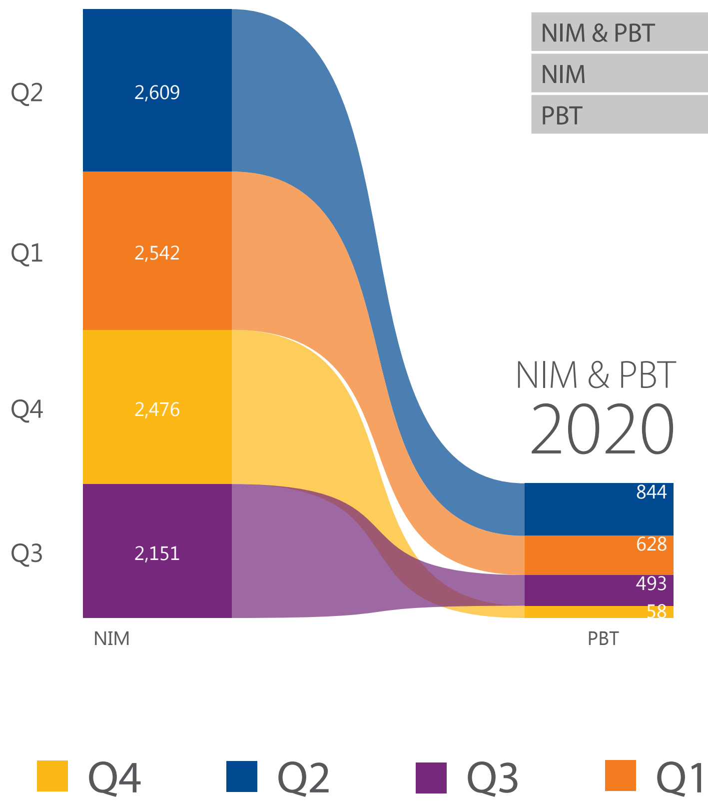
Rs. in million



Quarterly Analysis of NIM & PBT

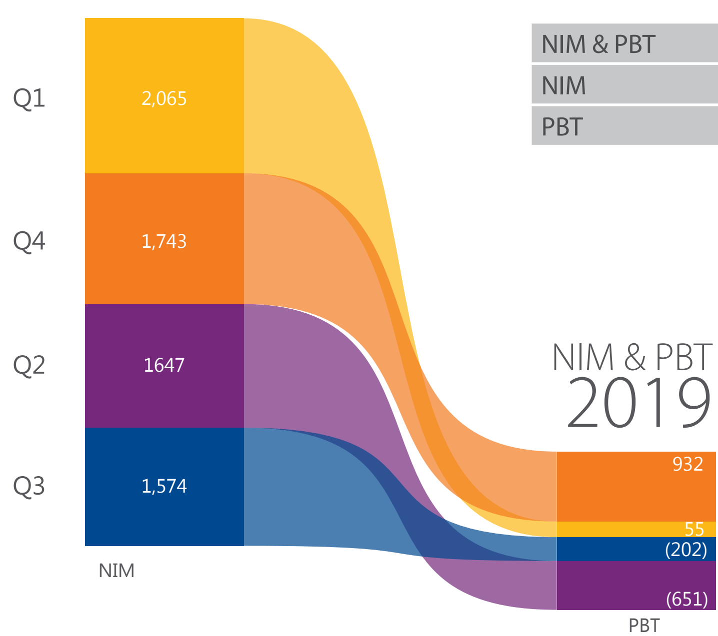
Rs. in million

NIM & PBT	Q1	Q2	Q3	Q4
NIM	2,542	2,609	2,151	2,476
PBT	628	844	493	58



Rs. in million

NIM & PBT	Q1	Q2	Q3	Q4
NIM	2,065	1647	1,574	1,743
PBT	55	(651)	(202)	932

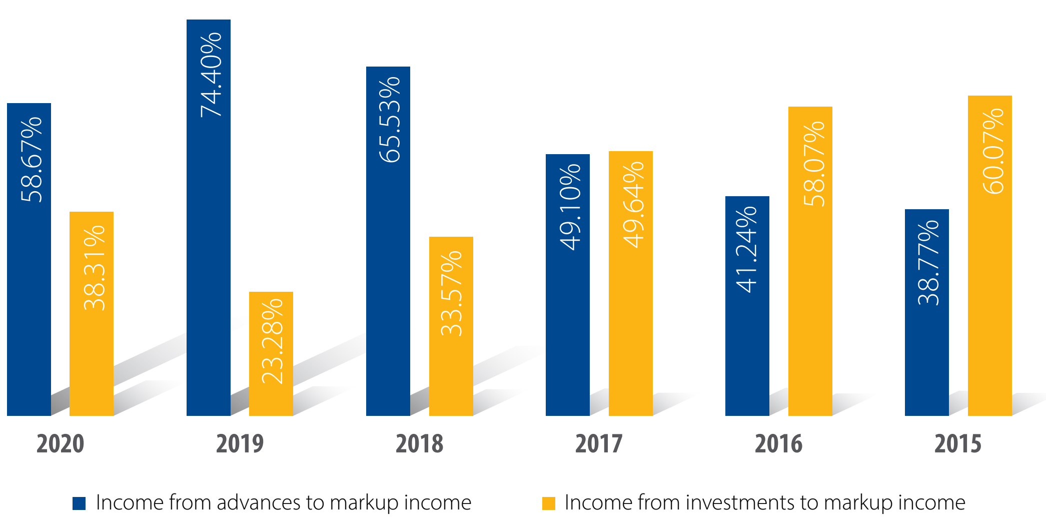


Markup and Non-Markup Income

Rs. in million

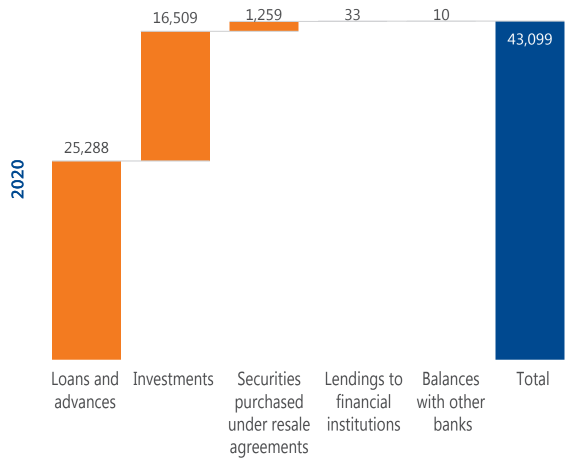
Markup and Non-Markup Income	2020	2019	2018	2017	2016	2015
Mark-up/return/interest earned						
Loans and advances	25,288	30,945	19,657	10,007	6,220	5,942
Investments	16,509	9,683	10,071	10,118	8,758	9,207
Lendings to financial institutions	33	53	111	78	1	1
Balances with others banks	10	55	20	4	20	9
Securities purchased under resale agreements	1,259	859	137	174	82	169
	43,099	41,595	29,997	20,381	15,081	15,328
Mark-up/return/interest expensed						
Deposits	29,390	28,415	15,099	11,775	7,531	6,447
Borrowings	1514	1,804	705	401	318	400
Securities sold under repurchase agreements	1,112	2,811	4,976	1,735	1,504	2,891
Sub-ordinated loans	900	1,029	408	228	-	-
Lease liability against right-of-use assets	406	507	-	-	-	-
	33,322	34,566	21,188	14,139	9,353	9,738
Net Markup income	9,777	7,028	8,809	6,242	5,728	5,590
Non-markup / interest income						
Fee and commission income	3,596	2,860	2,669	2,124	1,426	1,124
Dividend income	98	300	109	167	98	85
Foreign exchange income	1,010	963	671	357	313	288
Income from derivatives	29	47	17	94	19	(41)
Gain / (loss) on securities	1,873	(711)	(1,434)	1,234	2,965	1,799
Other income	70	484	109	75	40	35
	6,676	3,943	2,141	4,051	4,861	3,290

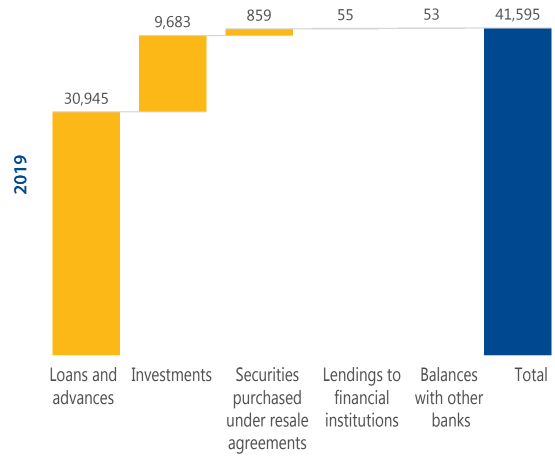
Markup income from Advances and investments Rs. in million



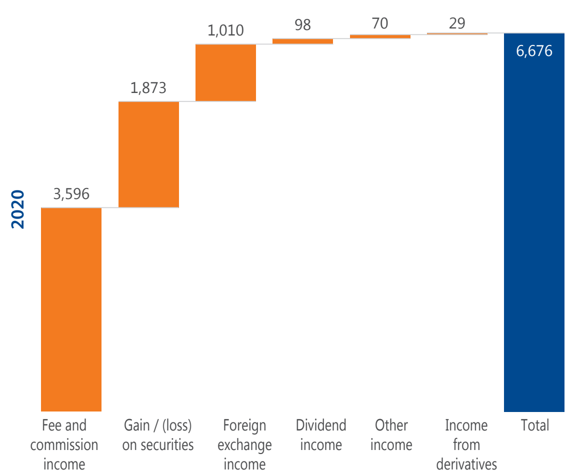
Markup Income

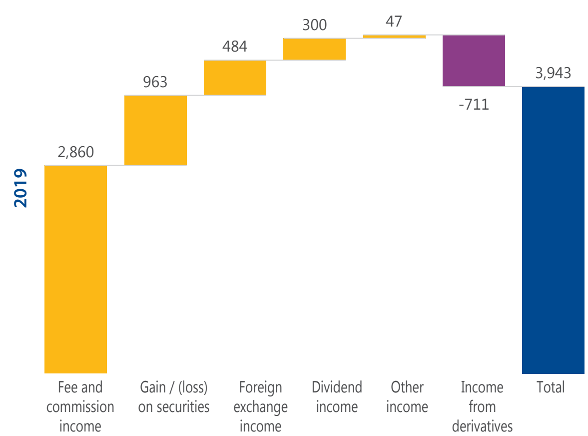
Rs. in million





Non-Markup Income





Market Share Information

Below is a list of some key factors that can influence the share price of JS Bank Limited. Some of the major factors can include the following:

Regulatory / Policy Changes

All policy and regulatory level changes that are directly related to the overall environment within banking industry are likely to influence the bank's stock price. These can include several things such as a change in monetary policy stance of SBP (which directly impacts the yield on investment portfolio of the bank). Furthermore, any change within reserve requirement specifications can also impact the available pool of funds for onward usage as advances and investments by the bank. This can have a positive or negative effect on the overall profitability of the bank which can then lead to changes in stock price.

Additionally new policy initiatives by SBP to encourage initiatives such as those geared towards encouraging digital banking, increasing financial inclusion of the country's population can also affect share price of the bank.

Investor and Market Sentiment

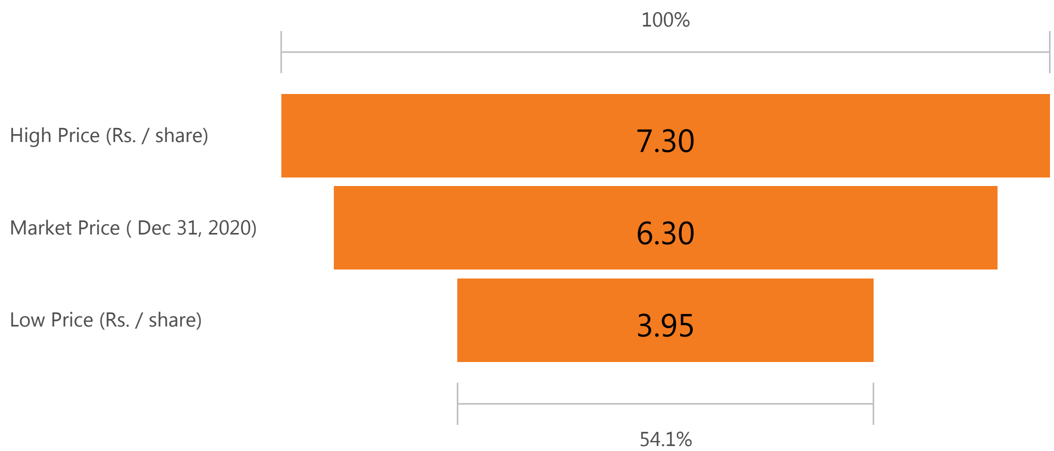
Stock market within Pakistan is largely sentiment driven. There have been several instances where market returns skyrocketed as a result of increased investor interest at PSX. These trends not only impact the overall market dynamics of the stock market but they can also have a dynamo impact on individual shares including JS Bank stock.

Moreover, market dynamics can also change due to new PSX regulations such as those that are pertaining to increasing investor base. For instance, the initiatives of current government to increase interest of expatriates within local market through the Roshan Digital Account framework is an example of one such policy measure which can influence the ongoing market sentiment at PSX thereby affecting individual share prices including JSBL share.

Change in Macro Environment

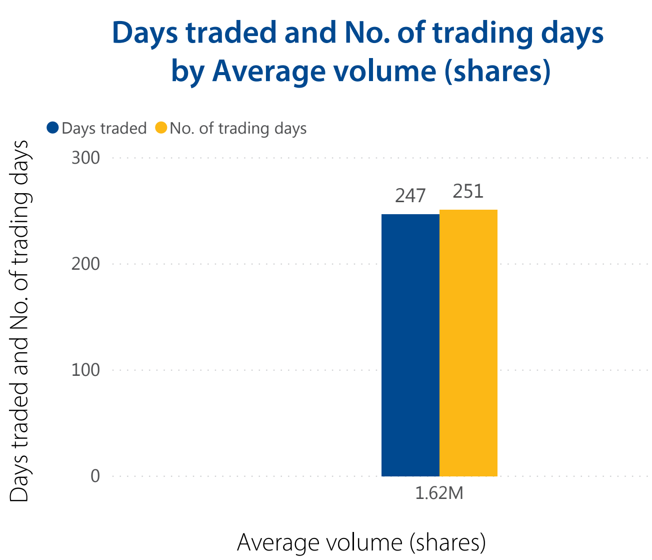
The macro-economic environment factors including those that affect the ongoing law and order situation within the country, deviations within the political climate, stability in government policies regarding financial markets can also influence share price movements at PSX. JSBL share is also liable to be driven by these macro level changes both in the short and the long term.

Share Price Trend



Share Price Sensitivity

The share price remained fairly sensitive during the calendar year 2020 with share recording high of Rs. 7.30 and low of Rs.3.95 following the overall market fluctuation within PSX. Liquidity within the share was significant as evidenced by 1.6 million shares being traded on average during the year.



Description	Value
% of days traded	98.40
Average volume (shares)	1,623,512
Days traded	247
High Price (Rs. / share)	7.30
Low Price (Rs. / share)	3.95

Calendar of Major Events During 2020

Annual Results – 2019
approved by the Board
February 27, 2020

Annual General Meeting
March 27, 2020

1st Quarter Results – 2020
approved by the Board
May 28, 2020

Board Meeting for other Matters
June 15, 2020

2nd Quarter Results – 2020
approved by the Board
August 26, 2020

3rd Quarter Results – 2020
approved by the Board
October 28, 2020

Budget - 2021
approved by the Board
December 28, 2020

Corporate Briefing Session
December 30, 2020

Strategy & Resource Allocation

Rationale

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

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

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

Strategic Objectives and KPIs

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

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

Strategy to Overcome Liquidity Gap

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

CEO presentation video on the organization's website explaining the business overview, performance, strategy and outlook.

Web link: https://jsbl.com/mr-basir-shamsie-president-ceo-js-bank/

Alizey Lateef

I am a self taught artist who's in her final year of MBBS. Illustration and water colour is the perfect medium for me to highlight the details I appreciate in all things around me.

Institute: Ziauddin Medical University

Identification and Mitigation of Risks and Opportunities

Credit Risk

Measurement: Credit Risk Management function under Risk Management Group identifies, measures, manages, monitors, and mitigates credit risk. Credit Risk is measured and estimated through detailed quantitative financial and qualitative factors analyses, internal and external credit risk ratings including of facility risk ratings, and customers' behavior analysis.

Monitoring: Credit Risk function carries out review of counterparties through credit proposals and the Credit Admin Department (CAD) function performs post disbursement monitoring including security documentation and limits monitoring. Business functions continuously remain in contact with customers for updated information about the clients.

Management: The Bank has a diversified loan portfolio spread over public and private sectors with different industries. Credit Risk Function ensures to minimize credit risk associated with borrowers. Risk Management Group has a defined structure with credit approving authorities with Central Credit Committee in place to approve large credit exposures. The Bank is in the process of implementing Loan Originating System (LOS) for automated credit approval process in a paperless environment to optimize the Turn Around Time with effective credit and control polices.

To further enhance the credit risk analysis, the Bank has in place Internal Credit Risk Rating (ICRR) model for Obilgor Risk Ratings (ORR) and Facility Risk Ratings (FRR) for corporate, commercial, and small & medium enterprise borrowers. In addition to it, the Bank will implement Risk Based Pricing model to augment the credit decisioning.

The Bank has Portfolio Management Committee (PMC) at management level and Board Risk Management Committee (BRMC) at board level for discussions and deliberations on key risk issues on portfolio level. Periodic meetings are conveyed to oversee the risk exposures at portfolio level.

Market Risk

Measurement: The Bank is exposed to market risk through its trading and other investment activities including derivatives and options. VaR methodologies augmented by sensitivity analyses, notional limits, management action triggers and stop loss triggers at a script and portfolio level, and stress testing are used to capture and report the various aspects of market risk.

Monitoring: The Bank has a separate Market Risk Unit under Risk Management Group that ensures market risk limits will not exceed the tolerance levels set by the Board. Assets & Liability Committee (ALCO) is entrusted to monitor the market risk exposures and limits through meetings on a periodic basis.

Management: The Bank is following a balanced approach towards risk taking in the market risk area. The robust risk management architecture ensures that the exposures remain within the defined risk appetite. Dashboards for money market and foreign exchange exposures are being presented to manage the limits and exposures within defined levels.

Liquidity Risk

Measurement: The Bank measures Liquidity Risk as part of its liquidity monitoring activities. The purpose of the liquidity risk assessments and stress tests is to ensure sufficient liquidity for the Bank under normal and stress conditions.

Monitoring: In line with SBP's directives under Liquidity Risk framework and Basel III guidelines, the Bank regularly monitors liquidity monitoring tools along with Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR). The Bank has also in place Early Warning Indicators and Liquidity Risk Analysis tools to trigger any point for management attention.

Management: The Bank is following liquidity risk management approach to manage funding sources and intraday liquidity management. The Bank's deposit base indicates fair liquidity position and Bank's NSFR and LCR are well above the regulatory requirement.

ALCO has the responsibility for liquidity management and contingency funding plan. Underlying policies are approved by the Board in respect of liquidity, investment, and treasury.

Operational Risk

Measurement: The Bank has a defined Operational Risk Management Policy and framework in place. In line with, the Bank has a database of operational risks/ losses, and Key Risk Indicators (KRI). The Bank analyzes key risks and controls through Risk and Control Self-Assessment (RCSA) exercise covering all critical functions of the Bank. Analysis of operational loss and results of KRIs and RCSAs help the Bank to mitigate risks.

Monitoring: The Bank as a practice to present updates on operational risk and loss events on a periodic basis to senior management and relevant board sub-committee.

Management: The Bank has an Operational Risk Management unit under Risk Management Group responsible for managing operational risk tools. There is an Operational Risk Management Committee (ORMC) at management level to oversee various operational risk events. The Bank has initiated awareness programs through workshops and training sessions to build and inculcate risk culture across the Bank.

Capital Adequacy Risk

Measurement: The Bank has a capital base above regulatory limits and Basel requirements and is following the predefined format and criteria mentioned in the Basel II and III guidelines.

Monitoring: The Bank assesses current and future capital requirements and ensures that the minimum capital requirements specified by the State Bank are adhered to. Regular assessment of capital enables the Bank to evaluate adequacy of the amount, type and distribution of capital required to cover various risks.

Management: The Bank total Capital Adequacy Ratio is above the requirement of 12.50% (including capital conservation buffer of 2.50%). The Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio is also above the requirement of 6%. The Bank maintains a leverage ratio above the regulatory limit of 3.0%. The Bank will continue to retain and accumulate profits to capitalize opportunities in short, medium, and long term.

Country Risk

Measurement: The Bank's Country Risk exposure is assessed against the Bank's cross border trade and treasury activities. Risk Tolerance Limits are set for various countries with different country ratings.

Monitoring & Management: Market Risk Unit and ALCO are responsible for regular monitoring of risk exposure. Country Exposure Limits both for Trade and Treasury exposures are in place, which broadly capture direct exposure on sovereigns and foreign domiciled counterparties.

Information Security Risk

Monitoring & Management: The Bank focuses on providing simplified banking solutions to its customers through innovative technology applications security while protecting the client information from vulnerabilities and threats. The Bank has embedded various controls on the information security and consistently developing more controls.

The Bank has developed Information Technology Risk Assessment Framework which enables better management of technology risk, especially information security risks, properly.

Regulatory Risk

Measurement: The Bank takes into consideration all regulatory risks for effective management of changes in legislature and regulatory requirements that may affect the Bank.

Monitoring & Management: Compliance Function of the Bank reviews key regulatory developments to anticipate changes and their potential impact on its performance. The Bank aims to keep continued compliance with regulatory requirements.

Opportunities

1. Increasing the Bank's advances portfolio with focus on agriculture, SME and other segments through special focus on untapped markets and clients, reducing the process time.
2. Sound equity provides the opportunity of exploring new markets to expand the Bank's business in different products through feasibility studies and market check.
3. Developing new deposit products to strengthen the existing product mix and to take advantage of the growing branchless and digital banking opportunities through automation of various processes and through alliances.

External

1. Facilitating non-resident Pakistanis to increase the flow of home remittances through new contracts and foreign agents along with exploring new markets to increase customer base.

Sources of Risk and its Assessment

The Board of Directors carries out continual assessment of the primary risks the Bank is facing to analyze on an on-going basis, including those that would arise and threaten the businesses and/or Bank's performance, solvency or liquidity.

The Bank looks at the following risks after analyzing the external and internal factors:

Factors	Source	Primary Risks
Economic	External	**Credit Risk**, the risk of loss to the Bank from its borrowers and counterparties in the event of failure to fulfill their obligations, including of whole or partial settlement of principal, mark-up, collateral and other receivables.
	External	**Market Risk**, the risk of loss arising from potential unfavorable change in the Bank's assets and liabilities from market variables including, but not limited to, interest rates, foreign exchange rates, equity prices, commodity prices, spreads, and market volatilities.
	External/ Internal	**Liquidity Risk**, the risk that the Bank is unable to offset certain positions at market price or the inability of the Bank to convert assets to cash or obtain funding from other sources.
	External	**Capital Adequacy**, the risk the Bank has an insufficient capital to support its business activities and to meet the regulatory requirements under normal and stressed situations.
System / Information	External/ Internal	**Operational Risk**, the risk of loss to the Bank from inadequate or failed processes, systems, people and / or from external events (e.g; fraud or natural disasters).
		Information Security Risk, the risk comprises the impacts to the Bank and its stakeholders that could occur due to the threats and vulnerabilities associated with the operation and use of information systems and the environments in which those systems operate. The Bank mitigates such risks through the selection, implementation, maintenance, and continuous monitoring of preventive, detective, and corrective security controls.
Political	External	**Country Risk**, the risk of likelihood of a country unable to fulfill its obligations towards one or more foreign lenders/ investors. The Bank engages in international lending and having cross border exposure is exposed to country risk. Political stability plays a vital role in country ratings and may negatively impact the economy if rating is downgraded.
Regulator	External/ Internal	**Regulatory Risk**, the risk of loss arises due to imposition of any penal action against the Bank in the event of failure to meet the regulatory or contractual obligations. The Bank foresees the uncertainty in respect of implementation of IFRS-9, which may adversely impact the financial position.
Social	External/ Internal	**Reputation Risk**, the risk to the earnings and capital arising from negative perception among the stakeholders. This may have an impact on customer base the Bank's ability to capture new markets.

Risk Management Framework

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

Risk Governance Structure

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

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

Inadequacy in the capital structure and plans to address such inadequacy

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

Sensitivity Analysis Due to Foreign Currency Fluctuations

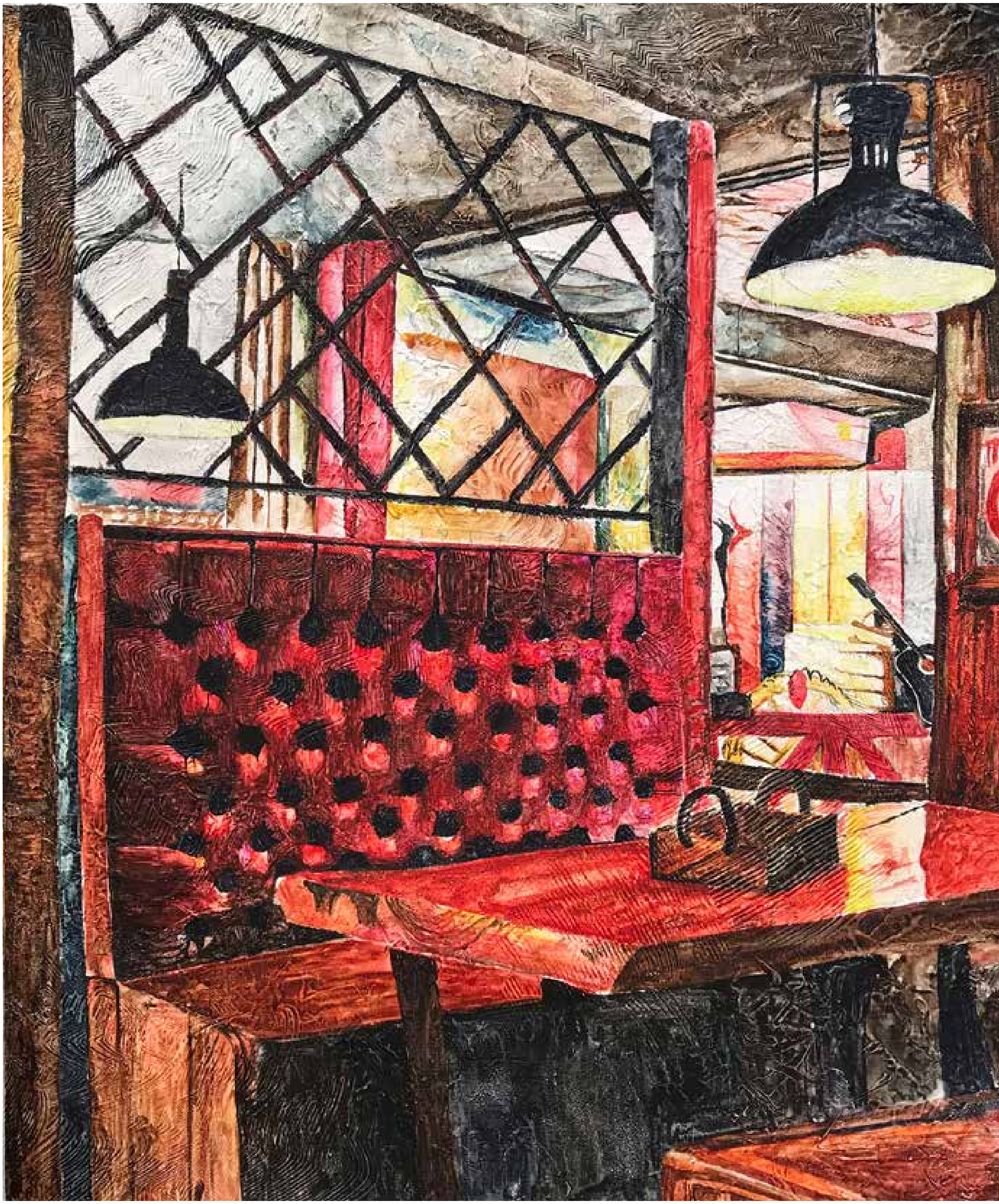
The regional currency trends for the start of the year 2020 showed downward pressure as the COVID-19 took hold and Pak rupee followed course as per SBP avowed goal to let market determine exchange rate. Following the challenging situation in the aftermath of pandemic, the rupee showed volatility and traded in a wide band of 154-168 but since the rebound in economic activity and relative success in dealing with COVID, after reaching a low of 168 in August 2020, we have seen a steady appreciation in Pak Rupee to 159.83 by the end of year. To combat the negative impact of COVID related lockdowns, SBP also reduced SCR requirements to enhance economic activity.

The market has subsequently settled around the 160 level. The astute management of our dealings in foreign currency has ensured no volatility in our earnings. The risk appetite of our bank is determined by the Board and monitored by the risk team. The treasury team proactively manages day to day liquidity, net open positions and Foreign Exchange Exposure Limits (FEEL) of the Bank.

The risk management team ensures adherence to Liquidity Coverage Ratio (LCR) and Net Stability Fund Ratio (NSFR) as per SBP guidelines. The bank ensures full implementation of BASEL III liquidity standards and liquidity ratios.

Information about default in payment of any debts and reasons thereof

There were no default in the payment of any borrowing/ debt during the year. Bank has sufficient liquidity to fulfill all its commitments.



Ahwar Nasir

I am a 19 year old aspiring artist who paints to make herself and others happy. Painting to me is to communicate love.

Institute: Indus Valley School of Art and Architecture

Corporate Governance

Role & Responsibilities of the Board

Role, responsibilities, prohibitions and restrictions relevant to the directors of JS Bank Limited, as contained in the existing laws and regulations have been prepared and approved by the Board as Directors' Handbook.

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

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

The Board presently has the following sub-committees:

1. Board Audit Committee
2. Board Risk Management Committee
3. Board Human Resource, Remuneration and Nomination Committee
4. Board Information Technology Committee

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

Annual Evaluation of the Board's Performance

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

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

In line with the best practices of the corporate governance the Board has conducted self-evaluation exercise on an annual basis by engaging Pakistan Institute of Corporate Governance (PICG) as an external facilitator which is the lead on Corporate Governance and has a team of qualified consultants to conduct board evaluations for companies and banks. The Board of JS Bank in compliance with the SBP's Guidelines on Performance Evaluation of Board of Directors and Listed Companied (Code of Corporate Governance) Regulation, 2019 has conducted its self-evaluation for the year 2020 by engaging PICG. The evaluation covered various aspects of the performance of the Board including but not limited to: Board Composition. Strategic Planning, Control Environment, Committees, CEO & Chairman etc.

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

External Consultant's Board Performance Evaluation

The State Bank of Pakistan (SBP), through BPRD circular no. 11 of 2016 dated August 22, 2016, has mandated that the Board of every bank, must carry out a formal annual performance evaluation of the Board, its Committees, and individual directors. The circular also required performance evaluation to be carried out by an external independent evaluator at least once in every three years. During the year, Pakistan Institute of Corporate Governance carried out performance evaluation of the Board, its Committee and the Directors.

Directors Orientation Courses

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

Directors' Training

The members of the Board are fully conversant with their duties and responsibilities as directors of the Bank. Out of nine directors, six directors have completed Director's Training Program and two directors of the Bank are exempted from the requirement of Directors' Training Program, as per the Listed Companies (Code of Corporate Governance) Regulations, 2019.

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

Directors' Remuneration Policy

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

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

Security Clearance of Foreign Director

In accordance with the regulatory requirements clearance of foreign director(s) is being obtained from the Interior Ministry, Government of Pakistan.

Governance Practices Exceeding Legal Requirements

JS Bank's Board always considers and ensures meticulous compliance of applicable laws, rules and regulations. The Board never encourages any sort of noncompliance and considers it as reputational risk.

Board's Policy on Diversity and Inclusion

We have approved policy to ensure fair representation of females in the workforce and to provide a nurturing and enabling environment to all genders with equal opportunity to contribute and grow within the organization. To achieve this objective the Bank has formulated and implemented following policy;

- All Bank job advertisements that can be applicable to all genders will carry the statement, "We are an equal opportunity employer."
- The language of the advertisement will be gender sensitive.
- Position profiles will be developed to ensure gender concerns are built in.
- Interviews will be conducted in a gender sensitive manner.
- There shall be no gender discrimination on positions, promotions, or salary levels, except for those positions where a particular gender is necessary because of the nature of the job.
- No harassment of any sort will be tolerated, and any such incidents reported will be handled through the Head Office in consultation with the Human Resources Department.
- Commitment of senior management to gender sensitivity issues will be ensured through training, workshops and seminars.
- Reporting will be done of the total number of female employees and those who are in senior management positions.

- Development/mentoring programs for the professional development of female employees will be introduced.
- Opportunities will be explored to directly address some of the new and emerging issues for female employees.

The Bank strongly believes that a diverse and inclusive workplace can earn deeper trust and more commitment from its people. Our emphasis is more on making the numbers count than counting numbers by respecting the unique needs, perspectives, and potential of the teams.

The Bank has embarked on a three-year journey to keep up to its commitment for building a diverse and inclusive organization. This includes multiple initiatives ranging from policy review for inclusiveness, talent attraction and retention targets for leadership team, building organization standing against Global Diversity and Inclusion Benchmarks (GDIB) and concrete measures for communicating organization's commitment to D&I through educational sensitization sessions.

In consideration of the Bank's commitment to build an inclusive organization, an exclusive and elaborate program has been kicked off. This starts from an internship program for persons with disabilities (PWDs) which will include infrastructure readiness, sensitization sessions, building recruitment and retention capabilities that also ensure compliance with Govt. Laws and Regulations and industry benchmarks.

No. of Companies in which the Executive Director is serving as Non-Executive Director

President & CEO, the Executive Director is not serving as director in any other company.

Board Meetings Outside Pakistan

Board meetings were not held outside Pakistan during the year.

Policy Disclosure for Conflict of Interest

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

Investors' Grievance Policy

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

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

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

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

Records Safety Policy

Safe keeping and retention of official documents is imperative to make records readily available as and when required. The Bank's record retention / destruction policy is in accordance with all the stipulated and applicable laws and for as long as they are required in the conduct of the Bank's business while complying with the regulatory requirements.

Dedicated department is responsible for maintenance of records in form of hard copies at a data storage warehouse built on international standards. Internal policies on how the data is maintained and retrieved is aligned with the guidelines set by the State Bank of Pakistan, The Securities and Exchange Commission of Pakistan, and any other applicable regulatory authority.

The Bank aims to comply with the regulations of State Bank of Pakistan and other regulatory bodies to align its policies for retaining records. Un-necessary records for which the retention period has expired are destroyed as per each department's respective guidelines.

Role & Responsibilities of the Chairman

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

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

Role & Responsibilities of the President & CEO

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

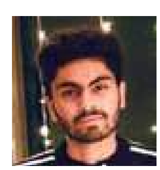
- Ensure execution of the strategy approved by the Board.
- Effectively allocate and manage organizational resources and budgets to ensure achievement of short and mid-term objectives that contribute to the achievement of the long-term strategic goals.
- Establish a system of checks and controls to supplement the growth of the Bank.
- Provide liaison between the Board and the Bank's Management to ensure placement of managerial efforts with Board's directives.
- Encourage a culture of professionalism and high ethical standards within the Bank.
- Facilitate an organizational culture of development of innovative products and services to meet the growing needs of a diverse range of customers.

Name of external search consultancy that has been used in the appointment of the Chairman or a non-Executive Director

No external search consultancy has been used in the appointment of the chairman or a Non- Executive Director.

Management Committees

- Asset Liability Committee (ALCO)
- IT Steering Committee (ITSC)
- Compliance Committee (CC)
- Central Credit Committee (CCC)
- Agri Credit Committee (ACC)
- Integrated Risk Management Committee (IRMC)
- Operational Risk Management Committee (ORMC)
- Portfolio Management Committee (PMC) (formerly CRC)
- Customer Experience Council (CEC)
- Disciplinary Action Committee (DAC)
- Expense Approval Committee (EAC)
- Procurement Committee
- Anti-Harassment Committee
- IFRS-9 Project Steering Committee
- Remedial Management Committee



Muhammad Kamran

I believe art is something which cannot be verbally explained but only felt and expressed in your paintings. since art has no boundaries and totally depends upon one's creativeness.

Institute: FAST University

Salient Features of Board Committees' TOR

Board Audit Committee (BAC)

The Audit Committee shall review the effectiveness of the Bank's internal control and operational controls, integrity and adequacy of financial reporting and appraise the audit efforts of the Bank's external auditors and internal audit function (IAF); and review the Bank's process for monitoring compliance with relevant laws and regulations.

- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.
- Consideration of any issue or matter as may be assigned by the Board of Directors.
- Report to the Board any significant matter(s) identified by the IAF / External Auditors that warrant Board's immediate attention.
- Review of BAC performance on annual basis against the defined roles & responsibilities.
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
- Determination of appropriate measures to safeguard the Bank's assets.
- Determination of compliance with relevant statutory requirements.
- Review the Bank's statement on internal controls prior to endorsement by the Board of Directors.
- Consider and approve the Internal Audit Charter.
- Review and approve Risk Based Annual Audit Plan.
- Review scope and adequacy of IAF and ensure that IAF has adequate resources and is appropriately placed within the Bank.
- The BAC shall ensure that IAF remains equipped with the necessary financial, human, operational, physical, and technological resources to carry out its mandated responsibilities.
- Review major findings of special reviews, internal and external frauds, internal control deficiencies and significant audit issues, and ensure audit recommendations have been effectively implemented.
- Review action taken by Business and Support Groups for implementation of Audit Committee observations on issues deliberated in Committee meetings.
- The BAC shall formulate and document 'Key Performance Indicators' (KPIs) for CIA and evaluate his/her performance against the set KPIs on annual basis.
- Consider and recommend to the Board regarding promotions, increments and rewards for Chief Internal Auditor (CIA).
- The BAC shall ensure independence of any investigations/disciplinary actions against CIA and Internal Auditors.
- Review quarterly, half-yearly and annual financial statements of the Bank, prior to their approval by the Board of Directors and any announcements to be made in the public domain with regard to these accounts.
- The committee shall review the Related Party transactions and recommend the same for review and approval by the Board of Directors.
- Consider annual review report on the Bank's Internal Controls over Financial Reporting (ICFR) for effectiveness and efficiency of Financial Reporting.
- Recommend to the Board of Directors the appointment of External Auditors and consider any questions of their resignation or removal, audit fees and provision of other services in addition to audit of financial statements.
- Discuss with External Auditors, major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
- Review the Management Letter issued by the External Auditors and Management's response thereto.
- Ensure coordination between the Internal and External Auditors of the Bank.

- Compliance Department shall periodically, on quarterly basis, report to the Board Audit Committee on the Bank's management of its compliance risk and identified gaps, in such a manner as to assist the Committee to make an informed judgment on whether the Bank is managing its compliance risk effectively. Compliance Risk to include risks emanating from Money Laundering (ML) / Terrorist Financing (TF), AML/CFT obligations and its allied elements.
- Audit Committee is a committee of Board of Directors of JS Bank Ltd from which it derives its authority and to which it regularly reports. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention, with full power to retain outside counsel or other experts for this purpose.

Board Human Resource Remuneration & Nomination Committee (BHRRNC)

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

- Grievance handling & Disciplinary Action Policy
- Guidance for performance management, annual increment and employee recognition programs.
- Monitoring the utilization of training and development budget, and implementation of approved training and development policy.
- Review and approval of Provident Fund, Gratuity Fund policies and any other separation benefits or schemes.
- Those matters wherein ratification/ approval of the Board will be required, the Secretary BHRRNC with the approval of its Chairman shall forward Memoranda to the Company Secretary for placing before the Board of Directors.

Board Risk Management Committee (BRMC)

The BRMC shall review and recommend the establishment of and revision to the bank's risk governance framework and oversee its implementation by senior management. The BRMC may also constitute different sub-committees to facilitate in difference areas.

- Ensure implementation of all Risk Management Policies approved by the Board and subsequent monitoring thereof and periodically oversee updating of the risk policies (if the same have not already been approved / reviewed by the BOD) based on changing business requirements as well as SBP guidelines.
- Portfolio Reviews including NPLs, remedial actions and strategy for the same.
- To approve / review list of shares and margins to be accepted as collateral for Financing against Shares (FAS). Also to approve / ratify any exceptions to existing FAS requirements as laid down in Credit Policy of the Bank.
- Approve/review Sector / Industry Concentration guidelines for the overall credit portfolio of the Bank.
- To approve / ratify credit bulletins issued by RMG from time to time for effective implementation of Credit Policy / Risk Management Framework.
- To ratify any other urgent matter which has been approved by the management subject to subsequent ratification by the Committee.
- Review the Market / Liquidity limits as recommended by ALCO / IRMC / CCC as when required.
- Delegation of powers to the President / CEO & Group Head Risk Management to appoint credit officers, based on their experience and ability to understand associated risks while approving the credits;
- Review any other risk related matters / regulatory changes that warrant discussion at the committee.

Board Information Technology Committee (BITC)

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

- To review IT and Digital strategies and relevant policies before submission to the Board and make recommendations for strategic decisions on IT related matters.
- To review progress and implementation of the IT Strategic Plan and deliberate changes to it, as and when required.
- To ensure the alignment of IT strategy with business strategy, optimization of resources, value delivery and performance measurement to achieve business objectives and effective technology risk management.
- To ensure that risk management strategies are designed and implemented which have the capability to respond to wide-scale disruptions, including cyber-attacks and attacks on multiple critical infrastructure sectors
- To review progress and implementation of various IT projects
- To make recommendations on major IT investment decisions and ensure that investments are aligned with IT Strategy approved by the Board.
- To review and approve cloud-based outsourcing arrangements in line with the policy approved by the Board of Directors.
- To review and approve TORs of IT Steering Committee.

IT Governance

IT Governance Policy

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

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

The purpose of the technology governance framework is to evaluate the current and future use of technology, direct the preparation and implementation of plans and policies to ensure that use of technology meets business objectives and monitor compliance to policies and performance against the plans. The basic principles of strategic alignment of IT and the business, value delivery to businesses, risk management, resource management

(including project management) and performance management shall form the basis of this technology governance framework. Technology governance framework shall be closely aligned with Bank's corporate governance framework and shall cover, among other things, policies and procedures to provide oversight and transparency in the use of technology. Bank is encouraged to adopt relevant aspects of international standards/best practices for effective and efficient enterprise technology governance.

Scope

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

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

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

The board should govern IT through two main tasks:

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

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

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

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

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

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

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

IT Risk Management

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

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

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

Adequate Policies Framework and its independent assurance – ensure that the appropriate policy controls are in place and the processes are standardized and documented.

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

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

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

Planning the IT Environment

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

Developing and Delivering IT Solutions

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

Enterprise Technology Operations

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

Organizing and Monitoring the IT Processes

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

Project Management

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

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

Independent Audit

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

Ahwar Nasir

I am a 19 year old aspiring artist who paints to make herself and others happy. Painting to me is to communicate love.

Institute: Indus Valley School of Art and Architecture

Human Resources Management Policy

At JS Bank, we understand that the right talent is crucial to succeed in today's hyper-competitive and increasingly complex global economy. Hence along with understanding the need to hire, develop, and retain talented people, we understand that we must manage talent as a critical resource to achieve the best possible results.

From day one, we went with the Talent First Approach, where we put our people at the center of all aspects of business infrastructure: its digital and physical spaces, processes, and culture. Our latest Talent Management Framework is a testimony of this, genuinely increasing the talent pool's efficiency levels, expanding the retention rate, and attracting potential leaders.

We believe in developing talent selflessly and believe that everyone has the potential to grow and develop into indispensable talent if provided the right tools and resources. Hence here at JS Bank, we see a distinctive talent pipeline, precise talent gap analyses and talent development roadmaps as the core of our talent management philosophy.

If we spell-out what our Talent Management Framework, job rotation, secondment, succession planning and 360-degree feedback would be the few among the whole lot. We are also adding some specialized tools like Workforce Planning, Talent Development Journeys, and Rapid Talent Audit in our system to match the organization's contemporary talent needs.

Last year we went further ahead and executed an unparalleled five-step succession planning scheme for the most critical leadership positions. Not only this, we engaged our MANCOM as well through international leadership development and coaching program, making sure that real challenges at every level of the organization are addressed through the right interventions.

Moving forward in the year 2021, we are not only aiming to launch a succession planning scheme across second leadership tier and build an internal talent pipeline, we are also striving to launch performance accelerators, leadership huddles, learning clubs and innovation labs. On the strategy front, teams are busy developing EVPs, forward-focused learning paths and a prudent employer branding strategy. Through each action, we ensure that the organization moves towards sustained growth in the years to come.

Remuneration Policy

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

Staff Remuneration Strategy

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

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

1. Fixed pay;

2. Benefits; and

3. Annual performance bonus (variable remuneration).

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

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

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

Variable Remuneration

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

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

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

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

Remuneration for MRTs

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

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

Remuneration for MRCs

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

Deferral of variable remuneration

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

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

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

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

Malus and Claw back

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

Whistle Blowing Policy

Disclosure of Whistle blowing policy was established to receive, handle complaints in a fair and transparent manner and providing protection to the complainant against victimization, and disclosure of the number of such incidences reported to the Audit Committee during the year.

HR has clear Disciplinary Procedure policy according to which Disciplinary Action Committee explicitly handles all complaints in a fair and transparent manner via a standard process to remove all kinds of biasness and ensure victims and witness's protection. This is also supported by Grievance Redressal and Harassment at Workplace policies.

Business Continuity Plan

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

The Business Continuity Plan (BPC) for the Bank aims to enable it to continue offering critical services in the event of a disruption and to survive a disastrous interruption to their information systems. The main objective of developing a BC Policy and BCP is to ensure "Business Continuity (BC)" at all times by pre-empting or avoiding a crisis and/or managing it in such a manner that it causes the least amount of damage/disruption.

JSBL is committed to ensuring the continuity of its critical business and support functions. The BCP helps the Bank in understanding the criticality of entity's operations and processes under each business, operations and support unit which enables the entity to plan and develop the relevant backup sites, determine financial resource, manpower, critical documents and system resource commitments.

The core objective of the plan is to ensure that the Bank is prepared to effectively respond to business interruptions by developing a recovery plan which ensures the safety of employees, assets and continuity of business functions in the event of disaster or crisis. Effective business continuity planning is an integral part of the Bank's daily business activities.

Sustainability and Corporate Social Responsibility

JS Bank remains committed to partnering with industry and other stakeholders to find innovative solutions that open opportunities for economically, socially, and environmentally sustainable solutions. We do this by dedicating a significant number of resources to contribute to the wellbeing of society. JS Bank creates value by contributing to sustainable development and responsible business within our spheres of operation. Some of our key on-going initiatives and past projects include:

Green Climate Fund (GCF)

GCF is the world's largest dedicated fund helping developing countries reduce their greenhouse gas emissions and enhance their ability to respond to climate change. It was set up by the United Nations Framework Convention on Climate Change (UNFCCC) in 2010. The Fund is unique in its ability to engage directly with both the public and private sectors in transformational climate-sensitive investments. Key investment Themes for GCF include:

- Clean Energy Generation & Access
- Green Transport Solutions
- Empowering/Financing green initiatives
- Mitigating Forest/Land use
- Health, food, water & security
- Livelihoods of people & communities
- Ecosystem services
- Infrastructure and the built environment

Compliance with State Bank of Pakistan - Green Banking Guidelines (GBG)

Green Banking Guidelines (GBG) acknowledges the responsibility of the financial sector in supporting policy initiatives for aimed at a low carbon and climate resilient economy. As of 2020, the Bank is fully compliant with the GBGs having undertaken:

- Introduction of an Environmental and Social Risk Management (ESRM) Framework to create awareness towards the environmental and social (E&S) risks involved in extension of credit and the procedures and authorities which have been established to manage these risks.
- Means to identify, assess and mitigate environmental risks for clients. While the primary responsibility of ensuring compliance

with environmental laws and regulations rests with the borrowers, JS Bank goes above pre-established standards to create a holistic eco-system of environmental risk management for all concerned.

- Introduction of carbon reduction measures in self operations. This extensive exercise including measurement of energy (on and off grid power) and paper consumption of all of JS Bank operating locations. Recognition of gaps was followed by a rectification exercise through promulgation of energy efficient appliances (Inverter and LED based), increased usage of solar power (for technical equipment) and process automation to cut down on documentation.

Renewables Energy Solutions

JS Bank has continued its efforts to create environmentally friendly products for its customers. The Bank has been the first to develop specialized products to make solar panels more accessible to citizens across the country. In CY2020 despite COVID, JS Bank has financed over 112 (Rs. 393 Million) solar projects for commercial, residential and agriculture purposes. Collectively the bank has been working aggressively to reduce the carbon footprint and has deployed over 11.8 MW of solar power units in the country.

Partnering with World Wind Energy Association

JS Bank has partnered with World Wind Energy Association – Pakistan (WWEA) under the State Bank of Pakistan's (SBP) renewable energy scheme to improve access to clean energy generation for commercial and residential customers. Based on SBP's scheme, financing for generation of clean energy is offered at a subsidized mark-up rate of 6% per annum.

Partnering with Federal Government to Combat Pollution and Landfills

To support the federal government, initiatives aimed at combating climate change and its impacts, the Federal Minister for Climate Change – Zartaj Gul, Islamabad Capital Territory Administration and JS Bank distributed canvas as an alternative to polythene shopping bags. The amount of plastic waste has been increasing by 10pc each year for the past 20 years, and its accumulation poses grave threats to the well-being of all people worldwide.

Partnering with Women Chamber of Commerce

JS Bank signed a Memorandum of Understanding (MoU) with the Women's Chamber of Commerce and Industry (South) on Women's Equality Day. JS Bank will provide financial tools and resources to women across Pakistan, to help them set up and grow their businesses under the JS Khud-Mukhtar program. This one-window solution provides women with easy access to business loans of up to Rs. 1.5 million, at a subsidized markup rate of 5% per annum, based on State Bank of Pakistan's refinance scheme for women entrepreneurs.

Green Office Accreditation – 4 Years and Counting

JS Bank is one of the few commercial institutions to be Green-Office certified and was the first commercial bank in Pakistan to attain this certification. A practical Environmental Management System developed specifically for office conditions, the Green Office initiative aims to reduce greenhouse gas emissions and decrease the ecological footprint at the workplace by reducing electricity consumption and paper waste. Furthermore, JS Bank continued to play its role in "Tree a thon" - a project by WWF to plant over 1.3 million saplings as part of its Rung Do Pakistan campaign in 2020.

Fight Against COVID 2019

In the wake of the pandemic, JS Bank along with its partners donated over PKR 110 Million to counter and combat the impact of the Corona Virus (COVID-19) in Pakistan. Based on a pledge matching initiative wherein JS Bank equally matched all support pledges made by its partners, this fund was rooted in JS Bank's philanthropic philosophy of collaborative efforts and focused on addressing some of the immediate and long-term issues related to the pandemic. These funds were deployed using a three-tiered strategy centered around on providing immediate relief, pandemic control and future response capacity building.

JS Bank also took the initiative to support the establishment of a Robot operated COVID-19 testing lab in Islamabad. Built in the United Kingdom by Opencell UK, the laboratory is a Biosafety Level 2 plus (BSL-2+) facility built to ISO 15189 standards. The state-of-art lab is specified to meet the requirements for high throughput Covid-19 RT-qPCR testing. Due to the use of 5 liquid handling robots, this lab requires as little as 6 staff members to operate all the shifts and has the ability to process over 2,000 tests per day. The facility was inaugurated by British High Commissioner Dr. Christian Turner.

Business Model

Key Inputs

FINANCIAL CAPITAL

Share Capital Rs.10,119 million

Total Equity Rs.20,592 million

Deposits Rs.433,062 million

Subordinated Debts Rs.7,493 million

INTELLECTUAL CAPITAL

Clear Vision and Mission and policies

Diversified and experienced Board

Well directed and competent Management

Efficient Infrastructure framework

HUMAN CAPITAL

Staff Strength 5,311

Place where talented people thrive

Great values and work ethics practices

INSTITUTIONAL CAPITAL

Long-term credit rating AA-

Short-term credit rating A1+

MANUFACTURED CAPITAL

Branches network 308

Intangible assets Rs.2,487 million

ATMS 334

Property and equipments Rs.250,199 million

SOCIAL AND RELATIONSHIP CAPITAL

Active Social media Platform

Well managed website

Proactive Complaint handling mechanism

NATURAL CAPITAL

Health and Safety policies implemented at all premises

Business activities

Our Principles to Operate

- Melioration of Customer Experience
- Innovation and Digitalization
- Adroit Risk Management
- Compliance with regulatory framework
- Employee Training and Development
- Green Office Initiatives
- Employee Satisfaction and Motivation
- Adding value to society through CSR
- D & I at workplace
- Ethics, values & integrity

Key Outputs

TO SHAREHOLDERS

Profit after tax Rs.1,150 million

Earnings per Share Rs. 0.89

Return on Equity 5.6%

CAR 12.77%

Return on Assets 0.32%

TO HUMAN CAPITAL

Salaries and Benefit Rs.6,262 million

Training and Development

Employees trained in service

Internship programs

Strong team building and motivational activities

TO CUSTOMERS

Deposits Growth 17.11%

Advances Growth 3.12%

TO REGULATOR

Compliance with all regulatory requirements

Good corporate governance policies and their implementation

TO SOCIETY

Contribution to CSR Rs.118 million

Customer relations

Safety and health

Improving workplace culture and environment

Stakeholders Engagement

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

Step to Encourage Minority Shareholders' Participation in AGMs

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

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

Investor's Relations Section on Corporate Website

Corporate information including quarterly, semiannual and annual reports of the Bank can be accessed on following URL; https://jsbl.com/knowledge-centre/investor-relations/

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

Investor Relations Policy

The Bank has a very proactive and interactive Investor Relations Policy that is driven by the following principles:

1. The Bank reports its financial results and material developments to the Exchange, its shareholders, and other stakeholders in an open and comprehensive manner.
2. The Bank uses its website as an additional primary communications channel.
3. The Bank proactively addresses reports and rumors, to avoid unnecessary speculation in its securities.
4. The Bank endeavors to meet with its shareholders at least once in each fiscal year as to inform them and obtain feedback on the Bank.

Quarterly reports of interim financial results are issued to the Exchange on the day of approval by the Board, in the format required by the Exchange.

The Annual Report is published and distributed to the shareholders. A summary of financial results and other information is announced at PSX. An electronic copy of the Annual Report is also be made available on the Bank's website.

Notice for the Annual General Meeting (AGM) are announced on the Exchange and in a daily newspaper according to the Listing Requirements. The AGM provide an opportunity for shareholders to engage with the Board and senior management, and to gain a fuller understanding of the Bank's affairs.

Corporate Briefing Session

Bank has the practice to conduct annual corporate and investor's briefing session. During the year 2020, an online session was held on Dec 31, 2020. Notice was issued to the stakeholders through Pakistan stock exchange's website to encourage them to attend online session.

JS bank by complying the regulatory requirement has made presentation available on the website https://jsbl.com/knowledge-centre/investor-information/.

Excellence in Corporate Reporting

Unreserved Compliance of International Financial Reporting Standards (IFRS)

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

Financial statements for the year have been prepared in accordance with the accounting and reporting standards, issued by IASB as are applicable in Pakistan. IFRS adoption status is detailed in note 2 of the unconsolidated financial statements.

Adoption and Statement of Adherence with the International Integrated Reporting Framework

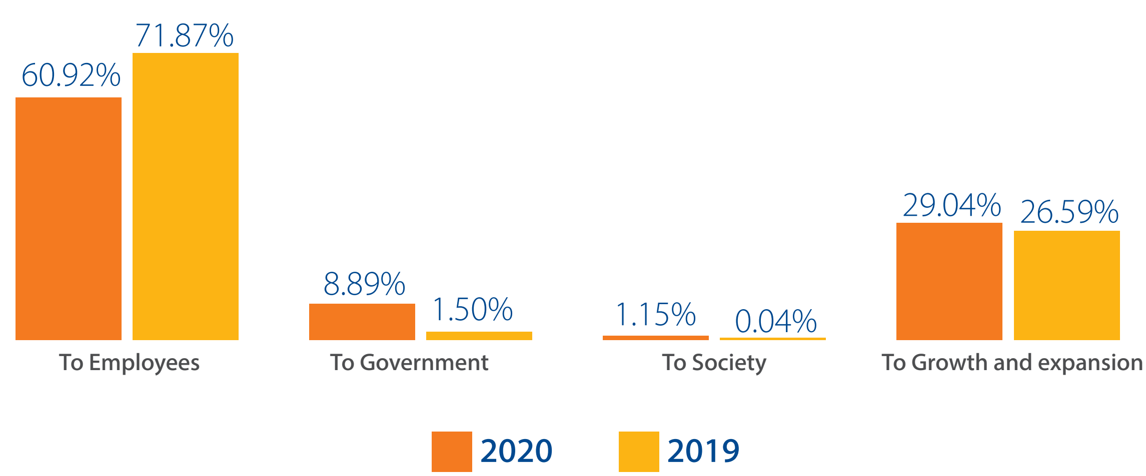
To deliver relevant and useful information to the Bank's stakeholders, the Bank's reporting encompasses its strategic focus and future direction. In order to achieve this the reporting incorporates organizational overview and external environment, governance, risks and opportunities, strategy and resource and allocation including outlook. The adoption of integrated thinking approach has resulted in a periodic and wholistic report by the Bank and its value creation over time. The reporting links financial and non-financial information to give complete view on the Bank's performance for all relevant stakeholders.

Statement and Distribution of Value Added

Value Added	2020 Rs. in million	2019 Rs. in million
Net mark-up / interest income	**9,777**	7,028
Non mark-up / interest income	**6,676**	3,943
Operating expenses excluding Staff cost, depreciation, amortization, donation and WWF	**(4,895)**	(3,776)
Provision against advancs, lending, Investments and others	**(1,280)**	92
Value added availble for addition	**10,279**	7,287

Distribution of Value added

	2020		2019	
	Rs. in million	**%**	Rs. in million	%
To Employees				
Remuneration , provident fund and other benefits	**6,263**	**60.92%**	5,237	71.87%
To Government				
Worker Welfare Fund	**40**	**0.39%**	1	0.01%
Income Tax	**873**	**8.49%**	108	1.49%
	913	**8.89%**	109	1.50%
To Society				
Donations	**118**	**1.15%**	3	0.04%
To Growth and expansion				
Depreciation	**1,590**	**15.47%**	1,681	23.07%
Amortization	**113**	**1.10%**	93	1.28%
Retained Earnings	**1,282**	**12.47%**	163	2.24%
	2,986	**29.04%**	1,938	26.59%
	10,279	**100.00%**	7,287	100.00%



Building a better working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of JS Bank Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 prepared by the Board of Directors of **JS Bank Limited** for the year ended **31 December 2020** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended 31 December 2020.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 06 March 2021

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

Name of company: **JS Bank Limited (the 'bank')**
Year ended: **December 31, 2020**

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

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

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

2. The composition of the Board is as follows:

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

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

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

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

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

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

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

9. Out of nine directors, six directors have completed Director' Training Program and two directors of the Bank are exempted from the requirement of Directors' Training Program in accordance with the Regulations. Whereas, remaining one director will certify himself in due course.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. No new appointment has been made during the financial year except that of CFO. Mr. Hasan Shahid has been appointed CFO of the Bank in place of Mr. Muhammad Yousuf Amanullah w.e.f. July 01, 2020.

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

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

    a. Audit Committee:

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

b. HR Remuneration & Nomination Committee:

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

c. Risk Management Committee:

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

d. IT Committee:

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

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

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

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

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

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

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

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

For and behalf of the Board

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

Karachi: February 24, 2021

Unconsolidated
Financial Statements

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

Building a better working world

INDEPENDENT AUDITORS' REPORT

To the members of JS Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **JS Bank Limited** (the Bank), which comprise the unconsolidated statement of financial position as at **31 December 2020**, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flows statement for the year then ended, along with unaudited certified returns received from the branches except 25 branches which have been audited by us and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2020 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

64

EY

Building a better working world

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
1. ***Provision against non-performing credit exposure (note 10)***	
The Bank's credit portfolios include loans and advances, and non-funded credit facilities. The credit portfolio is spread across various domestic branches and overseas operation. Covid-19 pandemic which emerged during the year impacted the global economy and caused disruption to economic activities and businesses operating across a variety of sectors in Pakistan. Such circumstances potentially require the Bank to evaluate its credit risk exposure which may have been impacted due to the current economic conditions. As per the Bank's accounting policy (refer note 4.6 to the financial statements), the Bank determines provisions against non-performing financing exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) in respect of potential credit losses in the portfolio. The Prudential Regulations require specific provisioning against loan losses on the basis of an age based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of loan loss provision, therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and realisability of collateral held by the Bank. In view of the significance of this area in terms of its impact on the financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of loan loss provision as a significant area of audit judgment and a key audit matter. The accounting policy and disclosures relating to provisioning against non- performing advances are included in note 4.6 and 10 respectively to the unconsolidated financial statements.	We applied a range of audit procedures including the following: - We tested Bank's compliance of Prudential Regulations relating to the identification and classification of non-performing loans into various categories including an analysis of downgrading of the classified loans and declassification from non-performing to regular. - We re-computed on test basis, the provision calculated by the Bank, to check compliance with the Prudential Regulations. We also reviewed, on a sample basis, the underlying independent valuations of the collaterals used against the outstanding exposures to calculate the amount of provision. - We also tested internal controls over the approval, recording and monitoring of loans and advances. In addition, we selected a representative sample of borrowers from the financing portfolios and other loans kept by the Bank in the watch list category and performed credit assessments. Our procedures includes review of credit documentation, repayment trends and ageing reports, borrowers financial statements to assess its financial condition, collateral held by the Bank and litigation status, if any. - We also reviewed the adequacy of disclosures made in the accompanying financial statements regarding non-performing loans and provisions in terms of the requirements of Prudential Regulation and applicable reporting framework.

Key audit matters	How the matter was addressed in our audit
2. Impairment testing of goodwill allocated to a cash generating unit (note 12.4)	
As disclosed in note 12.4 to the accompanying financial statements, the Bank has goodwill of Rs. 1,463.62 million. In accordance with the requirements of International Accounting Standards-36 "Impairment of Assets", the goodwill is required to be tested or impairment on annual basis. Goodwill impairment testing of cash generating units ('CGUs') relies on estimates of value-in-use based on estimated future cash flows which involve used of various assumptions taking into account the factors such as economic and business conditions of the industry and environment in which entity operates. Due to the involvement of key estimates and judgments in evaluating the recoverable amount of goodwill, we have considered the same as a key audit matter.	We applied a range of audit procedures to address the risk as identified above including the following, by involving our internal specialist: - We assessed the reasonableness of cash flow projections and compared key inputs, such as discount and growth rates to externally available industry, economic and financial data and the Bank's historical data and performance. - We evaluated and tested the assumptions, on which the valuation is based, and also assessed that such assumptions are consistent with: • the general economic environment, specific industry economic factors, existing market information and the Bank's economic circumstances; and • assumptions made in prior periods, the risks associated with cash flows, including the potential variability in the amount and timing of the cash flows and the related effect on the discount rate. - We also reviewed the adequacy of disclosures made in the accompanying financial statements in terms of the requirements of applicable reporting framework.

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

EY
Building a better working world

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 06 March 2021

Unconsolidated Statement of Financial Position

As at December 31, 2020

2020	2019		Note	2020	2019
----- USD in '000 -----				----- Rupees in '000 -----	
		ASSETS			
190,330	160,099	Cash and balances with treasury banks	6	30,421,231	25,589,349
6,919	2,896	Balances with other banks	7	1,105,969	462,836
145,398	189,700	Lendings to financial institutions	8	23,239,672	30,320,540
1,261,922	891,976	Investments	9	201,698,473	142,568,470
1,565,365	1,519,976	Advances	10	250,199,166	242,944,509
47,546	60,642	Fixed assets	11	7,599,538	9,692,701
15,558	14,211	Intangible assets	12	2,486,725	2,271,360
-	55	Deferred tax assets	18	-	8,756
91,835	101,320	Other assets	13	14,678,428	16,194,444
4,625	2,340	Assets held for sale	11.3	739,200	374,000
3,329,498	2,943,215			532,168,402	470,426,965
		LIABILITIES			
31,170	23,803	Bills payable	14	4,981,983	3,804,491
302,209	340,779	Borrowings	15	48,303,412	54,468,283
2,709,445	2,313,582	Deposits and other accounts	16	433,062,593	369,789,964
-	-	Liabilities against assets subject to finance lease		-	-
46,879	46,891	Subordinated debt	17	7,492,800	7,494,800
7,472	-	Deferred tax liabilities	18	1,194,252	-
103,488	109,715	Other liabilities	19	16,541,154	17,536,172
3,200,663	2,834,770			511,576,194	453,093,710
128,835	108,445	**NET ASSETS**		20,592,208	17,333,255
		REPRESENTED BY			
63,311	63,311	Share capital - net	20	10,119,242	10,119,242
12,458	10,947	Reserves		1,991,170	1,749,673
14,603	3,983	Surplus on revaluation of assets	21	2,334,123	636,700
38,463	30,204	Unappropriated profit		6,147,673	4,827,640
128,835	108,445			20,592,208	17,333,255

CONTINGENCIES AND COMMITMENTS 22

The annexed notes from 1 to 50 and annexure I & annexure II form an integral part of these unconsolidated financial statements.

President and Chief Executive Officer | Chief Financial Officer | Director | Director | Chairman

Unconsolidated Profit and Loss Account

For the year ended December 31, 2020

2020	2019		Note	2020	2019
----- USD in '000 -----				----- Rupees in '000 -----	
269,648	260,236	Mark-up / return / interest earned	24	43,098,990	41,594,699
208,476	216,263	Mark-up / return / interest expensed	25	33,321,699	34,566,342
61,172	43,973	Net mark-up / interest income		9,777,291	7,028,357
		NON MARK-UP / INTEREST INCOME			
22,498	17,893	Fee and commission income	26	3,595,952	2,859,942
612	1,880	Dividend income		97,844	300,497
6,321	6,026	Foreign Exchange Income		1,010,345	963,190
184	295	Income from derivatives		29,374	47,120
11,719	(4,449)	Gain / (loss) on securities	27	1,873,047	(711,145)
437	3,026	Other income	28	69,795	483,600
41,771	24,671	Total non mark-up / interest income		6,676,357	3,943,204
102,943	68,644	Total Income		16,453,648	10,971,561
		NON MARK-UP / INTEREST EXPENSES			
81,453	67,518	Operating expenses	29	13,019,000	10,791,708
253	7	Workers' welfare fund	30	40,460	1,065
573	861	Other charges	31	91,639	137,643
82,279	68,386	Total non-mark-up / interest expenses		13,151,099	10,930,416
20,664	258	Profit before provisions		3,302,549	41,145
8,006	(575)	Provisions and write offs - net	32	1,279,608	(91,930)
-	-	Extraordinary / unusual items		-	-
12,658	833	PROFIT BEFORE TAXATION		2,022,941	133,075
5,461	678	Taxation	33	872,881	108,422
7,197	155	PROFIT AFTER TAXATION		1,150,060	24,653
----- US Dollar -----				----- Rupee -----	
0.0055	0.0001	Basic and diluted earnings per share	34	0.8864	0.0004

The annexed notes from 1 to 50 and annexure I & annexure II form an integral part of these unconsolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2020

2020	2019		2020	2019
----- USD in '000 -----			----- Rupees in '000 -----	
7,197	155	**Profit after taxation**	1,150,060	24,653
		Other comprehensive income / (loss)		
		Items that may be reclassified to profit and loss account in subsequent periods		
72	204	Effect of translation of net investment in foreign branch	11,485	32,571
10,562	10,773	Movement in surplus on revaluation of investments - net of tax	1,688,237	1,721,854
499	(366)	Movement in general provision under IFRS 9 - net of tax	79,793	(58,510)
11,061	10,407		1,768,030	1,663,344
11,133	10,611		1,779,515	1,695,915
18,330	10,766		2,929,575	1,720,568
		Items that will not be reclassified to profit and loss account in subsequent periods		
1,821	(70)	Remeasurement gain / (loss) on defined benefit obligations - net of tax	290,980	(11,160)
-	194	Movement in surplus on revaluation of operating fixed assets - net of tax	-	30,985
240	-	Movement in surplus on revaluation of non-banking assets - net of tax	38,398	-
2,061	124		329,378	19,825
20,391	10,890	**Total comprehensive income**	3,258,953	1,740,393

The annexed notes from 1 to 50 and annexure I & annexure II form an integral part of these unconsolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2020

	Share capital	Reserves: Statutory reserve *	Reserves: Exchange translation reserve	Surplus/(deficit) on revaluation of: Investments	Surplus/(deficit) on revaluation of: Fixed Assets	Surplus/(deficit) on revaluation of: Non Banking Assets	Unappro-priated profit	Total
	---------- Rupees in '000 ----------							
Balance as at December 31, 2018	10,119,242	1,641,237	70,934	(2,180,113)	1,051,666	92,858	4,821,202	15,617,026
Profit after taxation	-	-	-	-	-	-	24,653	24,653
Other comprehensive income / (loss) - net of tax	-	-	32,571	1,663,344	30,985	-	(11,160)	1,715,740
	-	-	32,571	1,663,344	30,985	-	13,493	1,740,393
Transfer to statutory reserve	-	4,931	-	-	-	-	(4,931)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax								
Fixed assets	-	-	-	-	(21,958)	-	21,958	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(82)	82	-
Transaction with owners recorded directly in equity								
Preference dividend for the year ended December 31, 2018 @ 12% p.a.	-	-	-	-	-	-	(24,164)	(24,164)
Balance as at December 31, 2019	10,119,242	1,646,168	103,505	(516,769)	1,060,693	92,776	4,827,640	17,333,255
Profit after taxation	-	-	-	-	-	-	1,150,060	1,150,060
Other comprehensive income - net of tax	-	-	11,485	1,768,030	-	38,398	290,980	2,108,893
	-	-	11,485	1,768,030	-	38,398	1,441,040	3,258,953
Transfer to statutory reserve	-	230,012	-	-	-	-	(230,012)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax								
Fixed assets	-	-	-	-	(16,785)	-	16,785	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(94)	94	-
Assets held for sale	-	-	-	-	(92,126)	-	92,126	-
Balance as at December 31, 2020	10,119,242	1,876,180	114,990	1,251,261	951,782	131,080	6,147,673	20,592,208

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

The annexed notes from 1 to 50 and annexure I & annexure II form an integral part of these unconsolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Unconsolidated Cash Flow Statement

For the year ended December 31, 2020

2020	2019		Note	2020	2019
----- USD in '000 -----				----- Rupees in '000 -----	
		CASH FLOW FROM OPERATING ACTIVITIES			
12,658	833	Profit before taxation		2,022,941	133,075
(612)	(1,880)	Less: Dividend income		(97,844)	(300,497)
12,046	(1,047)			1,925,097	(167,422)
		Adjustments:			
4,344	4,814	Depreciation		694,312	769,378
18	11	Depreciation on non-banking assets	29	2,862	1,713
5,588	5,695	Depreciation - Right of use assets	29	893,148	910,321
707	584	Amortisation of intangible assets	29	113,052	93,316
2,539	3,174	Mark-up / return / interest expense on lease liability against right-of-use assets	25	405,879	507,361
998	843	Charge for defined benefit plan	37.5	159,436	134,712
(5)	16	Unrealised (gain) / loss on revaluation of investments classified as held-for-trading - net		(805)	2,618
(95)	(132)	Unrealised gain on revaluation of derivative instruments - net		(15,148)	(21,126)
409	(413)	Unrealised loss / (gain) on revaluation of forward foreign exchange contracts		65,409	(65,955)
8,006	(577)	Provisions and write offs - net	32	1,279,608	(92,245)
253	7	Provision for workers welfare fund	30	40,460	1,065
9	(3,026)	Loss / (gain) on sale of fixed assets - net	28	1,368	(483,600)
(6)	-	Gain on sale of assets held for sale	28	(1,000)	-
(405)	-	Gain on termination of leases	28	(64,805)	-
22,360	10,996			3,573,776	1,757,558
34,406	9,949			5,498,873	1,590,136
		Decrease / (increase) in operating assets			
44,302	(177,560)	Lendings to financial institutions		7,080,905	(28,380,143)
191,420	(89,046)	Held-for-trading securities		30,595,500	(14,232,574)
(49,734)	54,364	Advances		(7,949,193)	8,689,282
11,815	(33,933)	Other assets (excluding advance taxation)		1,888,368	(5,423,592)
197,803	(246,175)			31,615,580	(39,347,027)
		Increase / (decrease) in operating liabilities			
7,367	1,780	Bills payable		1,177,492	284,567
(35,483)	(264,184)	Borrowings		(5,671,449)	(42,225,743)
395,864	302,668	Deposits		63,272,629	48,376,701
(2,075)	17,889	Other liabilities		(331,624)	2,859,250
365,673	58,153			58,447,048	9,294,775
597,882	(178,073)			95,561,501	(28,462,116)
(950)	(641)	Gratuity paid	37.5	(151,882)	(102,494)
(2,013)	(2,129)	Income tax paid		(321,687)	(340,273)
594,919	(180,843)	**Net cash flow from / (used in) operating activities**		95,087,932	(28,904,883)
		CASH FLOW FROM INVESTING ACTIVITIES			
(526,246)	84,525	Net investments in available-for-sale securities		(84,112,230)	13,509,954
(20,332)	61,670	Net investments in held-to-maturity securities		(3,249,717)	9,857,050
(255)	(133)	Investment in associated companies		(40,828)	(21,239)
612	573	Dividends received		97,844	91,549
(4,675)	(11,494)	Investment in fixed assets		(747,229)	(1,837,181)
(2,055)	(1,219)	Investment in intangible assets		(328,417)	(194,799)
80	8,367	Proceeds from sale of fixed assets		12,839	1,337,287
2,346	-	Proceeds from sale of assets held for sale		375,000	-
72	204	Effect of translation of net investment in foreign branch		11,485	32,571
(550,453)	142,493	**Net cash flow (used in) / from investing activities**		(87,981,253)	22,775,192
		CASH FLOWS FROM FINANCING ACTIVITIES			
(7,106)	(6,299)	Payment of lease liability against right of use assets		(1,135,860)	(1,006,797)
(13)	(13)	Subordinated debt		(2,000)	(2,000)
-	(151)	Dividend paid to preference shareholders		-	(24,164)
(7,119)	(6,463)	**Net cash used in financing activities**		(1,137,860)	(1,032,961)
37,347	(44,813)	**Increase / (decrease) in cash and cash equivalents**		5,968,819	(7,162,652)
159,010	203,823	Cash and cash equivalents at beginning of the year		25,415,261	32,577,913
196,357	159,010	**Cash and cash equivalents at end of the year**	35	31,384,080	25,415,261

The annexed notes from 1 to 50 and annexure I & annexure II form an integral part of these unconsolidated financial statements.

President and Chief Executive Officer | Chief Financial Officer | Director | Director | Chairman

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020

1. STATUS AND NATURE OF BUSINESS

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

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 307 (2019: 359) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (2019: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

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

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

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

2. BASIS OF PRESENTATION

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

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

The US Dollar amounts shown on the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are stated as additional information solely for the convenience of readers and have not been subject to audit by the external auditors. For the purpose of conversion to US Dollars, the rate of Rs. 159.8344 to 1 US Dollar has been used for 2020 and 2019 as it was the prevalent rate as on December 31, 2020.

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Banking Companies Ordinance, 1962;

- Provisions of and directives issued under the Companies Act, 2017; and

- Directives issued by the SBP and the SECP from time to time.

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

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

IFRS10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O56(I)/2016 dated January 28, 2016, that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

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

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

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

The Bank has adopted the following accounting standards, interpretations and amendments of IFRSs and the improvements to accounting standards which became effective for the current year:

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments were intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business. IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

- IFRS 14 'Regulatory Deferral Accounts' permits an entity to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous reporting framework, both on initial adoption of standard and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and profit and loss account and statement of other comprehensive income, and specific disclosures are required.

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

The adoption of the above standards / amendments to accounting standards are not considered to be relevant or did not have any significant effect on the Bank's operations.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2021:

- IFRS 9 'Financial Instruments' - SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the banks in Pakistan to implement IFRS 9 with effect from 01 January 2021. IFRS 9 replaced the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Bank has been complying with the requirement of BPRD Circular Letter No. 15 of 2020 to have parallel run of IFRS 9 from July 01, 2020.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
    - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
    - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

  - there is no substantive change to the other terms and conditions of the lease.

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after January 01, 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The following annual improvements to approved accounting standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

  - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 percent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

  - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

  - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 01, 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	January 01, 2004
IFRS 17 – Insurance Contracts	January 01, 2023

2.4 Critical accounting estimates and key sources of estimation uncertainty

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

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

i) Classification of investments

- In classifying investments as 'held-for-trading' the Bank has determined securities which are acquired with an intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days of acquisition.

- In classifying investments as 'held-to-maturity' the Bank follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.

- The investments which are not classified as 'held-for-trading' or 'held-to-maturity' are classified as 'available-for-sale'.

ii) Provision against non performing loans and advances

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

iii) Impairment on investments

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

iv) Income taxes

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

v) Depreciation of fixed assets and amortization of intangible assets

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

vi) Defined benefits plans and other benefits

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

vii) Impairment of Goodwill

Impairment testing involves a number of judgmental areas which are subject to inherent significant uncertainty, including the preparation of cash flow forecasts for the periods that are beyond the normal requirements of management reporting and the assessment of the discount rate appropriate to the business. The carrying amount of goodwill at the balance sheet date was Rs.1,464 million. The detailed assumptions underlying impairment testing of goodwill are given in note 12.5 to these unconsolidated financial statements.

viii) Lease term

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

3. BASIS OF MEASUREMENT

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

- Certain classes of fixed assets and non-banking assets acquired in satisfaction of claims which are stated at revalued amounts less accumulated depreciation.

- Investments classified as held-for-trading and available-for-sale and derivative financial instruments, which are measured at fair value.

- Net obligations in respect of defined benefit schemes which are carried at their present values.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these unconsolidated financial statements are consistent with those of previous financial year.

4.1 Cash and cash equivalents

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

4.2 Lendings to / borrowings from financial institutions

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

(a) Sale under repurchase obligation

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

(b) Other lendings

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

(c) Purchase under resale obligation

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

(d) Other borrowings

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

4.3 Investments

4.3.1 Initial recognition and measurement

4.3.1.1 The Management determines the appropriate classification of its investments at the time of purchase in held-for-trading, available-for-sale or held-to-maturity as per SBP guidelines vide BSD circular No. 10 of 2004 dated July 13, 2004. These are initially recognised at cost, being the fair value of the consideration given plus, in the case of investments not held-for-trading, directly attributable acquisition costs.

(a) Held-for-trading

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

(b) Held-to-maturity

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

(c) Available-for-sale

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

4.3.1.2 Associates

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

4.3.1.3 Subsidiaries

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

4.3.1.4 Regular way contracts

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

4.3.1.5 Premium or discount on acquisition of investments

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

4.3.2 Subsequent measurement

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

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

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

4.3.3 Impairment / diminution in the value of securities

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

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

(a) Available-for-sale

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

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

(b) Held to maturity, subsidiaries and associates

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

(c) Debt Securities

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

4.4 Financial instruments

4.4.1 Financial assets and financial liabilities

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

4.4.2 Derivative financial instruments

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

4.5 Off-setting of financial assets and financial liabilities

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

4.6 Advances

4.6.1 Loan and advances

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

4.6.2 Finance lease receivables

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

4.7 Fixed assets

4.7.1 Property and equipment

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

Depreciation is calculated and charged to profit and loss account using the straight-line method so as to write down the cost of the assets to their residual values over their estimated useful lives at the rates given in note 11. A full month's depreciation is charged from the month in which assets are brought into use and no depreciation is charged for the month in which the disposal is made. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, annually.

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

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

4.7.2 Surplus / deficit on revaluation of fixed assets

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

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

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

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

4.7.3 Capital work-in-progress

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

4.8 Intangible assets

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

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

4.9 Non-banking assets acquired in satisfaction of claims

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

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

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

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

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

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

4.9.2 Surplus / deficit on revaluation of non banking assets

Revaluation of non-banking assets acquired in satisfaction of claims under DPS transactions is carried out under criteria given in regulations for DPS issued by SBP vide BPRD Circular 01 dated January 01, 2016 i.e. valuation of property shall be done on individual property basis and not on portfolio basis, whereas accounting treatment of revaluation is accounted for in accordance with applicable financial reporting standards i.e. International Accounting Standard (IAS) 16 as referred in note no. 4.7.2.

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

4.10 Impairment other than investments and deferred tax

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

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

4.11 Borrowings / Deposits and their cost

Borrowing / deposits are initially recorded at the amount of proceeds received. Borrowing / deposits are recognised as an expense in the period in which these are incurred.

4.12 Subordinated debt

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

4.13 Taxation

4.13.1 Current

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

4.13.2 Deferred

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

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

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

4.14 Provisions

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

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

4.15 Staff retirement benefits

4.15.1 Defined contribution plan

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

4.15.2 Defined benefit plan

The Bank operates an approved funded gratuity scheme covering all its eligible employees who have completed minimum qualifying period. An actuarial valuation of defined benefit scheme is conducted at the end of every year or on occurrence of any significant change. The most recent valuation in this regard was carried out as at December 31, 2020, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Past-service costs are recognised immediately in profit and loss account and actuarial gains and losses are recognised immediately in other comprehensive income.

4.16 Revenue recognition

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

- **Advances and investments**

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

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

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

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

- **Lease financing**

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

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

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

- **Non Mark-up / interest income**

- Commission is recognised as income at the time of affecting the transaction to which it relates. Fees are recognised when earned.

- Financial advisory fee is recognised when the right to receive the fee is established.

- Dividend income from investments is recognised when the Bank's right to receive the dividend is established.

4.17 Dividend and appropriation to reserves

Dividend and appropriation to reserves, except for statutory reserves, are recognised in the financial statements in the periods in which these are approved.

4.18 Foreign currencies

4.18.1 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates. The financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

4.18.2 Transactions and balances

Transactions in foreign currencies are translated into Pakistani rupees at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Forward contracts relating to foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contract. The forward cover received / paid on forward purchase contracts relating to foreign currency deposits are realised / charged directly to profit and loss account.

4.18.3 Foreign operations

Assets and liabilities of foreign operations are translated into rupees at the exchange rate prevailing at the reporting date. The results of foreign operations are translated at average rate of exchange for the year.

4.18.4 Translation gains and losses

Translation gains and losses arising on revaluations of net investment in foreign operations are taken to Exchange Translation Reserve in the statement of comprehensive income. These are recognised in the profit and loss account on disposal.

4.18.5 Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities/commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the balance sheet date.

4.19 Goodwill

Goodwill acquired in a business combination before July 01, 2009 is initially measured at cost, being the excess of the cost of the business combination over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Bank's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units or groups of units.

4.20 Earnings per share

The Bank presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Bank (less preferrence dividend, if any) by the weighted average number of ordinary shares outstanding during the period / year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity holders of the Bank by dividing the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

4.21 Non-current assets held for sale and associated liabilities

The Bank classifies an asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A held for sale asset is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised in the unconsolidated profit and loss account for any initial or subsequent write down of the asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent these do not exceed the cumulative impairment losses previously recorded. An asset is not depreciated while classified as held for sale.

4.22 Segment reporting

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

Segment information is presented as per the Bank's functional structure and the guidance given under International Financial Reporting Standard (IFRS) 8. For management purposes, the Bank has been organised into five operating segments based on products and services, as follows:

4.22.1 Business segments

Corporate finance

This includes investment banking activities such as mergers and acquisitions, underwriting, privatization, securitization, Initial Public Offers (IPOs), specialised financial advice and trading and secondary private placements.

Trading and sales

This segment undertakes the Bank's treasury, money market and capital market activities.

Retail banking

Retail banking provides services to small borrowers i.e. consumers, small and medium enterprises (SMEs) and agricultural sector. It includes loans, deposits and other transactions with retail customers.

Commercial banking

This includes loans, deposits and other transactions with corporate customers.

Others

This includes the head office related activities and other functions which canot be classified in any of the above segments.

The Executive Management Committee (ManCom) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the unconsolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Interest income is reported net as management primarily relies on net interest revenue as a performance measure, along with the gross income and expense.

Transfer prices between operating segments are based on the Bank's internal pricing framework.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2019 or 2020.

4.22.2 Geographical segment

The Bank operates with 307 (December 31, 2019: 359) branches / sub-branches in Pakistan region and one wholesale banking branch in Bahrain (December 31, 2019: one).

4.23 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in statement of financial position.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2019 except for the following additional considerations due to the COVID-19.

5.1 COVID - 19 outbreak and it's impact

The COVID-19 and the measures to reduce its spread has impacted the economy of Pakistan significantly. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact.

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 625 basis points to 7 percent and by introducing regulatory measures to maintain banking system's soundness and to sustain economic activity. These include:

(i) reducing the capital conservation buffer by 100 basis points to 1.5 percent;
(ii) increasing the regulatory limit on extension of credit to SMEs by 125 million to Rs 180 million;
(iii) relaxing the debt burden ratio for consumer loans from 50 percent to 60 percent
(iv) allowing banks to defer clients' payment of principal and profit on financing obligations by one year; and
(v) relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief beyond the extension of principal repayment for one year.
(vi) Relaxing credit requirements for exporters and importers; and
(vii) Refinance schemes to support employment to prevent layoff of workers and health sector to combat COVID-19 Pandemic.

COVID 19 has impacted the banks in Pakistan from various facets which includes increase in overall credit risk pertaining to loans and advances portfolio in certain sectors, reduced fee income due to slowdown in economic activity, operational issues such as operations of Branches, managing cyber security threat and managing investment banking activities including arrangement of syndicate loans, debt and capital advisory services etc. We have discussed below the major aspects of COVID 19 on the Bank's risk management policies.

5.1.1 Assets quality and credit risk

The Risk department of the Bank is regularly conducting assessments to identify borrowers operating in various sectors which are most likely to get affected. The Bank has further strengthened its credit review procedures in the light of COVID-19. The Bank has conducted various stress tests on the Credit portfolio and is confident that the CAR buffer currently maintained is sufficient.

5.1.2 Liquidity management

Bank has received applications for deferral of principal and / or restructuring / rescheduling and is expected to receive further such applications. These applications are being reviewed by the Bank as per its established policies. The Asset and Liability Committee (ALCO) of the Bank is continuously monitoring the liquidity position and is taking due precautionary measures where needed. The Bank has conducted various stress testing on its liquidity ratios and is confident that the liquidity buffer currently maintained by the Bank is sufficient to cater any adverse movement in cash flow maturity profile.

5.1.3 Equity investments

SBP has given relaxation in recognition of impairment on equity securities in phased manner equally on quarterly basis during calendar year ending on December 31, 2020. The Bank has taken the impact of impairment on the basis of that relaxation in these unconsolidated financial statements.

5.1.4 Foreign Exchange Risks

Due to recent economic slowdown, the PKR has devalued against USD significantly from December 31, 2019 and the USD / PKR parity stood at Rs.159.8344 as at December 31, 2020. The exchange rate is expected to remain volatile till the uncertainty around COVID-19 resolves. The Bank has reviewed its Net Open Position and has had no significant impact on profitibility.

5.1.5 Operations

The Bank is closely monitoring the situation and has invoked required actions to ensure safety and security of Bank staff and an uninterrupted service to our customers. The senior management of the Bank is continuously monitoring the situation and is taking timely decisions to resolve any concerns. Business Continuity Plans (BCP) for respective areas are in place and tested. The Bank has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Bank has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber attacks.

The Bank is communicating with its customers on how they can connect with the Bank through its full suite of channels including digital and online channels. The Bank has taken all measures to ensure that service levels are maintained, customer complaints are resolved as per SLAs and the Bank continues to meet the expectations of their clients as they would in a normal scenario.

5.1.6 Capital Adequacy Ratio

Under the current scenario, the banks are under pressure to extend further credit to its borrowers, while overall deteriorating credit risk and increased NPL may also put additional pressures on the Bank from Capital Adequacy Ratio perspective. The SBP has relaxed the Capital Conversion Buffer (CCB) requirements for the Banks to 1.5%, resulting in an overall CAR requirement of 11.5%. The reduced CCB has also provided an additional limit to the bank for its tier 2 capital. Further, the regulatory limit for retail loans has also increased by SBP to 180 million, which will now result in reduced Risk Weighted Assets for some of its loans. In addition to the measures by SBP, the Senior management of the Bank is continuously monitoring the impacts of various decisions on its CAR and taking further lending decisions based on the overall impacts on RWA. The Bank also believes that it has buffer in its CAR requirement to meet any adverse movements in credit, market or operational risks.

	Note	2020	2019
		----- Rupees in '000 -----	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		**6,337,089**	5,572,604
Foreign currencies		**1,301,503**	896,523
		7,638,592	6,469,127
With State Bank of Pakistan in:			
Local currency current account	6.1	**16,268,165**	13,292,331
Foreign currency current account - non remunerative	6.2	**1,086,874**	831,532
Foreign currency deposit account - remunerative	6.3	**2,261,337**	2,566,714
		19,616,376	16,690,577
With National Bank of Pakistan in:			
Local currency current accounts		**2,609,635**	2,286,205
National Prize Bonds		**556,628**	143,440
		30,421,231	25,589,349

6.1 These include local currency current accounts maintained with SBP as per the requirements of Section 22 of the Banking Companies Ordinance, 1962.

6.2 As per BSD Circular No. 9 dated December 03, 2007, cash reserve of 5% is required to be maintained with the State Bank of Pakistan in deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits).

6.3 This represents deposit accounts maintained with SBP under the requirements of BSD Circular No. 14 dated June 21, 2008 and mandatory reserve maintained to facilitate collection and settlement of foreign currency accounts under FE-25, as prescribed by the SBP, carrying a mark-up rate 0% (2019: 0.70%) as per specific circular issued by SBP at year end.

		Note	2020	2019
			----- Rupees in '000 -----	
7.	**BALANCES WITH OTHER BANKS**			
	In Pakistan			
	In current accounts		**125,677**	143,754
	In deposit accounts		**73**	67
			125,750	143,821
	Outside Pakistan			
	In current accounts	7.1	**980,669**	319,083
			1,106,419	462,904
	Less: General provision under IFRS 9	7.2	**(450)**	(68)
	Balances with other banks - net of provision		**1,105,969**	462,836

7.1 This includes amount held in Automated Investment Plans. The Bank is entitled to earn interest from the correspondent banks at agreed upon rates when the balance exceeds a specified amount which comes 0% per annum (2019: 1.05% per annum).

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

		Note	2020	2019
			----- Rupees in '000 -----	
8.	**LENDINGS TO FINANCIAL INSTITUTIONS**			
	Call money lendings	8.2	**2,237,682**	283,887
	Repurchase agreement lendings (Reverse Repo)	8.3	**21,003,215**	30,037,915
			23,240,897	30,321,802
	Less: General provision under IFRS 9	8.4	**(1,225)**	(1,262)
	Lending to Financial Institutions - net of provision		**23,239,672**	30,320,540
8.1	**Particulars of lendings - gross**			
	In local currency		**21,003,215**	30,037,915
	In foreign currencies		**2,237,682**	283,887
			23,240,897	30,321,802

8.2 These represent unsecured call money lendings to financial institutions carrying interest at the rates ranging from 1% to 1.1% (2019: 2.50% to 4.52%) per annum. These will mature between January 11, 2021 and January 28, 2021 (2019: January 30, 2020 and September 22, 2020).

8.3 These are secured short-term lendings to various financial institutions, carrying mark-up rate from 6.75% to 7.40% (2019: 12.00% to 13.60%) per annum. These are collateralized by Market Treasury Bills and Pakistan Investment Bonds as shown in note 8.3.1 below.

8.3.1 Market value of securities held as collateral against Lending to financial institutions

	2020			2019		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000					
Market Treasury Bills	-	-	-	24,252,002	-	24,252,002
Pakistan Investment Bonds	21,160,868	-	21,160,868	2,081,639	3,673,117	5,754,756
	21,160,868	-	21,160,868	26,333,641	3,673,117	30,006,758

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

	2020				2019			
9. INVESTMENTS	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in '000							
9.1 Investments by type								
Held-for-trading securities								
Federal Government Securities	25,002,969	-	805	25,003,774	55,601,087	-	(2,618)	55,598,469
Available-for-sale securities								
Federal Government Securities	127,308,516	-	97,527	127,406,043	47,828,618	-	(809,244)	47,019,374
Shares	2,995,123	(411,955)	1,692,166	4,275,334	2,092,667	(136,589)	20,675	1,976,753
Non Government Debt Securities	3,020,950	(370,051)	(1,142)	2,649,757	3,367,738	(370,051)	(6,461)	2,991,226
Foreign Securities	4,079,070	(122,758)	136,466	4,092,778	2,406	-	-	2,406
	137,403,659	(904,764)	1,925,017	138,423,912	53,291,429	(506,640)	(795,030)	51,989,759
Held-to-maturity securities								
Federal Government Securities	36,109,599	-	-	36,109,599	32,859,882	-	-	32,859,882
Associates	242,067	-	-	242,067	201,239	-	-	201,239
Subsidiaries	1,919,121	-	-	1,919,121	1,919,121	-	-	1,919,121
Total Investments	200,677,415	(904,764)	1,925,822	201,698,473	143,872,758	(506,640)	(797,648)	142,568,470

9.1.1 Investments include certain approved / government securities which are held by the Bank to comply with the Statutory Liquidity Requirement determined on the basis of the Bank's demand and time liabilities as set out under section 29 of the Banking Companies Ordinance, 1962.

9.2 **Investments by segments:**

	Note	2020 Cost / Amortised cost	2020 Provision for diminution	2020 Surplus / (Deficit)	2020 Carrying Value	2019 Cost / Amortised cost	2019 Provision for diminution	2019 Surplus / (Deficit)	2019 Carrying Value
		Rupees in '000							
Held-for-trading securities									
Federal Government Securities									
Market Treasury Bills	9.4.1	25,002,969	-	805	25,003,774	55,601,087	-	(2,618)	55,598,469
Pakistan Investment Bonds	9.4.1	-	-	-	-	-	-	-	-
		25,002,969	-	805	25,003,774	55,601,087	-	(2,618)	55,598,469
Available-for-sale securities									
Federal Government Securities:									
Market Treasury Bills	9.5.1	90,027,949	-	20,041	90,047,990	12,071,266	-	(364)	12,070,902
Pakistan Investment Bonds	9.5.1	37,280,567	-	77,486	37,358,053	35,757,352	-	(808,880)	34,948,472
		127,308,516	-	97,527	127,406,043	47,828,618	-	(809,244)	47,019,374
Shares:									
Listed Companies									
Ordinary shares	9.5.2	2,847,534	(275,366)	1,692,166	4,264,334	1,945,078	-	20,675	1,965,753
Preference shares	9.5.2	136,589	(136,589)	-	-	136,589	(136,589)	-	-
Unlisted Companies									
Ordinary shares	9.5.2.3	11,000	-	-	11,000	11,000	-	-	11,000
		2,995,123	(411,955)	1,692,166	4,275,334	2,092,667	(136,589)	20,675	1,976,753
Non Government Debt Securities									
Listed									
Term Finance Certificates	9.5.3.1	305,182	(155,169)	(13)	150,000	305,183	(155,169)	(14)	150,000
Sukuk Certificates	9.5.3.2	308,583	-	(1,129)	307,454	396,750	-	(6,447)	390,303
Unlisted									
Term Finance Certificates	9.5.3.3	1,014,348	(214,882)	-	799,466	1,179,739	(214,882)	-	964,857
Sukuk Certificates	9.5.3.3	1,365,104	-	-	1,365,104	1,458,333	-	-	1,458,333
Preference shares	9.5.3.4	27,733	-	-	27,733	27,733	-	-	27,733
		3,020,950	(370,051)	(1,142)	2,649,757	3,367,738	(370,051)	(6,461)	2,991,226
Foreign Securities									
Government Debt Securities *	9.5.4.1	3,633,601	(120,619)	130,420	3,643,402	-	-	-	-
Non Government Debt Securities *	9.5.4.2	379,654	(2,139)	(3,628)	373,887	-	-	-	-
Ordinary shares	9.5.2	65,815	-	9,674	75,489	2,406	-	-	2,406
		4,079,070	(122,758)	136,466	4,092,778	2,406	-	-	2,406
Held-to-maturity securities									
Federal Government Securities:									
Pakistan Investment Bonds	9.6.1	36,109,599	-	-	36,109,599	32,859,882	-	-	32,859,882
Associates									
Omar Jibran Engineering Industries Limited	9.7	180,000	-	-	180,000	180,000	-	-	180,000
Veda Transit Solutions (Private) Limited	9.7	41,800	-	-	41,800	972	-	-	972
Intercity Touring Company (Private) Limited	9.7	20,267	-	-	20,267	20,267	-	-	20,267
		242,067	-	-	242,067	201,239	-	-	201,239
Subsidiaries									
JS Global Capital Limited	9.7	1,357,929	-	-	1,357,929	1,357,929	-	-	1,357,929
JS Investments Limited	9.7	561,192	-	-	561,192	561,192	-	-	561,192
		1,919,121	-	-	1,919,121	1,919,121	-	-	1,919,121
Total Investments		200,677,415	(904,764)	1,925,822	201,698,473	143,872,758	(506,640)	(797,648)	142,568,470

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

	2020		2019	
	Cost	Market value	Cost	Market value
	Rupees in '000			
9.2.1 Investments given as collateral				
Held-for-trading securities				
Federal Government Securities				
Market Treasury Bills	4,864,464	4,864,680	-	-
Available-for-sale securities				
Federal Government Securities				
Market Treasury Bills	4,902,054	4,902,811	4,453,165	4,452,597
Pakistan Investment Bonds	-	-	22,232,264	21,475,720
	4,902,054	4,902,811	26,685,429	25,928,317
	9,766,518	9,767,491	26,685,429	25,928,317

	Note	2020	2019
		Rupees in '000	
9.3 Provision for diminution in value of investments			
Opening balance		506,640	851,940
Charge during the year		276,202	251,675
Reversal during the year		(836)	(596,975)
Charge/ (reversal) during the year	32	275,366	(345,300)
Impairment under IFRS 9 in Bahrain branch		122,758	-
Closing Balance		904,764	506,640

9.3.1 Particulars of provision against debt securities

	2020		2019	
Category of classification	NPI	Provision	NPI	Provision
	Rupees in '000			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	370,051	370,051	370,051	370,051
	370,051	370,051	370,051	370,051

9.4 Quality of Held-for-Trading Securities

Details regarding quality of Held-for-Trading (HFT) securities are as follows:

		2020		2019	
		Cost	Market value	Cost	Market value
9.4.1 Federal Government Securities Government guaranteed	Note	Rupees in '000			
Market Treasury Bills	9.4.1.1	25,002,969	25,003,774	55,601,087	55,598,469

9.4.1.1 Principal terms of investment in Federal Government Securities

Name of investment	Note	Maturity	Redemption	Coupon
Market treasury bills	9.4.1.2	January 14, 2021 to January 28, 2021	On maturity	On maturity

9.4.1.2 Market Treasury Bills are for the period of three to twelve months. The effective rates of profit on Market Treasury Bills range from 7.07% to 7.12% per annum (2019: 13.04% to 13.70% per annum).

9.5 Quality of Available-for-Sale Securities

Details regarding quality of Available-for-Sale (AFS) securities are as follows:

		2020		2019	
		Cost	Market value	Cost	Market value
9.5.1 Federal Government Securities Government guaranteed	Note	Rupees in '000			
Market Treasury Bills		90,027,949	90,047,990	12,071,266	12,070,902
Pakistan Investment Bonds		37,280,567	37,358,053	35,757,352	34,948,472
	8.5.1.1	127,308,516	127,406,043	47,828,618	47,019,374

9.5.1.1 Principal terms of investment in Federal Government Securities

Name of investment	Note	Maturity	Redemption	Coupon
Market treasury bills	9.5.1.2	January 14, 2021 to June 03, 2021	On maturity	On maturity
Pakistan investment bonds	9.5.1.3	April 21, 2021 to September 19, 2029	On maturity	Half yearly

9.5.1.2 Market Treasury Bills are for the period of three to twelve months. The effective rates of profit on Market Treasury Bills range from 6.90% to 11.77% per annum (2019: 13.02% to 13.75% per annum).

9.5.1.3 Pakistan Investment Bonds (PIBs) are for the period of three to twenty years. The rates of profit ranging from 7% to 12% per annum (2019: 6.40% to 14.27% per annum).

Notes to the Unconsolidated Financial Statements
For the year ended December 31, 2020

	Rating	Industry Sector	Shares 2020	Shares 2019	Cost 2020	Market value 2020	Cost 2019	Market value 2019
			------- Number -------		---------------------- Rupees in '000 ----------------------			
9.5.2 Shares								
Listed Companies								
Ordinary shares								
Matco Foods Limited	A-	Food & Personal Care Products	-	1,078,500	-	-	31,795	27,707
Shifa International Hospitals	AA-	Miscellaneous	264,300	264,300	68,273	52,857	68,273	88,509
Pakistan Petroleum Limited	Unrated	Oil & Gas Marketing Companies	841,800	949,800	123,382	76,041	139,212	130,256
National Foods Limited	-	Food & Personal Care Products	-	742,968	-	-	153,492	164,946
Investment in related parties								
EFU General Insurance Limited	AA+	Insurance	5,455,675	5,440,575	647,129	654,681	645,414	600,095
EFU Life Assurance Limited	AA+	Insurance	1,189,600	1,189,600	250,735	248,650	250,735	275,476
Sitara Chemical Industries Limited	A+	Chemical	1,790,250	1,790,250	548,781	554,978	548,781	534,318
TRG Pakistan Limited	Unrated	Technology & Communication	24,583,760	5,883,760	566,875	2,247,202	107,376	144,446
Hum Network Limited	A+	Technology & Communication	79,030,303	-	642,359	429,925	-	-
					2,847,534	4,264,334	1,945,078	1,965,753
Foreign securities								
Deutche Post AG	A3	Logistics	8,100	-	56,525	64,706	-	-
Microsoft Corporation Limited	AAA	Technology & Communication	220	-	6,884	8,377	-	-
					63,409	73,083	-	-
Preference Shares								
Agritech Limited (note 9.5.2.1 & 9.5.2.3)	Unrated	Chemical	4,823,746	4,823,746	48,236	-	48,236	-
Chenab Limited (note 9.5.2.2 & 9.5.2.3)	Unrated	Textile Composite	12,357,000	12,357,000	88,353	-	88,353	-
					136,589	-	136,589	-

Unlisted Companies	Break-up value per share 2020	Break-up value per share 2019	Name of Chief Executive / Managing Director	Shares 2020	Shares 2019	Cost 2020	Breakup value 2020	Cost 2019	Breakup value 2019
	------- Rupee -------			------- Number -------		----------------- Rupees in '000 -----------------			
Ordinary shares									
ISE Towers REIT Management Limited (formerly Islamabad Stock Exchange Limited) (note 9.5.2.4)	* 15.45	14.49	Mr. Sagheer Mushtaq	1,213,841	1,213,841	11,000	18,754	11,000	17,592
Foreign securities									
Ordinary shares									
Society for Worldwide Interbank Financial Telecommunication (SWIFT) (note 9.5.2.5)	**786,254	638,551	Mr. Javier Pervez Tasso	6	6	2,406	4,718	2,406	3,831

* Based on audited accounts as of June 30, 2020

** Based on audited accounts as of December 31, 2019

9.5.2.1 These are non-voting cumulative preference shares, carrying preference dividend @ 10% p.a and are convertible into ordinary shares at the option of the Bank after five years from the date of issuance i.e. February 2012. The investee company also has the option to redeem these preference shares plus any unpaid dividend in full or in part, within ninety days after expiry of each anniversary of the issue date. The Bank has recognised full impairment on these shares amounting to Rs. 48.236 million (2019: Rs. 48.236 million) due to weak financial position of the company.

9.5.2.2 These are cumulative preference shares, carrying preference dividend @ 9.25% p.a and are redeemable in part after four years from the date of issuance i.e. August 2008. The investee company also has an option to redeem, in part, cumulative preference shares after August 2008. The Bank has recognized full impairment on these shares amounting to Rs. 88.353 million (2019: Rs. 88.353 million) due to weak financial position of the company.

9.5.2.3 Surplus arising due to re-measurement of these shares to the market value has not been recognized as the management believes that the market value may not be realized while selling them in open market.

9.5.2.4 In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Bank has received 3,034,603 shares of Rs.10 each including trading right entitlement certificate (TREC) of the Islamabad Stock Exchange (ISE), in lieu of its Membership Card held by the Bank. Further, upon integration of Islamabad Stock Exchange under the “ISE Scheme of Integration” in 2016 TRE Certificates holders of ISE have been issued 1,213,841 shares of “ISE Towers REIT Management Limited”.

9.5.2.5 The Bank qualified as a member based on the financial contribution to SWIFT for network-based services. The Bank has made an investment as per the requirements of By-Laws of SWIFT, under the Share Re-allocation Process, as a result becoming entitled to invest in for six shares. The participation is mandatory to avail the desired network-based services for financial message transmission for cross-border payments and receipt. Further, the share re-allocation occurs every three years and will result in either an increase, decrease, or a status quo in individual shareholding.

	Cost	
	2020	2019
	----- Rupees in ‘000 -----	
9.5.3 Non Government Debt Securities / Preference Shares (Debt Securities)		
Listed		
Unrated	**155,169**	155,169
A	**150,013**	150,014
AAA	**308,583**	396,750
	613,765	701,933
Unlisted		
AAA	**71,429**	142,857
AA+, AA, AA-	**200,037**	-
A+, A, A-	**1,749,104**	1,992,333
Unrated	**386,615**	530,615
	2,407,185	2,665,805
	3,020,950	3,367,738

		Certificates		Rating		2020		2019	
		2020	2019	2020	2019	Cost	Market value	Cost	Market value
9.5.3.1	**Term finance certificates - listed ***	---- Numbers ----				--------------- Rupees in '000 ---------------			
	Worldcall Telecom Limited (note 9.5.3.1.2)	**90,650**	90,650	**Unrated**	Unrated	**155,169**	**-**	**155,169**	-
	Soneri Bank Limited	**30,000**	30,000	**A**	A	**150,013**	**150,000**	**150,014**	150,000
						305,182	**150,000**	**305,183**	150,000

* Secured and have a face value of Rs.5,000 each unless specified otherwise.

9.5.3.1.1 Other particulars of listed term finance certificates are as follows:

Name of the company	Note	Repayment frequency	Profit rate per annum	Maturity date
Worldcall Telecom Limited	9.5.3.1.2	Semi-annually	6 Month KIBOR ask rate plus 1.60%	September 20, 2026
Soneri Bank Limited		Semi-annually	6 Month KIBOR ask rate plus 2.00%.	December 06, 2028

9.5.3.1.2 Due to weak financial position of the company the Bank has recognised full impairment loss on these term finance certificates.

		Certificates		Rating		2020		2019	
		2020	2019	2020	2019	Cost	Market value	Cost	Market value
		---- Numbers ----				------------- Rupees in '000 -------------			
9.5.3.2	**Sukuk certificates - listed**								
	Byco Petroleum Pakistan Limited	**5,290**	5,290	**AAA**	AAA	**308,583**	**307,454**	396,750	390,303
						308,583	**307,454**	396,750	390,303

9.5.3.2.1 Unlisted sukuk certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Byco Petroleum Pakistan Limited	Quarterly	3 Month KIBOR ask rate plus 1.05%.	January 18, 2022
(Chief Executive: Mr. Amir Abbassciy)			

		Certificate		Rating		Face value per certificate	Cost	
		2020	2019	2020	2019		2020	2019
9.5.3.3	**Term finance certificates - unlisted**	----- Numbers -----				----- Rupees -----	---- Rupees in '000 ----	
	Azgard Nine Limited - related party (note 9.5.3.3.1)	**29,998**	29,998	**Unrated**	Unrated	**5,000**	**65,022**	65,022
	Agritech Limited (note 9.5.3.3.1)	**30,000**	30,000	**Unrated**	Unrated	**5,000**	**149,860**	149,860
	Pakistan Water & Power Development Authority (WAPDA)	**100,000**	100,000	**AAA**	AAA	**5,000**	**71,429**	142,857
	Khushhali Microfinance Bank Limited	**-**	1,500	**-**	A	**100,000**	**-**	150,000
	Airlink Communication Private Limited	**384**	384	**A-**	A-	**1,000,000**	**384,000**	384,000
	Secure Logistics Group Private Limited	**288**	288	**Unrated**	Unrated	**1,000,000**	**144,000**	288,000
	Bank Al Habib Limited	**40,000**	-	**AA-**	-	**5,000**	**200,037**	-
							1,014,348	1,179,739

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020

9.5.3.3.1 Due to weak financial position of the company the Bank has recognised full impairment loss on these term finance certificates.

9.5.3.3.2 Other particulars of unlisted term finance certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Azgard Nine Limited - related party (Chief Executive: Mr. Ahmed H. Shaikh)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	December 04, 2017
Agritech Limited (Chief Executive: Mr. Faisal Muzammil)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	November 29, 2019
Pakistan Water & Power Development Authority (WAPDA) (Chairman: Lieutenant General Muzammil Hussain (Retd.))	Semi-annually	6 Month KIBOR ask rate plus 1.00%.	September 27, 2021
Airlink Communication Private Limited (President & CEO: Mr. Muzaffar Hayat Piracha)	Quarterly	3 Month KIBOR ask rate plus 1.00%.	January 7, 2022
Secure Logistics Group Private Limited (see note 9.5.3.3.2.1) (President & CEO: Mr. Gulraiz A. Khan)	Quarterly	3 Month KIBOR ask rate minus 1.00%.	January 2, 2024
Bank Al Habib Limited (President & CEO: Mr. Mansoor Ali Khan)	Semi-annually	3 Month KIBOR ask rate plus 1.50%.	December 20, 2027

9.5.3.3.2.1 During the year, the borrower has taken the deferment of payment as per the guidelines of SBP circular letter No. 13 dated March 26, 2020.

	Note	Certificates 2020	Certificates 2019	Rating 2020	Rating 2019	Face value per certificate 2020	Face value per certificate 2019	Cost 2020	Cost 2019
9.5.3.3 Sukuk certificates - unlisted		--------- Numbers ---------				--------- Rupees ---------		---- Rupees in '000 ----	
Ghani Gases Limited	9.5.3.3.2.1	**2,000**	2,000	**A**	A-	87,500		**100,000**	108,333
Pakistan Services Limited	9.5.3.3.2.1	**1,350**	1,350	**A**	A	90,000		**1,265,104**	1,350,000
								1,365,104	1,458,333

9.5.3.3.1 Other particulars of unlisted sukuk certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Ghani Gases Limited (Chief Executive: Mr. Atique Ahmad Khan)	Quarterly	3 Month KIBOR ask rate plus 1.00%.	February 03, 2023
Pakistan Services Limited (Chief Executive: Mr. Murtaza Hashwani)	Semi-annually	6 Month KIBOR ask rate plus 1.00%.	January 17, 2024

	Certificates 2020	Certificates 2019	Rating 2020	Rating 2019	Face value per certificate 2020	Face value per certificate 2019	Cost 2020	Cost 2019
9.5.3.4 Preference shares - unlisted	--------- Numbers ---------				----------------- Rupees in '000 -----------------			
Intercity Touring Company Private Limited (associated company)	**1,848,888**	1,848,888	**-**	-	**100,000**	100,000	**27,733**	27,733

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020

9.5.4 Foreign Securities

Name of Bond		Rating	Coupon rate per annum	Date of Maturity	2020		2019	
		2020	%		Cost	Market Value	Cost	Market Value
					---------- Rupees in '000 ----------			
9.5.4.1 Government debt securities								
The Third Pakistan International Sukuk Co Ltd		B-	5.50%	October 13, 2021	159,186	161,516	-	-
The Third Pakistan International Sukuk Co Ltd		B-	5.63%	December 5, 2022	163,296	163,443	-	-
Islamic Republic Of Pakistan		B-	6.88%	December 5, 2027	508,091	498,909	-	-
Oman Government International Bond		Ba3	6.00%	August 1, 2029	419,735	411,374	-	-
Republic of Turkey		B+	4.88%	October 9, 2026	158,289	161,350	-	-
Republic of Turkey		B+	6.13%	October 24, 2028	313,692	340,588	-	-
Republic of Turkey		B+	7.63%	April 26, 2029	90,973	92,129	-	-
Arab Republic of Egypt		B	6.59%	February 21, 2028	510,058	525,769	-	-
Arab Republic of Egypt		B	7.60%	March 1, 2029	350,286	366,718	-	-
Republic of Kenya		B+	7.25%	February 28, 2028	257,393	268,347	-	-
Republic of Nigeria		B2	6.50%	November 28, 2027	248,288	257,666	-	-
Oman Government International Bond		Ba3	5.63%	January 17, 2028	243,815	244,036	-	-
Republic of Srilanka		Caa1	5.75%	April 18, 2023	210,499	151,557	-	-
					3,633,601	3,643,402	-	-
9.5.4.2 Non Government debt securities								
Bank of Ireland	Ba2	-	6.00%	March 1, 2026	39,828	42,502	-	-
Petroleos Mexicanos	Ba2	-	6.84%	October 23, 2029	339,826	331,385		
					379,654	373,887	-	-

9.6 Quality of Held to Maturity Securities

Details regarding quality of Held to Maturity (HTM) securities are as follows

	Cost 2020	Cost 2019
	---- Rupees in '000 ----	
9.6.1 Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	36,109,599	32,859,882

9.6.1.1 Principal terms of investment in Federal Government Securities

Security type	Maturity	Redemption	Coupon
Pakistan investment bonds	April 21, 2021 to August 22, 2029	On maturity	Half yearly

9.6.1.2 Pakistan Investment Bonds (PIBs) having maturity of five to fifteen years. The rates of profits ranging from 7.75% to 12% per annum (2019: 7.75% to 14.69% per annum). The market value of securities as at December 31, 2020 amounted Rs. 35,862.699 million (2019: Rs. 31,341.410 million).

9.7 Investment in subsidiary and associated companies

	Note	Shares 2020	Shares 2019	Percentage holding 2020	Percentage holding 2019	Cost 2020	Cost 2019
		-------- Numbers --------				------ Rupees in '000 ------	
Subsidiary companies							
JS Global Capital Limited	9.7.1	**25,525,169**	25,525,169	**83.53%**	83.53%	**1,357,929**	1,357,929
JS Investments Limited	9.7.2 & 9.7.3	**52,236,978**	52,236,978	**84.56%**	84.56%	**561,192**	561,192
						1,919,121	1,919,121
Associated company - unlisted companies							
Omar Jibran Engineering Industries Limited	9.7.4	**7,200,000**	7,200,000	**9.60%**	9.60%	**180,000**	180,000
Veda Transit Solutions Private Limited	9.7.4 & 9.7.4.1	**2,064,187**	48,000	**9.12%**	8.00%	**41,800**	972
Intercity Touring Company Private Limited	9.7.4	**1,351,111**	1,351,111	**9.12%**	9.12%	**20,267**	20,267
						242,067	201,239

9.7.1 The Bank acquired effective controlling interest in JS Global Capital Limited (JSGCL) on December 21, 2011, April 15, 2016 and October 01, 2019 of 51.05%, 16.11% and 16.37% respectively. The ownership interest has increased by 32.42%, without any change in the cost of investment, due to the fact that JSGCL has bought back its 11,993,000 shares in April 15, 2016 and 7,450,000 shares in October 02, 2019.

9.7.2 The Bank acquired effective controlling interest in JS Investments Limited (JSIL) on November 01, 2012, December 22, 2015 and August 31, 2019 of 52.24%,12.92% and 19.40% respectively. The ownership interest has increased by 32.32% without any change in the cost of investment, due to the fact that JSIL has bought back its 19,828,182 shares in December 22, 2015 and 18,397,562 shares in August 31, 2019.

9.7.3 The Bank also controls JS ABAMCO Commodities Limited (JSACL) indirectly through its subsidiary JS Investments Limited which has 100% holding in JSACL.

9.7.4 The investments classified as asscociate on account of it's significant influence over the investee company.

9.7.4.1 During the year, Veda Transit Solutions Private Limited, an associate of the Bank, has issued shares against advance subscription of Rs. 40.828 million made by the Bank. Resultantly, shareholding of the Bank increased to 9.12% (2019: 8%). The Bank has classified the investment as associate on account of it's significant influence over the investee company.

9.7.5 All subsidiaries and associated companies are incorporated in Pakistan.

9.7.6 The following is summarised audited financial information before inter-company eliminations with other companies in the group.

	Subsidiary companies			
	JS Global Capital Limited		JS Investments Limited	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	------------------------- Rupees' in 000 -------------------------			
Total income / sales	727,409	718,541	348,467	408,539
Profit / (loss) after tax	206,954	47,248	(39,801)	(86,645)
Other comprehensive (loss) / income	5,932	(2,649)	-	-
Total assets	5,390,731	4,091,855	2,305,289	2,562,025
Total liabilities	2,944,292	1,858,302	530,302	747,237
Net assets	2,446,439	2,233,553	1,774,987	1,814,788
Cash flow from / (used in) operating activities	798,327	(308,598)	(18,808)	(158,745)
Cash flow (used in) / from investing activities	(471,364)	427,747	324,209	522,027
Cash flow from / (used in) financing activities	91,523	(487,693)	(309,407)	(372,856)
Net increase / (decrease) in cash and cash equivalents	418,486	(368,544)	(4,006)	(9,574)
Rating	AA	AA	AM2	AM2

	Associated companies					
	Omar Jibran Engineering Industries Limited		Veda Transit Solutions Private Limited		Intercity Touring Company Private Limited	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	------------------------------ Rupees' in 000 ------------------------------					
Total income / sales	1,950,375	2,628,975	785,016	922,200	3,796	290
(Loss) / profit after tax	(137,700)	117,796	19,797	47,436	(38,961)	(21,636)
Other comprehensive income	7,560	343,881	-	-	-	-
Total assets	3,752,367	3,727,961	609,304	688,142	404,028	191,414
Total liabilities	2,043,290	1,888,745	429,690	743,324	302,129	50,879
Net assets	1,709,077	1,839,216	179,614	(55,182)	101,899	140,535
Cash flow from / (used in) operating activities	108,972	(73,759)	85,040	152,254	(2,105)	(62,405)
Cash flow (used in) / from investing activities	(75,100)	(233,038)	(10,237)	(189)	-	(141,183)
Cash flow (used in) / from financing activities	(39,955)	212,791	(54,777)	(137,300)	-	219,994
Net increase / (decrease) in cash and cash equivalents	(6,083)	(94,006)	20,026	14,765	(2,105)	16,406

10. ADVANCES	Note	Performing 2020	Performing 2019	Non Performing 2020	Non Performing 2019	Total 2020	Total 2019
		Rupees in '000					
Loans, cash credits, running finances, etc.	10.1	231,066,384	224,986,858	11,733,555	10,353,164	242,799,939	235,340,022
Bills discounted and purchased		11,602,390	11,113,114	-	-	11,602,390	11,113,114
Advances - gross		242,668,774	236,099,972	11,733,555	10,353,164	254,402,329	246,453,136
Provision against advances							
General		-	(161,166)	-	-	-	(161,166)
General provision - under IFRS-9	10.4.4	(21,327)	(7,520)	-	-	(21,327)	(7,520)
Specific		-	-	(4,181,836)	(3,339,941)	(4,181,836)	(3,339,941)
	10.4	(21,327)	(168,686)	(4,181,836)	(3,339,941)	(4,203,163)	(3,508,627)
Advances - net of provision		242,647,447	235,931,286	7,551,719	7,013,223	250,199,166	242,944,509

10.1 Particulars of net investment in finance lease	2020 Not later than one year	2020 Later than one and less than five years	2020 Over five years	2020 Total	2019 Not later than one year	2019 Later than one and less than five years	2019 Over five years	2019 Total
	Rupees in '000							
Lease rentals receivable	4,923,114	5,173,453	2,318	10,098,885	6,860,218	6,637,949	3,527	13,501,694
Guaranteed residual value	1,008,381	2,449,909	2,248	3,460,538	1,599,605	2,538,848	10,783	4,149,236
Minimum lease payments	5,931,495	7,623,362	4,566	13,559,423	8,459,823	9,176,797	14,310	17,650,930
Finance charges for future periods	(991,822)	(1,286,416)	(1,443)	(2,279,681)	(1,468,867)	(1,098,697)	(259)	(2,567,823)
Present value of minimum lease payments	4,939,673	6,336,946	3,123	11,279,742	6,990,956	8,078,100	14,051	15,083,107

10.2 Particulars of advances (gross)

	2020	2019
	Rupees in '000	
In local currency	245,005,622	237,733,122
In foreign currencies	9,396,707	8,720,014
	254,402,329	246,453,136

10.3 Advances include Rs. 11,733.555 million (2019: Rs. 10,353.164 million) which have been placed under non-performing status as detailed below:

Category of Classification	2020 Non Performing Loans	2020 Provision	2019 Non Performing Loans	2019 Provision
	Rupees in '000			
Domestic				
Other Assets Especially Mentioned	296,799	394	841,058	1,721
Substandard	1,177,804	156,095	1,159,072	64,681
Doubtful	3,264,335	724,426	2,442,270	426,283
Loss	6,994,617	3,300,921	5,910,764	2,847,256
Total	11,733,555	4,181,836	10,353,164	3,339,941

10.4 Particulars of provision against advances

	Note	2020 Specific	2020 General	2020 General provision - under IFRS-9	2020 Total	2019 Specific	2019 General	2019 General provision - under IFRS-9	2019 Total
		Rupees in '000							
Opening balance		3,339,941	161,166	7,520	3,508,627	2,989,888	155,661	10,746	3,156,295
Exchange adjustments		-	-	71	71	-	-	1,095	1,095
Charge for the year		1,087,212	-	13,736	1,100,948	880,994	5,505	-	886,499
Reversals	10.4.1	(245,317)	(161,166)	-	(406,483)	(526,146)	-	(4,321)	(530,467)
		841,895	(161,166)	13,736	694,465	354,848	5,505	(4,321)	356,032
Amounts written off	10.5	-	-	-	-	(4,795)	-	-	(4,795)
Closing balance		4,181,836	-	21,327	4,203,163	3,339,941	161,166	7,520	3,508,627

10.4.1 This includes reversal of provision of Rs. 8.604 million (2019: Rs. 277.078 million) against non-performing loans of certain borrowers under 'Debt Property Swap' transactions, as disclosed in note 13.2.

10.4.2 Particulars of provision against advances

	2020 Specific	2020 General	2020 Total	2019 Specific	2019 General	2019 Total
	Rupees in '000					
In local currency	4,181,836	-	4,181,836	3,339,941	161,166	3,501,107
In foreign currency	-	21,327	21,327	-	7,520	7,520
	4,181,836	21,327	4,203,163	3,339,941	168,686	3,508,627

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

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

10.4.5 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at December 31, 2020, the Bank has availed cumulative benefit of FSV of Rs. 4,655.818 million (2019: Rs. 4,120.009 million) under the directives of the SBP. Had the benefit not been taken the unappropriated profit after tax would have reduced by Rs. 3,026.282 million (2019: Rs. 2,678.006 million). Further, as required by the SBP directives, this unappropriated profit will not be available for distribution as dividend or other appropriations.

10.4.6 Advances - Deferred & Restructured / Rescheduled

The SBP vide BPRD circular letter number 13 of 2020 dated March 26, 2020, has relaxed certain classification criteria of SBP Prudential Regulation R-8 (Classification and Provisioning of Assets). Accordingly, certain exposures as at December 31, 2020 relating to facilities of customers have not been classified as non-performing on account of such relaxation.

		2020	2019
10.5	**Particulars of Write Offs**	----- Rupees in '000 -----	
10.5.1	Against provisions	-	4,795
	Directly charged to profit and loss account	-	315
		-	5,110
10.5.2	Write offs of Rs.500,000 and above - Domestic	-	4,795
	Write offs of below Rs.500,000	-	315
		-	5,110

10.6 Details of loan write off of Rs. 500,000 and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the Statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended is given in Annexure-1.

		Note	2020	2019
			---- Rupees in '000 ----	
11.	**FIXED ASSETS**			
	Capital work-in-progress	11.1	291,402	138,167
	Property and equipment	11.2 &11.3	4,925,430	5,961,042
	Right-of-use assets	11.4	2,382,706	3,593,492
			7,599,538	9,692,701

11.1 Capital work-in-progress

	2020	2019
Civil works	225,220	116,365
Advance for purchase of furniture and fixtures	1,013	290
Advance for purchase of equipment	61,794	21,512
Advance for purchase of vehicle	3,375	-
	291,402	138,167

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020

11.2 Property and equipment

	Note	Leasehold land	Building on leasehold land	Leasehold improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
		2020						
		Rupees in '000						
At January 1, 2020								
Cost / Revalued amount		1,520,254	2,093,587	1,499,313	623,007	3,310,440	131,961	9,178,562
Accumulated depreciation		-	(190,898)	(701,210)	(341,029)	(1,956,984)	(27,399)	(3,217,520)
Net book value		1,520,254	1,902,689	798,103	281,978	1,353,456	104,562	5,961,042
Year ended December 2020								
Opening net book value		1,520,254	1,902,689	798,103	281,978	1,353,456	104,562	5,961,042
Additions		-	-	168,683	49,910	378,028	49	596,670
Disposals								
Cost		-	-	(1,852)	(14,146)	(45,929)	(4,313)	(66,240)
Accumulated Depreciation		-	-	(399)	10,089	40,566	1,777	52,033
		-	-	(2,251)	(4,057)	(5,363)	(2,536)	(14,207)
Depreciation charge		-	(71,747)	(119,046)	(60,398)	(425,702)	(17,419)	(694,312)
Exchange rate adjustments								
Cost		-	-	(885)	(276)	(210)	(152)	(1,523)
Accumulated Depreciation		-	-	280	101	105	58	544
		-	-	(605)	(175)	(105)	(94)	(979)
Write offs								
Cost		-	-	(246,248)	(35,053)	(158,301)	(2,904)	(442,506)
Accumulated Depreciation		-	-	134,307	20,480	104,869	963	260,619
		-	-	(111,941)	(14,573)	(53,432)	(1,941)	(181,887)
Transferred / other adjustments								
Cost		(739,200)	(2,126)	-	-	-	-	(741,326)
Accumulated Depreciation		-	429	-	-	-	-	429
	11.3	(739,200)	(1,697)	-	-	-	-	(740,897)
Closing net book value		781,054	1,829,245	732,943	252,685	1,246,882	82,621	4,925,430
At December 31, 2020								
Cost / Revalued amount		781,054	2,091,461	1,419,011	623,442	3,484,028	124,641	8,523,637
Accumulated depreciation		-	(262,216)	(686,068)	(370,757)	(2,237,146)	(42,020)	(3,598,207)
Net book value		781,054	1,829,245	732,943	252,685	1,246,882	82,621	4,925,430
Rate of depreciation (percentage)		-	1.01 - 4.78	10	12.5	12.5 - 33.3	20	

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020

	Note	Leasehold land	Building on leasehold land	Leasehold improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
		2019						
		Rupees in '000						
At January 1, 2019								
Cost / Revalued amount		1,457,289	1,920,603	1,285,074	547,573	2,846,077	1,064,359	9,120,975
Accumulated depreciation		-	(167,577)	(591,448)	(286,876)	(1,661,236)	(330,703)	(3,037,840)
Net book value		1,457,289	1,753,026	693,626	260,697	1,184,841	733,656	6,083,135
Year ended December 2019								
Opening net book value		1,457,289	1,753,026	693,626	260,697	1,184,841	733,656	6,083,135
Additions		-	649,228	221,721	78,546	559,189	349,137	1,857,821
Movement in surplus on assets revalued during the year	21.2	62,965	(49,200)	-	-	-	-	13,765
Disposals								
Cost		-	-	(10,382)	(4,034)	(95,467)	(1,282,023)	(1,391,906)
Accumulated Depreciation		-	-	7,444	3,493	87,218	440,064	538,219
		-	-	(2,938)	(541)	(8,249)	(841,959)	(853,687)
Depreciation charge		-	(76,365)	(116,392)	(57,353)	(382,678)	(136,591)	(769,379)
Exchange rate adjustments								
Cost		-	-	2,900	922	641	488	4,951
Accumulated Depreciation		-	-	(814)	(293)	(288)	(169)	(1,564)
		-	-	2,086	629	353	319	3,387
Transferred / other adjustments								
Cost		-	(427,044)	-	-	-	-	(427,044)
Accumulated Depreciation		-	53,044	-	-	-	-	53,044
	11.3	-	(374,000)	-	-	-	-	(374,000)
Closing net book value		1,520,254	1,902,689	798,103	281,978	1,353,456	104,562	5,961,042
At December 31, 2019								
Cost / Revalued amount		1,520,254	2,093,587	1,499,313	623,007	3,310,440	131,961	9,178,562
Accumulated depreciation		-	(190,898)	(701,210)	(341,029)	(1,956,984)	(27,399)	(3,217,520)
Net book value		1,520,254	1,902,689	798,103	281,978	1,353,456	104,562	5,961,042
Rate of depreciation (percentage)		-	1.01 - 4.78	10	12.5	12.5 - 33.3	20	

		2020	2019
11.2.1	**The cost of fully depreciated property and equipment still in use**	---- Rupees in '000 ----	
	Leasehold improvements	265,850	323,271
	Furniture and fixture	156,677	139,146
	Electrical, office and computer equipment	1,135,788	992,625
	Vehicles	2,258	11,921
		1,560,573	1,466,963

11.2.2 The details of disposals of assets to related parties are given in Annexure II to these unconsolidated financial statements.

11.2.3 The properties of the Bank were revalued by independent professional valuers as at December 31, 2019. The revaluation was carried out by M/s. Tristar International Consultants Pvt Ltd. on the basis of professional assessment of present market values.

Had there been no revaluation, the carrying value of revalued land and building on land as at December 31, 2020 would have been lower by Rs. 505.342 million and Rs. 686.830 million respectively, and net surplus on revaluation of fixed assets, deferred tax liability and incremental depreciation expense would have been lower by Rs. 951.782 million, Rs. 240.391 million and Rs. 25.823 million respectively.

		Note	2020	2019
			---- Rupees in '000 ----	
11.3	**Assets held for sale**			
	Leasehold land	11.3.1	739,200	-
	Building on leasehold land	11.3.2	-	374,000
			739,200	374,000

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

i) The property is available for immediate sale and can be sold in its current condition subject to completion of certain legal formalities.

ii) The actions to complete the sale were initiated and expected to be completed within one year from the date of classification.

iii) The Bank expects the legal and procedural formalities for the sale to be completed by the end of 2021.

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

11.3.2 In 2019, Bank had entered into an agreement to sell the Bank property located at 13th floor of Ocean Tower, plot No. G-3, Khayaban-e-Iqbal, Block 9, KDA Scheme No. 5, Clifton Karachi, Pakistan ("Property") of Rs. 375 million and therefore, measured the property as a non-current asset held for sale. In this respect, during the period end the sale proceeds were realised on August 11, 2020.

		Note	2020	2019
11.4	**The carrying amounts of right-of-use assets**		---- Rupees in '000 ----	
	Opening balance		3,593,492	4,461,250
	Additional impact arised during the year - net		31,080	42,563
	Termination impact arised during the year - net		(348,718)	-
	Depreciation	29	(893,148)	(910,321)
			2,382,706	3,593,492

		Note	2020	2019
12.	**INTANGIBLE ASSETS**			
	Capital work-in-progress	12.1	213,312	97,744
	Computer software	12.2	809,789	709,992
	Goodwill	12.2 &12.4	1,463,624	1,463,624
			2,486,725	2,271,360

		2020	2019
12.1	**Capital work-in-progress**		
	Advance for purchase of software	213,312	97,744

		2020		
		Computer software	Goodwill	Total
12.2	**Computer software and goodwill**	---------------- Rupees in '000 ----------------		
	At January 1, 2020			
	Cost	1,152,900	1,463,624	2,616,524
	Accumulated amortisation and impairment	(442,908)	-	(442,908)
	Net book value	709,992	1,463,624	2,173,616
	Year ended December 2020			
	Opening net book value	709,992	1,463,624	2,173,616
	Additions:			
	- directly purchased	212,692	-	212,692
	Amortisation charge	(113,052)	-	(113,052)
	Exchange rate adjustments			
	Cost	230	-	230
	Accumulated Amortisation	(73)	-	(73)
		157	-	157
	Write offs			
	Cost	68	-	68
	Accumulated Amortisation	(68)	-	(68)
		-	-	-
	Closing net book value	809,789	1,463,624	2,273,413
	At December 31, 2020			
	Cost	1,365,754	1,463,624	2,829,378
	Accumulated amortisation and impairment	(555,965)	-	(555,965)
	Net book value	809,789	1,463,624	2,273,413
	Rate of amortisation (percentage)	10		
	Useful life (year)	10	See note 12.4	

	2019		
	Computer software	Goodwill	Total
	--------- Rupees in '000 ---------		
At January 1, 2019			
Cost	979,872	1,463,624	2,443,496
Accumulated amortisation and impairment	(349,379)	-	(349,379)
Net book value	630,493	1,463,624	2,094,117
Year ended December 2019			
Opening net book value	630,493	1,463,624	2,094,117
Additions: - directly purchased	172,381	-	172,381
Amortisation charge	(93,316)	-	(93,316)
Exchange rate adjustments			
Cost	647	-	647
Accumulated Amortisation	(213)	-	(213)
	434	-	434
Closing net book value	709,992	1,463,624	2,173,616
At December 31, 2019			
Cost	1,152,900	1,463,624	2,616,524
Accumulated amortisation and impairment	(442,908)	-	(442,908)
Net book value	709,992	1,463,624	2,173,616
Rate of amortisation (percentage)	10		
Useful life (year)	10	See note 12.4	

	2020	2019
	---- Rupees in '000 ----	
12.3 The cost of fully amortised computer software still in use	**160,694**	146,687

12.4 Goodwill is recorded by the Bank upon the event fully disclose in note 1.2. For impairment testing, goodwill has been allocated to 'Trading and Sales' Segment as Cash Generating Unit (CGU), which is also a reportable segment.

12.5 Key assumptions used in value in use calculation

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

	2020	2019
	Percentages	
Discount rate	**17.41**	22.87
Terminal growth rate	**12.51**	10.00

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

a) Interest margins

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

b) Discount rates

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

c) Key business assumptions

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

Management believes that any significant change in key assumptions, on which CGU's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value in use calculation of the CGU are sensitive to changes in assumptions for interest rate spreads, Non Funded Income (NFI), long term growth rates and discount rates.

d) Sensitivity to changes in assumption

The estimated recoverable amount of the 'Trading and Sales' CGU exceeds its carrying amount by approximately Rs. 5,345 million (2019: 5,554 million). Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

	Changes required for carrying amount to equal recoverable amount (%)	
	2020	2019
- Discount rate	**3.16**	4.85
- Terminal growth rate	**(4.88)**	9.00

13. OTHER ASSETS

	Note	**2020**	2019
		---- Rupees in '000 ----	
Income / mark-up accrued in local currency		**6,879,923**	8,731,263
Income / mark-up accrued in foreign currencies		**93,950**	48,511
Advances, deposits, advance rent and other prepayments		**477,717**	446,321
Acceptances		**3,603,192**	3,221,212
Dividend receivable		**-**	208,948
Taxation (payments less provision)		**84,522**	573,873
Defined benefit plan assets - net	37.5	**317,581**	-
Receivable against bancassurance / bancatakaful		**30,660**	67,952
Stationery and stamps in hand		**22,730**	23,290
Receivable in respect of home remittance		**30,656**	37,139
Due from State Bank of Pakistan		**245,310**	116,489
Rebates receivable from SBP and others	13.1	**305,331**	465,965
Non-banking assets acquired in satisfaction of claims	13.2 & 13.3	**1,176,143**	1,088,682
Mark to market gain on derivative instruments	23.2	**175,454**	22,899
Mark to market gain on forward foreign exchange contracts		**334,735**	441,182
Advance for subscription of shares		**-**	40,828
Inter bank fund transfer settlement		**-**	14,477
Credit card settlement		**140,899**	29,924
Insurance		**7,636**	39,100
Others		**628,121**	496,226
		14,554,560	16,114,281
Less: Provision held against other assets	13.4	**(11,241)**	(13,580)
Other assets (net of provisions)		**14,543,319**	16,100,701
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		**135,109**	93,743
Other assets - total		**14,678,428**	16,194,444

13.1 This includes an amount of Rs. 297.218 million (2019: Rs. 455.370 million) receivable from State Bank of Pakistan in respect of home remittance services provided by the Bank.

13.2 During the year, the Bank acquired a property of Rs. 90.178 million (2019: Rs. 998.848 million) against debt swap transaction with a borrower resulting in reversal of provision of Rs. 8.604 million (2019: 277.078 million) (refer note 10.4.1).

		Note	2020	2019
			---- Rupees in '000 ----	
13.3	**Market value of non-banking assets acquired in satisfaction of claims**		**1,311,252**	1,182,425

13.3.1 Movement of Non banking assets acquired in satisfaction of claims at market value

	Note	2020	2019
As at January 01		**1,182,425**	185,290
Addition during the year	13.2	**90,178**	998,848
Surplus recognised during the year	21.3	**41,511**	-
Transferred during the year		**-**	-
Depreciation during the year	29	**(2,862)**	(1,713)
		1,311,252	1,182,425

13.3.2 Non-banking assets acquired in satisfaction of claims are carried at revalued amount according to the requirements of the 'Regulation for Debt Property Swap' (the regulations) issued by SBP vide the BPRD Circular No. 1 of 2016, dated January 01, 2016.

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuers as at December 31, 2020. The revaluation was carried out by M/s. bfa (Pvt) Ltd. and Engineering Pakistan International (Pvt) Ltd. on the basis of professional assessment of present market values.

Had there been no revaluation, the carrying value of non-banking assets acquired in satisfaction of claims would have been lower by Rs. 135.254 million (2019: Rs. 93.743 million), and surplus on revaluation of assets net, deferred tax liability and depreciation expense would have been lower by Rs. 131.080 million (2019: Rs. 92.776 million), and Rs. 0.145 million (2019: Rs. 0.126 million) respectively.

13.3.3 Particulars of Non banking assets	Note	2020	2019
		----- Rupees in '000 -----	
Leasehold land		**944,946**	866,695
Building on leasehold land		**231,197**	221,987
		1,176,143	1,088,682

13.4 Movement in provision held against other assets

	Note	2020	2019
Opening balance		**13,580**	15,860
Charge for the year		**100**	-
Reversal for the year		**(2,439)**	(2,280)
Net charge for the year	32	**(2,339)**	(2,280)
Closing balance		**11,241**	13,580

		Note	2020	2019
			---- Rupees in '000 ----	
14.	**BILLS PAYABLE**			
	In Pakistan		4,752,985	3,583,500
	Outside Pakistan		228,998	220,991
			4,981,983	3,804,491
15.	**BORROWINGS**			
	Secured			
	Borrowings from State Bank of Pakistan under:			
	Export Refinancing Scheme (ERF)	15.2.1	21,496,075	17,792,778
	Long-Term Finance Facility (LTFF)	15.2.2	1,985,038	1,877,760
	Other borrowings			
	Financing Facility for Storage of Agricultural Produce (FFSAP)		193,029	166,032
	Financing Facility for Renewable Energy Projects		433,085	133,633
	Refinance and credit guarantee scheme for women entrepreneurs		32,900	775
	Refinance for Wages & Salaries		11,543,118	-
	Refinance facility for modernization of Small and Medium Enterprises (SMEs)		96,192	-
	Refinance facility for combating COVID-19		229,984	-
	Refinance facility for working capital of SMEs		33,901	-
	Temporary economic refinance facility (TERF)		51,871	-
		15.2.3	12,614,080	300,440
	Repurchase agreement borrowings		-	16,849,097
			36,095,193	36,820,075
	Borrowing from financial institutions			
	Repurchase agreement borrowings	15.2.4	9,667,181	12,746,732
	Refinancing facility for mortgage loans	15.2.5	2,397,468	1,961,128
			12,064,649	14,707,860
	Total secured		48,159,842	51,527,935
	Unsecured			
	Call borrowings		-	2,303,356
	Overdrawn nostro accounts		143,570	636,992
	Total unsecured		143,570	2,940,348
			48,303,412	54,468,283
15.1	**Particulars of borrowings**			
	In local currency		48,159,842	51,527,935
	In foreign currencies		143,570	2,940,348
			48,303,412	54,468,283

15.2.1 The Bank has entered into agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable on a quarterly basis and to be matured between January 04, 2021 and February 08, 2027 (2019: January 02, 2020 and February 08, 2027). These carry mark-up at the rate from1% to 3% (2019: 1% to 3%) per annum.

15.2.2 These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings will mature between November 04, 2021 and November 18, 2030 (2019: November 30, 2020 and August 08, 2029). These carry mark-up at rates ranging from 2.00% to 3.50% (2019: 2.00% to 3.50%) per annum.

15.2.3 Other borrowings have been obtained from SBP under various facilities on particulars mentioned below:

	Markup rate	Matured	
	Per annum	From	To
Financing Facility for Storage of Agricultural Produce (FFSAP)	2%	January 1, 2022	October 27, 2027
Financing Facility for Renewable Energy Projects	2%	August 1, 2021	August 29, 2029
Refinance and credit guarantee scheme for women entrepreneurs	0%	October 30, 2021	February 28, 2026
Refinance for Wages & Salaries	0%	October 1, 2022	December 31, 2022
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	0%	October 1, 2022	June 16, 2025
Refinance facility for combating COVID-19	0%	April 1, 2025	October 1, 2025
Refinance facility for working capital of SMEs	0%	September 16, 2021	October 1, 2022
Temporary economic refinance facility (TERF)	1%	November 22, 2025	November 22, 2025

15.2.4 This represents borrowing against Market Treasury Bills (2019: Market Treasury Bills, Pakistan Investment Bonds and Bai Muajjal) carrying mark-up at the rates ranging upto 6.70% (2019:12.70% to 13.19%) per annum and will be matured between January 11, 2021 and January 12, 2021 (2019: January 02, 2020 and March 26, 2020). The cost and market value of securities given as collateral of amounting to Rs. 9,766,518 million (2019: Rs. 9,200.503 million) and Rs. 9,767,491 million (2019: Rs. 9,122.620 million) respectively.

15.2.5 The Bank has entered into agreement with the Pakistan Mortgage Refinance Company Limited (PMRC) for extending housing finance facilities to the Bank's customers on the agreed terms and conditions. The borrowing carries mark-up rate of 3 years PKRV less 100bps and will be matured on February 28, 2022 and December 09, 2025.

16. DEPOSITS AND OTHER ACCOUNTS

	2020 In Local Currency	2020 In Foreign Currencies	2020 Total	2019 In Local Currency	2019 In Foreign Currencies	2019 Total
	Rupees in '000					
Customers						
Current deposits	90,714,627	9,668,068	100,382,695	70,341,319	6,412,941	76,754,260
Savings deposits	98,103,956	3,944,797	102,048,753	73,442,779	2,898,794	76,341,573
Term deposits	186,691,026	15,203,881	201,894,907	164,602,876	11,409,815	176,012,691
Margin deposits	5,920,595	163	5,920,758	5,455,786	15,234	5,471,020
	381,430,204	28,816,909	410,247,113	313,842,760	20,736,784	334,579,544
Financial Institutions						
Current deposits	1,281,700	435,683	1,717,383	859,151	-	859,151
Savings deposits	12,831,324	-	12,831,324	13,450,440	-	13,450,440
Term deposits	8,266,773	-	8,266,773	20,900,829	-	20,900,829
	22,379,797	435,683	22,815,480	35,210,420	-	35,210,420
	403,810,001	29,252,592	433,062,593	349,053,180	20,736,784	369,789,964

16.1 Composition of deposits

	2020	2019
	---- Rupees in '000 ----	
- Individuals	147,143,479	135,583,867
- Government (Federal and Provincial)	92,317,151	73,503,161
- Public Sector Entities	52,156,536	37,475,517
- Banking Companies	2,950,286	2,926,436
- Non-Banking Financial Institutions	19,865,194	32,283,984
- Private Sector	118,629,947	88,016,999
	433,062,593	369,789,964

16.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 143,210.503 million (2019: Rs. 87,425.180 million).

17. SUBORDINATED DEBT

	Note	2020	2019
		----- Rupees in '000 -----	
Term Finance Certificates - First Issue	17.1	2,995,200	2,996,400
Term Finance Certificates - Second Issue	17.2	1,997,600	1,998,400
Term Finance Certificates - Third Issue	17.3	2,500,000	2,500,000
		7,492,800	7,494,800

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

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

Issue date:	December 14, 2016
Tenure:	Up to Seven years from the Issue date.
Maturity Date:	December 14, 2023
Rating:	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule vide BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger as declared by SBP of the non-viability event as declared by SBP, subject to a cap of 467,836,257 shares.

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

Purpose:	To contribute toward the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 29, 2017
Tenure:	Up to Seven years from the Issue date.
Maturity Date:	December 29, 2024

Rating:	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, with prior approval of SBP.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 319,982,544 shares.

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

Purpose:	To contribute toward the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 31, 2018
Maturity date:	Perpetual
Rating:	A (Single A)
Profit Rate:	Floating rate of return at Base rate + 2.25 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.

Profit payment frequency:	Semi-annually on a non-cumulative basis
Redemption:	Not applicable
Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other claims except common shares.
Call Option:	Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause:	Payment of profit will be made from current year's earning and subject to compliance with MCR or CAR set by SBP.

Loss absorbency clause:

Pre-Specified Trigger ("PST")

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

- If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible);

- The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and

- In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the Issuer.

Point of Non-Viability ("PONV")

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

The PONV trigger event is the earlier of:

- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;

- The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP; and

- The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

18. DEFERRED TAX (ASSETS) / LIABILITIES

	Note	2020 Balance as at January 01, 2020	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at December 31, 2020
		Rupees in '000			
Deferred tax debits arising from:					
Provision against investments		(57,149)	-	-	(57,149)
Provision against loans and advances		(132,305)	(155,535)	-	(287,840)
General provision under IFRS-9		(3,097)	(40,455)	-	(43,552)
Intangible other than Goodwill		(2,514)	(390)	-	(2,904)
Mark to market gain / (loss) on forward foreign exchange contracts		23,085	(45,978)	-	(22,893)
Other assets		(628,569)	628,569	-	-
		(800,549)	386,211	-	(414,338)
Deferred tax credits arising due to:					
Fixed assets		250,858	(78,296)	-	172,562
Goodwill		512,268	-	-	512,268
Surplus on revaluation of operating fixed assets	21	299,034	(58,643)	-	240,391
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	967	(51)	3,113	4,029
Unrealized gain on revaluation of derivative instruments		8,145	(2,843)	-	5,302
Unrealised (loss) / gain on revaluation of investments classified as held for trading		(1,218)	1,500	-	282
(Deficit) / surplus on revaluation of investments classified as available for sale	21	(278,261)	-	952,017	673,756
		791,793	(138,332)	955,130	1,608,590
		(8,756)	247,879	955,130	1,194,252

	Note	2019 Balance as at January 01, 2019	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at December 31, 2019
		Rupees in '000			
Deferred tax debits arising from:					
Provision against investments		(57,149)	-	-	(57,149)
Provision against loans and advances		(34,278)	(98,027)	-	(132,305)
Other assets		(124,078)	(504,491)	-	(628,569)
General provision under IFRS-9		(36,820)	33,723	-	(3,097)
Intangible other than Goodwill		(2,246)	(268)	-	(2,514)
Unrealised loss on revaluation of investments classified as held for trading		(4,517)	3,299	-	(1,218)
Deficit on revaluation of investments classified as available for sale	21	(1,173,907)	-	895,646	(278,261)
		(1,432,995)	(565,764)	895,646	(1,103,113)
Deferred tax credits arising due to:					
Fixed assets		225,855	25,003	-	250,858
Goodwill		512,268	-	-	512,268
Surplus on revaluation of operating fixed assets	21	328,079	(11,825)	(17,220)	299,034
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	1,010	(43)	-	967
Mark to market gain on forward foreign exchange contracts		74,177	(51,092)	-	23,085
Unrealized gain on revaluation of derivative instruments		4,544	3,601	-	8,145
		1,145,933	(34,356)	(17,220)	1,094,357
		(287,062)	(600,120)	878,426	(8,756)

	Note	2020	2019
		----- Rupees in '000 -----	

19. OTHER LIABILITIES

	Note	2020	2019
Mark-up / return / interest payable in local currency		2,994,596	4,092,845
Mark-up / return / interest payable in foreign currencies		52,729	72,782
Unearned income on guarantees		176,270	99,505
Accrued expenses		669,383	304,086
Acceptances		3,603,192	3,221,212
Unclaimed dividends		4,214	4,214
Mark to market loss on derivative instruments		160,306	491
Mark to market loss on forward foreign exchange contracts		400,144	375,227
Payable in respect of defined benefit obligation - net	37.5	-	151,881
Withholding taxes payable		401,303	414,407
Government challan collection		94,510	66,867
Donation payable	29.2.1	-	1,991
Security deposits against leases, lockers and others		3,490,704	4,172,975
Sindh Workers' Welfare Fund	33.2	114,237	73,777
Payable in respect of home remittance		831,042	446,387
Retention money payable		42,044	34,248
Lease liability against right-of-use assets	19.1	2,583,947	3,696,371
Advance against assets held for sale	11.3.2	-	37,500
Insurance payable		10,137	12,693
Payable to vendors against SBS goods		93,634	185
Debit card settlement		65,855	73,084
Inter bank fund transfer settlement		159,136	-
Others		593,771	183,444
		16,541,154	17,536,172

19.1 Lease liabilities

The carrying amounts of lease liabilities and the movements during the year is as below:

	Note	2020	2019
Opening balance		3,696,371	4,153,244
Additional impact arised during the year - net		31,080	42,563
Termination impact arised during the year - net		(417,536)	-
Markup on Lease liability against right-of-use assets	25	405,879	507,361
Payments		(1,131,847)	(1,006,797)
Closing balance		2,583,947	3,696,371

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020

20. SHARE CAPITAL - NET

20.1 Authorised capital

20.1.1 Ordinary shares

2020	2019		2020	2019
------ Number of shares ------			----- Rupees in '000 -----	
2,350,000,000	2,350,000,000	Ordinary shares of Rs.10 each	**23,500,000**	23,500,000

20.1.2 Preference shares

150,000,000	150,000,000	Convertible preference shares of Rs.10 each	**1,500,000**	1,500,000

20.2 Issued, subscribed and paid-up capital

		Ordinary shares		
763,558,965	763,558,965	Fully paid in cash	**7,635,590**	7,635,590
533,905,297	533,905,297	Issued for consideration other than cash	**5,339,053**	5,339,053
1,297,464,262	1,297,464,262		**12,974,643**	12,974,643
-	-	Less: Discount on issue of shares	**(2,855,401)**	(2,855,401)
1,297,464,262	1,297,464,262		**10,119,242**	10,119,242

20.3 As at December 31, 2020, Jahangir Siddiqui & Co. Limited (the parent company) held 973,307,324 (December 31, 2019: 973,307,324) ordinary shares of Rs.10 each i.e. 75.02% holding (December 31, 2019: 75.02%).

21. SURPLUS ON REVALUATION OF ASSETS

	Note	2020	2019
		----- Rupees in '000 -----	
Surplus / (deficit) on revaluation of			
Available-for-sale securities	9.1 & 21.1	**1,925,017**	(795,030)
Fixed assets	21.2	**1,192,173**	1,359,727
Non-banking assets acquired in satisfaction of claims	21.3	**135,109**	93,743
		3,252,299	658,440
Deferred tax on surplus / (deficit) on revaluation of			
Available-for-sale securities		**(673,756)**	278,261
Fixed assets		**(240,391)**	(299,034)
Non-banking assets acquired in satisfaction of claims		**(4,029)**	(967)
		(918,176)	(21,740)
		2,334,123	636,700

21.1 This includes general provision under IFRS 9 of Rs. 122.758 million held on foreign bonds (2019: Rs. Nil) by Bahrain branch of the Bank.

		Note	2020	2019
			----- Rupees in '000 -----	
21.2	**Fixed assets**			
	Surplus on revaluation as at January 01		**1,359,727**	1,379,744
	Recognised during the year - net		**-**	13,765
			1,359,727	1,393,509
	Less: Transferred to unappropriated profit			
	Incremental depreciation during the year		**(16,785)**	(21,958)
	Related deferred tax liability		**(9,038)**	(11,824)
	Realised on disposal of asset classified under held for sale		**(92,126)**	-
	Related deferred tax liability		**(49,605)**	-
			(167,554)	(33,782)
	Surplus on revaluation as at December 31	21.2.1	**1,192,173**	1,359,727
	Less: Related deferred tax liability on			
	Surplus on revaluation as at January 01		**(299,034)**	(328,078)
	Recognised / transfered during the year		**-**	17,220
	Transferred to profit and loss account on account of incremental depreciation		**9,038**	11,824
	Realised on disposal of asset classified under held for sale		**49,605**	-
			(240,391)	(299,034)
			951,782	1,060,693

21.2.1 This includes Rs. 195.610 million (2019: Rs. 141.731 million) which relates to assets held for sale as disclosed in note 11.3.

		2020	2019
21.3	**Non-banking assets acquired in satisfaction of claims**	----- Rupees in '000 -----	
	Surplus on revaluation as at January 01	**93,743**	93,869
	Recognised during the year	**41,511**	-
		135,254	93,869
	Less: Transferred to unappropriated profit		
	Incremental depreciation during the year	**(94)**	(82)
	Related deferred tax liability	**(51)**	(44)
		(145)	(126)
	Surplus on revaluation as at December 31	**135,109**	93,743
	Less: Related deferred tax liability on		
	Surplus on revaluation as at January 01	**(967)**	(1,011)
	Transferred to profit and loss account on account of incremental depreciation	**51**	44
	Recognised during the year	**(3,113)**	-
		(4,029)	(967)
		131,080	92,776

		Note	2020	2019
			----- Rupees in '000 -----	
22.	**CONTINGENCIES AND COMMITMENTS**			
	Guarantees	22.1	**58,779,594**	45,650,803
	Commitments	22.2	**65,262,832**	76,025,492
			124,042,426	121,676,295
22.1	**Guarantees**			
	Financial guarantees		**1,024,422**	2,464,411
	Performance guarantees		**36,678,881**	21,483,841
	Other guarantees		**21,076,291**	21,702,551
		22.1.1	**58,779,594**	45,650,803

22.1.1 Included herein are outstanding guarantees of Rs. 29.054 million (2019: Rs.14.217 million) of related parties.

		Note	2020	2019
			----- Rupees in '000 -----	
22.2	**Commitments**			
	Documentary credits and short-term trade-related transactions			
	- letters of credit	22.2.1	**21,111,360**	13,965,258
	Commitments in respect of			
	- Forward foreign exchange contracts	22.2.2	**38,178,262**	55,111,366
	- Derivative instruments	22.2.3	**5,362,948**	6,745,592
	- Forward lending	22.2.4	**384,230**	72,183
	Commitments for acquisition of			
	- Fixed assets	22.2.5	**226,032**	131,093
			65,262,832	76,025,492

22.2.1 Included herein are the outstanding letter of credits of Rs. 86.543 million (2019: Rs. 44.368 million) of related parties.

		2020	2019
		----- Rupees in '000 -----	
22.2.2	**Commitments in respect of forward foreign exchange contracts**		
	Purchase	**23,137,733**	33,104,108
	Sale	**15,040,529**	22,007,258
		38,178,262	55,111,366

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

		2020	2019
		----- Rupees in '000 -----	
22.2.3	**Commitments in respect of derivative instruments**		
	Purchase	**1,760,637**	3,622,107
	Sale	**3,602,311**	3,123,485
		5,362,948	6,745,592
22.2.3.1	**Interest rate swaps (notional principal)**		
	Purchase	**1,176,824**	2,099,175
	Sale	**1,176,824**	2,100,175
		2,353,648	4,199,350

		Note	2020	2019
			----- Rupees in '000 -----	
22.2.3.2	**Options (notional principal)**			
	Purchase		582,419	1,023,310
	Sale		2,425,487	1,023,310
			3,007,906	2,046,620
22.2.3.3	**Commitments in respect of forward securities**			
	Purchase		1,394	499,622
22.2.4	**Commitments in respect of forward lending**			
	Undrawn formal standby facilities, credit lines and other commitments to lend	21.2.4.1	384,230	72,183

22.2.4.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.

		2020	2019
22.2.5	**Commitments for acquisition of fixed assets**	226,032	131,093

22.2.6 Tax related contingencies are disclosed in notes 33.2 to 33.5.

23. DERIVATIVE INSTRUMENTS

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

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

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

These transactions cover the aspects of both market making and hedging. The risk management related to derivative is disclosed in note 45.

Accounting policies in respect of derivative financial instruments are described in note 4.4.2.

23.1 Product analysis

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

	2019					
	Interest Rate Swaps		Options		Forward securities	
	Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
	Rupees in '000					
With Banks for						
Hedging	4,199,350	13,327	-	8,885	-	-
Market making	-	-	-	-	499,622	196
With FIs other than banks						
Hedging	-	-	-	-	-	-
Market making	-	-	-	-	-	-
Total						
Hedging	4,199,350	13,327	-	8,885	-	-
Market making	-	-	-	-	499,622	196

23.1.1 The notional value of options includes Nil (2019: Rs. 1,023.310 million) and the Bank has entered back to back arrangement to close the position at year end.

23.2 Maturity analysis

Remaining maturity of Contracts

	2020				
	Number of contracts	Notional principal	Mark to market		
			Positive	Negative	Net
		Rupees in '000			
Upto 1 month	5	669,991	29,685	(28,769)	916
1 to 3 months	1	317,656	-	(889)	(889)
3 to 6 months	7	1,345,571	13,001	(5,296)	7,705
6 months to 1 year	10	2,914,453	121,563	(114,748)	6,815
1 to 2 years	2	115,277	11,205	(10,604)	601
	25	5,362,948	175,454	(160,306)	15,148

Remaining maturity of Contracts	2019				
	Number of contracts	Notional principal	Mark to market		
			Positive	Negative	Net
		----------------------- Rupees in '000	-----------------------		
Upto 1 month	-	-	-	-	-
1 to 3 months	1	499,622	196	-	196
6 months to 1 year	4	-	9,376	(491)	8,885
1 to 2 years	3	2,516,330	7,785	-	7,785
2 to 3 years	1	1,683,020	5,542	-	5,542
	9	4,698,972	22,899	(491)	22,408

	Note	2020	2019
		----- Rupees in '000 -----	
24. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		**25,287,865**	30,944,739
Investments		**16,509,138**	9,683,494
Lendings to financial institutions		**32,855**	52,679
Balances with other banks		**9,824**	54,857
Securities purchased under resale agreements		**1,259,308**	858,930
		43,098,990	41,594,699

25. MARK-UP / RETURN / INTEREST EXPENSED

	Note	2020	2019
Deposits		**29,390,170**	28,414,651
Borrowings	25.1	**1,889,363**	3,678,116
Subordinated debt		**900,310**	1,029,228
Cost of foreign currency swaps against foreign currency deposits / borrowings		**735,977**	936,986
Markup on Lease liability against right-of-use assets	19.1	**405,879**	507,361
		33,321,699	34,566,342

25.1 Borrowings

	2020	2019
Export Refinancing Scheme (ERF)	**357,578**	337,916
Long-Term Finance Facility (LTFF)	**46,242**	35,388
Other Borrowings from State Bank Bank of Pakistan	**10,941**	3,942
Securities sold under repurchase agreements	**1,111,507**	2,810,910
Other borrowings	**363,095**	489,960
	1,889,363	3,678,116

		Note	2020	2019
			----- Rupees in '000 -----	
26.	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		**240,908**	174,723
	Consumer finance related fees		**39,700**	21,098
	Card related fees (debit and credit cards)		**652,096**	594,713
	Credit related fees		**358,650**	328,927
	Investment banking fees		**97,520**	47,997
	Commission on trade		**671,804**	570,108
	Commission on guarantees		**393,993**	266,999
	Commission on cash management		**4,755**	5,966
	Commission on remittances including home remittances	26.1	**252,078**	111,288
	Commission on bancassurance		**180,460**	180,770
	Commission on distribution of mutual funds		**29,008**	117,298
	Commission on online Services		**372,892**	186,396
	Postage & Courier income		**24,096**	22,143
	Rebate income		**250,355**	224,598
	Rebate on primary dealership		**27,637**	6,918
			3,595,952	2,859,942

26.1 This includes Rs.149.305 million (2019: Rs. 82.373 million) in respect of commission income from home remittance services provided by the Bank. The amount is earned from State Bank of Pakistan at the rate of Saudi Riyal 20 (2019: Saudi Riyal 20) per transaction over USD 200 (2019: USD 200) and is shared between the Bank and various exchange companies as per terms of agreement with them.

		Note	2020	2019
			----- Rupees in '000 -----	
27.	**GAIN / (LOSS) ON SECURITIES**			
	Realised	27.1	**1,872,242**	(708,527)
	Unrealised - held for trading		**805**	(2,618)
			1,873,047	(711,145)
27.1	**Realised gain / (loss) on**			
	Federal government securities			
	Market treasury bills		**76,894**	3,518
	Pakistan investment bonds		**1,379,114**	(248,555)
	Ijara sukuk certificates		**71**	633
			1,456,079	(244,404)
	Shares			
	Listed companies		**414,716**	(393,203)
	Non Government Debt Securities			
	Term finance certificates		**-**	(19)
	Sukuk certificates		**450**	150
			450	131
	Mutual fund units		**4,355**	3,272
	Foreign currency bonds		**(3,358)**	(74,323)
			1,872,242	(708,527)
28.	**OTHER INCOME - NET**			
	(Loss) / gain on sale of operating fixed assets - net		**(1,368)**	483,600
	Gain on sale of assets held for sale	11.3.2	**1,000**	-
	Gain on termination of leases	28.1	**64,805**	-
	Others		**5,358**	-
			69,795	483,600

28.1 This represents, gain on termination of leases against closure of fifty one branches under the Bank's branch rationalisation strategy.

	Note	2020	2019
		----- Rupees in '000 -----	
29. OPERATING EXPENSES			
Total compensation expense	29.1	**6,262,594**	5,237,267
Property expense			
Rent & taxes		**24,555**	28,522
Insurance		**2,638**	10,550
Utilities cost		**343,963**	345,722
Security (including guards)		**335,688**	295,201
Repair & maintenance (including janitorial charges)		**213,589**	176,677
Depreciation		**190,794**	192,757
Depreciation - Right of Use Assets	11.4	**893,148**	910,321
Depreciation on non banking assets	13.3.1	**2,862**	1,713
		2,007,237	1,961,463
Information technology expenses			
Software maintenance		**749,848**	233,349
Hardware maintenance		**176,495**	166,549
Depreciation		**204,326**	173,734
Amortisation		**113,052**	93,316
Network charges		**121,682**	115,973
		1,365,403	782,921
Other operating expenses			
Directors' fees and allowances		**19,950**	12,050
Legal & professional charges		**166,570**	114,265
Insurance		**281,757**	203,412
Outsourced services costs	36	**152,468**	131,109
Travelling & conveyance		**90,010**	93,640
NIFT clearing charges		**45,199**	40,394
Depreciation		**299,192**	402,887
Training & development		**19,121**	33,742
Postage & courier charges		**99,622**	81,069
Communication		**171,275**	119,523
Stationery & printing		**259,670**	271,491
Marketing, advertisement & publicity		**452,925**	324,628
Donations	29.2	**117,841**	2,609
Auditors' Remuneration	29.3	**13,011**	10,804
Staff Auto fuel & maintenance		**200,842**	220,510
Bank Charges		**59,970**	63,284
Stamp Duty		**17,148**	55,533
Online verification charges		**18,802**	21,870
Brokerage, fee and commission		**57,739**	33,786
Card related fees (debit and credit cards)		**6,906**	8,662
CDC and other charges		**4,975**	5,306
Consultancy fee		**55,905**	30,949
Deposit protection corporation	29.4	**128,144**	139,761
Entertainment expenses		**73,303**	63,921
Repair and maintenance		**67,988**	66,161
Cash handling charges		**239,732**	69,625
Fee and Subscription		**124,516**	65,861
Employees social security		**10,556**	8,124
Generator fuel & maintenance		**76,415**	79,858
Others		**52,214**	35,223
		3,383,766	2,810,057
		13,019,000	10,791,708

		Note	2020	2019
			----- Rupees in '000 -----	
29.1	**Total compensation expense**			
	Fees and Allowances etc.		**180,157**	162,077
	Managerial Remuneration			
	i) Fixed		**3,984,843**	3,689,496
	ii) Variable			
	of which;			
	a) Cash Bonus / Awards etc.	29.1.1	**606,678**	306,849
	b) Commission		**261,352**	224,474
	Charge for defined benefit plan		**159,436**	134,712
	Contribution to defined contribution plan		**229,001**	209,871
	Leaving indemnity		**6,479**	4,246
	Medical		**385,956**	357,269
	Conveyance		**413,648**	81,851
	Insurance staff		**35,044**	66,422
			6,262,594	5,237,267

29.1.1 The Bank operates a short term employee benefit scheme which includes cash awards / special bonus for all employees. Under this scheme, the bonus for all employees, including the Chief Executive Officer (CEO) is determined on the basis of employees' evaluation and the Bank's performance during the year.

		Note	2020	2019
29.2	**Donations**		----- Rupees in '000 -----	
	Future Trust	29.2.1	**112,841**	1,991
	Hope Uplift Foundation		**-**	618
	Agha Khan Foundation		**5,000**	-
			117,841	2,609

29.2.1 This represents donation to a related party, wherein below mentioned persons are trustees. The registered office of the donee is located at 20th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi-74400, Pakistan.

- Mr. Suleman Lalani	Chief Executive Officer of the Jahangir Siddiqui & Co. Ltd. (the parent company)
- Mr. Kalim-ur-Rehman	Chairman of the Bank
- Mr. Hasan Shahid	Chief Financial Officer of the Bank and Director of JS Investments Limited, subsidiary company
- Mr. Najmul Hoda Khan	Chief Financial Officer of the Jahangir Siddiqui & Co. Ltd. (the parent company)
- Mr. Tariq Usman Bhatti	Head of Money Market And Forex of JS Global Capital Limited, subsidiary company

		Note	2020	2019
29.3	**Auditors' remuneration**		----- Rupees in '000 -----	
	Audit fee - Pakistan		**1,794**	1,794
	Audit fee - Bahrain		**1,717**	1,640
	Half-yearly review		**619**	619
	Fee for audit of employees funds		**143**	143
	Fee for other statutory certifications		**1,010**	591
	Special certification and sundry advisory services		**5,413**	4,103
	Taxation services		**270**	275
	Out of pocket expenses and sales tax on services		**2,045**	1,639
		29.3.1	**13,011**	10,804

		Note	2020	2019
			----- Rupees in '000 -----	
29.3.1	**Geographical analysis**			
	Pakistan		**10,406**	8,651
	Bahrain		**2,605**	2,153
			13,011	10,804

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

The Bank's eligible deposits as of December 31, 2019 are amounting to Rs. 87,425.180 million on which total premium is payable of Rs. 139.880 million per annum (Rs. 34.970 million per quarter).

		2020	2019
		----- Rupees in '000 -----	
30.	**WORKERS' WELFARE FUND**		
	Charge during the year	**40,460**	1,065

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

		Note	2020	2019
			----- Rupees in '000 -----	
31.	**OTHER CHARGES**			
	Penalties imposed by State Bank of Pakistan		**91,639**	131,444
	Others		**-**	6,199
			91,639	137,643
32.	**PROVISIONS AND WRITE OFFS - NET**			
	Provisions for diminution in value of investments	9.3	**275,366**	(345,300)
	Provisions against loans & advances - specific	10.4	**841,895**	354,848
	Provisions against loans & advances - general	10.4	**(161,166)**	5,505
	Provisions / (reversals) under IFRS-9 - general	32.1	**138,345**	(105,018)
	Fixed assets written off	11.2	**181,887**	-
	Other assets written off		**5,620**	-
	Other reversals	13.4	**(2,339)**	(2,280)
	Bad debts written off directly		**-**	315
			1,279,608	(91,930)
32.1	**Provisions / (reversals) under IFRS-9 - general**			
	Charge / (reversal) during the year			
	Balances with other banks		**384**	(71)
	Lendings to financial institutions		**(79)**	(3,434)
	Investments		**124,303**	(97,192)
	Advances		**13,737**	(4,321)
			138,345	(105,018)

		2020	2019
		----- Rupees in '000 -----	
33.	**TAXATION**		
	Current	**623,291**	708,542
	Prior years	**1,711**	-
	Deferred	**247,879**	(600,120)
		872,881	108,422

33.1 Relationship between income tax expense and accounting profit

	2020	2019
Profit before taxation	**2,022,941**	133,075
Tax on income @ 35% (2019: 35%)	**708,029**	46,576
Effect of permanent differences	**32,074**	46,005
Effects of prior year deferred taxation	**-**	-
Effects of prior year current tax	**140,471**	20,559
Others	**(7,693)**	(4,718)
Tax charge for the year	**872,881**	108,422

33.2 Income Tax

The income tax returns filed under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2007 through 2020. These returns filed were deemed to have been assessed in terms the provisions prevailing under income tax laws as applicable in Pakistan. However, the Officers of Inland Revenue Services (OIR) conducted the proceedings for making certain amendments in the deemed assessments for tax years 2008 to 2017. This was done by taking recourse of conducting tax audit or alternatively a direct amendment in the assessment contending that certain matters in the deemed assessments were not admissible as not conforming to the law and prejudiced the interest of revenue.

Based on the amended assessments in tax year 2008 to tax year 2018, the department had made certain dis-allowances of expenses and tax deductible claims besides creating minimum tax and Workers' Welfare Fund liabilities in the tax years 2010, 2011 & 2012 and tax years 2009, 2012 & 2013 respectively.

In respect of WWF, the Supreme Court of Pakistan has held in Judgement, PLD 2017 SC 28, that the amendments made in the WWF Ordinance through Finance Act, 2006 and 2008 were illegal and without lawful authority i.e. the banks do not fall into definition of Industrial Undertaking and thus, not liable to pay WWF. Therefore based on this, the Bank's contention is mandated and it is likely that its pending appeals in this will be decided favorably. The Bank has obtained appeal effect orders of respective years except 2013 and resultantly no demand is payable in this respect.

As a consequence of the 18th amendment to the Constitution, levy for the WWF was introduced by the Government of Sindh and Punjab through the Sindh WWF Act, 2014 ("the Act") and the Punjab Workers Welfare Fund Act, 2019 respectively. As per the Acts, the Bank is liable to pay WWF in both provinces. However in this respect:

- The Bank has challenged the issue of jurisdiction claimed by Sindh Revenue Board before the Honorable High Court of Sindh (SHC) through Constitutional Petition 1546/2017 on grounds that banking companies cannot be considered as industrial establishment and that the Act will be applied to trans-provincial entities to the extent that the obligation under the provincial law is to make distribution to the extent of the proportionate profit of the Sindh Province. The Court has restrained the Sindh Revenue Board to collect / recover Sindh WWF till the next date of hearing.

- The Bank will challenge the recovery of Punjab WWF in the court of law on same grounds in case of SWWF.

In 2018, Based on decision of the Supreme Court of Pakistan, the Bank had reassessed the provision of WWF which was previously held on the entire operating results of the Bank (including all provinces, part of Pakistan, AJK and Bahrain Operations) and maintained WWF only to the extent of its operations within Sindh Province till 2019. In 2020 after promulgation of Punjab WWF, the Bank has again decided prudently to maintained provision on the entire results of the Bank.

In respect of minimum tax, the Commissioner Inland Revenue-Appeals (the CIR(A)) has the not accepted the Bank's contentions of gross loss position and also decided that non-mark-up income is the fall in the definition of turnover including capital gains and dividend income. As result the demand of Rs. 38.907 million has been payable. The Bank has contested the matter in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing.

For tax year 2008-2018, the Bank has not accepted the amendments of Rs. 6.57 billion and have filed appeals before the Commissioner Inland Revenue-Appeals (the CIRA).

CIR(A) has admitted the contention of the Bank in case of tax year 2008 that the amended order is barred by time and decided that any addition made in impugned order is annulled and not required to be further adjudicated. However, the department has filed an appeal against the decision of CIR(A) in ATIR which has been partly heard.

With regard to appeals filed for tax year 2009 to 2017, the CIR(A) has decided the appeals accepting the Bank's contentions in respect of significant issues, and certain disallowance including amortization claim of goodwill have been decided in favor of department in all tax years. However, the Bank and the tax department are contesting the matters in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for adjudication.

The tax department passed appeal effect/rectification orders and allowed deleted and set-aside issues in the light of CIR(A) orders for tax year 2008 to 2014. As a result of these orders, the Bank's taxable losses has increased to Rs. 3.464 billion and reduced the demand of Rs. 1.212 billion in relevant tax years after adjustment of these losses.

Further for the tax year 2013, the ATIR has decided appeal filed by tax department in respect of calculating the amount of provisions against advances as allowable under Rule 1(c) of Seventh Schedule to the Income Tax Ordinance, 2001 and has maintained the CIR(A) decision that the allowability of provision for advances to be calculated at 1% of gross amount of advances as against the tax department contention that the same is to be calculated on net advances after deducting the amount of provisions created and allowed against advances.

The matter of allowability of amortization relating to goodwill is contentious issue, therefore based on the opinion of lawyer there are arguments available to contend that goodwill on merger is an allowable deduction for tax purposes. Especially in the recent decision given by the High Court of Sindh in the case of merger of another bank in Pakistan where the Court has ruled in favour of taxpayer that goodwill generated in merger is 'intangible' and amortization relating to goodwill is allowable deduction.

The Sindh High Court has dismissed the Bank's petitions for tax years 2016 through 2019 wherein the Bank alongwith other taxpayers challenged the levy of super tax on constitutional grounds. Based on the opinion of legal counsel, the Bank has appealed before the Supreme Court against the decision of the Sindh High Court. The Supreme Court has allowed interim relief to the taxpayers subject to the payment of 50% of the super tax liability. However, the Bank has adjusted full amount of super tax liability for Tax year 2016 and 2019 against the available tax refunds. Further, the bank has obtained stay from the Sindh High Court on other technical grounds regarding the levy of Super Tax for tax years 2017 and 2018.

33.3 Withholding tax monitoring

Withholding tax monitoring was initiated against the Bank for tax year 2014-2019. Orders in respect of tax years 2014, 2015 and 2017 has been passed against which appeals have been filed before the CIR(A). CIR(A) has reminded back the matters for rectification in respect of tax years 2014 and 2015 against which rectified orders has been passed and demands have been rectified. Appeal for tax year 2017 has been heard and reserved for order. In respect of tax year 2018 and 2019, proceedings are pending.

33.4 Sales tax

The Bank as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued a Sales Tax Order from the Sindh Revenue Board (SRB) creating a demand of Rs. 48.838 million (besides Rs. 4.440 million is charged as penalty) against the Bank for allegedly non-payment of Sindh sales tax on certain 'presumed non-taxable services / incomes'(i.e. Bancassurance, Home Remittances under Pakistan Remittance Initiative Scheme, SBP rebates on Government securities, Rebates from foreign correspondent Banks, and FX gain on remittance by Western Union)' on total amounting to Rs. 277.488 million for the tax periods July 2011 to December 2013. An appeal was filed before Commissioner (Appeals) Sindh Revenue Board, CA-SRB against the decision of AC-SRB which was decided in favor of the tax department except tax imposed on FX gain on remittance by Western Union. Thereafter, both the Bank and AC-SRB filed appeals before the Appellate Tribunal SRB against the decision of CA-SRB. Through its Order dated April 18, 2019, the Appellate Tribunal SRB quashed the demand raised by deciding the Bank's appeal in the Bank's favour and dismissing the AC-SRB's appeal. The Bank and tax department have filed appeals before Appellate Tribunal which are pending for hearing.

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

33.5 Azad Jammu & Kashmir Operations

The Bank has commenced operations in Azad Jammu & Kashmir from tax year 2009 and has filed returns for the tax years 2009 to 2019 with the tax authorities of such region. The Commissioner has issued notices for amendment of assessment under section 122 of the Income Tax Ordinance, 2001 (as adopted in AJK Region) for the tax year 2011 to 2017. All assessments orders are rectified and no additional demand has been raised.

34. BASIC AND DILUTED EARNINGS PER SHARE

	Note	2020	2019
		----- Rupees in '000 -----	
Profit after taxation for the year - attributable to ordinary equity holders of the Bank		**1,150,060**	24,653
Preference dividend paid for the year December 31, 2018 @ 12% p.a		**-**	(24,164)
Profit after taxation for the year - attributable to ordinary equity holders of the Bank		**1,150,060**	489
		----- Numbers -----	
Weighted average number of outstanding ordinary shares during the year		**1,297,464,262**	1,297,464,262
		----- Rupee -----	
Basic and diluted earnings per share		**0.8864**	0.0004

35. CASH AND CASH EQUIVALENTS

	Note	2020	2019
Cash and balances with treasury banks	6	**30,421,231**	25,589,349
Balances with other banks	7	**1,106,419**	462,904
Overdrawn nostro accounts	15	**(143,570)**	(636,992)
		31,384,080	25,415,261
Less: General provision under IFRS 9		**(450)**	(68)
		31,383,630	25,415,193

		2020	2019
36.	**STAFF STRENGTH**	----------- Number	-----------
	Permanent	3,773	3,607
	On Bank's contract	1,055	825
	Bank's own staff strength at the end of the year	4,828	4,432
	Third party contract (other guards and janitorial)	483	472
		5,311	4,904

36.1 Geographical segment analysis

	2020	2019
Pakistan	5,304	4,897
Bahrain	7	7
	5,311	4,904

37. DEFINED BENEFIT PLAN

37.1 General description

The Bank operates a recognized gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007.

The defined benefit is administered by a separate fund that is legally separate from the Bank. The plan is governed by the trust deed dated September 01, 2007. The trustees of the gratuity fund are composed of representatives from employers. The trustees of the gratuity fund are required by the trust deed to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees and employers. The trustees of the gratuity fund are responsible for the investment policy with regard to the assets of the fund.

37.2 The plan in Pakistan typically exposes the Bank to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:

- **Salary increase risk:**

  The risk that the final salary at the time of cessation of services is greater than assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- **Discount rate risk**

  The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.

- **Demographic Risks**

  - **Withdrawal risk:**
    The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

  - **Longevity Risk**
    The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

- **Investment risk**
  This is the risk that the assets are under-performing and are not sufficient to meet the liabilities.

37.3 Number of employees under the schemes

The number of employees covered under defined benefit scheme (gratuity fund) is 3,756 (2019: 3,595).

37.4 Principal actuarial assumptions

Principal actuarial assumptions at the end of the reporting period expressed as weighted averages. The actuarial valuations were carried out on December 31, 2020 based on the Projected Unit Credit Method, using the following significant assumptions:

		2020	2019
Valuation discount rate for year end obligation	per annum	**9.75%**	11.75%
Interest cost on defined benefit obligation	per annum	**11.75%**	13.75%
Interest income on plan assets	per annum	**11.75%**	13.75%
Future salary increase rate			
- upto one years	per annum	**8.00%**	8.00%
- from two to three years	per annum	**10.00%**	10.00%
- more than three years	per annum	**9.75%**	11.75%
The average duration of the defined benefit obligation	years	**10**	10
Normal retirement age	years	**60**	60
Withdrawal rates		**Moderate**	Moderate
Mortality rates		**SLIC 2001-2005, Setback 1 Year**	SLIC 2001-2005, Setback 1 Year

37.5 Movement in defined benefit obligations, fair value of plan assets and their components

	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability / (asset)	
	2020	2019	2020	2019	2020	2019
	---------- Rupees in '000 ----------					
Balance as at January 01, 2020	844,212	649,062	692,331	546,568	151,881	102,494
Included in profit or loss						
Current service cost	148,693	125,676	-	-	148,693	125,676
Past service cost	1,820	2,113	-	-	1,820	2,113
Interest cost / income	97,343	87,892	88,420	80,969	8,923	6,923
	247,856	215,681	88,420	80,969	159,436	134,712
Included in other comprehensive income						
Actuarial gains / losses arising from:						
- financial assumptions	14,025	(8,792)	-	-	14,025	(8,792)
- experience adjustments	(266)	7,956	-	-	(266)	7,956
Return on plan assets	-	-	490,776	(18,005)	(490,776)	18,005
	13,759	(836)	490,776	(18,005)	(477,017)	17,169
Other movements						
Contribution made during the year	-	-	151,881	102,494	(151,881)	(102,494)
Benefits paid during the year	(31,529)	(19,695)	(31,529)	(19,695)	-	-
	(31,529)	(19,695)	120,352	82,799	(151,881)	(102,494)
Balance as at December 31, 2020	1,074,298	844,212	1,391,879	692,331	(317,581)	151,881

37.6 The composition of the plan assets at the end of the reporting period for each category, are as follows:

	Cost		Fair value of plan assets			
	2020	2019	2020	2019	2020	2019
	---------- Rupees in '000 ----------				Percentage	
Cash and cash equivalents						
Cash at Bank	82,793	171,000	82,793	171,000	5.9%	24.6%
Term deposits receipts	150,000	-	161,806	-	11.6%	0.0%
	232,793	171,000	244,599	171,000	17.6%	24.6%
Debt securities		-	-	-		
Pakistan Investment Bonds	388,863	304,064	411,079	297,918	29.5%	42.9%
Market treasury bills	53,815	114,508	53,660	117,399	3.9%	16.9%
Term finance certificates	50,503	100,590	50,370	94,459	3.6%	13.6%
	493,181	519,162	515,109	509,776	37.0%	73.4%
Ordinary Shares of listed companies	448,506	14,929	632,172	13,346	45.4%	1.9%
	1,174,480	705,091	1,391,880	694,122	100%	100%

37.7 Maturity profile

37.7.1 Expected maturity analysis of undiscounted defined benefit obligation (benefit payments) for the gratuity fund is as follows:

	Up to one year	Over 1-2 years	Over 2- 5 years	Over 6-10 years	Over 10 and above years	Total
	Rupees in '000					
Balance as at December 31, 2020	45,445	71,699	268,697	1,245,714	11,997,565	13,629,120
Balance as at December 31, 2019	37,261	44,550	217,395	901,479	14,564,443	15,765,128

37.8 Sensitivity analysis

37.8.1 Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Particulars	Rate	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability / (asset)
		Rupees in '000		
Current results	-	1,074,298	1,391,879	(317,581)
Discount rate				
1% Increase	10.75%	977,544	1,391,879	(414,335)
1% Decrease	8.75%	1,185,787	1,391,879	(206,092)
Salary Rate				
1% Increase	12.75%	1,186,928	1,391,879	(204,951)
1% Decrease	10.75%	974,759	1,391,879	(417,120)
Withdrawal rate				
10% Increase	Moderate + one year	1,046,507	1,391,879	(345,372)
10% Decrease	Moderate - one year	1,104,543	1,391,879	(287,336)
Mortality rate				
One year age set back	Adjusted SLIC 2001-2005 - one year	1,073,753	1,391,879	(318,126)
One year age set forward	Adjusted SLIC 2001-2005 + one year	1,074,879	1,391,879	(317,000)

Furthermore in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as applied in calculating the defined benefit obligation liability recognised in this unconsolidated statement of financial position.

37.9 Maturity profile

The weighted average duration of the defined benefit obligation works out to 10 years.

37.10 Experience Adjustments

The re-measurement gains / losses arise due to actual experience varying from the actuarial assumptions for the year.

	2020	2019	2018	2017	2016
	Rupees in '000				
Particulars					
Defined benefit obligation	1,074,298	844,212	649,062	550,729	367,635
Fair value of plan assets	(1,391,879)	(692,331)	(546,568)	(375,611)	(249,327)
Net defined benefit liability	(317,581)	151,881	102,494	175,118	118,308
Re-measurement loss / (gain) on obligation	13,759	(836)	(52,391)	75,269	56,598
Re-measurement (gain) / loss on plan assets	(490,776)	18,005	25,329	10,273	393
Other comprehensive income	(477,017)	17,169	(27,062)	85,542	56,991

37.11 The average duration of the payment of benefit obligation at December 31, 2020 is within one year.

37.12 The Bank contributes to the gratuity fund as per actuarial's valuation of the year.

37.13 Based on actuarial advice and management estimates, profit and loss account charge in respect of defined benefit obligation for the next one year works out to be Rs.139.866 million. The amount of re-measurements to be recognised in other comprehensive income for year ending December 31, 2020 will be worked out as at the next valuation.

38. DEFINED CONTRIBUTION PLAN

The Bank operates a contributory provident fund for all permanent employees. The employer and employee both contribute 7.1% of the basic salaries (2019: 7.1% of the basic salaries) to the funded scheme every month. Number of employees covered under this plan are 3,164 (2019: 3,092). During the year, the Bank has made a contribution of Rs. 229.001 million (2019: Rs. 209.871 million) to the fund. The employees have also made a contribution of equal amount to the fund.

39. COMPENSATION OF DIRECTORS AND EXECUTIVES

39.1 The aggregate amount charged in the financial statements for the year in respect of the remuneration and benefits to the President and Chief Executive Officer, Directors and Executives are as follows:

	2020				
	Directors				
Items	Chairman	Non-Executives	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Rupees in '000				
Fees and Allowances etc.	2,850	17,100	-	-	-
Managerial Remuneration					
i) Fixed	-	-	39,818	294,664	436,946
ii) Total Variable - Cash Bonus / Awards	-	-	10,500	52,199	66,626
Charge for defined benefit plan	-	-	2,430	17,415	25,824
Contribution to defined contribution plan	-	-	2,827	20,780	24,789
Medical	-	-	3,982	29,466	43,695
Conveyance	-	-	300	654	-
Car allowance	-	-	-	31,715	68,138
Others	-	-	190	5,522	17,748
Total	2,850	17,100	60,047	452,415	683,766
Number of persons	1	7	1	30	85

Items	2019 Directors Chairman	2019 Directors Non-Executives	2019 President / CEO	2019 Key Management Personnel	2019 Other Material Risk Takers/ Controllers
	---------- Rupees in '000 ----------				
Fees and Allowances etc.	1,950	10,100	-	-	-
Managerial Remuneration					
i) Fixed	-	-	32,727	249,705	365,567
ii) Total Variable - Cash Bonus / Awards	-	-	-	-	1,440
Charge for defined benefit plan	-	-	1,934	14,757	20,606
Contribution to defined contribution plan	-	-	3,279	20,306	30,326
Medical	-	-	3,273	24,934	36,557
Conveyance	-	-	667	11,196	32,466
Car allowance	-	-	-	4,924	11,852
Others	-	-	300	912	1,885
Total	1,950	10,100	42,180	326,734	500,699
Number of persons	1	7	1	24	87

39.1.1 The CEO and deputy CEO are provided with free use of Bank maintained cars in accordance with their entitlement.

39.1.2 Managerial remuneration includes joining related payments made to certain Executives in line with their terms of employment.

39.1.3 All Executives, including the CEO of the Bank, are also entitled to certain short term employee benefits which are disclosed in note 39.1 to these unconsolidated financial statements.

39.1.4 The SBP, vide its BPRD Circular No. 01 dated January 25, 2017, issued Guidelines on Remuneration Practices, where the Bank is required to defer a certain portion of variable compensation of the Material Risk Takers (MRTs) and Material Risk Controllers (MRCs) subject to mandatory deferrals for a defined period. In this respect, deferral amount shall be withheld for a period of three years whereas remaining portion of the variable compensation shall be paid upfront to the MRTs and MRCs. The deferred remuneration shall vest proportionately over the deferral period following the year of variable remuneration award. The deferred portion of the variable remuneration shall be paid to the MRTs and MRCs on vesting, proportionally through yearly instalments, during the deferred period, in case no malus triggers are applicable. Details of MRTs and MRCs are given below:

Employees Covered under:	**2020**	2019
	---------- Numbers ----------	
Marterial Risk Takers (MRTs)	66	78
Marterial Risk Controllers (MRCs)	39	31
	105	109

Movement of deferred remuneration	**2020**	2019
	---------- Rupees '000 ----------	
Opening	218	-
Deferred during the year	48,350	218
Paid during the year	(73)	-
Closing	48,495	218

39.2 Meeting Fees and Allowances Paid

		2020					
			Board Committees				
		Board Meetings	Audit Committee	Human Resource, Remuneration & Nomination Committee	Risk Management Committee	I.T Committee	Total Amount Paid
		Rupees in '000					
	Name of Director						
1	Mr. Kalim-ur-Rahman	1,500	-	850	-	500	1,350
2	Mr. Adil Matcheswala	1,500	500	850	-	-	1,350
3	Mr. Ashraf Nawabi	1,250	-	-	400	-	400
4	Mr. G.M. Sikander	1,500	500	750	-	-	1,250
5	Mr. Hassan Afzal	1,500	-	-	-	500	500
6	Mr. Munawar Alam Siddiqui	1,500	500	-	500	-	1,000
7	Ms. Nargis Ghaloo	1,500	500	-	500	-	1,000
8	Mr. Sohail Aman	1,500	-	850	-	500	1,350
	Total amount paid	11,750	2,000	3,300	1,400	1,500	8,200

Meeting Fees and Allowances Paid

		2019					
			Board Committees				
		Board Meetings	Audit Committee	Human Resource, Remuneration & Nomination Committee	Risk Management Committee	I.T Committee	Total Amount Paid
		Rupees in '000					
	Name of Director						
1	Mr. Kalim-ur-Rahman	1,250	-	200	200	300	700
2	Mr. Adil Matcheswala	1,000	300	300	-	-	600
3	Mr. Ashraf Nawabi	1,000	-	-	200	-	200
4	Mr. G.M. Sikander	1,250	300	400	-	-	700
5	Mr. Hassan Afzal	750	-	-	-	300	300
6	Mr. Munawar Alam Siddiqui	1,250	300	300	-	-	600
7	Ms. Nargis Ghaloo	1,250	200	100	200	-	500
8	Mr. Sohail Aman	250	-	-	-	100	100
9	Mr. Shahab Anwar Khawaja	250	100	-	-	-	100
	Total amount paid	8,250	1,200	1,300	600	700	3,800

40. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The repricing profile, effective rates and maturity are stated in note 45.2.4 to these financial statements.

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

Fair value hierarchy

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

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

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

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

40.1 Valuation techniques used in determination of fair values within level

Item	Valuation approach and input used
Financial Instruments- Level 1	
Shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Financial instruments - Level 2	
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Market Treasury Bills(MTB) / Pakistan Investment Bonds(PIB), and GoP Sukuks (GIS)	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV and PKFRV rates (Reuters page).
Debt Securities (TFCs) and Sukuk other than Government	Investments in debt securities (comprising Term Finance Certificates, Bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.

Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of price available on Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.

Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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

Non- financial assets- Level 3

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

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

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

	2020			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	------------------------ Rupees in '000 ------------------------			
Financial assets - measured at fair value				
Held-for-trading securities				
Investments				
Federal Government Securities	-	25,003,774	-	25,003,774
Available-for-sale securities				
Investments				
Federal Government Securities	-	127,406,043	-	127,406,043
Shares	4,264,334	-	-	4,264,334
Non Government Debt Securities	-	457,454	-	457,454
Foreign Securities	-	4,017,289	-	4,017,289
	4,264,334	131,880,786	-	136,145,120
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	36,109,599	-	36,109,599
	4,264,334	192,994,159	-	197,258,493
Non-Financial assets - measured at fair value				
Revalued fixed assets	-	-	2,610,299	2,610,299
Non-banking assets acquired in satisfaction of claims	-	-	1,311,252	1,311,252
	-	-	3,921,551	3,921,551
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	22,942,707	-	22,942,707
Sale	-	14,910,910	-	14,910,910
Derivative instruments:				
Forward securities				
Purchase	-	1,394	-	1,394
Interest rate swaps				
Purchase	-	1,120,607	-	1,120,607
Sale	-	1,125,550	-	1,125,550
Options				
Purchase	-	581,042	-	581,042
Sale	-	2,437,068	-	2,437,068

	2019			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----------------------- Rupees in '000 -----------------------			
Financial assets - measured at fair value				
Held-for-trading securities				
Investments				
Federal Government Securities	-	55,598,469	-	55,598,469
Available-for-sale securities				
Investments				
Federal Government Securities	-	47,019,374	-	47,019,374
Shares	1,965,753	-	-	1,965,753
Non Government Debt Securities	-	540,303	-	540,303
	1,965,753	47,559,677	-	49,525,430
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	31,341,410	-	31,341,410
	1,965,753	134,499,556	-	136,465,309
Non-Financial assets - measured at fair value				
Revalued fixed assets	-	-	3,797,180	3,797,180
Non-banking assets acquired in satisfaction of claims	-	-	1,182,425	1,182,425
	-	-	4,979,605	4,979,605
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	32,885,546	-	32,885,546
Sale	-	21,722,741	-	21,722,741
Derivative instruments				
Forward securities				
Purchase	-	499,818	-	499,818
Interest rate swaps				
Purchase	-	1,474,016	-	1,474,016
Sale	-	2,738,661	-	2,738,661
Options				
Purchase	-	1,024,638	-	1,024,638
Sale	-	1,030,868	-	1,030,868

41. SEGMENT INFORMATION

41.1 Segment details with respect to business activities:

	2020					
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Others	Total
	---------- Rupees in '000 ----------					
Profit & Loss						
Net mark-up / return /profit / (loss)	-	14,285,475	(8,543,152)	4,034,968	-	9,777,291
Inter segment revenue - net	-	(17,035,715)	16,914,719	120,996	-	-
Non mark-up / return / interest income	93,161	2,905,042	2,349,650	1,258,710	69,794	6,676,357
Total Income	93,161	154,802	10,721,217	5,414,674	69,794	16,453,648
Segment direct expenses	33,286	149,059	6,711,460	1,081,529	314,749	8,290,083
Inter segment expense allocation	-	334,127	2,664,330	1,862,559	-	4,861,016
Total expenses	33,286	483,186	9,375,790	2,944,088	314,749	13,151,099
Provisions	-	344,219	124,158	811,231	-	1,279,608
Profit before tax	59,875	(672,603)	1,221,269	1,659,355	(244,955)	2,022,941
Statement of Financial Position						
Cash & Bank balances	-	20,722,345	10,804,855	-	-	31,527,200
Investments	2,891,836	198,806,637	-	-	-	201,698,473
Net inter segment lending	-	-	129,898,985	109,429,008	11,732,961	251,060,954
Lendings to financial institutions	-	23,239,672	-	-	-	23,239,672
Advances - net						
Advances - performing	-	-	52,152,981	190,515,793	-	242,668,774
Advances - non-performing	-	-	4,760,888	6,972,667	-	11,733,555
Advances - (Provisions)/reversals - Net	-	-	(938,040)	(3,265,123)	-	(4,203,163)
	-	-	55,975,829	194,223,337	-	250,199,166
Others	-	4,590,700	3,570,545	3,315,506	14,027,140	25,503,891
Total Assets	2,891,836	247,359,354	200,250,214	306,967,851	25,760,101	783,229,356
Borrowings	-	12,208,219	1,996,091	34,099,102	-	48,303,412
Subordinated debt	-	7,492,800	-	-	-	7,492,800
Deposits & other accounts	-	-	166,087,049	266,975,544	-	433,062,593
Net inter segment borrowing	2,891,836	227,156,281	21,012,836	-	-	251,060,953
Others	-	502,054	11,154,238	5,893,204	5,167,893	22,717,389
Total liabilities	2,891,836	247,359,354	200,250,214	306,967,850	5,167,893	762,637,147
Equity	-	-	-	-	20,592,208	20,592,208
Total Equity & liabilities	2,891,836	247,359,354	200,250,214	306,967,850	25,760,101	783,229,355
Contingencies & Commitments	-	60,973,417	44,793,723	18,141,644	133,642	124,042,426

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020

	2019					
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Others	Total
	Rupees in '000					
Profit & Loss						
Net mark-up / return / profit / (loss)	-	5,005,807	(7,592,022)	9,614,572	-	7,028,357
Inter segment revenue - net	-	(11,813,244)	19,091,812	(7,278,568)	-	-
Non mark-up / return / interest income	59,843	437,628	1,996,345	965,788	483,600	3,943,204
Total Income	59,843	(6,369,809)	13,496,135	3,301,792	483,600	10,971,561
Segment direct expenses	115,306	136,150	5,506,958	719,110	852,887	7,330,411
Inter segment expense allocation	-	323,430	2,003,084	1,273,491	-	3,600,005
Total expenses	115,306	459,580	7,510,042	1,992,601	852,887	10,930,416
Provisions	-	(424,361)	(251,729)	584,160	-	(91,930)
Profit before tax	(55,463)	(6,405,028)	6,237,822	725,031	(369,287)	133,075
Statement of Financial Position						
Cash & Bank balances	-	17,153,413	8,898,772	-	-	26,052,185
Investments	-	142,568,470	-	-	-	142,568,470
Net inter segment lending	-	-	202,362,517	-	8,089,077	210,451,594
Lendings to financial institutions	-	30,320,540	-	-	-	30,320,540
Advances - net						
Advances - performing	-	-	94,201,743	141,898,229	-	236,099,972
Advances - non-performing	-	-	3,508,735	6,844,429	-	10,353,164
Advances (Provisions) - Net	-	-	(469,382)	(3,039,245)	-	(3,508,627)
	-	-	97,241,096	145,703,413	-	242,944,509
Others	-	5,206,833	3,925,690	5,017,351	14,391,387	28,541,261
Total Assets	-	195,249,256	312,428,075	150,720,764	22,480,464	680,878,559
Borrowings	-	36,295,878	7,090,687	11,081,718	-	54,468,283
Subordinated debt	-	7,494,800	-	-	-	7,494,800
Deposits & other accounts	-	-	295,347,351	74,442,613	-	369,789,964
Net inter segment borrowing	-	150,619,213	-	59,832,381	-	210,451,594
Others	-	839,365	9,990,037	5,364,052	5,147,209	21,340,663
Total liabilities	-	195,249,256	312,428,075	150,720,764	5,147,209	663,545,304
Equity	-	-	-	-	17,333,255	17,333,255
Total Equity & liabilities	-	195,249,256	312,428,075	150,720,764	22,480,464	680,878,559
Contingencies & Commitments	-	59,810,338	43,939,275	17,795,589	131,093	121,676,295

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020

41.2 Segment details with respect to geographical locations

	2020		
	Pakistan	Bahrain	Total
Profit & Loss	---------- Rupees in '000 ----------		
Net mark-up / return / profit	9,442,805	334,486	9,777,291
Inter segment revenue - net	20,830	(20,830)	-
Non mark-up / return / interest income	6,513,962	162,395	6,676,357
Total Income	15,977,597	476,051	16,453,648
Segment direct expenses	12,951,890	199,209	13,151,099
Inter segment expense allocation	-	-	-
Total expenses	12,951,890	199,209	13,151,099
Provisions	1,141,263	138,345	1,279,608
Profit before tax	1,884,444	138,497	2,022,941
Statement of Financial Position			
Cash & Bank balances	29,191,991	2,335,209	31,527,200
Investments	197,608,101	4,090,372	201,698,473
Net inter segment lending	216,780,433	-	216,780,433
Lendings to financial institutions	23,239,672	-	23,239,672
Advances - performing	238,236,892	4,431,882	242,668,774
Advances - non-performing	11,733,555	-	11,733,555
Advances - (Provisions) / reversals - Net	(4,181,836)	(21,327)	(4,203,163)
	245,788,611	4,410,555	250,199,166
Others	25,335,531	168,360	25,503,891
Total Assets	737,944,339	11,004,496	748,948,835
Borrowings	48,211,222	92,190	48,303,412
Subordinated debt	7,492,800	-	7,492,800
Deposits & other accounts	425,531,719	7,530,874	433,062,593
Net inter segment borrowing	214,438,859	2,341,574	216,780,433
Others	22,638,412	78,977	22,717,389
Total liabilities	718,313,012	10,043,615	728,356,627
Equity	19,631,328	960,880	20,592,208
Total Equity & liabilities	737,944,340	11,004,495	748,948,835
Contingencies & Commitments	115,794,298	8,248,128	124,042,426

	2019		
	Pakistan	Bahrain	Total
Profit & Loss	---------- Rupees in '000 ----------		
Net mark-up / return / profit	6,778,252	250,105	7,028,357
Inter segment revenue - net	(21,863)	21,863	-
Non mark-up / return / interest income	3,937,975	5,229	3,943,204
Total Income	10,694,364	277,197	10,971,561
Segment direct expenses	7,157,913	172,498	7,330,411
Inter segment expense allocation	3,600,005	-	3,600,005
Total expenses	10,757,918	172,498	10,930,416
Provisions	13,088	(105,018)	(91,930)
Profit before tax	(76,642)	209,717	133,075
Statement of Financial Position			
Cash & Bank balances	25,973,213	78,972	26,052,185
Investments	142,568,470	-	142,568,470
Net inter segment lending	208,787,632	1,663,962	210,451,594
Lendings to financial institutions	30,037,273	283,267	30,320,540
Advances - performing	232,347,686	3,752,286	236,099,972
Advances - non-performing	10,353,164	-	10,353,164
Advances - (Provisions) / reversals - net	(3,508,627)	-	(3,508,627)
	239,192,223	3,752,286	242,944,509
Others	28,416,470	124,791	28,541,261
Total Assets	674,975,281	5,903,278	680,878,559
Borrowings	53,452,873	1,015,410	54,468,283
Subordinated debt	7,494,800	-	7,494,800
Deposits & other accounts	365,972,359	3,817,605	369,789,964
Net inter segment borrowing	210,203,389	248,205	210,451,594
Others	21,293,138	47,525	21,340,663
Total liabilities	658,416,559	5,128,745	663,545,304
Equity	16,558,722	774,533	17,333,255
Total Equity & liabilities	674,975,281	5,903,278	680,878,559
Contingencies & Commitments	118,862,446	2,813,849	121,676,295

42. TRUST ACTIVITIES

The Bank under takes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations.These are not assets of the Bank and, therefore, are not included as such in these unconsolidated financial statements. Assets held under trust are shown in the table below:

Category	No. of IPS Accounts	2020 Securities Held (Face Value) Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuk	Total
		------------------- Rupees in '000	-------------------		
Assets Management Companies	**1**	**23,000**	**-**	**-**	**23,000**
Charitable Institutions	**1**	**-**	**142,000**	**-**	**142,000**
Companies	**13**	**2,373,860**	**25,560,800**	**-**	**27,934,660**
Employees Funds	**51**	**7,194,410**	**17,927,950**	**69,000**	**25,191,360**
Individuals	**43**	**919,290**	**431,500**	**-**	**1,350,790**
Insurance Companies	**8**	**24,076,000**	**84,255,700**	**1,621,500**	**109,953,200**
Others	**11**	**15,370,700**	**7,882,700**	**-**	**23,253,400**
Total	**128**	**49,957,260**	**136,200,650**	**1,690,500**	**187,848,410**

Category	No. of IPS Accounts	2019 Securities Held (Face Value) Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuk	Total
		------------------- Rupees in '000	-------------------		
Assets Management Companies	7	320,000	1,843,000	-	2,163,000
Charitable Institutions	1	35,000	-	-	35,000
Companies	15	4,709,075	9,099,300	-	13,808,375
Employees Funds	56	11,200,690	12,887,550	-	24,088,240
Individuals	48	1,135,755	404,400	-	1,540,155
Insurance Companies	10	16,930,900	99,466,700	597,500	116,995,100
Others	12	16,305,465	3,126,200	-	19,431,665
Total	149	50,636,885	126,827,150	597,500	178,061,535

43. RELATED PARTY TRANSACTIONS

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

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

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

	As at December 31, 2020						As at December 31, 2019					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)											
Statement of Financial Position												
Lendings to financial institutions												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	4,100,000	-	-	-	-	-	-
Repaid during the year	-	-	-	-	-	(4,100,000)	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
Investments												
Opening balance	-	-	-	1,919,121	228,972	1,617,327	-	-	-	1,919,121	180,000	1,964,110
Investment made during the year	-	-	-	-	40,828	4,009,279	-	-	-	-	48,972	1,542,991
Investment redeemed / disposed off during the year	-	-	-	-	-	(2,905,705)	-	-	-	-	-	(1,889,774)
Closing balance	-	-	-	1,919,121	269,800	2,720,901	-	-	-	1,919,121	228,972	1,617,327
Provision for diminution in value of investments	-	-	-	-	-	277,456	-	-	-	-	-	65,022
Advances												
Opening balance	-	-	596,257	-	-	1,946,481	-	5,230	448,575	-	-	2,823,598
Addition during the year	-	58	265,948	193,550	153,128	6,402,913	-	316	322,590	-	-	5,086,823
Repaid during the year	-	(832)	(150,821)	-	(2,235)	(5,488,750)	-	(5,546)	(120,115)	-	-	(6,320,068)
Transfer in / (out) - net	-	122,880	68,271	-	219,875	1,232,786	-	-	(54,793)	-	-	356,128
Closing balance	-	122,106	779,655	193,550	370,768	4,093,430	-	-	596,257	-	-	1,946,481
Fixed Assets												
Purchase of building	-	-	-	-	-	-	-	-	-	607,299	-	-
Cost of disposal	-	-	-	-	-	-	-	-	43,410	-	-	17,657
Accumulated depreciation of disposal	-	-	-	-	-	-	-	-	(12,927)	-	-	(8,002)
WDV of disposal	-	-	-	-	-	-	-	-	30,483	-	-	9,655
Other Assets												
Interest mark-up accrued	-	2,801	6	1,253	954	52,998	-	48	473	-	-	49,640
Receivable against bancassurance / bancatakaful	-	-	-	-	-	28,051	-	-	-	-	-	67,952
Advance for subscription of TFC - unsecured	-	-	-	-	-	-	-	-	-	-	40,828	-
Net defined benefit plan	-	-	-	-	-	317,581	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-	-	-	-	-	-	97,806
Dividend Receivable	-	-	-	-	-	-	-	-	-	208,948	-	-
Other receivable	-	-	-	-	-	379	-	-	-	6,133	-	1,000
Provision against other assets	-	-	-	-	-	379	-	-	-	-	-	2,438

	As at December 31, 2020						As at December 31, 2019					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	---------- (Rupees in '000) ----------											
Borrowings												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	4,800,000
Borrowings during the year	-	-	-	-	-	11,105,705	-	-	-	-	-	174,209,491
Settled during the year	-	-	-	-	-	(11,105,705)	-	-	-	-	-	(179,009,491)
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	271,648	24,444	59,593	1,246,363	23,104	8,622,201	336,515	24,308	74,950	1,606,413	-	9,656,833
Received during the year	5,511,316	511,942	973,685	499,101,485	861,135	160,825,941	4,332,699	160,210	1,437,872	538,270,222	1,023,592	235,460,531
Withdrawn during the year	(5,610,945)	(324,417)	(869,813)	(498,707,020)	(834,486)	(159,215,607)	(4,364,266)	(137,680)	(1,450,123)	(538,630,272)	(1,042,362)	(236,784,614)
Transfer in / (out) - net	-	366	(87,228)	(2,058)	-	132,631	(33,300)	(22,394)	(3,106)	-	41,874	289,451
Closing balance	172,019	212,335	76,237	1,638,770	49,753	10,365,166	271,648	24,444	59,593	1,246,363	23,104	8,622,201
Subordinated debt	-	-	-	-	-	889,432	-	-	-	-	-	889,588
Other Liabilities												
Interest / return / mark-up payable on deposits	-	-	85	-	-	153,374	-	-	114	-	-	286,949
Interest / return / mark-up payable on borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Interest / return / mark-up payable on subordinated debt	-	-	-	-	-	1,308	-	-	-	-	-	2,220
Payable to defined benefit plan	-	-	-	-	-	-	-	-	-	-	-	147,885
Others payable	-	-	-	353	-	-	-	-	-	5,638	-	-
Represented By												
Share Capital	9,733,073	19,180	12,223	-	-	45,323	9,733,073	17,330	900	-	-	81,765
Contingencies and Commitments												
Letter of guarantee	-	-	-	-	-	29,054	-	-	-	-	-	14,217
Letter of Credit	-	-	-	-	-	86,543	-	-	-	-	-	44,368
Profit and loss account												
Incowme												
Mark-up / return / interest earned	-	3,279	42,627	1,851	5,816	178,695	-	212	14,846	-	-	322,478
Fee and commission income	-	11	784	-	-	227,206	-	29	368	-	-	330,904
Dividend income	-	-	-	-	-	90,633	-	-	-	208,948	-	85,332
Gain on sale of securities - net	-	-	-	-	-	242,439	-	-	-	-	-	155,288
Other income	-	-	-	-	-	-	-	-	13,456	-	-	-
Expense												
Mark-up / return / interest paid	46,099	3,490	3,204	156,221	2,600	1,135,034	35,406	2,227	4,309	232,715	2,930	1,383,816
Commission / charges paid	-	-	-	9,215	-	-	-	-	-	4,670	-	-
Preference dividend paid	-	-	-	-	-	-	23,419	161	-	-	-	38
Remuneration paid	-	54,790	414,220	-	-	-	-	-	343,874	-	-	-
Non-executive directors' fee	-	19,950	-	-	-	-	-	11,000	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	159,436	-	-	-	-	-	209,871
Net charge / (reversal) for defined benefit plans	-	-	-	-	-	229,001	-	-	-	-	-	134,313
Fee and subscription	-	-	-	-	-	-	9,588	-	-	-	-	-
Donation	-	-	-	-	-	112,841	-	-	-	-	-	-
Rental expense	-	-	-	-	-	195	-	-	-	2,945	-	-
Advisory fee	-	-	-	-	-	-	-	-	-	-	-	15,000
Other expenses	2,036	-	-	-	-	1,899	-	-	-	-	-	2,162
Reimbursement of expenses	-	869	5,679	6,632	-	30,598	1,886	1,240	-	1,145	-	-
Payments made during the year												
Insurance premium paid	-	-	-	-	-	405,171	-	-	-	-	-	345,092
Insurance claims settled	-	-	-	-	-	6,339	-	-	-	-	-	8,036
Defined benefit plans paid	-	-	-	-	-	151,881	-	-	-	-	-	102,494
Other Transactions												
Sale of Government Securities												
Purchase of Government Securities	585,477	1,645	-	-	-	113,055,811	1,605,975	2,968	-	83,216	-	295,412,399
Sale of Foreign Currencies	-	-	-	-	-	43,560,278	-	1,352	-	25,045	-	12,797,839
Purchase of Foreign Currencies	-	-	-	-	-	36,509,253	-	-	-	-	-	26,836,227
	-	-	-	-	-	60,142,942	-	-	-	-	-	19,213,481

44. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2020	2019
	----- Rupees in '000 -----	
Minimum Capital Requirement (MCR)		
Paid-up capital (net of losses)	10,119,242	10,119,242
Capital Adequacy Ratio (CAR)		
Eligible Common Equity Tier 1 (CET 1) Capital	16,227,512	14,619,607
Eligible Additional Tier 1 (ADT 1) Capital	2,251,350	2,500,000
Total Eligible Tier 1 Capital	18,478,862	17,119,607
Eligible Tier 2 Capital	4,621,001	4,306,756
Total Eligible Capital (Tier 1 + Tier 2)	23,099,863	21,426,363
Risk Weighted Assets (RWAs)		
Credit Risk	155,761,884	144,380,673
Market Risk	1,144,972	924,762
Operational Risk	23,981,730	20,468,251
Total	180,888,586	165,773,686

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for banks to be raised to Rs.10,000 million by the year ending December 31, 2013. The paid-up capital of the Bank as at December 31, 2020 stood at Rs. 10,119.242 million (2019: Rs. 10,119.242 million) and is in compliance with SBP requirements.

The Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0% plus capital conservation buffer of 1.5% of the risk weighted exposures of the Bank. Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.5% and 7.5%, respectively, as at December 31, 2020. As at December 31, 2020 the Bank is fully compliant with prescribed ratios, as the Bank's CAR is 12.77% whereas CET 1 and Tier 1 ratios stood at 8.97% and 10.22% respectively. The Bank has complied with all capital requirements throughout the year.

Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are also applied against the Bank's exposures based on eligible collateral under comprehensive approach.

	2020	2019
	----- Rupees in '000 -----	
Common Equity Tier 1 Capital Adequacy ratio	8.97%	8.82%
Tier 1 Capital Adequacy Ratio	10.22%	10.33%
Total Capital Adequacy Ratio	12.77%	12.93%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	18,478,862	17,119,607
Total Exposures	605,685,437	501,440,747
Leverage Ratio	3.05%	3.41%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	157,850,263	83,221,592
Total Net Cash Outflow	57,017,766	55,819,412
Liquidity Coverage Ratio	276.84%	149.09%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	357,021,802	308,715,925
Total Required Stable Funding	256,068,898	274,288,642
Net Stable Funding Ratio	139.42%	112.55%

44.1 The link to the full disclosure is available at https://jsbl.com/knowledge-centre/investor-information/

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020

45. RISK MANAGEMENT

Risk Management is a discipline at the core of every financial institution and encompasses all the activities that affect its risk profile. At the Bank, it involves identification, measurement, monitoring and controlling risks to ensure that:

a) The individuals who take or manage risks clearly understand it;
b) The Bank's Risk exposure is within the limits established by Board of Directors (BoD);
c) Risk taking decisions are in line with the business strategy and objectives set by BoD;
d) The expected payoffs compensate for the risks taken;
e) Risk taking decisions are explicit and clear;
f) Sufficient capital as a buffer is available to take risk; and
g) Risk management function is independent of risk taking unit.

The Bank has a comprehensive set of Risk Management policies, practices and procedures which enable the Bank to take into consideration, in an appropriate manner, all major kinds of risks mainly credit, market, liquidity, operational and IT security risks. Keeping in view the dynamics of internal and external environment, we regularly review and update our Risk Management policies and procedures in accordance with regulatory environment and international standards.

Risk Management activities remain at the forefront of all activities of the Bank which places the highest priority on conducting its business in a prudent manner in line with the relevant laws and regulatory requirements.

Risk management framework of the Bank includes:

a) Clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting and control;

b) Well constituted organizational structure, defining clearly roles and responsibilities of individuals involved in risk taking as well as managing it. The Bank, in addition to risk management functions for various risk categories, has instituted an Integrated Risk Management Committee (IRMC), Credit Risk Committee (CRC), Operational Risk Management Committee (ORMC), Remedial Management Committee (RMC) as well as Central Credit Committee (CCC). IRMC oversees the overall risk management at the Bank and provides guidance in setting strategic targets as well as concentration limits and monitor progress related to earnings growth, keeping in view the capital constraints and also adheres to the concentration limits. The IRMC monitors the strategic target and aggregate limits at the Business Group level and concentration limits (by industry, geography, size, tenor) so that one category of assets or dimension of risk cannot materially harm the performance of the Bank. CRC monitors the advances portfolio, concentrations limits, aggregate limits at business level and various house keeping elements under Credit Administration. ORMC oversees the effectiveness of operational risk management for maintenance and implementation of operational risk management framework. It also monitors the Business Continuity Planning and reviews findings of any other management or board's sub committee. Remedial Management Committee (RMC) oversees the progress of non performing loans and cases under litigation along with the recommendation of transferring of any NPL to Corporate Restructuring Company (CRC). Whereas, Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the Bank. CCC meets regularly to actively supervise credit risk across its lending portfolio.

c) An effective management information system that ensures flow of information from operational level to top management and a system to address any exceptions observed; and

d) A mechanism to ensure an ongoing review of systems, policies and procedures for risk management and procedures to adopt changes.

While the overall responsibility of risk management rests with the BoD, it is the duty of Senior Management to devise risk management strategy by setting up well defined policies and procedures for mitigating / controlling risks, duly approved by the Board.

Giving due consideration to the above, the Bank has put in place the following hierarchy of Risk Management:

- Board Risk Management Committee (BRMC);
- Integrated Risk Management Committee (IRMC) comprises of the President / Chief Executive Officer (CEO), Deputy CEO, Chief Risk Officer, Chief Financial Officer, Group Head Investment Banking & Emerging Business, Group Head Operations & Technology, Head of Compliance, Chief of Staff, Head of Treasury and Head Internal Audit (guest member).
- Asset - Liability Committee (ALCO) comprises of the President / Chief Executive Officer (CEO), Deputy CEO, Treasurer, Chief Risk Officer, Chief Financial Officer and attended by Other Business Heads.
- Central Credit Committee (CCC) comprising of the President / CEO, Deputy CEO, Chief Risk Officer, Chief Financial Officer, Group Head Investment Banking & Emerging Business, Chief of Staff and Head of Operational and Environmental Risk (for environmental risk only).
- Credit Risk Committee (CRC) comprises of President/CEO, Deputy CEO, Chief Risk Officer, Chief Financial Officer, Group Head Investment Banking & Emerging Business, Regional Credit Heads, Head CAD, Head of Consumer Risk, Head Enterprise Risk Management and Head Internal Audit (guest member).
- Operational Risk Management Committee (ORMC) comprises of the Deputy CEO, Chief Risk Officer, Group Head Operations & Technology, Country Head Branch Banking Operations, Group Head Human Resources Head of Compliance, Head of Service Management, Head Enterprise Risk Management and Head Internal Audit (guest member).
- Remedial Management Committee (RMC) comprises of President/CEO, Deputy CEO, Chief Risk Officer, Chief Operating Officer, Chief Financial Officer, Head of SAM, Credit Risk Heads and Head of Legal.
- IT Steering Committee (ITSC) comprises of President/CEO, Deputy CEO, Chief Risk Officer, Chief Financial Officer, Group Head Operations & Technology, Chief Information Officer, Chief Information Security Officer, Chief of Staff, Group Head Investment Banking & Emerging Business, Chief Digital Officer, Country Head Branch Banking Operations and Head Product Development & Consumer Business.
- Risk Management Group (RMG), a dedicated and independent set-up headed by Chief Risk Officer and comprises of Regional Credit Heads, Heads of Market & Liquidity Risks, Operational Risk and Treasury Middle Office, Consumer Risk, Credit Administration, Special Assets Management, Information Security, Strategic Projects & Quantitative Analysis and Enterprise Risk Management.

RMG is managed by Chief Risk Officer to supervise the following Divisions:

a) Credit Risk Management (CRM) covering Corporate / Commercial, Agricultural and Retail Banking Risks
b) Operational Risk Management (ORM)
c) Market Risk Management (MRM)
d) Treasury Middle Office
e) Basel II / III Implementation Unit
f) Credit Administration Department (CAD)
g) Special Assets Management (SAM)
h) IS Risk Management
i) Consumer Risk
j) Strategic Projects & Quantitative Analysis

The Bank's RMG generates the requisite risk reporting for the different tiers of management. These are also subjected to internal audit review.

Risk Matrix / Categories

The Bank, in common with other banks, generates its revenues by accepting Country, Credit, Liquidity, Interest Rate Risk in the Banking Book, Market, Operational and other risks. Effective management of these risks is the decisive factor in the Bank's profitability.

Risk Appetite

The Bank's risk appetite is reflected in its endeavours to maintain a favourable credit rating and encompasses the following:

- The business strategy
- The expectations of stakeholders at different time horizons
- The characteristics of the risk-bearing entities
- The nature and characteristics of the risks undertaken
- The possible spread of risk situations across organizational units, assets-at-risk, and future time horizons.

Risk appetite drives business activity. It combines anticipations in risk and profitability with management preferences to control capital and resource allocation, as well as the distribution of exposure across activities and portfolios.

The Bank's hedging strategy is embedded in its risk management practices for addressing material categories of risk.

45.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit risk is managed in terms of credit policies, approved by the BoD and regulations issued by the SBP. The bank is exposed to credit risk on loans and advances, fund placements with financial institutions and certain investments.

Credit risk management is an ongoing process. The overall credit policy and the credit risk instructions are issued by the Board of Directors. In this regards, a Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the bank. In order to maintain healthy growth of the credit portfolio, the Bank's Credit Risk Management processes are consistently upgraded and improved to meet future challenges.

The Bank's strategy is to minimise credit risk through product, geography, industry and customer diversification. Credit limits are established for all counter-parties after a careful assessment of their credit worthiness. An effective credit granting procedure, which requires pre-sanction evaluation of credit proposal, adequacy of security and pre-disbursement examination of charge documents is in place and managed by Risk Management Group (RMG) & Credit Administration Department (CAD). The Bank maintains a sound portfolio diversified in nature to counter the risk of credit concentration and further confines risk through diversification of its assets by geographical and industrial sector. For managing impaired assets in the portfolio, the Bank follows the Prudential Regulations and Risk Management guidelines issued by SBP and the Remedial Management Policy approved by the Board.

45.1.1 Credit risk: Standardised approach

The Bank has adopted the Standardised Approach of Basel II for risk weighing its Credit Risk Exposures.

The following table illustrates the approved External Credit Assessment Institutions (ECAIs) whose ratings are being utilised by the Bank with respect to material categories of exposures:

Exposures	JCR-VIS	PACRA	MOODY'S	FITCH	S&P
Corporate	✓	✓	-	-	-
Banks	✓	✓	✓	✓	✓
SME's (retail exposures)	✓	✓	-	-	-
Sovereigns	✓	✓	✓	✓	✓
Securitisations	N/A	N/A	N/A	N/A	N/A
Others (specify)	N/A	N/A	N/A	N/A	N/A

The Bank has used Issue Specific Ratings for rating / risk weighing Issue Specific Exposures and Entity Ratings for rating / risk weighing claims against specific counterparties. Both short and long term ratings have been used to rate corresponding short and long term exposures. For this purpose, Mapping Grid provided by SBP as given below:

Long - Term Ratings Grades Mapping

SBP Rating Grade	PACRA	JCR-VIS	Fitch	Moody's	S&P	ECA Scores
1	AAA AA+ AA AA-	AAA AA+ AA AA-	AAA AA+ AA AA-	Aaa Aa1 Aa2 Aa3	AAA AA+ AA AA-	1
2	A+ A A-	A+ A A-	A+ A A-	A1 A2 A3	A+ A A-	2
3	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-	3
4	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	Ba1 Ba2 Ba3	BB+ BB BB-	4
5	B+ B B-	B+ B B-	B+ B B-	B1 B2 B3	B+ B B-	5,6
6	CCC+ and below	CCC+ and below	CCC+ and below	Caa1 and below	CCC+ and below	7

Short - Term Ratings Grades Mapping

SBP	PACRA	JCR-VIS	Fitch	Moody's	S&P
S1	A-1	A-1	F-1	P-1	A-1+, A-1
S2	A-2	A-2	F-2	P-2	A-2
S3	A-3	A-3	F-3	P-3	A-3
S4	Others	Others	Others	Others	Others

45.1.2 Policies and processes for collateral valuation and management as regards Basel II;

For Credit Risk Mitigation purposes the Bank uses only the eligible collaterals under Comprehensive Approach of Credit Risk Mitigation under Standardised Approach as prescribed by SBP under Circular No. 8 of 2006, which includes Cash and Cash Equivalent Securities including Government Securities (like Cash Margins, Lien on Bank Accounts, Foreign Deposit Receipts, Term Deposit Receipts, Pledge of Defense Saving Certificates, Regular Income Certificates, Special Saving Certificates, T-Bills and Pakistan Investment Bonds etc.) and Shares, TFCs and Mutual Funds Listed on the Main Index.

Under the Bank's policy all collaterals are subject to periodic valuations to monitor the adequacy of margins held. Shares / Marketable securities are valued by the Bank on daily basis to calculate the Drawing Power (DP). In case of any shortfall in the requisite margins, the DP is adjusted to the appropriate level and the business units are informed to take appropriate action as per the agreement with the customer.

Particulars of bank's significant on-balance sheet credit risk in various sectors are analysed as follows:

45.1.3 Lendings to financial institutions

	Gross lendings		Non-performing lendings		Provision held	
	2020	2019	2020	2019	2020	2019
	---------- Rupees in '000 ----------					
Credit risk by public / private sector						
Public/ Government	-	-	-	-	-	-
Private	23,240,897	30,321,802	-	-	1,225	1,262
	23,240,897	30,321,802	-	-	1,225	1,262

45.1.4 Investment in debt securities

	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
	---------- Rupees in '000 ----------					
Credit risk by industry sector						
Textile	65,022	65,022	65,022	65,022	65,022	65,022
Chemical and Pharmaceuticals	249,860	258,193	149,860	149,860	149,860	149,860
Power (electricity), Gas, Water, Sanitary	71,429	142,857	-	-	-	-
Refinery	307,454	390,303	-	-	-	-
Transport, Storage and Communication	710,902	854,902	155,169	155,169	155,169	155,169
Financial	4,367,326	300,000	-	-	-	-
Services	1,265,104	1,350,000	-	-	-	-
	7,037,097	3,361,277	370,051	370,051	370,051	370,051

	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
	---------- Rupees in '000 ----------					
Credit risk by public / private sector						
Public/ Government	3,643,402	-	-	-	-	-
Private	3,393,695	3,361,277	370,051	370,051	370,051	370,051
	7,037,097	3,361,277	370,051	370,051	370,051	370,051

45.1.5 **Advances**

	Gross Advances		Non-performing Advances		Provision held	
	2020	2019	2020	2019	2020	2019
	---------- Rupees in '000 ----------					
Credit risk by industry sector						
Agri finance	7,797,960	5,285,334	433,949	207,192	107,329	397
Automobile and transportation equipment	3,912,821	3,854,727	117,937	227,878	64,829	69,596
Brokerage	8,866,882	6,929,558	-	-	-	-
Cement	2,236,379	2,958,936	-	-	-	-
Chemical	1,422,319	1,910,636	314,405	314,405	-	-
Construction	356,077	5,806,032	-	112,803	-	3,236
Electronics and electrical appliances	823,973	237,458	5,991	35,911	-	-
Engineering, IT and other services	9,453,353	5,013,829	82,124	38,738	31,683	26,325
Fertilizer	3,484,915	4,446,138	1,367,103	1,348,824	1,349,130	1,348,943
Financial	1,635,853	2,110,683	-	-	-	-
Food / confectionery / beverages	34,253,338	32,353,949	1,057,765	157,010	351,621	63,221
Individuals	33,122,827	31,512,186	2,041,082	1,533,451	506,898	238,185
Insurance and security	10,451	176,116	-	-	-	-
Metal and steel	9,966,050	8,824,579	2,607,092	1,614,845	722,969	339,372
Mining and quarrying	137,220	159,069	-	-	-	-
Paper / board / furniture	1,674,874	1,506,878	82,782	8,000	2,608	-
Petroleum, oil and gas	5,122,089	4,135,890	95,053	80,053	37,160	29,618
Pharmaceuticals	5,289,290	5,722,234	4,577	4,577	-	-
Plastic	1,962,424	2,001,738	561,763	538,745	-	483
Power and water	23,897,355	27,878,617	156,241	159,806	19,130	-
Real estate	4,203,207	3,493,350	1,306,057	1,300,000	13	-
Shipbreaking	300,214	1,074,589	-	805,000	-	256,706
Storage	82,245	103,525	20,000	-	-	-
Sugar	2,042,589	2,609,984	200,000	200,000	200,000	200,000
Tele-communication	2,838,926	2,709,181	-	-	-	-
Textile						
Composite	7,573,233	6,639,722	322,262	339,310	304,345	303,094
Ginning	1,281,801	1,612,059	34,539	48,949	9,065	20,157
Spinning	5,768,619	5,349,247	278,441	278,441	278,441	278,441
Weaving	8,669,251	9,988,010	47,284	47,284	19,653	3,726
	23,292,904	23,589,038	682,526	713,984	611,504	605,418
Transportation	35,246,740	39,397,687	73,283	127,290	53,958	53,493
Trust and non-profit organisations	56,043	475,240	-	-	-	-
Tyre	267,203	288,551	-	-	-	-
Wholesale and retail trade	12,161,474	10,671,924	372,302	502,852	106,964	64,928
Others	18,484,334	9,215,480	151,523	321,800	16,040	40,020
	254,402,329	246,453,136	11,733,555	10,353,164	4,181,836	3,339,941
Credit risk by public / private sector						
Public/ Government	52,248,485	56,471,970	-	-	-	-
Private	202,153,844	189,981,166	11,733,555	10,353,164	4,181,836	3,339,941
	254,402,329	246,453,136	11,733,555	10,353,164	4,181,836	3,339,941

		Contingencies and commitments	
		2020	2019
45.1.6	**Credit risk by industry sector**	-------- Rupees in '000 --------	
	Automobile and transportation equipment	**2,371,968**	2,163,575
	Brokerage	**850,500**	796,500
	Cement	**779,749**	247,368
	Chemical	**1,126,160**	779,205
	Construction	**22,694,392**	18,350,913
	Electronics and electrical appliances	**496,139**	190,170
	Engineering, IT and other services	**3,293,028**	3,033,858
	Fertilizer	**2,350,294**	4,262,960
	Financial	**43,920,788**	62,151,629
	Food / confectionery / beverages	**2,855,033**	3,054,819
	Individuals	**592,229**	989,889
	Insurance and security	**28,234**	12,197
	Metal and steel	**4,629,296**	3,709,350
	Mining and quarrying	**-**	-
	Paper / board / furniture	**808,302**	888,015
	Petroleum, oil and gas	**656,214**	586,136
	Pharmaceuticals	**856,079**	721,858
	Plastic	**715,399**	324,356
	Power and water	**795,807**	495,534
	Real estate	**16,516,933**	4,299,209
	Shipbreaking	**56,758**	77,614
	Sugar	**8,601**	24,301
	Tele-communication	**1,172,080**	1,460,186
	Textile		
	Composite	**1,384,271**	1,037,819
	Ginning	**277,552**	369,793
	Spinning	**3,497,170**	1,485,788
	Weaving	**1,532,406**	1,118,339
		6,691,399	4,011,739
	Transportation	**30,537**	24,896
	Trust and non-profit organisations	**116,293**	217,780
	Tyre	**89,489**	9,584
	Wholesale and retail trade	**3,320,259**	4,328,745
	Others	**6,220,466**	4,463,909
		124,042,426	121,676,295

Credit risk by public / private sector

Public/ Government	**-**	-
Private	**124,042,426**	121,676,295
	124,042,426	121,676,295

45.1.7 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 95,329.829 million (2019: Rs. 85,937.967 million) are as following:

	Note	2020	2019
		----- Rupees in '000 -----	
Funded	45.1.7.1	**64,985,417**	65,309,390
Non Funded	45.1.7.2	**30,344,412**	20,628,577
Total Exposure		**95,329,829**	85,937,967

45.1.7.1 There are no classified advances placed under top 10 exposures.

45.1.7.2 The sanctioned limits against these top 10 exposures aggregated to Rs. 107,031.73 million (2019: 85,937.967 million).

45.1.8 Advances - Province / Region-wise Disbursement & Utilization

	2020							
		Utilization						
	Disbursements	Punjab	Sindh	KPK & FATA	Balochistan	Islamabad	AJK & Gilgit-Baltistan	Bahrain
	----- Rupees in '000 -----							
Province / Region								
Punjab	87,425,286	87,425,286	-	-	-	-	-	-
Sindh	152,675,348	-	152,675,348	-	-	-	-	-
KPK including FATA	1,055,415	-	-	1,055,415	-	-	-	-
Balochistan	244,399	-	-	-	244,399	-	-	-
Islamabad	16,845,491	-	-	-	-	16,845,491	-	-
AJK including Gilgit-Baltistan	247,017	-	-	-	-	-	247,017	-
Bahrain	8,441,218	-	-	-	-	-	-	8,441,218
Total	266,934,174	87,425,286	152,675,348	1,055,415	244,399	16,845,491	247,017	8,441,218

	2019							
		Utilization						
	Disbursements	Punjab	Sindh	KPK & FATA	Balochistan	Islamabad	AJK & Gilgit-Baltistan	Bahrain
	----- Rupees in '000 -----							
Province / Region								
Punjab	80,305,925	80,305,925	-	-	-	-	-	-
Sindh	146,330,605	-	146,330,605	-	-	-	-	-
KPK including FATA	1,456,326	-	-	1,456,326	-	-	-	-
Balochistan	111,734	-	-	-	111,734	-	-	-
Islamabad	13,423,194	-	-	-	-	13,423,194	-	-
AJK including Gilgit-Baltistan	197,627	-	-	-	-	-	197,627	-
Bahrain	4,727,124	-	-	-	-	-	-	4,727,124
Total	246,552,535	80,305,925	146,330,605	1,456,326	111,734	13,423,194	197,627	4,727,124

45.2 Market Risk

Market risk is the risk of loss due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. From the perspective of the Bank, market risk comprises of interest rate risk, foreign exchange risk and equity position risk, which the Bank is exposed to in its trading book.

The Bank has an approved market risk policy wherein the governance structure for managing market risk, measurement tools used and the market risk exposure limits have been addressed. The Bank's strategy for managing market risk is to relate the level of risk exposures to their risk appetite and the capital at hand.

The Board of Directors (BoD) and the Asset and Liability Committee (ALCO) are responsible for addressing market risk from a strategic perspective and are assisted by the market risk function in meeting these objectives.

The Market Risk Unit reports directly to Head ERM and is responsible for ensuring the implementation of market risk policy in line with the Bank's strategy.

Risk reporting undertaken by the market risk function includes:

a) Portfolio Reports
b) Limit monitoring reports
c) Sensitivity analysis; and
d) Stress testing of the portfolio

Currently, the Bank is using the market risk standardised approach for the purpose of computing regulatory capital, the details of which are set out above.

45.2.1 Balance sheet split by trading and banking books

	2020			2019		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	---------- Rupees in '000 ----------					
Cash and balances with treasury banks	30,421,231	-	30,421,231	25,589,349	-	25,589,349
Balances with other banks	1,105,969	-	1,105,969	462,836	-	462,836
Lendings to financial institutions	23,239,672	-	23,239,672	30,320,540	-	30,320,540
Investments	176,694,699	25,003,774	201,698,473	86,970,001	55,598,469	142,568,470
Advances	250,199,166	-	250,199,166	242,944,509	-	242,944,509
Fixed assets	7,599,538	-	7,599,538	9,692,701	-	9,692,701
Intangible assets	2,486,725	-	2,486,725	2,271,360	-	2,271,360
Deferred tax assets	-	-	-	8,756	-	8,756
Other assets	14,678,428	-	14,678,428	16,194,444	-	16,194,444
Assets held for sale	739,200	-	739,200	374,000	-	374,000
	507,164,628	25,003,774	532,168,402	414,828,496	55,598,469	470,426,965

45.2.2 Foreign Exchange Risk

Main objective of foreign exchange risk management is to ensure that the foreign exchange exposure of the Bank lies within the defined appetite of the Bank.

Daily reports are generated to monitor the internal and regulatory limits with respect to the overall foreign currency exposures. The overall net open position, whether short or long has the potential to negatively impact the profit and loss depending upon the direction of movement in foreign exchange rates.

Foreign exchange open and mismatched positions are marked to market on a daily basis.

Currency risk arises where the value of financial instruments changes due to changes in foreign exchange rates. In order to manage currency risk exposure the bank enters into ready / spot, forward and swap transactions with SBP and in the interbank market. The Bank's foreign exchange exposure comprises of forward contracts, foreign currencies cash in hand, balances with banks abroad, foreign placement with SBP and foreign currencies assets and liabilities. The net open position is managed within the statutory limits, as fixed by SBP. Counter parties limit are also fixed to limit risk concentration. Appropriate segregation of duties exists between the front and back office functions while compliance with the net open position limit is independently monitored on an ongoing basis.

	2020			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	---------- Rupees in '000 ----------			
United States Dollar	20,731,596	28,340,649	7,925,120	316,067
Great Britain Pound	690,248	2,767,203	1,692,641	(384,314)
Euro	2,028,206	1,324,879	(938,258)	(234,931)
Other currencies	542,006	397,092	(96,962)	47,952
	23,992,056	32,829,823	8,582,541	(255,226)

	2019			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	---------- Rupees in '000 ----------			
United States Dollar	12,248,588	20,805,267	8,586,023	29,344
Great Britain Pound	879,840	2,696,794	1,778,936	(38,018)
Euro	585,843	901,267	326,018	10,594
Other currencies	41,154	34,019	4,829	11,964
	13,755,425	24,437,347	10,695,806	13,884

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	---------- Rupees in '000 ----------			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	-	2,552	-	159
- Other comprehensive income	-	-	-	-

45.2.3 Equity position Risk

Equity positions in the banking book include Investment in equities that are available-for-sale or held for strategic investment purposes. These investments are generally regarded as riskier relative to fixed income securities owing to the inherent volatility of stock market prices. The Bank mitigates these risks through diversification and capping maximum exposures in a single company, compliance with regulatory requirement, and following the guidelines laid down in the Bank's Investment Policy as set by the Board of Directors (BoD). The Bank follows a delivery versus payment settlement system thereby minimizing risk available in relation to settlement risk.

Equity price risk is managed by applying trading limit and scrip-wise and portfolio wise nominal limits.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	---------- Rupees in '000 ----------			
Impact of 5% change in equity prices on				
- Profit and loss account	-	-	-	-
- Other comprehensive income	221,940	-	105,788	-

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020

45.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Yield/ Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. This also refers to the non-trading market risk. The gap analysis between the market rate sensitive assets and liabilities as per the table given below:

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	------------------ Rupees in '000 ------------------			
Impact of 1% change in interest rates on				
- Profit and loss account	**20,570**	**235,507**	301,595	534,770
- Other comprehensive income	**1,033,253**	**-**	248,246	-

45.3 **Mismatch of interest rate sensitive assets and liabilities**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Bank is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark up based assets and liabilities that mature or re-price in a given period. The Bank manages this risk by matching/re-pricing of assets and liabilities. The assets and liabilities committee (ALCO) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Bank.

	2020										
	Effective yield interest	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instrument
	rate - %	---------- Rupees in '000 ----------										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	30,421,231	2,261,337	-	-	-	-	-	-	-	-	28,159,894
Balances with other banks	-	1,105,969	-	-	-	-	-	-	-	-	-	1,105,969
Lendings to financial institutions	6.56	23,239,672	18,351,972	4,887,700	-	-	-	-	-	-	-	-
Investments	8.03	201,698,473	33,368,890	92,486,042	42,997,826	13,795,354	7,241,191	1,386,421	135,586	3,747,419	-	6,539,744
Advances	8.36	250,199,166	204,905,144	20,326,844	10,212,582	641,483	263,840	695,674	1,885,879	1,674,415	2,974,156	6,619,149
Other assets	-	12,866,729	-	-	-	-	-	-	-	-	-	12,866,729
		519,531,240	258,887,343	117,700,586	53,210,408	14,436,837	7,505,031	2,082,095	2,021,465	5,421,834	2,974,156	55,291,485
Liabilities												
Bills payable	-	4,981,983	-	-	-	-	-	-	-	-	-	4,981,983
Borrowings	2.88	48,303,412	12,866,768	13,316,211	4,720,046	70,980	13,221,857	540,672	2,387,895	1,178,983	-	-
Deposits and other accounts	6.94	433,062,593	164,808,483	54,866,725	35,168,621	64,716,449	2,264,241	82,723	3,134,515	-	-	108,020,836
Subordinated debt	10.12	7,492,800	7,492,800	-	-	-	-	-	-	-	-	-
Other liabilities	-	16,541,154	-	-	-	-	-	-	-	-	-	16,541,154
		510,381,942	185,168,051	68,182,936	39,888,667	64,787,429	15,486,098	623,395	5,522,410	1,178,983	-	129,543,973
On-balance sheet financial instruments		9,149,298	73,719,292	49,517,650	13,321,741	(50,350,592)	(7,981,067)	1,458,700	(3,500,945)	4,242,851	2,974,156	(74,252,488)
Commitments in respect of forward purchase, currency swaps, options and commitments to extent credits		24,898,370	8,127,500	11,419,586	3,996,659	1,296,986	57,639	-	-	-	-	-
Commitments in respect of forward sale, currency swaps and options contacts		(18,642,840)	(10,702,206)	(3,031,387)	(2,619,805)	(2,231,803)	(57,639)	-	-	-	-	-
Off-balance sheet gap		6,255,530	(2,574,706)	8,388,199	1,376,854	(934,817)	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			71,144,586	57,905,849	14,698,595	(51,285,409)	(7,981,067)	1,458,700	(3,500,945)	4,242,851	2,974,156	(74,252,488)
Cumulative yield / interest risk sensitivity gap			71,144,586	129,050,435	143,749,030	92,463,621	84,482,554	85,941,254	82,440,309	86,683,160	89,657,316	

	Effective yield interest rate - %	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instrument
		2019										
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	25,589,349	2,566,714	-	-	-	-	-	-	-	-	23,022,635
Balances with other banks	0.17	462,836	97,659	-	-	-	-	-	-	-	-	365,177
Lendings to financial institutions	11.80	30,320,540	30,192,074	-	-	128,466	-	-	-	-	-	-
Investments - net	9.73	142,568,470	66,158,225	41,046,043	582,500	1,656,084	20,378,927	7,910,850	503,646	204,943	-	4,127,252
Advances - net	12.89	242,944,509	197,864,614	20,967,630	9,393,863	488,932	356,955	494,838	2,397,894	1,256,532	2,710,028	7,013,223
Other assets	-	14,542,408	-	-	-	-	-	-	-	-	-	14,542,408
		456,428,112	296,879,286	62,013,673	9,976,363	2,273,482	20,735,882	8,405,688	2,901,540	1,461,475	2,710,028	49,070,695
Liabilities												
Bills payable	-	3,804,491	-	-	-	-	-	-	-	-	-	3,804,491
Borrowings	9.26	54,468,283	31,977,964	13,068,280	4,693,216	193,571	207,839	2,120,779	1,179,549	1,027,085	-	-
Deposits and other accounts	8.70	369,789,964	131,156,503	47,296,616	29,670,550	68,670,264	6,673,436	1,515,724	1,722,440	-	-	83,084,431
Subordinated debt	13.73	7,494,800	-	-	2,996,400	4,498,400	-	-	-	-	-	-
Other liabilities	-	17,536,172	60,983	121,966	182,949	365,898	731,796	682,219	1,168,857	381,703	-	13,839,801
		453,093,710	163,195,450	60,486,862	37,543,115	73,728,133	7,613,071	4,318,722	4,070,846	1,408,788	-	100,728,723
On-balance sheet financial instruments		3,334,402	133,683,836	1,526,811	(27,566,752)	(71,454,651)	13,122,811	4,086,966	(1,169,306)	52,687	2,710,028	(51,658,028)
Commitments in respect of forward purchase contacts and commitments to extent credits		24,679,238	10,902,900	8,103,044	4,037,072	458,398	1,120,185	57,639	-	-	-	-
Commitments in respect of forward exchange contracts - sale		(35,203,283)	(10,834,905)	(7,721,576)	(10,450,305)	(5,019,673)	(1,119,185)	(57,639)	-	-	-	-
Off-balance sheet gap		(10,524,045)	67,995	381,468	(6,413,233)	(4,561,275)	1,000	-	-	-	-	-
Total yield / interest risk sensitivity gap			133,751,831	1,908,279	(33,979,985)	(76,015,926)	13,123,811	4,086,966	(1,169,306)	52,687	2,710,028	(51,658,028)
Cumulative yield / interest risk sensitivity gap			133,751,831	135,660,110	101,680,125	25,664,199	38,788,010	42,874,976	41,705,670	41,758,357	44,468,385	

	2020	2019
	Rupees in '000	
Reconciliation to total assets		
Balance as per balance sheet	**532,168,402**	470,426,965
Less: Non financial assets		
Fixed assets	**7,599,538**	9,692,701
Intangible assets	**2,486,725**	2,271,360
Deferred tax assets - net	**-**	8,756
Other assets	**1,811,699**	1,652,036
Assets held for sale	**739,200**	374,000
	12,637,162	13,998,853
	519,531,240	456,428,112

	2020	2019
	Rupees in '000	
Reconciliation to total liabilities		
Balance as per balance sheet	**511,576,194**	453,093,710
Less: Non financial liabilities		
Deferred tax liabilities - net	**1,194,252**	-
	510,381,942	453,093,710

45.4 Liquidity risk

Liquidity risk is the risk that the Bank will not be able to raise funds to meet its commitments. The Bank's Asset and Liability Committee (ALCO) manages the liquidity position on a continuous basis.

The Bank's policy to liquidity management is to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet our contractual and potential payment obligations without incurring additional and unacceptable cost to the business.

Treasury is responsible for the managing liquidity risk under the guidance of Asset-Liability Committee of the Bank. The Bank's liquidity risk management approach starts at the intraday level (operational liquidity) managing the daily payments queue and factoring in our access to the qualifying securities of State Bank of Pakistan. It then covers tactical liquidity risk management dealing with the access to unsecured funding sources and the liquidity characteristics of our asset inventory (asset liquidity). Finally, the strategic perspective comprises the maturity profile of all assets and liabilities on our statement of financial position.

For monitoring and controlling liquidity risk, the Bank generates a scenario sensitive maturity statement of financial position, and run controlled mismatches that are monitored and discussed by ALCO members regularly. The Bank prepares various types of reports and analysis for assisting ALCO in taking necessary strategic actions for managing liquidity risk in the Bank. These include liquidity ratios, Concentration analysis, Gap reports, Stress testing, Liquidity Coverage ratio & Net Stable Funding Ratio analysis etc.

45.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank

	2020													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	30,421,231	30,421,231	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,105,969	1,105,969	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	23,239,672	2,485,829	3,500,000	3,291,063	9,075,080	-	4,887,700	-	-	-	-	-	-	-
Investments	201,698,473	-	-	13,786,643	16,960,223	4,524,776	71,635,378	44,446,234	12,966,751	1,006,802	7,947,713	4,772,925	3,470,764	20,180,264
Advances	250,199,166	91,706,484	2,515,294	1,262,175	9,566,816	14,007,429	13,560,823	19,565,688	9,544,829	13,087,897	31,914,264	21,520,367	13,641,989	8,305,111
Fixed assets	7,599,538	1,999	11,092	12,941	78,862	121,156	411,539	356,226	352,328	320,673	1,198,183	947,931	967,673	2,818,935
Intangible assets	2,486,725	335	2,008	2,343	5,356	10,043	223,310	29,820	29,612	29,598	117,664	115,429	198,284	1,722,923
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	14,678,428	-	-	433,835	13,115,780	518,574	41,047	534,067	35,125	-	-	-	-	-
Assets held for sale	739,200	-	-	-	-	-	-	-	-	739,200	-	-	-	-
	532,168,402	125,721,847	6,028,394	18,789,000	48,802,117	19,181,978	90,759,797	64,932,035	22,928,645	15,184,170	41,177,824	27,356,652	18,278,710	33,027,233
Liabilities														
Bills payable	4,981,983	166,066	1,162,463	2,324,925	1,328,529	-	-	-	-	-	-	-	-	-
Borrowings	48,303,412	234,381	368,146	9,724,181	2,540,060	5,539,400	7,776,811	4,720,046	26,292	44,687	13,221,857	540,672	2,387,895	1,178,984
Deposits and other accounts	433,062,593	217,192,381	9,135,642	21,400,684	19,179,855	29,458,673	25,408,052	35,168,621	13,995,688	56,641,519	2,264,241	82,723	3,134,514	-
Subordinated debt	7,492,800	-	-	-	-	-	-	1,000	-	1,000	2,000	5,493,600	1,995,200	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	1,194,252	-	-	-	1,913	(70,329)	(3,502)	(35,557)	(35,292)	(42,574)	110,333	176,118	158,819	934,323
Other liabilities	16,541,154	-	-	-	385,097	10,561,165	266,283	502,414	101,165	700,828	1,778,734	1,311,459	827,329	106,680
	511,576,194	217,592,828	10,666,251	33,449,790	23,435,454	45,488,909	33,447,644	40,356,524	14,087,853	57,345,460	17,377,165	7,604,572	8,503,757	2,219,987
Net assets	20,592,208	(91,870,981)	(4,637,857)	(14,660,790)	25,366,663	(26,306,931)	57,312,153	24,575,511	8,840,792	(42,161,290)	23,800,659	19,752,080	9,774,953	30,807,246
Share capital	10,119,242													
Statutory reserve	1,991,170													
Surplus on revaluation of assets - net of tax	2,334,123													
Unappropriated profit	6,147,673													
	20,592,208													

	2019													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	25,589,349	25,589,349	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	462,836	462,836	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	30,320,540	-	28,037,915	2,000,000	154,159	-	-	-	128,466	-	-	-	-	-
Investments	142,568,470	-	28,164,802	-	37,843,425	465,080	15,594,332	2,627,054	1,616,458	177,474	20,654,625	8,003,353	4,135,006	23,286,861
Advances	242,944,509	85,571,596	1,362,955	1,547,981	5,108,573	16,502,480	10,860,877	18,301,471	5,730,118	11,227,145	27,467,362	26,536,887	19,525,477	13,201,587
Fixed assets	9,692,701	3,941	23,255	27,132	62,014	253,908	115,232	343,568	339,980	335,195	1,291,426	1,143,993	1,899,643	3,853,414
Intangible assets	2,271,360	280	1,677	1,957	4,472	106,130	8,386	24,979	24,841	24,829	97,819	96,371	176,318	1,703,301
Deferred tax assets - net	8,756	-	-	-	(1,291)	30,869	56,850	354,806	354,413	32,583	18,223	48,402	12,706	(898,805)
Other assets	16,194,444	13,121,593	-	-	-	-	503,350	-	95,457	-	789,263	411,160	81,864	1,191,757
Assets held for sale	374,000	-	-	-	-	-	-	374,000	-	-	-	-	-	-
	470,426,965	124,749,595	57,590,604	3,577,070	43,171,352	17,358,467	27,139,027	22,025,878	8,289,733	11,797,226	50,318,718	36,240,166	25,831,014	42,338,115
Liabilities														
Bills payable	3,804,491	3,804,491	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	54,468,283	797,376	29,889,829	85,924	1,204,836	7,828,925	5,239,354	4,693,216	174,347	19,224	207,839	2,120,779	1,179,549	1,027,085
Deposits and other accounts	369,789,964	167,415,021	8,285,705	7,047,887	26,021,300	20,516,154	26,780,462	29,670,550	20,422,018	53,719,267	6,673,436	1,515,724	1,722,440	-
Subordinated debt	7,494,800	-	-	-	-	-	-	600	400	1,000	2,000	2,000	7,488,800	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	17,536,172	2,033	12,197	14,229	220,575	9,146,741	585,116	277,733	221,422	801,705	2,334,790	1,769,553	1,741,881	408,197
	453,093,710	172,018,921	38,187,731	7,148,040	27,446,711	37,491,820	32,604,932	34,642,099	20,818,187	54,541,196	9,218,065	5,408,056	12,132,670	1,435,282
Net assets	17,333,255	(47,269,326)	19,402,873	(3,570,970)	15,724,641	(20,133,353)	(5,465,905)	(12,616,221)	(12,528,454)	(42,743,970)	41,100,653	30,832,110	13,698,344	40,902,833
Share capital - net	10,119,242													
Reserves	1,749,673													
Surplus on revaluation of assets - net of tax	636,700													
Unappropriated profit	4,827,640													
	17,333,255													

45.4.2 Maturity of assets and liabilities - Based on working prepared by the Asset and Liability Committee (ALCO) of the Bank

	2020									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	30,421,231	30,421,231	-	-	-	-	-	-	-	-
Balances with other banks	1,105,969	1,105,969	-	-	-	-	-	-	-	-
Lendings to financial institutions	23,239,672	18,351,972	4,887,700	-	-	-	-	-	-	-
Investments	201,698,473	30,746,866	76,160,154	44,446,234	13,973,553	7,947,713	4,772,925	3,470,764	20,180,264	-
Advances	250,199,166	33,881,197	31,253,743	26,199,571	80,557,471	31,914,264	17,826,671	13,641,989	5,182,115	9,742,145
Fixed assets	7,599,538	104,894	532,695	356,226	673,001	1,198,183	947,931	967,673	668,086	2,150,849
Intangible assets	2,486,725	10,042	233,353	29,820	59,210	117,664	115,429	198,284	259,299	1,463,624
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-
Other assets	14,678,428	13,549,615	559,621	534,067	35,125	-	-	-	-	-
Assets held for sale	739,200	-	-	-	739,200	-	-	-	-	-
	532,168,402	128,171,786	113,627,266	71,565,918	96,037,560	41,177,824	23,662,956	18,278,710	26,289,764	13,356,618
Liabilities										
Bills payable	4,981,983	4,981,983	-	-	-	-	-	-	-	-
Borrowings	48,303,412	12,866,768	13,316,211	4,720,046	70,979	13,221,857	540,672	2,387,895	1,178,984	-
Deposits and other accounts	433,062,593	54,275,887	61,275,517	43,747,135	80,264,150	18,199,605	13,101,050	162,199,249	-	-
Subordinated debt	7,492,800	-	-	1,000	1,000	2,000	5,493,600	1,995,200	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	1,194,252	1,913	(73,831)	(35,557)	(77,866)	110,333	176,118	158,819	934,323	-
Other liabilities	16,541,154	385,097	10,827,448	502,414	801,993	1,778,734	1,311,459	827,329	106,680	-
	511,576,194	72,511,648	85,345,345	48,935,038	81,060,256	33,312,529	20,622,899	167,568,492	2,219,987	-
Net assets	20,592,208	55,660,138	28,281,921	22,630,880	14,977,304	7,865,295	3,040,057	(149,289,782)	24,069,777	13,356,618
Share capital - net	10,119,242									
Reserves	1,991,170									
Surplus on revaluation of assets - net of tax	2,334,123									
Unappropriated profit	6,147,673									
	20,592,208									

	2019									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	25,589,349	25,589,349	-	-	-	-	-	-	-	-
Balances with other banks	462,836	462,836	-	-	-	-	-	-	-	-
Lending to financial institutions	30,320,540	30,192,074	-	-	128,466	-	-	-	-	-
Investments	142,568,470	66,008,226	16,059,413	2,627,054	1,793,932	20,654,625	8,003,353	4,135,006	23,286,861	-
Advances	242,944,509	24,262,803	30,936,980	24,733,994	76,279,419	27,467,362	26,536,887	19,525,477	3,898,657	9,302,930
Fixed assets	9,692,701	116,342	369,140	343,568	675,175	1,291,426	1,143,993	1,899,643	1,181,797	2,671,617
Intangible assets	2,271,360	8,386	114,516	24,979	49,670	97,819	96,371	176,318	239,677	1,463,624
Deferred tax assets - net	8,756	(1,291)	87,719	354,806	386,996	18,223	48,402	12,706	(386,519)	(512,286)
Other assets	16,194,444	13,121,593	503,350	-	95,457	789,263	411,160	81,864	1,191,757	-
Assets held for sale	374,000	-	-	374,000	-	-	-	-	-	-
	470,426,965	159,760,318	48,071,118	28,458,401	79,409,115	50,318,718	36,240,166	25,831,014	29,412,230	12,925,885
		0.01								
Liabilities										
Bills payable	3,804,491	3,804,491	-	-	-	-	-	-	-	-
Borrowings	54,468,283	31,977,964	13,068,280	4,693,216	193,571	207,839	2,120,779	1,179,549	1,027,085	-
Deposits and other accounts	369,789,964	44,619,483	52,175,941	36,130,812	81,513,876	18,875,634	12,491,223	123,982,995	-	-
Subordinated debt	7,494,800	-	-	600	1,400	2,000	2,000	7,488,800	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-
Other liabilities	17,536,172	249,034	9,731,857	277,733	1,023,127	2,334,790	1,769,553	1,741,881	408,197	-
	453,093,710	80,650,972	74,976,078	41,102,361	82,731,974	21,420,263	16,383,555	134,393,225	1,435,282	-
Net assets	17,333,255	79,109,346	(26,904,960)	(12,643,960)	(3,322,859)	28,898,455	19,856,611	(108,562,211)	27,976,948	12,925,885
Share capital - net	10,119,242									
Reserves	1,749,673									
Surplus on revaluation of assets - net of tax	636,700									
Unappropriated profit	4,827,640									
	17,333,255									

45.4.3 To identify the behavioural maturities of non-contractual assets and liabilities, the Bank has used the following methodology:

For determining the core portion of non contractual liabilities (non-volatile portion), the bank has used the average method whereby average balance maintained over past five year has been classified as core and has been placed in 'over 3 to 5 years' maturity bucket. Non contractual assets and remaining volatile portion of non contractual liabilities have been stratified in relevant maturity bucket using bucket wise percentages determined by using average volatility in respective period / bucket.

45.5 Operational risk

The Bank currently uses Basic Indicator Approach to Operational Risk for regulatory capital calculations. We define operational risk as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. With the evolution of Operational Risk Management into a separate distinct discipline, the Bank's strategy is to further strengthen its risk management system along new industry standards. Accordingly the Bank has set up a separate Operational Risk Management (ORM) Unit. ORM Unit resides within Risk Management Group (RMG). Its responsibility is to implement Operational Risk management framework across the bank for effective measurement and monitoring of operational risk faced by different areas of the Bank.

Bank's operational risk management process involves a structured and uniform approach across the Bank. It includes risk identification and assessments, the monitoring of Key Risk Indicators (KRIs) and Risk & Control Self-Assessment (RCSA) activities for key operational risks. In order to build a robust operational risk monitoring mechanism, an Operational Risk Management Committee (ORMC) has been constituted to effectively address operational risk issues.

The bank has implemented a comprehensive "Operational Risk Management Policy" which has also been approved by the Board of Directors. The purpose of bank-wide Operational Risk Management Policy is aimed at laying out clearly defined roles and responsibilities of individuals / units across different functions of the Bank that are involved in performing various operational risk management tasks. Operational risk is much more pervasive in a financial institution and every operating unit is exposed to operational risk, regardless of whether it is a business or a support function. This policy has been devised to explain the various building blocks of the operational risk management functions and their inter-relationships. The policy also captures both qualitative and quantitative guidelines for managing and quantifying operational risks across the Bank.

The ORM Unit conducts operational risk assessment for all major functions of the Bank and assists various functions of the Bank in developing RCSA and KRIs which are monitored against predefined thresholds. Findings from KRIs are used as predictive indicators of potential operational risks.

Operational risk incidents and loss data collection is governed by Bank's Operational Risk Management Policy and process documents which have been developed and implemented to collate operational losses and near misses in a systematic and organized way.

The Bank's Business Continuity (BCP) Policy includes risk management strategies to mitigate inherent risks and prevent interruption of mission critical services caused by disaster events. The resilience of BCP is tested and rehearsed on an annual basis by the Bank.

46. DERIVATIVE RISK

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BOD). Bank's Asset & Liability Committee (ALCO) is responsible for reviewing and managing associated risks of the transactions.

The nature, scope and purpose of derivatives business, for trading purposes or hedging purpose and the types of derivative in which they deal.

The overall responsibility for offering derivative products and sustaining profitability lies with the Treasurer and in his absence with his delegate. The Market Risk Unit / Treasury Middle Office of the Bank responsible for measurement & monitoring of the market risk exposures, analysis of present and potential risk factors.

The Market Risk Unit also monitors associated Credit, Market and Liquidity Risk in line with Board of Directors approved limit framework. The unit coordinates with the business regarding approvals for derivatives risk limits and produces various reports / analysis for ALCO / BRMC on periodic basis. These reports provide details of outstanding un-hedged positions, profitability and status of compliance with limits. Treasury Operations records derivatives activity in the Bank's books and is responsible for reporting to the SBP.

The derivative transaction such as Cross Currency Swaps carries credit risk which is the risk that a party to a derivative contract will fail to perform its obligation. There are two types of credit risk associated with derivative transactions; 1) settlement, and 2) pre-settlement risk. Bank's Central Credit Committee is responsible for reviewing and managing associated Counterparty Credit Risks of the transaction.

The Bank has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities. The Bank can hedge its risk by taking on & off-balance sheet position in interbank market, where available.

47. CUSTOMER SATISFACTION AND FAIR TREATMENT

The Bank is committed to providing its customers with the highest level of service quality and satisfaction. The Bank has established an independent Customer Experience function that oversees customer care, branch services, contact centre, customer insights and business conduct. The Bank's Complaint Handling Policy and Grievance Redressal Mechanism ensure that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible. Customers have the option of registering their complaints at the Bank's branches, contact center, the Bank's website or via email.

The complaint handling policy and grievance redressal mechanism ensures that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible. Customers have the option of registering their complaints at our Branches, contact centre, the Bank's website and via email. Complaint management process is kept as transparent as possible through registration, acknowledgement, interim response where applicable and resolution of complaints. Customers are also given the option of contacting the Banking Mohtasib office in case they are dissatisfied with the response received from the Bank.

To create enhanced visibility of the recourse mechanism available to its customers, the Bank has incorporated awareness messages of its complaint handling function in several customer communications such as account statements, ATM screens and SMS messages. Complete grievance redressal mechanism, touchpoints and online feedback forms have been made available through the Bank's website, and email broadcasts have been sent to the customers for customer education and awareness.

Fair Treatment of Customers is an integral part of our corporate culture. The Bank has institutionalized a 'Consumer Protection Framework'. Our priority is to keep customer benefits in mind while designing, selling and managing products and services, without any discrimination. Our focus is to maintain fairness in our customer dealings, clarity in communication, develop a service culture and design an effective grievance handling mechanism. We also focus on financial literacy of our customers, for promoting responsible conduct and informed financial decisions by consumers, through our consumer education and Financial Literacy Program.

48. RECLASSIFICATION

Corresponding figures have been re-arranged and re-classified to reflect more appropriate presentation of events and transactions to enhance comparability with the current period's financial statements, which are as follows:

	Reclassified		
	From	To	Rs. in '000
Statement of financial position	Other liabilities	Other assets	
	Others	Credit card settlement	32,027
	Others	Inter bank fund transfer settlement	(91,642)
	Others	Others	290,068
Statement of financial position	Other assets	Other liabilities	
	Mark to market gain on derivative instruments	Mark to market loss on derivative instruments	(491)
	Mark to market gain on forward foreign exchange contracts	Mark to market loss on forward foreign exchange contracts	(375,227)
Cashflow Statement	Cash Flow from Operating Activities		
	Other liabilities	Other assets	(1,748,987)

49. GENERAL

49.1 These unconsolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular no. 2 dated January 25, 2018 and related clarifications / modifications.

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

50. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on February 24, 2021.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Muhammad Alee Raput

Write Up: A 23 year old artist for whom Art is a representation and exploration of the human condition and the attempt to experience a deeper understanding of life.

Institute: Indus Valley School of Art & Architecture

Consolidated

Financial Statements

Directors' Report on Consolidated Financial Statement

For the year ended December 31, 2020

On behalf of the Board of Directors, we are pleased to present the Annual Report on the audited consolidated financial statements of JS Bank Limited (the 'Bank) and its subsidiaries and the auditors' report thereon for the year ended December 31, 2020.

Consolidated financial highlights

	2020	2019
	(PKR million)	
Profit/(Loss) before taxation	2,169	(86)
Taxation	(1,060)	171
Profit /(Loss) after taxation	1,108	(257)
Profit /(Loss) attributable to non-controlling interest	(2)	11
Profit /(Loss) attributable to equity holders of the Bank	1,110	(245)
Profit /(Loss) per share - Basic (Rupees)	0.8558	(0.2077)
Investments – net	201,808	143,125
Total assets	536,077	473,213
Deposits	431,424	368,544
Shareholders' equity	22,916	19,481

Pattern of Shareholding

The pattern of shareholding as of December 31, 2020 is included in the Annual Report.

Subsidiary Companies

JS Global Capital Limited

JS Global Capital Limited is one of the largest securities brokerage and investment banking firms in Pakistan with a leadership position in the domestic capital markets. It is in the business of equity, fixed income, currencies and commodities brokerage and investment banking. It was incorporated in Pakistan on June 28, 2000 and is the successor to the securities business of Jahangir Siddiqui & Co. Ltd. and Bear Stearns Jahangir Siddiqui Limited. JS Bank has 83.5% ownership in the company.

JS Global has a paid-up capital of PKR 305.570 million and shareholder equity of PKR 2,446 million as at December 31, 2020. It is listed on the Pakistan Stock Exchange.

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

Summarized results of the company are set out below:

PKR million

Particulars	December 31,2020 (Audited)	December 31,2019 (Audited)
Profit Before Tax	290	107
Profit After Tax	207	47
EPS (Rupees)	6.77	1.31

JS Investments Limited

JS Investments has a paid-up capital of PKR 617,742 million and shareholder equity of PKR 1,775 million as on December 31, 2020. It is listed on the Pakistan Stock Exchange. JS Bank has 84.56% ownership in the company.

The company is a licensed Investment Adviser and Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, JSIL also has a license for Pension Fund Manager under the Voluntary Pension System Rules 2005 and the Private Equity & Venture Capital Fund Management Services license from the Securities and Exchange Commission of Pakistan.

Summarized results of the Company are set out below:

PKR million

Particulars	December 31,2020 (Audited)	December 31,2019 (Audited)
Loss before tax	**(23)**	(59)
Loss after tax	**(40)**	(87)
EPS (Rupees)	**(0.64)**	(1.17)

JS ABAMCO Commodities Limited (Sub-Subsidiary)

The company has not commenced commercial operations with source of income being realized from short term investment in Collective Investment Schemes (CIS) and saving account interest.

Summarized results of the company are set out below:

PKR million

Particulars	December 31,2020 (Audited)	December 31,2019 (Audited)
Profit before tax	**5.0**	5.1
Profit after tax	**4.2**	4.2
EPS (Rupees)	**1.11**	1.13

For and on behalf of the Board,

Basir Shamsie
President & CEO

Kalim-ur-Rahman
Chairman

February 24, 2021

JS ABAMCO کموڈیٹیز لمیٹڈ (سب۔سبسڈیری)

کمپنی نے ابھی تک اپنے تجارتی آپریشنز کا آغاز نہیں کیا ہے۔ مجموعی سرمایہ کاری کے منصوبوں (CIS) میں مختصر مدت کی سرمایہ کاری اور بینک سیونگ اکاؤنٹ کمپنی کی آمدنی کا واحد ذریعہ ہے۔

کمپنی کی طرف سے ترتیب دیے گئے مختص کردہ نتائج درج ذیل ہیں:

مندرجات	31 دسمبر 2020 (آڈیٹڈ)	31 دسمبر 2019 (آڈیٹڈ)
قبل از ٹیکس منافع	5.0	5.1
بعد از ٹیکس منافع	4.2	4.2
ای پی ایس (روپے)	1.11	1.13

منجانب بورڈ

باصر شمسی	**کلیم الرحمان**
پریزیڈنٹ اور سی ای او	چیئر مین

کراچی: 24 فروری 2021

Stearns جہانگیر صدیقی لمیٹڈ کے سیکیوریٹی بزنس کے جانشین ہیں۔ جے ایس بینک کی کمپنی میں ملکیت 83.5 فیصد ہے۔

جے ایس گلوبل کا 31 دسمبر 2020 تک ادا شدہ سرمایہ 305.57 ملین روپے اور ایکویٹی شیئر 2,446 ملین روپے ہے جو پاکستان اسٹاک ایکسچینج پر درج ہے۔

PACRA نے جے ایس گلوبل کے "AA" (ڈبل اے) اور "A1+" (اے ون پلس) کی بالترتیب طویل المدتی اور قلیل مدتی ریٹنگ کو مقرر کیا ہے۔ ریٹنگز نے کریڈٹ کے اس خطرے کی بہت کم امید ظاہر کی ہے جو فنانشل کمٹ منٹس کی بروقت ادائیگی کے لئے شدید گنجائش سے پیدا ہوتا ہے۔

کمپنی کی طرف سے ترتیب دیے گئے مختص کردہ نتائج درج ذیل ہیں:

مندرجات	31 دسمبر 2020 (آڈیٹڈ)	31 دسمبر 2019 (آڈیٹڈ)
قبل از ٹیکس منافع	290	107
بعد از ٹیکس منافع	207	47
ای پی ایس (روپے)	6.77	1.31

جے ایس انویسٹمنٹ لمیٹڈ

جے ایس انویسٹمنٹ کا 31 دسمبر 2020 تک ادا شدہ سرمایہ 617,742 ملین روپے اور ایکویٹی شیئر 1,775 ملین روپے ہے جو پاکستان اسٹاک ایکسچینج پر درج ہے۔ جے ایس بینک کی کمپنی میں ملکیت 84.5 فیصد ہے۔

کمپنی انویسٹمنٹ کے مشیر اور اثاثہ جات کی انتظامی کمپنی، جس کے تحت غیر بینکنگ فنانس کمپنیوں (قیام و ضوابط) کے قوانین، 2003 (این بی ایف سی قواعد) اور غیر بینکنگ فنانس کمپنیوں اور مطلع شدہ اداروں کے قوانین، 2008 (این بی ایف سی ضوابط) کے تحت لائسنس کا اختیار رکھتا ہے۔ اس کے علاوہ رضا کارانہ پنشن اسکیم کا نظام چلانے کیلئے JSIL رضا کارانہ پنشن نظام 2005 کے قوانین کے تحت لائسنس یافتہ پنشن فنڈ منتظم بھی ہے۔

کمپنی کی طرف سے ترتیب دیے گئے مختص کردہ نتائج درج ذیل ہیں:

مندرجات	31 دسمبر 2020 (آڈیٹڈ)	31 دسمبر 2019 (آڈیٹڈ)
قبل از ٹیکس منافع	(23)	(59)
بعد از ٹیکس منافع	(40)	(87)
ای پی ایس (روپے)	(0.64)	(1.17)

مجموعی فنانشل اسٹیٹمنٹس کی ڈائریکٹرز رپورٹ
31 دسمبر 2020 کو ختم ہونے والے سال کے لئے

بورڈ آف ڈائریکٹرز کی جانب سے ہم JS بینک لمیٹڈ (بینک) کی مجموعی آڈٹ شدہ مالیاتی اسٹیٹمنٹس پر سالانہ رپورٹ اوراس کی آڈیٹرز رپورٹ مسرت کے ساتھ پیش کر رہے ہیں۔

مجموعی فنانشل سرخیاں

	2020	2019
	ملین پاکستانی روپے	
قبل از ٹیکس منافع / (نقصان)	2,169	(86)
ٹیکس	(1,060)	171
بعد از ٹیکس منافع / (نقصان)	1,108	(257)
نا قابل ضبط سود سے منسوب منافع / (نقصان)	(2)	11
بینک کے ایکویٹی ہولڈرز سے منسوب منافع / (نقصان)	1,110	(245)
فی شیئر آمدنی۔ بنیادی (روپے) / (نقصان)	0.8558	(0.2077)
سرمایہ کاری	201,808	143,125
کل اثاثہ	536,077	473,213
ڈیپازٹس	431,424	368,544
شیئر ہولڈرز کی ایکویٹی	22,916	19,481

شیئر ہولڈنگ کا پیٹرن

31 دسمبر 2020 تک کا شیئر ہولڈنگ کا پیٹرن بھی سالانہ رپورٹ میں شامل ہے۔

سبسڈری کمپنیز

جے ایس گلوبل کیپٹل لمیٹڈ

جے ایس گلوبل لمیٹڈ، پاکستان کی ڈومیسٹک کیپٹل مارکیٹ میں سیکیورٹی بروکریج اور انویسٹمنٹ بینکنگ کے اداروں میں ایک رہنما کا درجہ رکھتا ہے۔ یہ ایکویٹی بزنس، فکسڈ آمدنی، کرنسی اور اشیاء کی بروکریج اور انویسٹمنٹ بینکنگ ہے۔ اس کی تشکیل 28 جون 2000 کو پاکستان میں ہوئی اور یہ جہانگیر صدیقی اینڈ کمپنی اور Bear

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

Building a better working world

INDEPENDENT AUDITORS' REPORT

To the members of JS Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **JS Bank Limited** (the Bank) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at **31 December 2020**, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

EY
Building a better working world

Following are the Key audit matters:

Key audit matters	How the matter was addressed in our audit
- ***Provision against non-performing credit exposure (note 10)***	
The Group's credit portfolios include loans and advances, and non-funded credit facilities. The credit portfolio is spread across various domestic branches and overseas operation. Covid-19 pandemic which emerged during the year impacted the global economy and caused disruption to economic activities and businesses operating across a variety of sectors in Pakistan. Such circumstances potentially require the Group to evaluate its credit risk exposure which may have been impacted due to the current economic conditions. As per the Group's accounting policy (refer note 4.6 to the financial statements), the Group determines provisions against non-performing financing exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) in respect of potential credit losses in the portfolio. The Prudential Regulations require specific provisioning against loan losses on the basis of an age based criteria which should be supplemented by a subjective evaluation of Group's credit portfolio. The determination of loan loss provision, therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and realisability of collateral held by the Group. In view of the significance of this area in terms of its impact on the financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of loan loss provision as a significant area of audit judgment and a key audit matter. The accounting policy and disclosures relating to provisioning against non- performing advances are included in note 4.6 and 10 respectively to the consolidated financial statements.	We applied a range of audit procedures including the following: - We tested Group's compliance of Prudential Regulations relating to the identification and classification of non-performing loans into various categories including an analysis of downgrading of the classified loans and declassification from non-performing to regular. - We re-computed on test basis, the provision calculated by the Group, to check compliance with the Prudential Regulations. We also reviewed, on a sample basis, the underlying independent valuations of the collaterals used against the outstanding exposures to calculate the amount of provision. - We also tested internal controls over the approval, recording and monitoring of loans and advances. In addition, we selected a representative sample of borrowers from the financing portfolios and other loans kept by the Group in the watch list category and performed credit assessments. Our procedures includes review of credit documentation, repayment trends and ageing reports, borrowers financial statements to assess its financial condition, collateral held by the Group and litigation status, if any. - We also reviewed the adequacy of disclosures made in the accompanying financial statements regarding non-performing loans and provisions in terms of the requirements of Prudential Regulation and applicable reporting framework.

EY
Building a better working world

Key audit matters	How the matter was addressed in our audit
- ***Impairment testing of goodwill allocated to a cash generating unit (note 12.6)***	
As disclosed in note 12.6 to the accompanying financial statements, the Group has goodwill of Rs. 1,463.62 million. In accordance with the requirements of International Accounting Standards-36 "Impairment of Assets", the goodwill is required to be tested or impairment on annual basis. Goodwill impairment testing of cash generating units ('CGUs') relies on estimates of value-in-use based on estimated future cash flows which involve used of various assumptions taking into account the factors such as economic and business conditions of the industry and environment in which entity operates. Due to the involvement of key estimates and judgments in evaluating the recoverable amount of goodwill, we have considered the same as a key audit matter.	We applied a range of audit procedures to address the risk as identified above including the following, by involving our internal specialist: - We assessed the reasonableness of cash flow projections and compared key inputs, such as discount and growth rates to externally available industry, economic and financial data and the Group's historical data and performance. - We evaluated and tested the assumptions, on which the valuation is based, and also assessed that such assumptions are consistent with: • the general economic environment, specific industry economic factors, existing market information and the Group's economic circumstances; and • assumptions made in prior periods, the risks associated with cash flows, including the potential variability in the amount and timing of the cash flows and the related effect on the discount rate. - We also reviewed the adequacy of disclosures made in the accompanying financial statements in terms of the requirements of applicable reporting framework.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditors' Reports Thereon

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

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

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

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

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

Building a better working world

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Building a better working world

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

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

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

Chartered Accountants

Place: Karachi

Date: 06 March 2021

Consolidated Statement of Financial Position

As at December 31, 2020

2020	2019		Note	2020	2019
----- USD in '000 -----				----- Rupees in '000 -----	
		ASSETS			
190,332	160,104	Cash and balances with treasury banks	6	30,421,531	25,590,173
7,058	2,980	Balances with other banks	7	1,128,135	476,302
145,398	189,700	Lendings to financial institutions	8	23,239,672	30,320,540
1,262,605	895,456	Investments	9	201,807,654	143,124,623
1,566,969	1,522,109	Advances	10	250,455,534	243,285,308
56,476	66,906	Fixed assets	11	9,026,764	10,693,945
15,738	14,405	Intangible assets	12	2,515,549	2,302,474
-	787	Deferred tax assets	18	-	125,857
104,753	109,641	Other assets	13	16,743,107	17,524,249
4,625	2,340	Assets held for sale	11.3	739,200	374,000
3,353,954	2,964,428			536,077,146	473,817,471
		LIABILITIES			
31,170	23,803	Bills payable	14	4,981,983	3,804,491
302,209	340,779	Borrowings	15	48,303,412	54,468,283
2,699,193	2,305,784	Deposits and other accounts	16	431,423,822	368,543,603
-	-	Liabilities against assets subject to finance lease		-	-
46,879	46,891	Subordinated debt	17	7,492,800	7,494,800
6,779	-	Deferred tax liabilities	18	1,083,590	-
124,353	125,286	Other liabilities	19	19,875,838	20,024,982
3,210,583	2,842,543			513,161,445	454,336,159
143,371	121,885	**NET ASSETS**		22,915,701	19,481,312
		REPRESENTED BY			
63,311	63,311	Share capital - net	20	10,119,242	10,119,242
12,458	10,947	Reserves		1,991,169	1,749,672
20,318	8,187	Surplus on revaluation of assets	21	3,247,593	1,308,531
43,978	36,260	Unappropriated profit		7,029,251	5,795,596
140,065	118,705			22,387,255	18,973,041
3,306	3,180	Non-controlling interest		528,446	508,271
143,371	121,885			22,915,701	19,481,312

CONTINGENCIES AND COMMITMENTS 22

The annexed notes from 1 to 50 and annexure I & annexure II form an integral part of these consolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Consolidated Profit and Loss Account

For the year ended December 31, 2020

2020	2019		Note	2020	2019
----- USD in '000 -----				----- Rupees in '000 -----	
270,230	260,842	Mark-up / return / interest earned	24	43,192,069	41,691,587
208,224	215,830	Mark-up / return / interest expensed	25	33,281,347	34,497,048
62,006	45,012	**Net mark-up / interest income**		9,910,722	7,194,539
		NON MARK-UP / INTEREST INCOME			
27,365	21,348	Fee, commission and brokerage income	26	4,373,942	3,412,160
845	1,241	Dividend income		135,120	198,432
6,321	6,026	Foreign exchange income		1,010,345	963,208
107	295	Income from derivatives		17,045	47,210
12,016	(4,167)	Gain / (loss) on securities	27	1,920,510	(665,997)
(95)	26	Share of (loss) / profit from associates		(15,257)	4,180
684	3,161	Other income	28	109,306	505,189
47,243	27,930	**Total non mark-up / interest income**		7,551,011	4,464,382
109,249	72,942	**Total Income**		17,461,733	11,658,921
		NON MARK-UP / INTEREST EXPENSES			
86,973	73,587	Operating expenses	29	13,901,226	11,761,773
291	(413)	Workers' welfare fund	30	46,472	(65,991)
573	861	Other charges	31	91,639	137,643
87,837	74,035	**Total non-mark-up / interest expenses**		14,039,337	11,833,425
21,412	(1,093)	**Profit / (loss) before provisions**		3,422,396	(174,504)
7,843	(555)	Provisions / (reversals) and write offs - net	32	1,253,585	(88,703)
-	-	Extraordinary / unusual items		-	-
13,569	(538)	**PROFIT / (LOSS) BEFORE TAXATION**		2,168,811	(85,801)
6,634	1,069	Taxation	33	1,060,376	170,807
6,935	(1,607)	**PROFIT / (LOSS) AFTER TAXATION**		1,108,435	(256,608)
		Attributable to:			
6,947	(1,536)	Equity holders of the Bank		1,110,373	(245,285)
(12)	(71)	Non-controlling interest		(1,938)	(11,323)
6,935	(1,607)			1,108,435	(256,608)
----- US Dollar -----				----- Rupee -----	
0.0054	(0.0013)	**Basic and diluted earnings / (loss) per share**	34	0.8558	(0.2077)

The annexed notes from 1 to 50 and annexure I & annexure II form an integral part of these consolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2020

2020	2019		2020	2019
----- USD in '000 -----			----- Rupees in '000 -----	
6,935	(1,607)	**Profit / (loss) after tax**	**1,108,435**	(256,608)
		Other comprehensive income / (loss)		
		Items that may be reclassified to profit and loss account in subsequent periods		
72	204	Effect of translation of net investment in foreign branch	**11,485**	32,571
11,959	10,934	Movement in surplus on revaluation of investments - net of tax	**1,911,420**	1,747,631
499	(366)	Movement in general provision under IFRS 9 - net	**79,793**	(58,510)
(14)	-	Share of other comprehensive loss from associated companies - net of tax	**(2,316)**	-
12,444	10,568		**1,988,897**	1,689,121
		Items that will not be reclassified to profit and loss account in subsequent periods:		
1,821	(70)	Remeasurement gain / (loss) on defined benefit obligations - net of tax	**290,980**	(11,160)
471	2,252	Movement in surplus on revaluation of operating fixed assets - net of tax	**75,356**	359,994
240	-	Movement in surplus on revaluation of non-banking assets - net of tax	**38,398**	-
8	199	Share of other comprehensive income from associated companies - net of tax	**1,216**	31,797
2,540	2,381		**405,950**	380,631
15,056	13,153	**Total other comprehensive income**	**2,406,332**	2,102,323
21,991	11,546	**Total comprehensive income**	**3,514,767**	1,845,715
		Attributable to:		
21,787	12,155	Equity holders of the Bank	**3,482,182**	1,943,070
204	(609)	Non-controlling interest	**32,585**	(97,355)
21,991	11,546		**3,514,767**	1,845,715

The annexed notes from 1 to 50 and annexure I & annexure II form an integral part of these consolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Consolidated Statement of Changes in Equity

For the year ended December 31, 2020

	Attributable to shareholders of the Bank									
		Reserves		Surplus / (Deficit) on revaluation of						
	Share capital	Statutory reserve *	Exchange translation	Investments	Fixed assets	Non banking assets	Unappropriated profit	Sub-total	Non-controlling interest	Total
	Rupees in '000									
Balance as at December 31, 2018	10,119,242	1,641,236	70,934	(2,080,364)	1,164,974	92,858	5,825,742	16,834,622	1,604,197	18,438,819
Loss after taxation	-	-	-	-	-	-	(245,285)	(245,285)	(11,323)	(256,608)
Other comprehensive income / (loss) - net of tax	-	-	32,571	1,714,569	452,297	-	(11,082)	2,188,355	(86,032)	2,102,323
	-	-	32,571	1,714,569	452,297	-	(256,367)	1,943,070	(97,355)	1,845,715
Transfer to statutory reserve	-	4,931	-	-	-	-	(4,931)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax										
Fixed assets	-	-	-	-	(35,721)	-	35,721	-	-	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(82)	82	-	-	-
Transaction with owners recorded directly in equity										
Preference dividend paid for the year ended December 31, 2018 @ 12% p.a.	-	-	-	-	-	-	(24,164)	(24,164)	-	(24,164)
Buy-back of shares by subsidiary from NCI	-	-	-	-	-	-	-	-	(1,001,653)	(1,001,653)
Interim cash dividend to non-controlling interest by subsidiary company @ Rs. 4 per share	-	-	-	-	-	-	-	-	(38,152)	(38,152)
Gain arised on buy back of shares by subsidiary	-	-	-	-	-	-	219,513	219,513	41,234	260,747
Balance as at December 31, 2019	10,119,242	1,646,167	103,505	(365,795)	1,581,550	92,776	5,795,596	18,973,041	508,271	19,481,312
Profit / (loss) after taxation	-	-	-	-	-	-	1,110,373	1,110,373	(1,938)	1,108,435
Other comprehensive income / (loss) net of tax	-	-	11,485	1,956,690	76,572	38,398	288,664	2,371,809	34,523	2,406,332
	-	-	11,485	1,956,690	76,572	38,398	1,399,037	3,482,182	32,585	3,514,767
Transfer to statutory reserve	-	230,012	-	-	-	-	(230,012)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax										
Fixed assets	-	-	-	-	(40,378)	-	40,378	-	-	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(94)	94	-	-	-
Assets held for sale	-	-	-	-	(92,126)	-	92,126	-	-	-
Pre-acquisition surplus (net) on available-for-sale investments realised during the year	-	-	-	-	-	-	(67,968)	(67,968)	(12,410)	(80,378)
Balance as at December 31, 2020	10,119,242	1,876,179	114,990	1,590,895	1,525,618	131,080	7,029,251	22,387,255	528,446	22,915,701

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

The annexed notes from 1 to 50 and annexure I & annexure II form an integral part of these consolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Consolidated Cash Flow Statement

For the year ended December 31, 2020

2020	2019		Note	2020	2019
------- USD in '000 -------				------- Rupees in '000 -------	
		CASH FLOWS FROM OPERATING ACTIVITIES			
13,569	(538)	Profit / (loss) before taxation		2,168,811	(85,801)
(845)	(1,241)	Less: Dividend income		(135,120)	(198,432)
95	(26)	Add / (less): Share of loss / (profit) from associates		15,257	(4,180)
12,819	(1,805)			2,048,948	(288,413)
		Adjustments:			
4,888	5,356	Depreciation		781,330	856,131
18	11	Depreciation on non-banking assets	29	2,862	1,713
5,970	6,166	Depreciation - right of use assets	29	954,275	985,498
738	613	Amortisation of intangible assets	29	118,032	97,968
998	843	Charge for defined benefit plan	37.5	159,436	134,712
(89)	(52)	Unrealised gain on revaluation of investments classified as held-for-trading - net		(14,202)	(8,368)
409	(413)	Unrealised loss / (gain) on revaluation of forward foreign exchange contracts		65,409	(65,955)
(18)	(132)	Unrealised gain on revaluation of derivative instruments - net		(2,819)	(21,126)
7,843	(557)	Provisions and write offs - net	32	1,253,585	(89,018)
291	(413)	Provision for workers welfare fund	30	46,472	(65,991)
2,822	3,633	Mark-up / return / interest expense on lease liability against right-of-use assets	25	451,047	580,610
(67)	(3,089)	Gain on sale of fixed assets - net	28	(10,682)	(493,680)
(6)	-	Gain on sale of assets held for sale	28	(1,000)	-
(405)	-	Gain on termination of leases	28	(64,805)	-
23,392	11,966			3,738,940	1,912,494
36,211	10,161			5,787,888	1,624,081
		Decrease / (increase) in operating assets			
44,302	(177,560)	Lendings to financial institutions		7,080,905	(28,380,143)
194,164	(85,463)	Held-for-trading securities		31,034,008	(13,659,848)
(49,206)	54,217	Advances		(7,864,762)	8,665,682
7,142	(31,024)	Other assets (excluding advance taxation)		1,141,538	(4,959,078)
196,402	(239,830)			31,391,689	(38,333,387)
		Increase / (decrease) in operating liabilities			
7,367	1,780	Bills payable		1,177,492	284,567
(35,483)	(264,184)	Borrowings		(5,671,449)	(42,225,743)
393,409	304,920	Deposits and other accounts		62,880,219	48,736,751
4,873	14,273	Other liabilities		778,760	2,281,258
370,166	56,789			59,165,022	9,076,833
602,779	(172,880)			96,344,599	(27,632,473)
(950)	(641)	Gratuity paid		(151,882)	(102,494)
(2,593)	(2,790)	Income tax paid		(414,455)	(445,904)
599,236	(176,311)	**Net cash flow from / (used) in operating activities**		95,778,262	(28,180,871)
		CASH FLOW FROM INVESTING ACTIVITIES			
(525,318)	83,861	Net investment in available-for-sale securities		(83,963,914)	13,403,936
(20,332)	61,670	Net investment in held-to-maturity securities		(3,249,717)	9,857,050
(255)	(133)	Investment in associated companies		(40,828)	(21,239)
838	1,241	Dividend received		134,017	198,432
(9,643)	(8,651)	Investments in fixed assets		(1,541,230)	(1,382,668)
(2,072)	(1,234)	Investments in intangible assets		(331,107)	(197,157)
227	8,458	Proceeds from sale of fixed assets		36,312	1,351,903
2,346	-	Proceeds from sale of assets held for sale		375,000	-
72	204	Effect of translation of net investment in foreign branch		11,485	32,571
(554,137)	145,416	**Net cash flows (used in) / from investing activities**		(88,569,982)	23,242,828
		CASH FLOW FROM FINANCING ACTIVITIES			
-	(151)	Dividend paid on preference shares		-	(24,164)
(7,691)	(8,852)	Payment of lease liability against right of use assets		(1,229,285)	(1,414,882)
(13)	(13)	Subordinated debt		(2,000)	(2,000)
-	(239)	Dividend paid to non-controlling interest		-	(38,152)
-	(4,635)	Shares bought back from non-controlling interest		-	(740,906)
(7,704)	(13,890)			(1,231,285)	(2,220,104)
37,395	(44,785)	**Increase / (decrease) in cash and cash equivalents**		5,976,995	(7,158,147)
159,099	203,884	Cash and cash equivalents at beginning of the year	35	25,429,551	32,587,698
196,494	159,099	**Cash and cash equivalents at end of the year**		31,406,546	25,429,551

The annexed notes from 1 to 50 and annexure I & annexure II form an integral part of these consolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

1. STATUS AND NATURE OF BUSINESS

1.1 The “Group” consists of:

1.1.1 Holding Company: JS Bank Limited

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

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 307 (2019: 359) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (2019: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained at ‘A1+’ (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

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

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

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

1.1.3 Composition of the Group

	Ownership interest and voting power held by			
	2020		2019	
	The Group	NCI	The Group	NCI
Subsidiary				
JS Global Capital Limited	**83.53%**	**16.47%**	83.53%	16.47%
JS Investment Limited	**84.56%**	**15.44%**	84.56%	15.44%
JS ABAMCO Commodities Limited	**84.56%**	**15.44%**	84.56%	15.44%

1.1.4 Composition of the Associated Companies

	Ownership interest and voting power held by Bank	
	2020	2019
Associates		
Omar Jibran Engineering Industries Limited	**9.60%**	9.60%
Veda Transit Solutions (Private) Limited	**9.12%**	8.00%
Intercity Touring Company (Private) Limited	**9.12%**	9.12%

1.1.5 Subsidiary Companies

JS Global Capital Limited (JSGCL)

JS Global Capital Limited is principally owned by the Bank, holding 83.53% of its equity interest. The Bank acquired effective controlling interest in JSGCL on December 21, 2011, April 15, 2016 and October 03, 2019 of 51.05%, 16.11% and 16.37% respectively. The ownership interest has increased by 32.42%, without any change in the cost of investment, due to the fact that JSGCL has bought back its 19,443,000 ordinary shares out of its 50 million ordinary shares. JSGCL is a public listed company incorporated in Pakistan under the repealed Companies Ordinance, 1984. The shares of the JSGCL are listed on Pakistan Stock Exchange (PSX). Further, the JSGCL is a corporate member of PSX and member of Pakistan Mercantile Exchange. The principal business of the JSGCL is to carry out share brokerage, money market, forex and commodity brokerage, advisory and consultancy services. Other activities include investment in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions. The registered office of the Company is situated at 17th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi, Pakistan. The Company has eight branches (2019: ten) in seven cities of Pakistan.

JS Investments Limited (JSIL)

JS Investments Limited is principally owned by the Bank, holding 84.56% of its equity interest. The Bank acquired effective controlling interest in JS Investments Limited (JSIL) on November 01, 2012, December 22, 2015 and August 31, 2019 of 52.24%,12.92% and 19.40% respectively. The ownership interest has increased by 32.32% without any change in the cost of investment, due to the fact that JSIL has bought back its 38,225,744 ordinary shares out of its 100 million ordinary shares. JSIL is a public listed company incorporated in Pakistan on February 22, 1995 under the repealed Companies Ordinance, 1984. The shares of the JSIL are listed on the Pakistan Stock Exchange (PSX), formerly since April 24, 2007. The registered office of the Company is situated at The Centre, 19th Floor, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi.

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

JSIL is an asset management company of the following funds:

Open end funds:
- JS Value Fund
- JS Growth Fund
- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Fund of Funds
- JS Islamic Income Fund
- JS Cash Fund
- JS Large Cap. Fund
- JS Islamic Hybrid Fund of Funds (JSIHFOF)
- JS Islamic Hybrid Fund of Funds -2 (JSIHFOF2)
- JS Islamic Hybrid Fund of Funds -3 (JSIHFOF3)
- JS Islamic Dedicated Equity Fund
- JS Islamic Daily Dividend Fund

Private Equity & Venture Capital fund:
- JS Motion Picture Fund

Pension funds:
- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

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

JS ABAMCO Commodities Limited (JSACL)

JS Bank owns JS ABAMCO Commodities Limited indirectly through its subsidiary JS Investment Limited (JSIL) which has 100% holding in JSACL. JSACL was incorporated on September 25, 2007 as a public unlisted company under the repealed Companies Ordinance, 1984 and is a wholly owned subsidiary company of JSIL (a subsidiary of Holding Company). The principal activities of JSACL are to deal and effectuate commodity contracts; to become member of commodity exchange including National Commodity Exchange Limited (NCEL) and to carry on the business as brokers, advisory and consultancy services, dealers and representative of all kinds of commodity contracts and commodity backed securities. The registered office of JSACL is situated at The Centre, 19th Floor, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi.

1.1.6 Associated Companies

Omar Jibran Engineering Industries Limited (OJEIL)

The Bank has invested in the shares of Omar Jibran Engineering Industries Limited (OJEIL), a public unlisted company. The Bank has classified the investment as an associate on account of its significant influence over the investee company. OJEIL was incorporated on June 25, 1987 in Pakistan as an unquoted public limited company under the repealed Companies Ordinance, 1984. The registered office of the OJEIL is situated at DSU-10, Pakistan Steel Industries Estate Bin Qasim, Karachi. The OJEIL is mainly engaged in the manufacture and sale of automotive parts and armoring of vehicles.

Veda Transit Solutions (Private) Limited

The Bank has invested in the shares of VEDA Transit Solutions (Private) Limited (VEDA), a private limited company. The Bank has classified the investment as an associate on account of its significant influence over the investee company. VEDA was incorporated on June 10, 2016 in Pakistan as private limited company under the repealed Companies Ordinance, 1984. The registered office of the VEDA is situated at Raaziq Logistics Centre 16 KM, Multan Road, Near Dina Nath Stop, Lahore. The VEDA is mainly engaged in the rural / urban, intracity / intercity transportation of passenger and goods.

Intercity Touring Company (Private) Limited

The Bank has invested in the shares of Intercity Touring Company (Private) Limited (ITC), a private limited company. The Bank has classified the investment as an associate on account of its significant influence over the investee company. ITC was incorporated on April 25, 2014 in Pakistan as private limited company under the repealed Companies Ordinance, 1984. The registered office of the ITC is situated at 147-P Gulberg III, Lahore. The ITC is mainly engaged in the transportation, touring and logistics related services.

2. BASIS OF PRESENTATION

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

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

The US Dollar amounts shown on the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are stated as additional information solely for the convenience of readers and have not been subject to audit by the external auditors. For the purpose of conversion to US Dollars, the rate of Rs. 159.8344 to 1 US Dollar has been used for 2019 and 2020 as it was the prevalent rate as on December 31, 2020.

2.2 Statement of Compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Banking Companies Ordinance, 1962;

- Provisions of and directives issued under the Companies Act, 2017; and

- Directives issued by the SBP and the Securities & Exchange Commission of Pakistan (SECP) from time to time.

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

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

IFRS10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O56(I)/2016 dated January 28, 2016, that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

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

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

2.3 BASIS OF CONSOLIDATION

2.3.1 Subsidiary

- The consolidated financial statements include the financial statements of the Bank (The Holding Company) and its subsidiary companies together - "the Group".

- Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with investee and has the ability to effect those return through its power over the investee except investment in mutual funds established under trust structure where IFRS 10 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under Trust structure.

- These consolidated financial statements incorporate the financial statements of subsidiaries from the date that control commences until the date that control ceases.

- The financial statements of the subsidiary companies are prepared for the same reporting year as the holding company for the purpose of consolidation, using consistent accounting policies.

- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.

- Non-controlling interests are that part of the net results of operations and of net assets of subsidiaries attributable to interest which are not owned by the holding company.

- Material intra-group balances and transactions are eliminated.

2.3.2 Associate

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

2.3.3 Acquisition of business not under common control

Acquisitions of businesses not under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the bank, liabilities incurred by the bank to the former owners of the acquiree and the equity interests issued by the bank in exchange for control of the acquiree. Acquisition-related costs are recognised in profit and loss account as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill on acquisition after July 01, 2009 is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill acquired in a business combination before July 01, 2009 is initially measured at cost, being the excess of the cost of business combination over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation is measured at proportionate share of net assets of the acquiree at the date of the acquisition.

2.3.4 Acquisition of business under common control

Acquisition of business under common control are accounted for under 'pooling of interest method'. The assets and liabilities of the combining businesses for the period in which the combination occurs are merged on the date of combination at their respective book values. Appropriate adjustments are made to the book values to reflect application consistent accounting policies in the combining businesses. Any difference between the amount of net assets merged and consideration transferred in form of cash or other assets are adjusted against equity.

Expenditure incurred in relation to the business combination are recognized as expenses in the period in which they are incurred.

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

The Holding Compnay has adopted the following accounting standards, interpretations and amendments of IFRSs and the improvements to accounting standards which became effective for the current year:

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments were intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business. IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

- IFRS 14 'Regulatory Deferral Accounts' permits an entity to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous reporting framework, both on initial adoption of standard and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and profit and loss account and statement of other comprehensive income, and specific disclosures are required.

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

The adoption of the above standards / amendments to accounting standards are not considered to be relevant or did not have any significant effect on the Holding Company's operations.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2021:

- IFRS 9 'Financial Instruments' - SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the banks in Pakistan to implement IFRS 9 with effect from 01 January 2021. IFRS 9 replaced the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Holding Company has been complying with the requiremnt of BPRD Circular Letter No. 15 of 2020 to have parallel run of IFRS 9 from July 01, 2020.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

  - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

  - there is no substantive change to the other terms and conditions of the lease.

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The following annual improvements to approved accounting standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 percent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	January 01, 2004
IFRS 17 – Insurance Contracts	January 01, 2023

2.6 Critical accounting estimates and key sources of estimation uncertainty

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

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

i) Classification of investments

- In classifying investments as 'held-for-trading' the Group has determined securities which are acquired with an intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days of acquisition.

- In classifying investments as 'held-to-maturity' the Group follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity.

- The investments which are not classified as 'held-for-trading' or 'held-to-maturity' are classified as 'available-for-sale'.

ii) Provision against non performing loans and advances

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

iii) Impairment on investments

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

iv) Income taxes

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

v) Depreciation of fixed assets and amortization of intangible assets

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

vi) Defined benefits plans and other benefits

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

vii) Impairment of Goodwill

Impairment testing involves a number of judgmental areas which are subject to inherent significant uncertainty, including the preparation of cash flow forecasts for the periods that are beyond the normal requirements of management reporting and the assessment of the discount rate appropriate to the business. The carrying amount of goodwill at the balance sheet date was Rs.1,464 million. The detailed assumptions underlying impairment testing of goodwill are given in note 12.7 to these consolidated financial statements.

viii) Lease term

The Group applies judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options.The assessment of whether the Bank is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised and its recoverable amount which is determined as higher of value-in-use and fair value less cost to sell.

3. BASIS OF MEASUREMENT

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

- Certain classes of fixed assets and non-banking assets acquired in satisfaction of claims which are stated at revalued amounts less accumulated depreciation.

- Investments classified as held-for-trading and available-for-sale and derivative financial instruments, which are measured at fair value.

- Net obligations in respect of defined benefit schemes which are carried at their present values.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are consistent with those of previous financial year.

4.1 Cash and cash equivalents

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

4.2 Lendings to / borrowings from financial institutions

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

(a) Purchase under resale obligation

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

(b) Other lendings

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

(c) Sale under repurchase obligation

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

(d) Other borrowings

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

4.3 Investments

4.3.1 Initial recognition and measurement

4.3.1.1 The Management determines the appropriate classification of its investments at the time of purchase in held-for-trading, available-for-sale or held-to-maturity as per SBP guidelines vide BSD circular No. 10 of 2004 dated July 13, 2004. These are initially recognised at cost, being the fair value of the consideration given plus, in the case of investments other than held-for-trading, directly attributable acquisition costs.

(a) Held-for-trading

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

(b) Held-to-maturity

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

(c) Available-for-sale

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

4.3.1.2 Associates

Associates are all entities over which the Group has significant influence but not control. These are accounted for using the equity method of accounting.

Under the equity method, the investment in associates are initially recognised at cost and the carrying amount of investment is increased or decreased to recognise the investor's share of the post acquisition profits or losses, share of other comprehensive income or loss and share of the post acquisition movement in other reserves. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. However, in case where associates are considered as fully impaired and financial statements are not available these investments are stated at cost less provision.

4.3.1.3 Regular way contracts

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

4.3.1.4 Premium or discount on acquisition of investments

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

4.3.2 Subsequent measurement

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

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

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

4.3.3 Impairment / diminution in the value of securities

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

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

(a) Available-for-sale

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

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

(b) Held to maturity, Subsidiaries and Associates

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

(c) Debt Securities

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

4.4 Financial instruments

4.4.1 Financial assets and financial liabilities

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

4.4.2 Derivative financial instruments

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

4.5 Off-setting of financial assets and financial liabilities

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

4.6 Advances

4.6.1 Loan and advances

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

4.6.2 Finance lease receivables

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

4.7 Fixed assets

4.7.1 Property and equipment

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

Depreciation is calculated and charged to profit and loss account using the straight-line method so as to write down the cost of the assets to their residual values over their estimated useful lives at the rates given in note 11. A full month's depreciation is charged from the month in which assets are brought into use and no depreciation is charged for the month in which the disposal is made. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, annually.

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

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

4.7.2 Surplus / deficit on revaluation of fixed assets

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

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

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

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

4.7.3 Capital work-in-progress

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

4.8 Intangible assets

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

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

4.9 Assets subject to finance leases

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the lease, net of financial charges allocated to future periods, are shown as a liability.

The financial charges are allocated to accounting periods in a manner so as to provide a period rate of interest on the outstanding liability.

4.10 Non-banking assets acquired in satisfaction of claims

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

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

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

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

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

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

4.10.2 Surplus / deficit on revaluation of non banking assets

Revaluation of non-banking assets acquired in satisfaction of claims under Debt Property Swap (DPS) transactions are carried out under criteria given in regulations for DPS issued by State Bank of Pakistan vide BPRD Circular 01 dated January 01, 2016 i.e. valuation of property shall be done on individual property basis and not on portfolio basis, whereas accounting treatment of revaluation is accounted for in accordance with applicable financial reporting standards i.e. International Accounting Standard (IAS) 16.

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

4.11 Impairment other than investments and deferred tax

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

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

4.12 Borrowings / deposits and their cost

Borrowings / deposits are recorded at the proceeds received. Borrowing / deposit costs are recognised as an expense in the period in which these are incurred to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalised as part of the cost of the asset.

4.13 Subordinated debt

Subordinated debt is initially recorded at the amount of proceeds received and subsequently measured at amortised cost. Mark-up accrued on subordinated debt is recognised separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

4.14 Taxation

4.14.1 Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income. For income covered under final tax regime, taxation is based on applicable tax rate under such regime. The charge for current tax also includes adjustments, where considered necessary, relating to prior years arising from assessments made during the year.

4.14.2 Deferred

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

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

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

4.15 Provisions

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

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

4.16 Staff retirement benefits

Defined contribution plan - the Group

The Group has established a provident fund scheme for all its permanent employees in accordance with the trust deed and rules made there under. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate defined below of basic salary. Contribution by the Group is charged to profit and loss account.

- The Bank (Holding Company)	7.10%
- JS Global Capital Limited (Subsidiary)	7.33%
- JS Investment Limited (Subsidiary)	7.33%

4.16.1 Defined benefit plan as revised (Holding Company)

The Bank operates an approved funded gratuity scheme covering all its eligible employees who have completed minimum qualifying period. An actuarial valuation of defined benefit scheme is conducted at the end of every year or on occurrence of any significant change. The most recent valuation in this regard was carried out as at December 31, 2020, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Past-service costs are recognised immediately in profit and loss account and actuarial gains and losses are recognised immediately in other comprehensive income.

4.17 Revenue recognition

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

- Advances and investments

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

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

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

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

Unrealised interest income in respect of non-performing loans and advances are held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations issued by the SBP.

- Lease financing

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

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

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

- Non Mark-up / interest income

- Commission is recognised as income at the time of affecting the transaction to which it relates. Fees are recognised when earned.

- Financial advisory fee is recognised when the right to receive the fee is established.

- Dividend income from investments is recognised when the Bank's right to receive the dividend is established.

4.18 Dividend and appropriation to reserves

Dividend and appropriation to reserves except for statutory reserves are recognised in the consolidated financial statements in the periods in which these are approved.

4.19 Foreign currencies

4.19.1 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

4.19.2 Transactions and balances

Transactions in foreign currencies are translated into Pakistani rupees at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Forward contracts relating to foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contract. The forward cover received / paid on forward purchase contracts relating to foreign currency deposits are realised / charged directly to profit and loss account.

4.19.3 Foreign operations

Assets and liabilities of foreign operations are translated into rupees at the exchange rate prevailing at the reporting date. The results of foreign operations are translated at average rate of exchange for the year.

4.19.4 Translation gains and losses

Translation gains and losses arising on revaluations of net investment in foreign operations are taken to Exchange Translation Reserve in the statement of comprehensive income. These are recognised in the profit and loss account on disposal.

4.19.5 Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these consolidated financial statements are translated at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the consolidated statement of financial position date.

4.20 Goodwill

Goodwill acquired in a business combination before July 01, 2009 is initially measured at cost, being the excess of the cost of the business combination over the Holding Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Holding Company's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units or groups of units.

4.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Bank (less preferrence dividend, if any) by the weighted average number of ordinary shares outstanding during the period / year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity holders of the Bank by dividing the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares, if any.age number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.22 Non-current assets held for sale and discontinued operations

The Holding Company classifies an asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A held for sale asset is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised in the consolidated profit and loss account for any initial or subsequent write down of the asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent these do not exceed the cumulative impairment losses previously recorded. An asset is not depreciated while classified as held for sale.

4.23 Segment reporting

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

Segment information is presented as per the Group's functional structure and the guidance given under International Financial Reporting Standard (IFRS) 8. For management purposes, the Group has been organised into Seven operating segments based on products and services, as follows:

4.23.1 Business segments

Corporate finance

This includes investment banking activities such as mergers and acquisitions, underwriting, privatization, securitization, Initial Public Offers (IPOs), specialised financial advice and trading and secondary private placements.

Trading and sales
This segment undertakes the Group's treasury, money market and capital market activities.

Retail banking
Retail banking provides services to small borrowers i.e. consumers, small and medium enterprises (SMEs) and agricultural sector. It includes loans, deposits and other transactions with retail customers.

Commercial banking
This includes loans, deposits and other transactions with corporate customers.

Brokerage
This includes brokerage commission earned on transactions in capital, money, foreign exchange and commodity markets.

Asset management
This includes fee for services rendered in connection with advisory and management of mutual funds.

The Executive Management Committee (ManCom) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Interest income is reported net as management primarily relies on net interest revenue as a performance measure, along with the gross income and expense

Transfer prices between operating segments are based on the group's internal pricing framework.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2019 and 2020.

Others
This includes the headoffice related activities and other functions which cannot be classified in any of the above segments.

4.23.2 Geographical segment

The Holding Company operates with 307 (2019: 359) branches / sub-branches in Pakistan region and one wholesale banking branch in Bahrain (2019: one).

4.24 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in statement of financial position.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Holding Company are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2019 except for the following additional considerations due to the COVID-19.

5.1 COVID - 19 outbreak and it's impact

The COVID-19 and the measures to reduce its spread has impacted the economy of Pakistan significantly. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact.

The State Holding Company of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 625 basis points to 7 percent and by introducing regulatory measures to maintain Holding Companying system's soundness and to sustain economic activity. These include:

(i) reducing the capital conservation buffer by 100 basis points to 1.5 percent;
(ii) increasing the regulatory limit on extension of credit to SMEs by 125 million to Rs 180 million;
(iii) relaxing the debt burden ratio for consumer loans from 50 percent to 60 percent
(iv) allowing Holding Companys to defer clients' payment of principal and profit on financing obligations by one year; and
(v) relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief beyond the extension of principal repayment for one year.
(vi) Relaxing credit requirements for exporters and importers; and
(vii) Refinance schemes to support employment to prevent layoff of workers and health sector to combat COVID-19 Pandemic.

COVID 19 has impacted the Holding Companys in Pakistan from various facets which includes increase in overall credit risk pertaining to loans and advances portfolio in certain sectors, reduced fee income due to slowdown in economic activity, operational issues such as operations of Branches, managing cyber security threat and managing investment Holding Companying activities including arrangement of syndicate loans, debt and capital advisory services etc. We have discussed below the major aspects of COVID 19 on the Holding Company's risk management policies.

5.1.1 Assets quality and credit risk

The Risk department of the Holding Company is regularly conducting assessments to identify borrowers operating in various sectors which are most likely to get affected. The Holding Company has further strengthened its credit review procedures in the light of COVID-19. The Holding Company has conducted various stress tests on the Credit portfolio and is confident that the CAR buffer currently maintained is sufficient.

5.1.2 Liquidity management

Holding Company has received applications for deferral of principal and / or restructuring / rescheduling and is expected to receive further such applications. These applications are being reviewed by the Holding Company as per its established policies. The Asset and Liability Committee (ALCO) of the Holding Company is continuously monitoring the liquidity position and is taking due precautionary measures where needed. The Holding Company has conducted various stress testing on its liquidity ratios and is confident that the liquidity buffer currently maintained by the Holding Company is sufficient to cater any adverse movement in cash flow maturity profile.

5.1.3 Equity investments

SBP has given relaxation in recognition of impairment on equity securities in phased manner equally on quarterly basis during calendar year ending on December 31, 2020. The Holding Company has taken the impact of impairment on the basis of that relaxation in these consolidated financial statements.

5.1.4 Foreign Exchange Risks

Due to recent economic slowdown, the PKR has devalued against USD significantly from December 31, 2019 and the USD / PKR parity stood at Rs.159.8344 as at December 31, 2020. The exchange rate is expected to remain volatile till the uncertainty around COVID-19 resolves. The Holding Company has reviewed its Net Open Position and has had no significant impact on profitibility.

5.1.5 Operations

The Holding Company is closely monitoring the situation and has invoked required actions to ensure safety and security of Holding Company staff and an uninterrupted service to our customers. The senior management of the Holding Company is continuously monitoring the situation and is taking timely decisions to resolve any concerns. Business Continuity Plans (BCP) for respective areas are in place and tested. The Holding Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network (“VPN”) connections. Further, the Holding Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber attacks.

The Holding Company is communicating with its customers on how they can connect with the Holding Company through its full suite of channels including digital and online channels. The Holding Company has taken all measures to ensure that service levels are maintained, customer complaints are resolved as per SLAs and the Holding Company continues to meet the expectations of their clients as they would in a normal scenario.

5.1.6 Capital Adequacy Ratio

Under the current scenario, the Holding Companys are under pressure to extend further credit to its borrowers, while overall deteriorating credit risk and increased NPL may also put additional pressures on the Holding Company from Capital Adequacy Ratio perspective. The SBP has relaxed the Capital Conversion Buffer (CCB) requirements for the Holding Companys to 1.5%, resulting in an overall CAR requirement of 11.5%. The reduced CCB has also provided an additional limit to the Holding Company for its tier 2 capital. Further, the regulatory limit for retail loans has also increased by SBP to 180 million, which will now result in reduced Risk Weighted Assets for some of its loans. In addition to the measures by SBP, the Senior management of the Holding Company is continuously monitoring the impacts of various decisions on its CAR and taking further lending decisions based on the overall impacts on RWA. The Holding Company also believes that it has buffer in its CAR requirement to meet any adverse movements in credit, market or operational risks.

		Note	2020	2019
			----- Rupees in '000 -----	
6.	**CASH AND BALANCES WITH TREASURY BANKS**			
	In hand:			
	Local currency		6,337,389	5,573,428
	Foreign currencies		1,301,503	896,523
			7,638,892	6,469,951
	With State Bank of Pakistan in:			
	Local currency current account	6.1	16,268,165	13,292,331
	Foreign currency current account - non remunerative	6.2	1,086,874	831,532
	Foreign currency deposit account - remunerative	6.3	2,261,337	2,566,714
			19,616,376	16,690,577
	With National Bank of Pakistan in:			
	Local currency current accounts		2,609,635	2,286,205
	National Prize Bonds		556,628	143,440
			30,421,531	25,590,173

6.1 These include local currency current accounts maintained with SBP as per the requirements of Section 22 of the Banking Companies Ordinance, 1962.

6.2 As per BSD Circular No. 9 dated December 03, 2007, cash reserve of 5% is required to be maintained with the State Bank of Pakistan in deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits).

6.3 This represents deposit accounts maintained with SBP under the requirements of BSD Circular No. 14 dated June 21, 2008 and mandatory reserve maintained to facilitate collection and settlement of foreign currency accounts under FE-25, as prescribed by the SBP, carrying a mark-up rate 0% (2019: 0.70%) as per specific circular issued by SBP at year end.

		Note	2020	2019
			----- Rupees in '000 -----	
7.	**BALANCES WITH OTHER BANKS**			
	In Pakistan			
	In current accounts		123,526	150,722
	In deposit accounts	7.1	24,390	6,565
			147,916	157,287
	Outside Pakistan			
	In current accounts	7.2	980,669	319,083
			1,128,585	476,370
	Less: General provision under IFRS 9	7.3	(450)	(68)
	Balances with other banks - net of provision		1,128,135	476,302

7.1 These carry mark-up at the rate of 2.75% to 13.70% (2019: 6.75% to 12.75%) per annum.

7.2 This includes amount held in Automated Investment Plans. The Holding Company is entitled to earn interest from the correspondent banks at agreed upon rates when the balance exceeds a specified amount which comes 0% per annum (2019: 1.05% per annum).

7.3 This represents general provision held under IFRS 9 by Bahrain branch of the Holding Company.

8. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2020	2019
		----- Rupees in '000 -----	
Call money lendings		**2,237,682**	283,887
Repurchase agreement lendings (Reverse Repo)		**21,003,215**	30,037,915
		23,240,897	30,321,802
Less: General provision under IFRS 9	8.4	**(1,225)**	(1,262)
Lending to Financial Institutions - net of provision		**23,239,672**	30,320,540

8.1 Particulars of lendings - gross

	2020	2019
In local currency	**21,003,215**	30,037,915
In foreign currencies	**2,237,682**	283,887
	23,240,897	30,321,802

8.2 These represent unsecured call money lendings to financial institutions carrying interest at the rates ranging from 1% to 1.1% (2019: 2.50% to 4.52%) per annum. These will mature between January 11, 2021 and January 28, 2021 (2019: January 30, 2020 and September 22, 2020).

8.3 These are secured short-term lendings to various financial institutions, carrying mark-up rate from 6.75% to 7.40% (2019: 12.00% to 13.60%) per annum. These are collateralized by Market Treasury Bills and Pakistan Investment Bonds as shown in note 8.3.1 below.

8.3.1 Market value of securities held as collateral against Lending to financial institutions

	2020			2019		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000					
Market Treasury Bills	**-**	**-**	**-**	24,252,002	-	24,252,002
Pakistan Investment Bonds	**21,160,868**	**-**	**21,160,868**	2,081,639	3,673,117	5,754,756
	21,160,868	**-**	**21,160,868**	26,333,641	3,673,117	30,006,758

8.4 This represents general provision held under IFRS 9 by Bahrain branch of the Holding Company.

9. INVESTMENTS - NET

	2020				2019			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	---- Rupees in '000 ----							
9.1 Investments by type								
Held-for-trading securities								
Federal Government Securities	25,002,969	-	805	25,003,774	55,601,087	-	(2,618)	55,598,469
Shares	194,428	-	12,981	207,409	486,634	-	551	487,185
Open end mutual funds	310,221	-	416	310,637	444,902	-	11,070	455,972
	25,507,618	-	14,202	25,521,820	56,532,623	-	9,003	56,541,626
Available-for-sale securities								
Federal Government Securities	127,308,516	-	97,527	127,406,043	47,828,618	-	(809,244)	47,019,374
Shares	3,018,184	(411,955)	1,701,753	4,307,982	2,115,728	(136,589)	25,107	2,004,246
Non Government Debt Securities	3,579,278	(696,507)	(420)	2,882,351	3,931,294	(696,507)	(6,889)	3,227,898
Open end mutual funds	826,188	-	390,100	1,216,288	969,276	(26,023)	279,616	1,222,869
Foreign Securities	4,079,070	(122,758)	136,466	4,092,778	2,406	-	-	2,406
	138,811,236	(1,231,220)	2,325,426	139,905,442	54,847,322	(859,119)	(511,410)	53,476,793
Held-to-maturity securities								
Federal Government Securities	36,109,599	-	-	36,109,599	32,859,882	-	-	32,859,882
Associates	270,793	-	-	270,793	246,322	-	-	246,322
Total Investments	200,699,246	(1,231,220)	2,339,628	201,807,654	144,486,149	(859,119)	(502,407)	143,124,623

9.1.1 Investments include certain approved / government securities which are held by the Bank to comply with the Statutory Liquidity Requirement determined on the basis of the Bank's demand and time liabilities as set out under section 29 of the Banking Companies Ordinance, 1962.

		Note	2020 Cost / Amortised cost	2020 Provision for diminution	2020 Surplus / (Deficit)	2020 Carrying Value	2019 Cost / Amortised cost	2019 Provision for diminution	2019 Surplus / (Deficit)	2019 Carrying Value
9.2	**Investments by segments:**		----------	----------	----------	Rupees in '000	----------	----------	----------	----------
	Held-for-trading securities									
	Federal Government Securities									
	Market Treasury Bills	9.4.1	25,002,969	-	805	25,003,774	55,601,087	-	(2,618)	55,598,469
	Pakistan Investment Bonds	9.4.1	-	-	-	-	-	-	-	-
			25,002,969	-	805	25,003,774	55,601,087	-	(2,618)	55,598,469
	Shares:									
	Listed Companies									
	Ordinary shares	9.4.2	194,428	-	12,981	207,409	486,634	-	551	487,185
	Open End Mutual Funds	9.4.3	310,221	-	416	310,637	444,902	-	11,070	455,972
	Available-for-sale securities									
	Federal Government Securities:									
	Market Treasury Bills	9.5.1	90,027,949	-	20,041	90,047,990	12,071,266	-	(364)	12,070,902
	Pakistan Investment Bonds	9.5.1	37,280,567	-	77,486	37,358,053	35,757,352	-	(808,880)	34,948,472
			127,308,516	-	97,527	127,406,043	47,828,618	-	(809,244)	47,019,374
	Shares:									
	Listed Companies									
	Ordinary shares	9.5.2	2,870,595	(275,366)	1,701,753	4,296,982	1,968,139	-	25,107	1,993,246
	Preference shares	9.5.2	136,589	(136,589)	-	-	136,589	(136,589)	-	-
	Unlisted Companies									
	Ordinary shares	9.5.2	11,000	-	-	11,000	11,000	-	-	11,000
			3,018,184	(411,955)	1,701,753	4,307,982	2,115,728	(136,589)	25,107	2,004,246
	Non Government Debt Securities									
	Listed									
	Term Finance Certificates	9.5.3.1	442,682	(155,169)	(147)	287,366	445,183	(155,169)	(134)	289,880
	Sukuk Certificates	9.5.3.2	402,955	-	(273)	402,682	493,850	-	(6,755)	487,095
	Unlisted									
	Term Finance Certificates	9.5.3.3	1,340,804	(541,338)	-	799,466	1,506,195	(541,338)	-	964,857
	Sukuk Certificates-unlisted	9.5.3.4	1,365,104	-	-	1,365,104	1,458,333	-	-	1,458,333
	Preference shares	9.5.3.5	27,733	-	-	27,733	27,733	-	-	27,733
			3,579,278	(696,507)	(420)	2,882,351	3,931,294	(696,507)	(6,889)	3,227,898
	Open End Mutual Funds	9.5.4	826,188	-	390,100	1,216,288	969,276	(26,023)	279,616	1,222,869
	Foreign Securities									
	Government Debt Securities	9.5.5.1	3,633,601	(120,619)	130,420	3,643,402	-	-	-	-
	Non Government Debt Securities	9.5.5.2	379,654	(2,139)	(3,628)	373,887	-	-	-	-
	Ordinary shares	9.5.2	65,815	-	9,674	75,489	2,406	-	-	2,406
			4,079,070	(122,758)	136,466	4,092,778	2,406	-	-	2,406
	Held-to-maturity securities									
	Federal Government Securities:									
	Pakistan Investment Bonds	9.6.1	36,109,599	-	-	36,109,599	32,859,882	-	-	32,859,882
	Associates									
	Omar Jibran Engineering Industries Limited	9.7	215,793	-	-	215,793	224,782	-	-	224,782
	Veda Transit Solutions (Private) Limited	9.7	54,302	-	-	54,302	4,774	-	-	4,774
	Intercity Touring Company (Private) Limited	9.7	698	-	-	698	16,766	-	-	16,766
			270,793	-	-	270,793	246,322	-	-	246,322
	Total Investments		200,699,246	(1,231,220)	2,339,628	201,807,654	144,486,149	(859,119)	(502,407)	143,124,623

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

		2020		2019	
		Cost	Market value	Cost	Market value
9.2.1	**Investments given as collateral**	Rupees in '000			
	Held-for-trading securities				
	Federal Government Securities				
	Market Treasury Bills	4,864,464	4,864,680	-	-
	Available-for-sale securities				
	Federal Government Securities:				
	Market Treasury Bills	4,902,054	4,902,811	4,453,165	4,452,597
	Pakistan Investment Bonds	-	-	22,232,264	21,475,720
		4,902,054	4,902,811	26,685,429	25,928,317
	Foreign Securities				
	Government Debt Securities	-	-	-	-
	Non Government Debt Securities	-	-	-	-
		-	-	-	-
		9,766,518	9,767,491	26,685,429	25,928,317

		2020	2019
9.3	**Provision for diminution in value of investments**	Rupees in '000	
9.3.1	**Opening balance**	859,119	1,204,419
	Charge during the year	276,202	251,675
	Reversal during the year	(26,859)	(596,975)
	Charge / (reversals) during the year	249,343	(345,300)
	Impairment under IFRS 9 in Bahrain branch	122,758	-
	Closing balance	1,231,220	859,119

9.3.2 Particulars of provision against debt securities

	2020		2019	
Category of classification	NPI	Provision	NPI	Provision
	Rupees in '000			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	696,507	696,507	696,507	696,507
	696,507	696,507	696,507	696,507

9.4 Quality of Held-for-Trading Securities

Details regarding quality of Held-for-Trading (HFT) securities are as follows

			2020		2019	
			Cost	Market Value	Cost	Market Value
9.4.1	**Federal Government Securities - Government guaranteed**	Note	Rupees in '000			
	Market Treasury Bills		25,002,969	25,003,774	55,601,087	55,598,469
	Pakistan Investment Bonds		-	-	-	-
		9.4.1.1	25,002,969	25,003,774	55,601,087	55,598,469

9.4.1.1 Principal terms of investment in Federal Government Securities

Name of investment	Note	Maturity	Redemption	Coupon
Market treasury bills	9.4.1.2	January 14, 2021 to January 28, 2021	On maturity	On maturity Half yearly

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

9.4.1.2 Market Treasury Bills are for the period of three to twelve months. The effective rates of profit on Market Treasury Bills range from 7.07% to 7.12% per annum (2019: 13.04% to 13.70% per annum).

9.4.2 Shares

	Rating	Industry Sector	Shares		2020		2019	
			2020	2019	Cost	Market value	Cost	Market value
			------- Numbers -------		----------------------- Rupees in '000 -----------------------			
Listed Companies								
Ordinary shares								
- Pak Elektron Limited	A+	Cable & Electrical Goods	130,000	513,000	5,019	5,217	13,662	13,887
- Cherat Cement Company Limited	A	Cement	2,000	-	294	292	-	-
- D.G. Khan Cement Limited	-	Cement	-	633,000	-	-	47,315	47,013
- Fauji Cement Company Limited	-	Cement	-	253,000	-	-	3,980	3,937
- Lucky Cement Limited	AA+	Cement	1,416	-	873	986	-	-
- Maple Leaf Cement Factory Limited	-	Cement	-	190,000	-	-	4,188	4,397
- Pioneer Cement Limited	A	Cement	1,000	153,500	106	103	4,585	4,680
- Power Cement Limited	A-	Cement	1,000,000	-	9,470	9,880	-	-
- Descon Oxychem Limited	-	Chemical	-	-	-	-	-	-
- Engro Polymer & Chemicals Limited	-	Chemical	-	549,000	-	-	18,788	18,232
- Lotte Chemical Pakistan Limited	Unratted	Chemical	77,000	227,000	1,209	1,160	3,154	3,183
- D.G. Khan Cement Company Limited	AA-	Cement	1,791	-	194	205	-	-
- Maple Leaf Cement Factory Limited	A	Cement	3,429	-	133	154	-	-
- Askari Bank Limited	-	Commercial Bank	-	-	-	-	-	-
- Bank Alfalah Limited	AA+	Commercial Bank	448	-	15	16	-	-
- United Bank Limited	AAA	Commercial Bank	2,095	3,500	256	264	587	576
- Habib Bank Limited	AAA	Commercial Bank	1,293	6,000	158	171	950	945
- National Bank of Pakistan Limited	AAA	Commercial Bank	4,000	519,500	176	172	22,854	22,494
- The Bank of Punjab	-	Commercial Bank	-	598,500	-	-	6,881	6,781
- MCB Bank Limited	AAA	Commercial Bank	601	-	98	111	-	-
- Bank Al Habib Limited	AA+	Commercial Bank	581	-	33	40	-	-
- Meezan Bank Limited	AA+	Commercial Bank	104	-	8	11	-	-
- National Refinery Limited	-	Refinery	-	5,000	-	-	720	705
- Attock Refinery Limited	AA	Refinery	19,000	420,000	3,359	3,459	47,857	46,910
- Pakistan Refinery Limited	A-	Refinery	358,000	-	7,544	8,517	-	-
- Amreli Steels Limited	A-	Engineering	145,500	227,500	6,947	7,022	8,323	8,217
- Mughal Iron and Steel Industries Limited	-	Engineering	-	19,000	-	-	751	778
- International Steels Limited	A+	Engineering	119,500	638,000	11,255	11,142	53,700	54,127
- Meezan Pakistan Exchange Traded Fund	Unratted	Exchange Traded Funds	251,000	-	2,597	2,676	-	-
- NBP Pakistan Growth Exchange Traded Fund	Unratted	Exchange Traded Funds	-	-	207	224	-	-
- NIT Pakistan Gateway Exchange Traded Fund	Unratted	Exchange Traded Funds	17,000	-	164	200	-	-
- UBL Pakistan Enterprise Exchange Traded Fund	Unratted	Exchange Traded Funds	16,500	-	225	225	-	-
- The General Tyre and Rubber	-	Automobile Parts and Accessories	-	12,000	-	-	668	669
- The Hub Power Company Limited	AA+	Power Generation And Distribution	6,628	61,000	510	526	5,483	5,694
- K-Electric Limited	AA	Power Generation And Distribution	321,500	1,985,500	1,223	1,257	8,182	8,677
- Nishat Chunian Limited	-	Power Generation And Distribution	-	40,500	-	-	1,714	1,727
- NetSol Technologies Limited	Unratted	Technology and Communication	75,500	75,500	13,589	14,973	4,953	4,972
- Avanceon Limited	Unratted	Technology and Communication	288,500	-	26,627	26,787	-	-
- Pakistan International Bulk Terminal Limited	A-	Transport	1,020,000	-	13,108	13,117	-	-
- Engro Corporation Limited	AA+	Fertilizer	2,424	-	715	745	-	-
- Engro Fertilizers Limited	AA	Fertilizer	4,916	316,500	305	311	22,967	23,241
- Fatima Fertilizers Company Limited	-	Fertilizer	-	21,500	-	-	2,191	2,182
- Fauji Fertilizer Bin Qasim Limited	A+	Fertilizer	31,500	211,500	776	798	4,039	4,128
- Fauji Fertilizer Company Limited	AA+	Fertilizer	1,205	-	119	131	-	-
- Engro Foods Limited	-	Food & Personal Care Products	-	3,500	-	-	280	278
- Fauji Foods Limited	-	Food & Personal Care Products	-	158,500	-	-	2,255	2,293
- Oil & Gas Development Company Limited	AAA	Oil & Gas Exploration Companies	15,262	153,000	1,616	1,584	21,283	21,775
- Pakistan Oilfields Limited	Unratted	Oil & Gas Exploration Companies	1,046	18,000	366	414	8,162	8,041
- Pakistan Petroleum Limited	Unratted	Oil & Gas Exploration Companies	11,647	85,000	1,062	1,052	11,531	11,657
- Pakistan State Oil Company Limited	AA+	Oil & Gas Marketing Companies	5,639	382,500	1,166	1,214	72,233	73,302
- Sui Northern Gas Pipelines Limited	AA-	Oil & Gas Marketing Companies	8,088	-	386	359	-	-
- Sui Southern Gas Company Limited	-	Oil & Gas Marketing Companies	-	559,500	-	-	12,365	12,040
- Hascol Petroleum Limited	BB+	Oil & Gas Marketing Companies	806,837	-	11,898	11,852	-	-
- The Searle Company Limited	AA-	Pharmaceuticals	12,431	319,500	3,054	3,098	61,227	60,302
- Gul Ahmed Textile Mills Limited	-	Textile Composite	-	-	-	-	-	-
- Nishat Mills Limited	AA	Textile Composite	1,000	17,000	101	102	1,810	1,805
- Unity Foods Limited	A-	Vanaspati & Allied Industries	2,395,500	468,000	67,423	76,800	6,996	7,540
- Dawood Hercules Corporation Limited	AA	Investment Company	347	-	44	42	-	-
					194,428	207,409	486,634	487,185

9.4.3 Open End Mutual Fund

Name of fund	Units 2020	Units 2019	Rating 2020	Rating 2019	Net asset value per unit Rupees	2020 Cost	2020 Market value	2019 Cost	2019 Market value
	------- Numbers -------					-------------------------- Rupees in '000			---------------------------
Investment in related parties									
JS Income Fund	1,129,255	3,541,402	A+(f)	A+ (f)	98.99	110,989	111,785	344,902	355,982
JS Motion Picture Fund	1,000,000	1,000,000	-	-	97.7	99,990	97,700	100,000	99,990
JS Islamic Hybrid Fund of Funds - Mufeed	76,142	-	-	-	48.05	3,000	3,659	-	-
JS Islamic Hybrid Fund of Funds - Mutanasib	49,068	-	-	-	75.37	3,000	3,698	-	-
JS Islamic Hybrid Fund of Funds - Mustehkam	3,305	-	-	-	65.95	288	218	-	-
JS Islamic Fund	123,571	-	-	-	100.08	12,000	12,367	-	-
JS Islamic Income Fund	382,292	-	AA- (f)	-	105.77	40,179	40,435	-	-
JS Islamic Daily Dividend Fund	407,754	-	AA(f)	-	100	40,775	40,775	-	-
						310,221	310,637	444,902	455,972

9.5 Quality of Available-for-Sale Securities

Details regarding quality of Available-for-Sale (AFS) securities are as follows:

	Note	2020 Cost	2020 Market Value	2019 Cost	2019 Market Value
		----------------------- Rupees in '000			-----------------------
9.5.1 Federal Government Securities - Government guaranteed					
Market Treasury Bills		90,027,949	90,047,990	12,071,266	12,070,902
Pakistan Investment Bonds		37,280,567	37,358,053	35,757,352	34,948,472
	9.5.1.1	127,308,516	127,406,043	47,828,618	47,019,374

9.5.1.1 Principal terms of investment in Federal Government Securities

9.4.1.1 Principal terms of investment in Federal Government Securities

Name of investment	Note	Maturity	Redemption	Coupon
Market treasury bills	9.5.1.2	January 14, 2021 to June 03, 2021	On maturity	On maturity
Pakistan investment bonds	9.5.1.3	April 21, 2021 to September 19, 2029	On maturity	Half yearly

9.5.1.2 Market Treasury Bills are for the period of three to twelve months. The effective rates of profit on Market Treasury Bills range from 6.90% to 11.77% per annum (2019: 13.02% to 13.75% per annum).

9.5.1.3 Pakistan Investment Bonds (PIBs) are for the period of three to twenty years. The rates of profit ranging from 7% to 12% per annum (2019: 6.40% to 14.27% per annum).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

9.5.2 Shares

Listed Companies	Rating	Industry Sector	Shares 2020	Shares 2019	Cost 2020	Market value 2020	Cost 2019	Market value 2019
			--------- Numbers ---------		------ Rupees in '000 ------			
Ordinary shares								
- Matco Foods Limited	A-	Food & Personal Care Products	-	1,078,500	-	-	31,795	27,707
- Shifa International Hospitals	AA-	Miscellaneous	264,300	264,300	68,273	52,857	68,273	88,509
- Pakistan Petroleum Limited	Unrated	Oil & Gas Marketing Companies	841,800	949,800	123,382	76,041	139,212	130,256
- Pakistan Stock Exchange Limited (PSXL)	Unrated	Investment Company	2,202,953	23,061	23,061	32,648	23,061	27,493
- National Foods Limited	-	Food & Personal Care Products	-	742,968	-	-	153,492	164,946
Investment in related parties								
- EFU General Insurance Limited	AA+	Insurance	5,455,675	5,440,575	647,129	654,681	645,414	600,095
- EFU Life Assurance Limited	AA+	Insurance	1,189,600	1,189,600	250,735	248,650	250,735	275,476
- Sitara Chemical Industries Limited	A+	Chemical	1,790,250	1,790,250	548,781	554,978	548,781	534,318
- TRG Pakistan Limited	Unrated	Technology & Communication	24,583,760	5,883,760	566,875	2,247,202	107,376	144,446
- Hum Network Limited	A+	Technology & Communication	79,030,303	-	642,359	429,925	-	-
					2,870,595	4,296,982	1,968,139	1,993,246
Foreign securities								
Deutche Post AG	A3	Logistics	8,100	-	56,525	64,706	-	-
Microsoft Corporation Limited	AAA	Technology & Communication	220	-	6,884	8,377	-	-
					63,409	73,083	-	-
Preference Shares								
Agritech Limited (note 9.5.2.1 & 9.5.2.3)	Unrated	Chemical	4,823,746	4,823,746	48,236	-	48,236	-
Chenab Limited (note 9.5.2.2 & 9.5.2.3)	Unrated	Textile Composite	12,357,000	12,357,000	88,353	-	88,353	-
					136,589	-	136,589	-

Un-listed Companies	Break-up value per share 2020	Break-up value per share 2019	Name of Chief Executive / Managing Director	shares 2020	shares 2019	Cost 2020	Breakup value 2020	Cost 2019	Breakup value 2019
	--------- Rupee ---------			--------- Numbers ---------		------ Rupees in '000 ------			
Ordinary shares									
- ISE Towers REIT Management Limited (formerly Islamabad Stock Exchange Limited) (note 8.5.2.4)	* 15.45	* 14.49	Mr. Sagheer Mushtaq	1,213,841	1,213,841	11,000	17,592	11,000	17,592
Foreign securities									
Ordinary shares									
- Society for Worldwide Interbank Financial Telecommunication (SWIFT) (note 9.5.2.5)	** 786,254	** 638,551	Mr. Javier Pervez Tasso	6	6	2,406	4,718	2,406	3,831

* Based on audited accounts as of June 30, 2019

** Based on audited accounts as of December 31, 2019

9.5.2.1 These are non-voting cumulative preference shares, carrying preference dividend @ 10% p.a and are convertible into ordinary shares at the option of the Bank after five years from the date of issuance i.e. February 2012. The investee company also has the option to redeem these preference shares plus any unpaid dividend in full or in part, within ninety days after expiry of each anniversary of the issue date. The Holding Company has recognised full impairment on these shares amounting to Rs. 48.236 million (2019: Rs.48.236 million) due to weak financial position of the company.

9.5.2.2 These are cumulative preference shares, carrying preference dividend @ 9.25% p.a and are redeemable in part after four years from the date of issuance i.e. August 2008. The investee company also has an option to redeem, in part, cumulative preference shares after August 2008. The Bank has recognized full impairment on these shares amounting to Rs. 88.353 million (2019: Rs.88.353 million) due to weak financial position of the company.

9.5.2.3 Surplus arising due to re-measurement of these shares to the market value has not been recognized as the management believes that the market value may not be realized while selling them in open market.

9.5.2.4 In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the holding company has received 3,034,603 shares of Rs.10 each including trading right entitlement certificate (TREC) of the Islamabad Stock Exchange (ISE), in lieu of its Membership Card held by the Bank. Further, upon integration of Islamabad Stock Exchange under the “ISE Scheme of Integration” in 2016 TRE Certificates holders of ISE have been issued 1,213,841 shares of “ISE Towers REIT Management Limited”.

9.5.2.5 The Holding Company qualified as a member based on the financial contribution to SWIFT for network-based services. The Holding Company has made an investment as per the requirements of By-Laws of SWIFT, under the Share Re-allocation Process, as a result becoming entitled to invest in for six shares. The participation is mandatory to avail the desired network-based services for financial message transmission for cross-border payments and receipt. Further, the share re-allocation occurs every three years and will result in either an increase, decrease, or a status quo in individual shareholding.

9.5.3 Non Government Debt Securities

	Cost	
	2020	2019
	------ Rupees in ‘000 ------	
Listed		
AAA	**309,750**	398,250
AA+, AA, AA-	**210,700**	235,600
A+, A, A-	**170,018**	150,014
Unrated	**155,169**	155,169
	845,637	939,033
Unlisted		
AAA	**71,429**	142,857
AA+, AA, AA-	**200,037**	-
A+, A, A-	**1,749,104**	1,992,333
Unrated	**713,071**	857,071
	2,733,641	2,992,261
	3,579,278	3,931,294

9.5.3.1 Term finance certificates - listed *

	Number of certificates		Rating		2020		2019	
	2020	2019	**2020**	2019	**Cost**	**Market value**	Cost	Market value
	---- Numbers ----				---------------- Rupees in ‘000 ----------------			
Worldcall Telecom Limited (note 9.5.3.1.2)	**90,650**	90,650	**Unrated**	Unrated	**155,169**	**-**	155,169	-
Jahangir Siddiqui & Co. Ltd. - XI - related party	**3,000**	3,000	**AA+**	AA+	**12,500**	**12,366**	15,000	14,880
Bank Al Habib Limited	**25,000**	25,000	**AA-**	-	**125,000**	**125,000**	125,000	125,000
Soneri Bank Limited	**30,000**	30,000	**A**	A	**150,013**	**150,000**	150,014	150,000
					442,682	**287,366**	445,183	289,880

* Secured and have a face value of Rs.5,000 each unless specified otherwise.

9.5.3.1.1 Listed term finance certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Worldcall Telecom Limited	Semi-annually	6 Month KIBOR ask rate plus 1.60%	September 20, 2026
Jahangir Siddiqui & Co. Ltd. - XI - related party	Semi-annually	6 Month KIBOR ask rate plus 1.75%	March 06, 2023
Bank Al Habib Limited	Semi-annually	6 Months KIBOR ask rate plus 1.50%	Perpetual
Soneri Bank Limited	Semi-annually	6 Month KIBOR ask rate plus 2.00%.	December 06, 2028

9.5.3.1.2 Due to weak financial position of the company, the group has recognised full impairment loss on these term finance certificates.

9.5.3.2 Sukuk certificates - listed

	Number of certificates		Rating		2020		2019	
	2020	2019	2020	2019	Cost	Market value	Cost	Market value
	---- Numbers ----				--------------- Rupees in '000 ---------------			
Byco Petroleum Pakistan Limited	5,310	5,310	AAA	AAA	309,750	308,616	398,250	391,779
Dawood Hercules Corporation Limited - Sukuk - I	520	520	AA	AA	31,200	31,542	41,600	41,492
Dawood Hercules Corporation Limited - Sukuk - II	600	600	AA	AA	42,000	42,519	54,000	53,824
Bank Islami Pakistan Limited - Ehad Sukuk	4,001	-	A-	-	20,005	20,005	-	-
					402,955	402,682	493,850	487,095

9.5.3.2.1 Other particulars of listed sukuk certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Byco Petroleum Pakistan Limited (Chief Executive: Mr. Amir Abbassciy)	Quarterly	3 Month KIBOR ask rate plus 1.05%.	January 18, 2022
Dawood Hercules Corporation Limited - Sukuk - I (Chief Executive: Inam ur Rahman)	Quarterly	3 month kibor +1.00%	November 16, 2022
Dawood Hercules Corporation Limited - Sukuk - II (Chief Executive: Inam ur Rahman)	Quarterly	3 month kibor +1.00%	March 01, 2023
Bank Islami Pakistan Limited - Ehad Sukuk (Chief Executive: Syed Amir Ali)	Monthly	3 Months Kibor + 2.75%	Perpetual

9.5.3.3 Term finance certificates - unlisted, secured

	Number of certificates		Rating		Face value per certificate	Cost	
	2020	2019	2020	2019		2020	2019
	----- Rupees -----				----- Rupees -----	--- Rupees in '000 ---	
Azgard Nine Limited - related party (note 8.5.3.3.1)	29,998	29,998	Unrated	Unrated	5,000	65,022	65,022
Azgard Nine Limited (related party) (privately placed TFCs) (note 8.5.3.3.2)	12	12	Unrated	Unrated	5,000	326,456	326,456
Agritech Limited (note 8.5.3.3.1)	30,000	30,000	Unrated	Unrated	5,000	149,860	149,860
Pakistan Water & Power Development Authority (WAPDA)	100,000	100,000	AAA	AAA	5,000	71,429	142,857
Khushhali Microfinance Bank Limited	-	1,500	-	A	100,000	-	150,000
Airlink Communication Private Limited	384	384	A-	A-	1,000,000	384,000	384,000
Secure Logistics Group Private Limited	288	288	Unrated	Unrated	1,000,000	144,000	288,000
Bank Al Habib Limited	40,000	-	AA-	-	5,000	200,037	-
						1,340,804	1,506,195

9.5.3.3.1 Due to weak financial position of the company the Bank has recognised full impairment loss on these term finance certificates.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

9.5.3.3.2 These PPTFCs are held by JS Global Capital Limited has recognised full provision considering the financial position of the issuer amounting to Rs. 326.456 million (2019: Rs.326.456 million).

9.5.3.3.3 Other particulars of unlisted term finance certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Azgard Nine Limited - related party (Chief Executive: Mr. Ahmed H. Shaikh)	Semi-annually	6 Month KIBOR ask rate plus 1.75% and 11%.	December 04, 2017 and October 19, 2020
Agritech Limited (Chief Executive: Mr. Faisal Muzammil)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	November 29, 2019
Pakistan Water & Power Development Authority (WAPDA) (Chairman: Lieutenant General Muzammil Hussain (Retd.))	Semi-annually	6 Month KIBOR ask rate plus 1.00%.	September 27, 2021
Airlink Communication Private Limited (President & CEO: Mr. Muzaffar Hayat Piracha)	Quarterly	3 Month KIBOR ask rate plus 1.00%.	January 7, 2022
Secure Logistics Group Private Limited (see note 9.5.3.3.3.1) (President & CEO: Mr. Gulraiz A. Khan)	Quarterly	3 Month KIBOR ask rate minus 1.00%.	January 2, 2024
Bank Al Habib Limited (President & CEO: Mr. Mansoor Ali Khan)	Semi-annually	3 Month KIBOR ask rate plus 1.50%.	December 20, 2027

9.5.3.3.3.1 During the year, the Borrower has taken the deferment of payment as per the guidelines of SBP BPRD Letter No. 13 dated March 26, 2020.

		Note	Number of certificates 2020	2019	Rating 2020	2019	Face value per certificate	Cost 2020	2019
			-------- Numbers --------				--------- Rupees ---------	----- Rupees in '000 -----	
9.5.3.4	**Sukuk certificates - unlisted**								
	Ghani Gases Limited	9.5.3.3.3.1	**2,000**	2,000	**A**	A	**87,500**	**100,000**	108,333
	Pakistan Services Limited	9.5.3.3.3.1	**1,350**	1,350	**A+**	A+	**90,000**	**1,265,104**	1,350,000
								1,365,104	1,458,333

9.5.3.4.1 Other particulars of unlisted sukuk certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Ghani Global Limited (Chief Executive: Mr. Atique Ahmad Khan)	Quarterly	3 Month KIBOR ask rate plus 1.00%.	February 03, 2023
Pakistan Services Limited (Chief Executive: Mr. Murtaza Hashwani)	Semi-annually	6 Month KIBOR ask rate plus 1.00%.	January 17, 2024

		Shares 2020	2019	Rating 2020	2019	Face value per certificate 2020	2019	Cost 2020	2019
		------ Numbers ------				----------------- Rupees in '000 -----------------			
9.5.3.5	**Preference shares - unlisted**								
	Intercity Touring Company Private Limited (related party)	**1,848,888**	1,848,888	**Unrated**	Unrated	**10**	10	**27,733**	27,733

9.5.4 Open End Mutual Fund

Name of fund	Units 2020	Units 2019	Net asset value per unit	2020 Cost	2020 Market value	2019 Cost	2019 Market value
			Rupees				
	--------- Numbers ---------			---------------------- Rupees in '000 ----------------------			
Related parties							
JS ICPAP4	-	157,204	-	-	-	15,720	16,840
JS ICPAP4	-	153,647	-	-	-	15,365	16,609
JS Value Fund	1,343,094	1,716,379	213.42	249,115	286,643	341,336	341,336
JS Growth Fund	1,937,116	1,903,901	179.88	323,937	348,448	336,417	322,483
JS Fund of Funds	2,822,294	2,772,987	64	148,838	179,583	146,286	162,774
JS Islamic Pension Savings Fund - Equity	182,354	182,354	657.89	16,567	119,969	18,235	104,609
JS Islamic Pension Savings Fund - Debt	213,852	213,852	242.89	21,385	51,942	21,385	49,088
JS Islamic Pension Savings Fund - Money Market	222,303	222,303	212.14	22,230	47,159	22,230	44,232
JS Pension Savings Fund - Money Market	177,463	177,463	242.72	17,746	43,074	17,746	39,425
JS Pension Savings Fund - Debt	137,349	137,349	300.98	13,735	41,339	13,735	38,531
JS Pension Savings Fund - Equity	205,210	205,210	478.20	12,635	98,131	20,521	86,654
JS Islamic Capital Preservation	-	3,305	-	-	-	300	288
				826,188	1,216,288	969,276	1,222,869

9.5.5 Foreign Securities

Name of Bond	Rating 2020	Rating 2019	Coupon rate per annum %	Date of Maturity	2020 Cost	2020 Market value	2019 Cost	2019 Market value
					-------------------- Rupees in '000 --------------------			
9.5.5.1 Government Debt securities								
The Third Pakistan International Sukuk Co Ltd	B-	-	5.50%	October 13, 2021	159,186	161,516	-	-
The Third Pakistan International Sukuk Co Ltd	B-	-	5.63%	December 5, 2022	163,296	163,443	-	-
Islamic Republic Of Pakistan	B-	-	6.88%	December 5, 2027	508,091	498,909	-	-
Oman Government International Bond	Ba3	-	6.00%	August 1, 2029	419,735	411,374	-	-
Republic of Turkey	B+	-	4.88%	October 9, 2026	158,289	161,350	-	-
Republic of Turkey	B+	-	6.13%	October 24, 2028	313,692	340,588	-	-
Republic of Turkey	B+	-	7.63%	April 26, 2029	90,973	92,129	-	-
Arab Republic of Egypt	B	-	6.59%	February 21, 2028	510,058	525,769	-	-
Arab Republic of Egypt	B	-	7.60%	March 1, 2029	350,286	366,718	-	-
Republic of Kenya	B+	-	7.25%	February 28, 2028	257,393	268,347	-	-
Republic of Nigeria	B2	-	6.50%	November 28, 2027	248,288	257,666	-	-
Oman Government International Bond	Ba3	-	5.63%	January 17, 2028	243,815	244,036	-	-
Republic of Srilanka	Caa1	-	5.75%	April 18, 2023	210,499	151,557	-	-
					3,633,601	3,643,402	-	-
9.5.5.2 Non Government Debt securities								
Bank of Ireland	Ba2	-	6.00%	March 1, 2026	39,828	42,502	-	-
Petroleos Mexicanos	Ba2		6.84%	October 23, 2029	339,826	331,385		
					379,654	373,887	-	-

9.5.5.3 The Holding Company has recognised general provision (expected credit loss) under IFRS 9 of Rs. 122.758 million (2019: Rs. Nil) held on foreign debt securities by Bahrain branch. However, the loss allowance is recognised in other comprehensive income and have not reduce the carrying amount of these securities.

9.6 Quality of Held to Maturity Securities

Details regarding quality of Held to Maturity (HTM) securities are as follows

9.6.1 Federal Government Securities - Government guaranteed

	Cost 2020	Cost 2019
	------ Rupees in '000 ------	
Pakistan Investment Bonds	**36,109,599**	32,859,882

9.6.1.1

Security type	Maturity	Redemption	Coupon
Pakistan investment bonds	April 21, 2021 to August 22, 2029	On maturity	Half yearly

9.6.1.2 Pakistan Investment Bonds (PIBs) having maturity of five to fifteen years. The rates of profits ranging from 7.75% to 12% per annum (2019: 7.75% to 14.69% per annum). The market value of securities as at December 31, 2020 amounted Rs. 35,862.699 million (2019: Rs. 31,341.410 million)

9.7 Investment in associated company

	Note	Shares 2020	Shares 2019	Percentage holding 2020	Percentage holding 2019	Cost 2020	Cost 2019
		--- Numbers ---				----- Rupees in '000 -----	
Omar Jibran Engineering Industries Limited	9.7.1	**7,200,000**	7,200,000	**9.60%**	9.60%	**215,793**	224,782
Veda Transit Solutions Private Limited	9.7.1 & 9.7.2	**48,000**	48,000	**9.12%**	8.00%	**54,302**	4,774
Intercity Touring Company Private Limited	9.7.1	**1,351,111**	1,351,111	**9.12%**	9.12%	**698**	16,766
						270,793	246,322

9.7.1 The investments classified as asscociate on account of it's significant influence over the investee companies. All associated companies are incorporated in Pakistan.

9.7.2 During the year, Veda Transit Solutions Private Limited, an associate of the Bank, has issued shares against advance subscription of Rs. 40.828 million made by the Bank. Resultantly, shareholding of the Bank increased to 9.12% (December 31, 2019: 8%). The Bank has classified the investment as associate on account of it's significant influence over the investee company.

9.7.3 The following is summarised financial information before inter-company eliminations with other companies in the group:

	Associated companies					
	Omar Jibran Engineering Industries Limited		Veda Transit Solutions Private Limited		Intercity Touring Company Private Limited	
	June 30, 2020	June 30, 2019	**June 30, 2020**	June 30, 2019	**June 30, 2020**	June 30, 2019
	---------- Rupees in '000 ----------					
Total income / sales	**1,950,375**	2,628,975	**785,016**	922,200	**3,796**	290
(Loss) / profit after tax	**(137,700)**	117,796	**19,797**	47,436	**(38,961)**	(21,636)
Total comprehensive income	**7,560**	343,881	**-**	-	**-**	-
Total assets	**3,752,367**	3,727,961	**609,304**	688,142	**404,028**	191,414
Total liabilities	**2,043,290**	1,888,745	**429,690**	743,324	**302,129**	50,879
Net assets	**1,709,077**	1,839,216	**179,614**	(55,182)	**101,899**	140,535
Cash flow from / (used in) operating activities	**108,972**	(73,759)	**85,040**	152,254	**(2,105)**	(62,405)
Cash flow (used in) / from investing activities	**(75,100)**	(233,038)	**(10,237)**	(189)	**-**	(141,183)
Cash flow (used in) / from financing activities	**(39,955)**	212,791	**(54,777)**	(137,300)	**-**	219,994
Net increase / (decrease) in cash and cash equivalents	**(6,083)**	(94,006)	**20,026**	14,765	**(2,105)**	16,406

		Performing		Non Performing		Total	
		2020	2019	2020	2019	2020	2019
10. ADVANCES	Note	----- Rupees in '000 -----					
Loans, cash credits, running finances, etc.	10.1	231,322,752	225,327,657	11,733,555	10,353,164	243,056,307	235,680,821
Bills discounted and purchased		11,602,390	11,113,114	-	-	11,602,390	11,113,114
Advances - gross		242,925,142	236,440,771	11,733,555	10,353,164	254,658,697	246,793,935
Provision against advances							
General		-	(161,166)	-	-	-	(161,166)
General provision - under IFRS-9	10.4.4	(21,327)	(7,520)	-	-	(21,327)	(7,520)
Specific		-	-	(4,181,836)	(3,339,941)	(4,181,836)	(3,339,941)
	10.4	(21,327)	(168,686)	(4,181,836)	(3,339,941)	(4,203,163)	(3,508,627)
Advances - net of provision		242,903,815	236,272,085	7,551,719	7,013,223	250,455,534	243,285,308

10.1 Particulars of net investment in finance lease

	2020				2019			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	----- Rupees in '000 -----				----- Rupees in '000 -----			
Lease rentals receivable	4,923,114	5,173,453	2,318	10,098,885	6,860,218	6,637,949	3,527	13,501,694
Guaranteed residual value	1,008,381	2,449,909	2,248	3,460,538	1,599,605	2,538,848	10,783	4,149,236
Minimum lease payments	5,931,495	7,623,362	4,566	13,559,423	8,459,823	9,176,797	14,310	17,650,930
Finance charges for future periods	(991,822)	(1,286,416)	(1,443)	(2,279,681)	(1,468,867)	(1,098,697)	(259)	(2,567,823)
Present value of minimum lease payments	4,939,673	6,336,946	3,123	11,279,742	6,990,956	8,078,100	14,051	15,083,107

10.2 Particulars of advances (gross)

	2020	2019
	----- Rupees in '000 -----	
In local currency	245,261,990	238,073,921
In foreign currencies	9,396,707	8,720,014
	254,658,697	246,793,935

10.3 Advances include Rs. 11,733.555 million (2019: Rs. 10,353.164 million) which have been placed under non-performing status as detailed below:

	2020		2019	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Category of classification	----- Rupees in '000 -----			
Domestic				
Other Assets Especially Mentioned	296,799	394	841,058	1,721
Substandard	1,177,804	156,095	1,159,072	64,681
Doubtful	3,264,335	724,426	2,442,270	426,283
Loss	6,994,617	3,300,921	5,910,764	2,847,256
Total	11,733,555	4,181,836	10,353,164	3,339,941

10.4 Particulars of provision against non-performing advances

	Note	2020 Specific	2020 General	2020 General provision under IFRS-9	2020 Total	2019 Specific	2019 General	2019 General provision under IFRS-9	2019 Total
		Rupees in '000							
Opening balance		3,339,941	161,166	7,520	3,508,627	2,989,888	155,661	10,746	3,156,295
Exchange adjustments		-	-	71	71	-	-	1,095	1,095
Charge for the year		1,087,212	-	13,736	1,100,948	880,994	5,505	-	886,499
Reversals for the year	10.4.2 & 10.4.5	(245,317)	(161,166)	-	(406,483)	(526,146)	-	(4,321)	(530,467)
		841,895	(161,166)	13,736	694,465	354,848	5,505	(4,321)	356,032
Amount written off from the opening balance	10.5	-	-	-	-	(4,795)	-	-	(4,795)
Closing Balance		4,181,836	-	21,327	4,203,163	3,339,941	161,166	7,520	3,508,627

10.4.1 Particulars of provision against non-performing advances

	2020 Specific	2020 General	2020 Total	2019 Specific	2019 General	2019 Total
	Rupees in '000					
In local currency	4,181,836	-	4,181,836	3,339,941	161,166	3,501,107
In foreign currency	-	21,327	21,327	-	7,520	7,520
	4,181,836	21,327	4,203,163	3,339,941	168,686	3,508,627

10.4.2 This also includes reversal of provision of Rs. Rs. 8.604 million (2019: 277.078 million) against non-performing loans of a borrower under 'Debt Property Swap' transactions, as disclosed in note 13.2.

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

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

10.4.5 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at December 31, 2020, the Holding Company has availed cumulative benefit of FSV of Rs. 4,655.818 million (2019: Rs. 4,120.009 million) under the directives of the SBP. Had the benefit not been taken the unappropriated profit after tax would have reduced by Rs. Rs. 3,026.282 million (2019: Rs. 2,678.006 million). Further, as required by the SBP directives, this unappropriated profit will not be available for distribution as dividend or other appropriations.

10.4.6 Advances - Deferred & Restructured / Rescheduled

The SBP vide BPRD circular letter number 13 of 2020 dated March 26, 2020, has relaxed certain classification criteria of SBP Prudential Regulation R-8 (Classification and Provisioning of Assets). Accordingly, certain exposures of the Holding Company as at December 31, 2020 relating to facilities of customers have not been classified as non-performing on account of such relaxation.

		2020	2019
		-------- Rupees in '000 --------	
10.5	**Particulars of Write Offs:**		
10.5.1	Against provisions	-	4,795
	Directly charged to profit and loss account	-	315
		-	5,110
10.5.2	Write offs of Rs.500,000 and above	-	5,110
	Write offs of below Rs.500,000	-	-
		-	5,110

10.6 Details of loan write off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the Statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended is given in Annexure-I.

			2020	2019
11.	**FIXED ASSETS**	Note	----- Rupees in '000 -----	
	Capital work-in-progress	11.1	298,971	146,181
	Property and equipment	11.2	6,099,025	6,438,632
	Right-of-use assets	11.4	2,628,768	4,109,132
			9,026,764	10,693,945

11.1 Capital work-in-progress

	2020	2019
Civil works	232,789	124,350
Advance for purchase of furniture and fixtures	1,013	290
Advance for purchase of vehicles	61,794	-
Advance for purchase of equipment and software	3,375	21,541
	298,971	146,181

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

11.2 Property and equipment

	2020							
	Leasehold land	Building on free hold land	Building on lease hold land	Lease hold improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	---------- Rupees in '000 ----------							
At January 01, 2020								
Cost / Revalued amount	1,520,254	-	2,187,969	1,650,673	955,778	3,522,707	253,832	10,091,213
Accumulated depreciation	-	-	(285,735)	(734,004)	(443,155)	(2,106,270)	(83,417)	(3,652,581)
Net book value	1,520,254	-	1,902,234	916,669	512,623	1,416,437	170,415	6,438,632
Year ended December 2020								
Opening net book value	1,520,254	-	1,902,234	916,669	512,623	1,416,437	170,415	6,438,632
Additions	-	-	766,725	190,950	50,484	382,908	49	1,391,116
Disposals								
Cost	-	-	-	(1,852)	(14,501)	(47,037)	(25,741)	(89,131)
Accumulated Depreciation	-	-	-	(399)	10,444	41,535	11,921	63,501
	-	-	-	(2,251)	(4,057)	(5,502)	(13,820)	(25,630)
Depreciation charge	-	-	(76,542)	(152,821)	(66,364)	(452,015)	(33,588)	(781,330)
Exchange rate adjustments								
Cost	-	-	-	(885)	(276)	(210)	(152)	(1,523)
Accumulated Depreciation	-	-	-	280	101	105	58	544
	-	-	-	(605)	(175)	(105)	(94)	(979)
Write offs								
Cost	-	-	-	(246,248)	(35,053)	(158,301)	(2,904)	(442,506)
Accumulated Depreciation	-	-	-	134,307	20,480	104,869	963	260,619
	-	-	-	(111,941)	(14,573)	(53,432)	(1,941)	(181,887)
Transferred / other adjustments								
Cost	(739,200)	-	(2,126)	-	-	-	-	(741,326)
Accumulated Depreciation	-	-	429	-	-	-	-	429
	(739,200)	-	(1,697)	-	-	-	-	(740,897)
Closing net book value	781,054	-	2,590,720	840,001	477,938	1,288,291	121,021	6,099,025
At December 31, 2020								
Cost / Revalued amount	781,054	-	2,952,568	1,592,638	956,432	3,700,067	225,084	10,207,843
Accumulated depreciation	-	-	(361,848)	(752,637)	(478,494)	(2,411,776)	(104,063)	(4,108,818)
Net book value	781,054	-	2,590,720	840,001	477,938	1,288,291	121,021	6,099,025
Rate of depreciation (percentage)	-	-	1.01 - 4.78	10	12.5	12.5 - 33.3	20	

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

	2019							
	Leasehold land	Building on free hold land	Building on lease hold land	Lease hold improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	---------- Rupees in '000 ----------							
At January 01, 2019								
Cost / Revalued amount	1,457,289	-	2,293,263	1,288,065	602,028	3,070,323	1,196,462	9,907,430
Accumulated depreciation	-	-	(252,978)	(594,439)	(322,718)	(1,852,560)	(376,207)	(3,398,902)
Net book value	1,457,289	-	2,040,285	693,626	279,310	1,217,763	820,255	6,508,528
Year ended December 2019								
Opening net book value	1,457,289	-	2,040,285	693,626	279,310	1,217,763	820,255	6,508,528
Additions	-	-	41,929	349,196	310,749	617,147	353,254	1,672,275
Movement in surplus on assets revalued during the year	62,965	-	279,809	-	-	-	-	342,774
Adjustments in surplpus	-	-	-	-	-	-	-	-
Disposals								
Cost	-	-	12	10,512	42,079	(165,404)	(1,296,372)	(1,409,173)
Accumulated Depreciation	-	-	-	(13,141)	(42,783)	156,842	450,032	550,950
	-	-	12	(2,629)	(704)	(8,562)	(846,340)	(858,223)
Depreciation charge	-	-	(85,801)	(125,610)	(77,361)	(410,264)	(157,073)	(856,109)
Exchange rate adjustments								
Cost	-	-	-	2,900	922	641	488	4,951
Accumulated Depreciation	-	-	-	(814)	(293)	(288)	(169)	(1,564)
	-	-	-	2,086	629	353	319	3,387
Transferred / other adjustments								
Cost	-	-	(427,044)	-	-	-	-	(427,044)
Accumulated Depreciation	-	-	53,044	-	-	-	-	53,044
	-	-	(374,000)	-	-	-	-	(374,000)
Closing net book value	1,520,254	-	1,902,234	916,669	512,623	1,416,437	170,415	6,438,632
At December 31, 2019								
Cost / Revalued amount	1,520,254	-	2,187,969	1,650,673	955,778	3,522,707	253,832	10,091,213
Accumulated depreciation	-	-	(285,735)	(734,004)	(443,155)	(2,106,270)	(83,417)	(3,652,581)
Net book value	1,520,254	-	1,902,234	916,669	512,623	1,416,437	170,415	6,438,632
Rate of depreciation (percentage)	-	-	1.01 - 4.78	10	12.5	12.5 - 33.3	20	

11.2.1 The cost of fully depreciated property and equipment still in use

	2020	2019
	----- Rupees in '000 -----	
Lease hold improvements	**268,841**	326,262
Furniture and fixture	**195,614**	147,216
Electrical, office and computer equipment	**1,192,927**	1,104,265
Vehicles	**10,669**	19,752
	1,668,051	1,597,495

11.2.2 The details of disposals of assets to related parties are given in annexure II these consolidated financial statements.

11.2.3 The properties of the group were revalued by independent professional valuers as at December 31, 2019. The revaluation was carried out by M/s. Tristar International Consultants Pvt Ltd. on the basis of professional assessment of present market values.

Had there been no revaluation, the carrying value of revalued land and building on land as at December 31, 2020 would have been lower by Rs. 505.342 million and Rs. 1,020.276 million respectively, and net surplus on revaluation of fixed assets, deferred tax liability and incremental depreciation expense would have been lower by Rs. 1,525.618 million, Rs. 240.391 million and Rs. 49,416 million respectively.

11.3	**Assets held for sale**	Note	**2020**	2019
			----- Rupees in '000 -----	
	Leasehold land	11.3.1	**739,200**	-
	Building on leasehold land	11.3.2	**-**	374,000
			739,200	374,000

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

i) The property is available for immediate sale and can be sold in its current condition subject to completion of certain legal formalities.

ii) The actions to complete the sale were initiated and expected to be completed within one year from the date of classification.

iii) The Bank expects the legal and procedural formalities for the sale to be completed by the end of 2021.

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

11.3.2 In 2019, the Holding Company had entered into an agreement to sell the Bank property located at 13th floor of Ocean Tower, plot No. G-3, Khayaban-e-Iqbal, Block 9, KDA Scheme No. 5, Clifton Karachi, Pakistan ("Property") of Rs. 375 million and therefore, measured the property as a non-current asset held for sale. In this respect, during the period end the sale proceeds were realised on August 11, 2020.

11.4	**The carrying amounts of right-of-use assets**	Note	**2020**	2019
			----- Rupees in '000 -----	
	Opening balance		**4,109,132**	5,068,076
	Additional impact / adjustments arised during the period - net		**31,080**	26,553
	Termination of leases		**(557,169)**	(985,497)
	Depreciation	29	**(954,275)**	-
	Closing balance		**2,628,768**	4,109,132

12.	**INTANGIBLE ASSETS**			
	Capital work-in-progress	12.1	**223,901**	107,533
	Computer software	12.2	**828,024**	731,316
	Goodwill	12.2 & 12.6	**1,463,624**	1,463,625
			2,515,549	2,302,474

12.1	**Capital work-in-progress**			
	Advance for purchase of software		**223,901**	107,255

12.2 INTANGIBLE ASSETS

	2020				
	Trading right entitlement certificate (TREC)	Membership card - Pakistan Mercantile Exchange Limited	Computer software	Goodwill	Total
	---- Rupees in '000 ----				
At January 1, 2020					
Cost	5,727	3,500	1,222,657	1,463,624	2,695,508
Accumulated amortisation and impairment	(3,227)	-	(497,340)	-	(500,567)
Net book value	2,500	3,500	725,317	1,463,624	2,194,941
Year ended December 2020					
Opening net book value	2,500	3,500	725,317	1,463,624	2,194,941
Additions:					
- directly purchased	-	-	214,582	-	214,582
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-
Amortisation charge	-	-	(118,032)	-	(118,032)
Exchange rate adjustments					
Cost	-	-	230	-	230
Accumulated Amortisation	-	-	(73)	-	(73)
	-	-	157	-	157
Write offs					
Cost	-	-	68	-	68
Accumulated Amortisation	-	-	(68)	-	(68)
	-	-	-	-	-
Other adjustments	-	-	-	-	-
Closing net book value	2,500	3,500	822,024	1,463,624	2,291,648
At December 31, 2020					
Cost	5,727	3,500	1,437,401	1,463,624	2,910,252
Accumulated amortisation and impairment	(3,227)	-	(615,377)	-	(618,604)
Net book value	2,500	3,500	822,024	1,463,624	2,291,648
Rate of amortisation (percentage)	-	-	10%	See note 12.6	
Useful life (year)	-	-	10		

	2019				
	Trading right entitlement certificate (TREC)	Membership card - Pakistan Mercantile Exchange Limited	Computer software	Goodwill	Total
	---------------------------- Rupees in '000 ----------------------------				
At January 1, 2019					
Cost	5,727	3,500	1,046,019	1,463,624	2,518,870
Accumulated amortisation and impairment	-	-	(399,159)	-	(399,159)
Net book value	5,727	3,500	646,860	1,463,624	2,119,711
Year ended December 2019					
Opening net book value	5,727	3,500	646,860	1,463,624	2,119,711
Additions:					
- directly purchased	-	-	175,991	-	175,991
Impairment loss recognised in					
the profit and loss account - net	(3,227)	-	-	-	(3,227)
Amortisation charge	-	-	(97,968)	-	(97,968)
Exchange rate adjustments					
Cost	-	-	647	-	647
Accumulated Amortisation	-	-	(213)	-	(213)
	-	-	434	-	434
Closing net book value	2,500	3,500	725,317	1,463,624	2,194,941
At December 31, 2019					
Cost	5,727	3,500	1,222,657	1,463,624	2,695,508
Accumulated amortisation and impairment	(3,227)	-	(497,340)	-	(500,567)
Net book value	2,500	3,500	725,317	1,463,624	2,194,941
Rate of amortisation (percentage)	-	-	10%	See note 12.6	
Useful life (year)	-	-	10		

	2020	2019
	----- Rupees in '000 -----	
12.3 The cost of fully amortized computer software still in use	**173,623**	146,687

12.4 This represents Trading Right Entitlement Certificate (TREC) received from PSX in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutalization and integration) Act, 2012 (the Act). The company has also received shares of PSX after completion of the demutualisation process.

12.5 This represents membership cards of Pakistan Mercantile Exchange. It has an indefinite useful life and is carried at cost.

12.6 Goodwill is recorded by the group upon the event fully disclose in note 1.1.2. For impairment testing, goodwill has been allocated to 'Trading and Sales' Segment as Cash Generating Unit (CGU), which is also a reportable segment.

12.7 Key assumptions used in value in use calculation

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

	2020	2019
	Percentages	
Discount rate	**17.41**	22.87
Terminal growth rate	**12.51**	10.00

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

a) Interest margins

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

b) Discount rates

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

c) Key business assumptions

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

Management believes that any significant change in key assumptions, on which CGU's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value in use calculation of the CGU are sensitive to changes in assumptions for interest rate spreads, Non Funded Income (NFI), long term growth rates and discount rates.

d) Sensitivity to changes in assumption

The estimated recoverable amount of the 'Trading and Sales' CGU exceeds its carrying amount by approximately Rs. 5,345 million (2019: 5,554 million). Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

	Changes required for carrying amount to equal recoverable amount (%)	
	2020	2019
- Discount rate	**3.16**	4.85
- Terminal growth rate	**(4.88)**	9.00

13. OTHER ASSETS	Note	2020	2019
		----- Rupees in '000 -----	
Income / mark-up accrued in local currency		**6,885,407**	8,746,909
Income/ mark-up accrued in foreign currencies		**93,950**	48,511
Trade receivable from brokerage and advisory business - net		**1,515,019**	976,902
Advances, deposits, advance rent and other prepayments		**1,082,525**	1,040,356
Acceptances		**3,603,192**	3,221,212
Dividend receivable		**1,103**	-
Taxation (payments less provision)		**292,053**	794,463
Net defined benefit plan		**317,581**	-
Balances due from funds under management		**109,501**	123,074
Receivable against bancassurance / bancatakaful		**30,660**	67,952
Stationery and stamps in hand		**22,730**	23,290
Receivable in respect of home remittance		**30,656**	37,139
Due from State Bank of Pakistan		**245,310**	116,489
Rebates receivable from SBP and others	13.2	**305,331**	465,965
Non-banking assets acquired in satisfaction of claims	13.1 & 13.2	**1,176,143**	1,088,682
Mark to market gain on derivative instruments	22.2	**175,454**	22,989
Mark to market gain on forward foreign exchange contracts		**334,735**	441,182
Advance for subscription of investments securities		**1,645**	63,108
Inter bank fund transfer settlement		**-**	14,477
Credit card settlement		**140,899**	29,924
Insurance		**7,636**	39,100
Others		**667,037**	501,690
		17,038,567	17,863,414
Less: Provision held against other assets	13.3	**(430,569)**	(432,908)
Other assets (net of provisions)		**16,607,998**	17,430,506
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		**135,109**	93,743
		16,743,107	17,524,249

13.1 This includes an amount of Rs. 297.218 million (2019: Rs. 455.370 million) receivable from State Bank of Pakistan in respect of home remittance services provided by the Bank.

13.2 During the year, the Holding Company acquired a property of Rs. 90.178 million (2019: Rs. 998.848 million) against debt swap transaction with the borrower resulting in reversal of provision of Rs. 8.604 million (2019: 277.078 million) (refer note 10.4.2).

	Note	2020	2019
		----- Rupees in '000 -----	
13.2 Non banking assets acquired in satisfaction of claims			
Market value of non-banking assets acquired in satisfaction of claims		**1,311,252**	1,182,425
13.2.1 Movement of Non banking assets acquired in satisfaction of claims at market value:			
As at January 01		**1,182,425**	185,290
Addition during the year	13.2	**90,178**	998,848
Surplus recognised during the year	21.3	**41,511**	
Depreciation during the year	29	**(2,862)**	(1,713)
		1,311,252	1,182,425

13.2.2 Non-banking assets acquired in satisfaction of claims are carried at revalued amount according to the requirements of the 'Regulation for Debt Property Swap' (the regulations) issued by SBP vide the BPRD Circular No. 1 of 2016, dated January 01, 2016.

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuers as at December 31, 2020. The revaluation was carried out by M/s. bfa (Pvt) Ltd. and Engineering Pakistan International (Pvt) Ltd. on the basis of professional assessment of present market values.

Had there been no revaluation, the carrying value of non-banking assets acquired in satisfaction of claims would have been lower by Rs. 93.743 million (2019: Rs. 93.743 million), and surplus on revaluation of assets net, deferred tax liability and depreciation expense would have been lower by Rs. 92.694 million (2019: Rs. 92.776 million), Rs. 0.126 million (2019: Rs.0.967 million) and Rs. 0.126 million (2019: Rs. 0.126 million) respectively.

	Note	2020	2019
		----- Rupees in '000 -----	
Written down value:			
Leasehold Land		**944,946**	866,695
Building on leasehold land		**231,197**	221,987
		1,176,143	1,088,682

13.3 Provision held against other assets

	Note	2020	2019
Trade receivable from brokerage and advisory business - net		**403,318**	403,318
Others		**27,251**	29,590
		430,569	432,908

13.3.1 Movement in provision held against other assets

	Note	2020	2019
Opening balance		**432,908**	435,188
Charge for the year		**100**	-
Reversal for the year		**(2,439)**	(2,280)
Net (reversal) / charge for the year	32	**(2,339)**	(2,280)
Closing balance		**430,569**	432,908

14. BILLS PAYABLE

	Note	2020	2019
In Pakistan		**4,752,985**	3,583,500
Outside Pakistan		**228,998**	220,991
		4,981,983	3,804,491

		Note	2020	2019
			----- Rupees in '000 -----	
15.	**BORROWINGS**			
	Secured			
	Borrowings from State Bank of Pakistan under:			
	Export refinancing scheme (ERF)	15.2.1	**21,496,075**	17,792,778
	Long-Term Finance Facility (LTFF)	15.2.2	**1,985,038**	1,877,760
	Other borrowings			
	Financing Facility for Storage of Agricultural produce (FFSAP)		**193,029**	166,032
	Financing Facility for Renewable Energy Projects		**433,085**	133,633
	Refinance and credit guarantee scheme for women entrepreneurs		**32,900**	775
	Refinance for Wages & Salaries		**11,543,118**	-
	Refinance facility for modernization of Small and Medium Enterprises (SMEs)		**96,192**	-
	Refinance facility for combating COVID-19		**229,984**	-
	Refinance facility for working capital of SMEs		**33,901**	-
	Temporary economic refinance facility		**51,871**	-
	Temporary economic refinance facility	15.2.3	**12,614,080**	300,440
	Repurchase agreement borrowings		**-**	16,849,097
			36,095,193	36,820,075
	Borrowing from financial institutions			
	Repurchase agreement borrowings	15.2.4	**9,667,181**	12,746,732
	Refinancing facility for mortgage loans	15.2.5	**2,397,468**	1,961,128
			12,064,649	14,707,860
	Total secured		**48,159,842**	51,527,935
	Unsecured			
	Call borrowings		**-**	2,303,356
	Overdrawn nostro accounts		**143,570**	636,992
	Total unsecured		**143,570**	2,940,348
			48,303,412	54,468,283
15.1	**Particulars of borrowings**			
	In local currency		**48,079,656**	51,527,935
	In foreign currencies		**143,570**	2,940,348
			48,223,226	54,468,283

15.2.1 The Bank has entered into agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable on a quarterly basis and to be matured between January 04, 2021 and February 08, 2027 (2019: January 02, 2020 and February 08, 2027). These carry mark-up at the rate from1% to 3% (2019: 1% to 3%) per annum.

15.2.2 These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings will mature between November 04, 2021 and November 18, 2030 (2019: November 30, 2020 and August 08, 2029). These carry mark-up at rates ranging from 2.00% to 3.50% (2019: 2.00% to 3.50%) per annum.

15.2.3 Other borrowings have been obtained from SBP under various facilities on particulars mentioned below:

	Markup rate Per annum	Matured From	To
Financing Facility for Storage of Agricultural Produce (FFSAP)	2%	January 1, 2022	October 27, 2027
Financing Facility for Renewable Energy Projects	2%	August 1, 2021	August 29, 2029
Refinance and credit guarantee scheme for women entrepreneurs	0%	October 30, 2021	February 28, 2026
Refinance for Wages & Salaries	0%	October 1, 2022	December 31, 2022
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	0%	October 1, 2022	June 16, 2025
Refinance facility for combating COVID-19	0%	April 1, 2025	October 1, 2025
Refinance facility for working capital of SMEs	0%	September 16, 2021	October 1, 2022
Temporary economic refinance facility (TERF)	1%	November 22, 2025	November 22, 2025

15.2.4 This represents borrowing against Market Treasury Bills, (2019: Market Treasury Bills, Pakistan Investment Bonds and Bai Muajjal) carrying mark-up at the rates ranging upto 6.70% (2019:12.70% to 13.19%) per annum and will be matured between January 11, 2021 to January 12, 2021 (2019: January 02, 2020 and March 26, 2020). The cost and market value of securities given as collateral of amounting to Rs. 9,766,518 million (2019: Rs. 9,200.503 million) and Rs. 9,767,491 million (2019: Rs. 9,122.620 million) respectively.

15.2.5 The Holding Company has entered into agreement with the Pakistan Mortgage Refinance Company Limited (PMRC) for extending housing finance facilities to the Bank's customers on the agreed terms and conditions. The borrowing carries mark-up rate of 3 years PKRV less 100bps and will be matured on February 28, 2022 and December 09, 2025.

16. DEPOSITS AND OTHER ACCOUNTS

	2020			2019		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	---------- Rupees in '000 ----------					
Customers						
Current deposits	90,714,627	9,668,068	100,382,695	70,341,319	6,412,941	76,754,260
Savings deposits	98,103,956	3,944,797	102,048,753	73,442,779	2,898,794	76,341,573
Term deposits	186,691,026	15,203,881	201,894,907	164,602,876	11,409,815	176,012,691
Margin deposits	5,920,595	163	5,920,758	5,455,786	15,234	5,471,020
	381,430,204	28,816,909	410,247,113	313,842,760	20,736,784	334,579,544
Financial Institutions						
Current deposits	1,281,453	435,683	1,717,136	858,905	-	858,905
Savings deposits	11,192,800	-	11,192,800	12,204,325	-	12,204,325
Term deposits	8,266,773	-	8,266,773	20,900,829	-	20,900,829
	20,741,026	435,683	21,176,709	33,964,059	-	33,964,059
	402,171,230	29,252,592	431,423,822	347,806,819	20,736,784	368,543,603

		Note	2020	2019
			-------- Rupees in '000 --------	
16.1	**Composition of deposits**			
	- Individuals		**147,143,479**	135,583,867
	- Government (Federal and Provincial)		**92,317,151**	73,503,161
	- Public Sector Entities		**52,156,536**	37,475,517
	- Banking Companies		**2,950,286**	2,926,436
	- Non-Banking Financial Institutions		**18,226,423**	31,037,623
	- Private Sector		**118,629,947**	88,016,999
		16.2	**431,423,822**	368,543,603

16.2. This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 143,210.503 million (2019: Rs. 87,425.180 million).

		Note	2020	2019
			-------- Rupees in '000 --------	
17.	**SUB-ORDINATED DEBT**			
	Term Finance Certificates - First Issue	17.1	**2,995,200**	2,996,400
	Term Finance Certificates - Second Issue	17.2	**1,997,600**	1,998,400
	Term Finance Certificates - Third Issue	17.3	**2,500,000**	2,500,000
			7,492,800	7,494,800

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

Purpose:	To contribute toward the Bank's Tier II Capital for complying with the Capital Adequacy Ratio requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 14, 2016
Tenure:	Up to Seven years from the Issue date.
Maturity Date:	December 14, 2023
Rating:	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum;
	Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.

Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule vide BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger as declared by SBP of the non-viability event as declared by SBP, subject to a cap of 467,836,257 shares.

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

Purpose:	To contribute toward the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 29, 2017
Tenure:	Up to Seven years from the Issue date.
Maturity Date:	December 29, 2024
Rating:	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 319,982,544 shares.

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

Purpose:	To contribute toward the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 31, 2018
Maturity Date:	Perpetual
Rating:	A (Single A)
Profit Rate:	Floating rate of return at Base rate + 2.25 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period
Profit payment frequency:	Semi-annually on a non-cumulative basis
Redemption:	Not applicable
Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other claims except common shares.
Call Option:	Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause:	Payment of profit will be made from current year's earning and subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	
Pre-Specified Trigger ("PST")	Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013 which stipulates that if an Issuer's Common Equity Tier 1 ("CET 1") ratio falls to or below 6.625% of Risk Weighted Assets ("RWA"), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to:

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

Point of Non-Viability ("PONV")

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

The PONV trigger event is the earlier of:

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

18. DEFERRED TAX (ASSETS) / LIABILITIES

18.1 Movement in temporary differences during the year:

	Note	2020			
		Balance as at January 01, 2020	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at December 31, 2020
		------------------------- Rupees in '000 -------------------------			
Deductible Temporary Differences on:					
Provision against investments		(57,149)	-	-	(57,149)
Provision against loans and advances		(132,305)	(155,535)	-	(287,840)
Other assets		(845,243)	725,913	-	(119,330)
General provision under IFRS-9		(3,097)	(40,455)	-	(43,552)
Intangible other than Goodwill		(2,507)	(397)	-	(2,904)
Liability against assets subject to finance lease - net		(7,082)	(4,299)	-	(11,381)
Mark to market gain / (loss) on forward foreign exchange contracts		(51,092)	28,199	-	(22,893)
Provision for workers' welfare fund		(3,143)	2,964	-	(179)
		(1,101,618)	556,390	-	(545,228)
Taxable Temporary Differences on:					
Operating fixed assets		260,103	(71,570)	-	188,533
Goodwill		512,268	-	-	512,268
Surplus on revaluation of operating fixed assets	21	374,394	(58,646)	(75,357)	240,391
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	967	(51)	3,113	4,029
Unrealised (loss) / gain on revaluation of derivative financial instruments		82,321	(77,019)	-	5,302
Unrealised loss / (gain) on revaluation of investments classified as held for trading		(665)	4,697	-	4,032
Government Grant		-	1,888	-	1,888
(Deficit) / surplus on revaluation of investments classified assets as available for sale	21	(253,627)	(26,142)	952,144	672,375
		975,761	(226,843)	879,900	1,628,818
	18.1.1	(125,857)	329,547	879,900	1,083,590

	Note	2019 Balance as at January 01, 2019	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at December 31, 2019
		------------------------- Rupees in '000	-------------------------		
Deferred tax debits arising from:					
Provision against investments		(57,149)	-	-	(57,149)
Provision against loans and advances		(147,207)	14,902	-	(132,305)
Provision against other assets		(171,011)	(674,232)	-	(845,243)
General provision under IFRS-9		(36,820)	33,723	-	(3,097)
Intangible other than Goodwill		(2,235)	(272)	-	(2,507)
Unrealised (loss) / gain on revaluation of investments classified as held for trading		(3,976)	3,575	(264)	(665)
Surplus / (deficit) on revaluation of investments classified assets as available for sale		(1,188,415)	-	934,788	(253,627)
Provision for donation		(186)	186	-	-
Mark to market gain on forward foreign exchange contracts		-	(51,092)	-	(51,092)
Liability against assets subject to finance lease - net		-	(7,082)	-	(7,082)
Provision for workers' welfare fund		(17,114)	13,971	-	(3,143)
		(1,624,113)	(666,321)	934,524	(1,355,910)
Deferred tax credits arising due to:					
Operating fixed assets		232,731	27,372	-	260,103
Goodwill		512,268	-	-	512,268
Surplus on revaluation of operating fixed assets	21	390,391	1,223	(17,220)	374,394
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21	1,010	(43)	-	967
Unrealized (loss) / gain on revaluation of derivative financial instruments	21	78,721	3,600	-	82,321
		1,215,121	32,152	(17,220)	1,230,053
	18.1.1	(408,992)	(634,169)	917,304	(125,857)

18.1.1 As of December 31, 2020, the JSIL has accumulated losses of Rs. 359.015 million (2019: Rs. 239.238 million). The deferred tax on such losses works out to Rs. 104.751 million (2019: Rs. 69.379 million), however, the JSIL has recognised deferred tax asset on such losses to the extent of deferred tax liability of Rs. 0.637 million (2019: Rs. 24.352 million). Unrecognized deferred tax asset on carried forward business losses as at December 31, 2020 amounted to Rs. 104.011 million 2019 (Rs. 45.027 million).

As of December 31, 2019, the JSIL has accumulated losses of Rs. 239.238 million. The deferred tax on such losses works out to Rs. 69.379 million, however, the JSIL has recognised deferred tax asset on such losses to the extent of deferred tax liability of Rs.24.352 million. Unrecognized deferred tax asset on carried forward business losses as at December 31, 2019 amounted to Rs.45.027 million.

19.	OTHER LIABILITIES	Note	2020	2019
			----- Rupees in '000 -----	
	Mark-up / return / interest payable in local currency		3,132,699	4,166,772
	Mark-up / return / interest payable in foreign currencies		52,729	72,782
	Unearned commision income on guarantees		176,270	99,505
	Accrued expenses		809,789	415,112
	Acceptances		3,603,192	3,221,212
	Trade payable from brokerage business		2,353,304	1,426,057
	Unclaimed dividends		7,576	7,576
	Mark to market loss on derivative instruments		172,635	491
	Mark to market loss on forward foreign exchange contracts		400,144	375,227
	Dividend payable		5,183	41,102
	Payable in respect of defined benefit obligation - net	37.5	-	151,881
	Withholding taxes payable		599,853	539,702
	Government challan collection		94,510	66,867
	Donation payable	29.2.1	-	1,991
	Security deposits against leases, lockers and others		3,490,704	4,172,975
	Provision for Workers' Welfare Fund		160,165	113,795
	Payable in respect of home remittance		831,042	446,387
	Retention money payable		42,044	34,248
	Lease liability against right-of-use assets		2,891,226	4,260,358
	Advance against assets held for sale	11.3.2	-	37,500
	Insurance payable		10,137	12,693
	Payable to vendors against SBS goods		93,634	185
	Debit card settlement		65,855	73,084
	Inter bank fund transfer		159,136	-
	Others		724,011	287,480
			19,875,838	20,024,982

19.1 Lease liabilities

The carrying amounts of lease liabilities and the movements during the year is as below:

	Note	2020	2019
Opening balance		4,260,358	4,781,777
Additional impact arised during the year - net		22,284	24,333
Termination impact arised during the year-net		(613,771)	-
Markup on Lease liability against right-of-use assets	25	451,047	580,688
Payments		(1,203,822)	(1,126,440)
Closing balance		2,916,096	4,260,358

20. SHARE CAPITAL

20.1 Authorised capital

19.1.1 Ordinary shares

2020	2019		2020	2019
----- Number of shares -----			----- Rupees in '000 -----	
2,350,000,000	2,350,000,000	Ordinary shares of Rs.10 each	23,500,000	23,500,000

19.1.2 Preference shares

150,000,000	150,000,000	Convertible preference shares of Rs.10 each	1,500,000	1,500,000

20.2 Issued, subscribed and paid-up capital

		Ordinary shares		
763,558,965	763,558,965	Fully paid in cash	7,635,590	7,635,590
533,905,297	533,905,297	Issued for consideration other than cash	5,339,053	5,339,053
1,297,464,262	1,297,464,262		12,974,643	12,974,643
-	-	Less: Discount on issue of shares	(2,855,401)	(2,855,401)
1,297,464,262	1,297,464,262		10,119,242	10,119,242

20.3 As at December 31, 2020, Jahangir Siddiqui & Co. Limited. (the parent company) held 973,307,324 (2019: 973,307,324) ordinary shares of Rs.10 each i.e. 75.02% holding (2019: 75.02%).

21. SURPLUS ON REVALUATION OF ASSETS	Note	2020	2019
		-------- Rupees in '000 --------	
Surplus / (deficit) on revaluation of:			
Available-for-sale securities	21.1.1	2,325,426	(591,788)
Operating fixed assets	21.2	1,766,009	1,955,940
Non-banking assets acquired in satisfaction of claims	21.3	135,109	93,743
		4,226,544	1,457,895
Deferred tax on (surplus) / deficit on revaluation of:			
Available-for-sale securities		(672,375)	253,627
Operating fixed assets		(240,391)	(374,390)
Non-banking assets acquired in satisfaction of claims		(4,029)	(967)
		(916,795)	(121,730)
		3,309,749	1,336,165
21.1 Group's share		3,247,593	1,308,531
Non-controlling interest		62,156	27,634
		3,309,749	1,336,165

		Note	2020	2019
			-------- Rupees in '000 --------	
21.2	**Fixed assets**			
	Surplus on revaluation as at January 01		1,955,940	1,628,992
	Recognised during the year - net		1,216	374,493
			1,957,156	2,003,485
	Less: Transferred to unappropriated profit:			
	Incremental depreciation during the year		(40,378)	(35,721)
	Related deferred tax liability		(9,038)	(11,824)
	Realised on disposal of asset classified under held for sale		(92,126)	-
	Related deferred tax liability		(49,605)	-
			(191,147)	(47,545)
	Surplus on revaluation as at December 31		1,766,009	1,955,940
	Less: Related deferred tax liability on:			
	Surplus on revaluation as at January 01		(374,390)	(403,434)
	Recognised / transferred during the year		75,356	17,220
	Transferred to profit and loss account on account of incremental depreciation		9,038	11,824
	Realised on disposal of asset classified under held for sale		49,605	-
			(240,391)	(374,390)
			1,525,618	1,581,550

21.2.1 This includes Rs. 195.610 million (2019: Rs. 141.731 million) which relates to assets held for sale as disclosed in note 11.3.

		Note	2020	2019
21.3	**Non-banking assets acquired in satisfaction of claims**			
	Surplus on revaluation as at January 01		93,743	93,869
	(Transferred) / recognized during the year		41,511	-
			135,254	93,869
	Less: Transferred to unappropriated profit:			
	Incremental depreciation during the year		(94)	(82)
	Related deferred tax liability		(51)	(44)
			(145)	(126)
	Surplus on revaluation as at December 31		135,109	93,743
	Less: Related deferred tax liability on:			
	Surplus on revaluation as at January 01		(967)	(1,011)
	Transferred to profit and loss account on account of incremental depreciation		51	-
	Recognized during the year		(3,113)	44
			(4,029)	(967)
			131,080	92,776

22. CONTINGENCIES AND COMMITMENTS

	Note	2020	2019
Guarantees	22.1	58,779,594	45,650,803
Commitments	22.2	65,953,138	77,013,578
		124,732,732	122,664,381

22.1 Guarantees:

	Note	2020	2019
Financial guarantees		1,024,422	2,464,411
Performance guarantees		36,678,881	21,483,841
Other guarantees		21,076,291	21,702,551
	22.1.1	58,779,594	45,650,803

22.1.1 Included herein are outstanding guarantees of Rs. 29.054 million (2019: Rs.14.217 million) of related parties.

		Note	2020	2019
			----- Rupees in '000 -----	
22.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	- letters of credit	22.2.1	21,111,360	13,965,258
	Commitments in respect of:			
	- Forward foreign exchange contracts	22.2.2	38,178,262	55,111,366
	- Derivative instruments	22.2.3	5,564,000	7,238,695
	- Forward lending	22.2.4	384,230	72,183
	- Bank Guarantee from a commercial Bank in favor of National Clearing Company of Pakistan Limited	22.2.5	400,000	400,000
	- Outstanding settlements against margin financing contracts - net	22.2.6	57,411	5,305
	Commitments for acquisition of:			
	- operating fixed assets	22.2.7	257,875	220,771
			65,953,138	77,013,578

22.2.1 Included herein are the outstanding letter of credits of Rs. 86.543 million (2019: Rs.44.368 million) of related parties.

		2020	2019
22.2.2	**Commitments in respect of forward foreign exchange contracts**	----- Rupees in '000 -----	
	Purchase	23,137,733	33,104,108
	Sale	15,040,529	22,007,258
		38,178,262	55,111,366

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

		2020	2019
22.2.3	**Commitments in respect of derivative instruments**	----- Rupees in '000 -----	
	Purchase	1,760,637	3,622,107
	Sale	3,803,363	3,616,588
		5,564,000	7,238,695
22.2.3.1	**Interest rate swaps (notional principal)**		
	Purchase	1,176,824	2,099,175
	Sale	1,176,824	2,100,175
		2,353,648	4,199,350
22.2.3.2	**Options (notional principal)**		
	Purchase	582,419	1,023,310
	Sale	2,425,487	1,023,310
		3,007,906	2,046,620

		Note	2020	2019
			----- Rupees in '000 -----	
22.2.3.3	**Commitments in respect of forward securities**			
	Purchase		1,394	499,622
	Sale		201,052	493,103
			202,446	992,725
22.2.4	**Commitments in respect of forward lending**			
	Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.4.1	384,230	72,183

22.2.4.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.

		2020	2019
		----- Rupees in '000 -----	
22.2.5	Bank Guarantee from a commercial Bank in favor of National Clearing Company of Pakistan Limited	400,000	400,000
22.2.6	Outstanding settlements against margin financing contracts - net	57,411	5,305
22.2.7	Commitments for acquisition of operating fixed assets	257,875	220,771

22.2.8 Tax related contingencies are disclosed in note 33.2 to 33.4.

23. DERIVATIVE INSTRUMENTS

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

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

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

These transactions cover the aspects of both market making and hedging. The risk management related to derivative is disclosed in note 45.

Accounting policies in respect of derivative financial instruments are described in note 4.4.2.

23.1 Product Analysis

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

	2019					
	Interest rate swaps		Options		Forward securities	
	Notional principal	Mark to market	Notional principal	Mark to market	Notional principal	Mark to market
	---------- Rupees in '000 ----------					
With Banks						
Hedging	-	8,885	4,199,350	13,327	-	-
Market making	-	-	-	-	992,725	286
With FIs other banks						
Hedging	-	-	-	-	-	-
Market making	-	-	-	-	-	-
Total						
Hedging	-	8,885	4,199,350	13,327	-	-
Market making	-	-	-	-	992,725	286

23.2 Maturity Analysis

Remaining maturity of contracts	Number of contracts	Notional principal	Mark to market Positive	Mark to market Negative	Mark to market Net
	2020				
		---- Rupees in '000 ----			
Upto 1 month	6	871,043	29,685	(41,098)	(11,413)
1 to 3 months	1	317,656	-	(889)	(889)
3 to 6 months	7	1,345,571	13,001	(5,296)	7,705
6 months to 1 year	10	2,914,453	121,563	(114,748)	6,815
1 to 2 years	2	115,277	11,205	(10,604)	601
	26	5,564,000	175,454	(172,635)	2,819

Remaining maturity of contracts	Number of contracts	Notional principal	Mark to market Positive	Mark to market Negative	Mark to market Net
	2019				
		---- Rupees in '000 ----			
Upto 1 month	34	493,103	90	-	90
1 to 3 months	1	499,622	196	-	196
3 to 6 months	-	-	-	-	-
6 months to 1 year	4	-	9,376	(491)	8,885
1 to 2 years	3	2,516,330	7,785	-	7,785
2 to 3 years	1	1,683,020	5,542	-	5,542
	43	5,192,075	22,989	(491)	22,498

24. MARK-UP / RETURN / INTEREST EARNED

	Note	2020	2019
		----- Rupees in '000 -----	
On:			
Loans and advances		25,277,186	31,003,043
Investments		16,537,576	9,717,118
Lendings to financial institutions		32,855	52,679
Balances with other banks		85,144	59,817
Securities purchased under resale agreements		1,259,308	858,930
		43,192,069	41,691,587

25. MARK-UP / RETURN / INTEREST EXPENSED

	Note	2020	2019
On:			
Deposits		29,376,526	28,272,108
Borrowings	25.1	1,817,487	3,678,116
Subordinated debt		900,310	1,029,228
Cost of foreign currency swaps against foreign currency deposits / borrowings		735,977	936,986
Markup on Lease liability against right-of-use assets	19.1	451,047	580,610
		33,281,347	34,497,048

		Note	2020	2019
			----- Rupees in '000 -----	
25.1	**Borrowings**			
	Export refinancing scheme (ERF)		**357,578**	337,916
	Long-Term Finance Facility (LTFF)		**46,242**	35,388
	Other Borrowings from State Bank Bank of Pakistan		**10,941**	3,942
	Securities sold under repurchase agreements		**1,111,507**	2,810,910
	Other short term borrowings		**291,219**	489,960
			1,817,487	3,678,116

26. FEE, COMMISSION AND BROKERAGE INCOME

	Note	2020	2019
Branch banking customer fees		**240,843**	174,557
Consumer finance related fees		**39,700**	21,098
Card related fees (debit and credit cards)		**652,096**	594,713
Credit related fees		**358,650**	328,927
Investment banking fees		**119,315**	86,244
Commission on trade		**671,804**	570,108
Commission on guarantees		**393,993**	266,999
Commission on cash management		**4,755**	5,966
Commission on remittances including home remittances	26.1	**252,078**	111,288
Commission on bancassurance		**180,460**	180,770
Commission on distribution of mutual funds		**29,008**	93,343
Commission on online Services		**372,892**	186,396
Postage & Courier income		**24,096**	22,143
Rebate income		**250,355**	224,598
Rebate on primary dealership		**27,637**	6,918
Brokerage income		**582,761**	327,604
Management fee		**173,499**	210,488
		4,373,942	3,412,160

26.1 This includes Rs.149.305 million (2019: Rs. 82.373 million) in respect of commission income from home remittance services provided by the Bank. The amount is earned from State Bank of Pakistan at the rate of Saudi Riyal 20 (2019: Saudi Riyal 20) per transaction over USD 200 (2019: USD 200) and is shared between the Bank and various exchange companies as per terms of agreement with them.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

		Note	2020	2019
			----- Rupees in '000 -----	
27.	**GAIN / (LOSS) ON SECURITIES - NET**			
	Realised	27.1	1,906,308	(674,365)
	Unrealised - held for trading		14,202	8,368
			1,920,510	(665,997)
27.1	**Realised gain on:**			
	Federal government securities			
	Market treasury bills		76,912	3,671
	Pakistan investment bonds		1,381,058	(247,329)
	Ijara sukuk certificates		71	633
			1,458,041	(243,025)
	Shares			
	Listed companies		429,881	(386,856)
	Non Government Debt Securities			
	Term finance certificates		32,832	21,443
	Sukuk certificates		450	150
			33,282	21,593
	Mutual fund units		(11,538)	8,246
	Foreign currency bonds		(3,358)	(74,323)
			1,906,308	(674,365)
28.	**OTHER INCOME - NET**			
	Rent on Property		-	4,079
	Gain on sale of fixed assets - net		10,682	493,680
	Gain on sale of assets held for sale	11.3.2	1,000	-
	Gain on termination of leases	28.1	64,805	-
	Others		32,819	7,430
			109,306	505,189

28.1 This represents, gain on termination of leases against closure of fifty one branches under the Bank's branch rationalisation strategy.

		Note	2020	2019
			----- Rupees in '000 -----	
29.	**OPERATING EXPENSES**			
	Total compensation expense	29.1	**6,735,714**	5,713,741
	Property expense			
	Rent & taxes		**24,143**	39,856
	Insurance		**2,641**	10,553
	Utilities cost		**365,121**	365,688
	Security (including guards)		**337,223**	296,671
	Repair & maintenance (including janitorial charges)		**241,197**	204,875
	Depreciation		**243,485**	247,053
	Depreciation on right-of-use assets	11.4	**954,275**	985,498
	Depreciation on non banking assets	13.2.1	**2,862**	1,713
			2,170,947	2,151,907
	Information technology expenses			
	Software maintenance		**762,263**	241,700
	Hardware maintenance		**189,878**	182,710
	Depreciation		**215,310**	184,504
	Amortisation		**118,032**	97,968
	Network charges		**133,243**	125,505
			1,418,726	832,387
	Other operating expenses			
	Directors' fees and allowances		**23,100**	15,625
	Legal & professional charges		**191,690**	151,056
	Insurance		**290,204**	209,998
	Outsourced services costs	36	**156,524**	135,005
	Travelling & conveyance		**129,968**	145,186
	NIFT clearing charges		**45,199**	40,394
	Depreciation		**322,535**	424,574
	Depreciation on right-of-use assets		**-**	-
	Training & development		**19,520**	35,074
	Postage & courier charges		**100,484**	82,010
	Communication		**182,699**	134,965
	Stationery & printing		**265,023**	276,707
	Marketing, advertisement & publicity		**461,634**	338,130
	Donations	29.2	**122,341**	2,809
	Auditors remuneration	29.3	**16,697**	14,293
	Staff auto fuel & maintenance		**205,187**	224,923
	Bank charges		**60,168**	63,468
	Stamp duty		**17,238**	55,570
	Online verification charges		**18,802**	21,870
	Brokerage, fee and commission		**56,849**	34,658
	Card related fees (debit and credit cards)		**6,906**	8,662
	CDC and other charges		**27,250**	31,186
	Consultancy fee		**61,605**	36,949
	Deposit protection corporation	29.4	**128,144**	139,761
	Entertainment expenses		**76,957**	67,337
	Repair and maintenance		**67,988**	66,161
	Cash handling charges		**239,732**	65,778
	Fee and Subscription		**160,950**	106,166
	Employees social security		**11,444**	9,035
	Generator fuel & maintenance		**76,467**	80,002
	Fee and allowances to Shariah Board		**74**	46
	Royalty	29.5	**30,000**	30,000
	Others		**54,693**	38,026
			3,628,072	3,085,424
			13,953,459	11,783,459
	Less: Reimbursement of selling and distribution expenses	29.6	**(52,233)**	(21,686)
			13,901,226	11,761,773

		2020	2019
		----- Rupees in '000 -----	
29.1	**Total compensation expense**		
	Fees and Allowances etc.	204,736	191,025
	Managerial Remuneration:		
	i) Fixed	4,316,171	4,031,190
	ii) Variable of which;		
	a) Cash Bonus / Awards etc.	656,678	344,693
	b) Commission	292,603	252,556
	Charge for defined benefit plan	159,436	134,712
	Contribution to defined contribution Plan	251,053	233,459
	Leaving indemnity	6,479	4,246
	Medical	387,404	357,750
	House rent allowance	1,694	1,581
	Utilities	188	176
	Conveyance	415,478	81,851
	Insurance Staff	41,259	74,941
	Others	2,535	5,561
		6,735,714	5,713,741

29.1.1 The Group operates a short term employee benefit scheme which includes cash awards / special bonus for all employees. Under this scheme, the bonus for all employees, including the Chief Executive Officer (CEO) is determined on the basis of employees' evaluation and the Bank's performance during the year.

		Note	2020	2019
			----- Rupees in '000 -----	
29.2	**Donations**			
	Future Trust	29.2.1	117,341	1,991
	Hope Uplift Foundation		-	618
	Bait-ul-Sukoon Cancer Hospital		-	200
	Agha Khan Foundation		5,000	-
			122,341	2,809

29.2.1 This represents donation to a related party, wherein below mentioned persons are trustees. The registered office of the donee is located at 7th Floor, The Forum, Block 9, Clifton, Karachi.

-	Mr. Suleman Lalani	Chief Executive Officer of Jahangir Siddiqui & Co. Ltd. (the parent company)
	Mr. Kalim-ur-Rehman	Chairman of the Bank
-	Mr. Hasan Shahid	Chief Financial Officer of the Bank and Director of JS Investments Limited, the Subsidiary Company
-	Mr. Najmul Hoda Khan	Chief Financial Officer of Jahangir Siddiqui & Co. Ltd. (the parent company)
-	Mr. Tariq Usman Bhati	Head of Money Market And Forex of JS Global Capital Limited, subsidiary company

		Note	2020	2019
			----- Rupees in '000 -----	
29.3	**Auditors' remuneration**			
	Audit fee - Pakistan		**3,672**	3,442
	Audit fee - Bahrain		**1,717**	1,640
	Half-yearly review		**1,228**	1,169
	Fee for audit of employees funds		**143**	143
	Fee for other statutory certifications		**1,177**	753
	Special certification and sundry advisory services		**5,783**	4,473
	Taxation services		**270**	275
	Out of pocket expenses and sales tax on services		**2,707**	2,398
		29.3.1	**16,697**	14,293
29.3.1	**Geographical analysis**			
	Pakistan		**14,092**	12,140
	Bahrain		**2,605**	2,153
			16,697	14,293

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

The Bank's eligible deposits as of December 31, 2019 are amounting to Rs. 87,425.180 million on which total premium is payable of Rs. 139.880 million per annum (Rs. 34.970 million per quarter).

29.5 Royalty represents amounts payable to Mr. Jahangir Siddiqui on account of use of name in the subsidiary of the Bank.

29.6 The SECP vide Circular 40/2016 dated December 30, 2016, prescribed certain conditions on Asset Management Companies (AMC) for charging of selling and marketing expenses to open end equity funds, for opening of new branches in cities, except Karachi, Lahore, Islamabad and Rawalpindi. Expenses can be charged to the extent of 0.4% per annum of net assets of fund or actual expenses whichever is lower.

		Note	2020	2019
			----- Rupees in '000 -----	
30.	**WORKER'S WELFARE FUND**			
	Charge during the year	30.1	**46,472**	3,358

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

		2020	2019
		----- Rupees in '000 -----	
31.	**OTHER CHARGES**		
	Penalties imposed by State Bank of Pakistan	**91,639**	131,444
	Others	**-**	6,199
		91,639	137,643

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

		Note	2020	2019
			----- Rupees in '000 -----	
32.	**PROVISIONS / (REVERSALS) AND WRITE OFFS - NET**			
	Provisions for diminution in value of investments	9.3.1	**249,343**	(345,300)
	Provisions against loans & advances	10.4	**841,895**	354,848
	Provisions against loans & advances - general		**(161,166)**	5,505
	Provisions / (reversals) under IFRS-9 -general	32	**138,345**	(105,018)
	Fixed assets written off	11.2	**181,887**	-
	Other assets written off		**5,620**	-
	Other reversals		**(2,339)**	(2,280)
	Bad debts written off directly		**-**	315
	Impairment loss against intangible assets		**-**	3,227
			1,253,585	(88,703)

		2020	2019
32.1	**Provisions / (reversals) under IFRS-9 - general**		
	Charge / (reversal) during the year	**384**	(71)
	Balances with other banks	**(79)**	(3,434)
	Lendings to financial institutions	**124,303**	(97,192)
	Investments	**13,737**	(4,321)
	Advances	**138,345**	(105,018)
33.	**TAXATION**		
	Current	**745,311**	791,261
	Prior years	**(14,482)**	13,715
	Deferred	**329,547**	(634,169)
		1,060,376	170,807

		Note	2020	2019
33.1	**Relationship between income tax expense and accounting profit**			
	Profit before taxation		**1,108,435**	(256,608)
	Tax at applicable rates in the Group		**793,461**	80,035
	Effect of permanent differences		**(50,923)**	34,014
	Tax effect of income charged at different tax rates-net		**50,442**	18,617
	Tax effect of exempt capital gains		**-**	-
	Effect of prior year deferred taxation		**46,783**	11,251
	Effects of current and prior year super tax		**228,459**	31,608
	Deferred tax recognised at higher rate		**-**	-
	Others		**(7,846)**	(4,718)
		33.1.1	**1,060,376**	170,807

33.1.1 The Group has recognised taxation impact on the basis of deemed tax return to be file on applicable tax rate with tax authorities, which are as follows:

	Tax Rate 2020	Tax Rate 2019
JS Bank Limited	**35%**	35%
JS Investments Limited	**29%**	29%
JS Global Capital Limited	**29%**	29%
JS ABAMCO Commodities limited	**29%**	29%

33.2 JS Bank Limited (Holding Company, the Bank)

33.2.1 Income Tax

The income tax returns filed under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2007 through 2020. These returns filed were deemed to have been assessed in terms the provisions prevailing under income tax laws as applicable in Pakistan. However, the Officers of Inland Revenue Services (OIR) conducted the proceedings for making certain amendments in the deemed assessments for tax years 2008 to 2017. This was done by taking recourse of conducting tax audit or alternatively a direct amendment in the assessment contending that certain matters in the deemed assessments were not admissible as not conforming to the law and prejudiced the interest of revenue.

Based on the amended assessments in tax year 2008 to tax year 2018, the department had made certain dis-allowances of expenses and tax deductible claims besides creating minimum tax and Workers' Welfare Fund liabilities in the tax years 2010, 2011 & 2012 and tax years 2009, 2012 & 2013 respectively.

In respect of WWF, the Supreme Court of Pakistan has held in Judgement, PLD 2017 SC 28, that the amendments made in the WWF Ordinance through Finance Act, 2006 and 2008 were illegal and without lawful authority i.e. the Holding Companys do not fall into definition of Industrial Undertaking and thus, not liable to pay WWF. Therefore based on this, the Holding Company's contention is mandated and it is likely that its pending appeals in this will be decided favorably. The Holding Company has obtained appeal effect orders of respective years except 2013 and resultantly no demand is payable in this respect.

As a consequence of the 18th amendment to the Constitution, levy for the WWF was introduced by the Government of Sindh and Punjab through the Sindh WWF Act, 2014 ("the Act") and Punjab Workers Welfare Fund Act, 2019 respectively. As per the Acts, the Holding Company is liable to pay WWF in both provinces. However in this respect:

the Holding Company has challenged the issue of jurisdiction claimed by Sindh Revenue Board before the Honorable High Court of Sindh (SHC) through Constitutional Petition 1546/2017 on grounds that banking companies cannot be considered as industrial establishment and that the Act will be applied to trans-provincial entities to the extent that the obligation under the provincial law is to make distribution to the extent of the proportionate profit of the Sindh Province. The Court has restrained the Sindh Revenue Board to collect / recover Sindh WWF till the next date of hearing.

the Holding Company will challenge the recovery of Punjab WWF in the court of law on same grounds in case of SWWF.

In 2018, Based on decision of the Supreme Court of Pakistan, the Bank had reassessed the provision of WWF which was previously held on the entire operating results of the Bank (including all provinces, part of Pakistan, AJK and Bahrain Operations) and maintained WWF only to the extent of its operations within Sindh Province till 2019. In 2020 after promulgation of Punjab WWF, the Bank has again decided prudently to maintained provision on the entire results of the Bank.

In respect of minimum tax, the Commissioner Inland Revenue-Appeals (the CIR(A)) has the not accepted the Holding Company's contentions of gross loss position and also decided that non-mark-up income is the fall in the definition of turnover including capital gains and dividend income. As result the demand of Rs. 38.907 million has been payable. The Holding Company has contested the matter in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing.

For tax year 2008-2018, the Holding Company has not accepted the amendments of Rs. 6.57 billion and have filed appeals before the Commissioner Inland Revenue-Appeals (the CIRA).

CIR(A) has admitted the contention of the Holding Company in case of tax year 2008 that the amended order is barred by time and decided that any addition made in impugned order is annulled and not required to be further adjudicated. However, the department has filed an appeal against the decision of CIR(A) in ATIR which has been partly heard.

With regard to appeals filed for tax year 2009 to 2017, the CIR(A) has decided the appeals accepting the Holding Company's contentions in respect of significant issues, and certain disallowance including amortization claim of goodwill have been decided in favor of department in all tax years. However, the Holding Company and the tax department are contesting the matters in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for adjudication.

The tax department passed appeal effect/rectification orders and allowed deleted and set-aside issues in the light of CIR(A) orders for tax year 2008 to 2014. As a result of these orders, the Holding Company's taxable losses has increased to Rs. 3.464 billion and reduced the demand of Rs. 1.212 billion in relevant tax years after adjustment of these losses.

Further for the tax year 2013, the ATIR has decided appeal filed by tax department in respect of calculating the amount of provisions against advances as allowable under Rule 1(c) of Seventh Schedule to the Income Tax Ordinance, 2001 and has maintained the CIR(A) decision that the allowability of provision for advances to be calculated at 1% of gross amount of advances as against the tax department contention that the same is to be calculated on net advances after deducting the amount of provisions created and allowed against advances.

The matter of allowability of amortization relating to goodwill is contentious issue, therefore based on the opinion of lawyer there are arguments available to contend that goodwill on merger is an allowable deduction for tax purposes. Especially in the recent decision given by the High Court of Sindh in the case of merger of another Holding Company in Pakistan where the Court has ruled in favour of taxpayer that goodwill generated in merger is 'intangible' and amortization relating to goodwill is allowable deduction.

The Sindh High Court has dismissed the Holding Company's petitions for tax years 2016 through 2019 wherein the Holding Company alongwith other taxpayers challenged the levy of super tax on constitutional grounds. Based on the opinion of legal counsel, the Holding Company has appealed before the Supreme Court against the decision of the Sindh High Court. The Supreme Court has allowed interim relief to the taxpayers subject to the payment of 50% of the super tax liability. However, the Holding Company has adjusted full amount of super tax liability for Tax year 2016 and 2019 against the available tax refunds. Further, the Holding Company has obtained stay from the Sindh High Court on other technical grounds regarding the levy of Super Tax for tax years 2017 and 2018.

33.2.2 Withholding tax monitoring

Withholding tax monitoring was initiated against the Holding Company for tax year 2014-2019. Orders in respect of tax years 2014, 2015 and 2017 has been passed against which appeals have been filed before the CIR(A). CIR(A) has reminded back the matters for rectification in respect of tax years 2014 and 2015 against which rectified orders has been passed and demands have been rectified. Appeal for tax year 2017 has been heard and reserved for order. In respect of tax year 2018 and 2019, proceedings are pending.

33.2.3 Sales tax

The Holding Company as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued a Sales Tax Order from the Sindh Revenue Board (SRB) creating a demand of Rs.48.838 million (besides Rs.4.440 million is charged as penalty) against the Holding Company for allegedly non-payment of Sindh sales tax on certain 'presumed non-taxable services / incomes'(i.e. Bancassurance, Home Remittances under Pakistan Remittance Initiative Scheme, SBP rebates on Government securities, Rebates from foreign correspondent Holding Companys, and FX gain on remittance by Western Union)' on total amounting to Rs.277.488 million for the tax periods July 2011 to December 2013. An appeal was filed before Commissioner (Appeals) Sindh Revenue Board, CA-SRB against the decision of AC-SRB which was decided in favor of the tax department except tax imposed on FX gain on remittance by Western Union. Thereafter, both the Holding Company and AC-SRB filed appeals before the Appellate Tribunal SRB against the decision of CA-SRB. Through its Order dated April 18, 2019, the Appellate Tribunal SRB quashed the demand raised by deciding the Holding Company's appeal in the Holding Company's favour and dismissing the AC-SRB's appeal. The Holding Company and tax department have filed appeals before Appellate Tribunal which are pending for hearing.

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

33.2.4 Azad Jammu & Kashmir Operations

The Holding Company has commenced operations in Azad Jammu & Kashmir from tax year 2009 and has filed returns for the tax years 2009 to 2019 with the tax authorities of such region. The Commissioner has issued notices for amendment of assessment under section 122 of the Income Tax Ordinance, 2001 (as adopted in AJK Region) for the tax year 2011 to 2017. All assessments orders are rectified and no additional demand has been raised.

33.3 JS Global Capital Limited (Subsidiary, the Company)

33.3.1 Income tax

Except for tax year 2009, 2014, 2015, 2016, 2017 and 2018 income tax assessments have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001 (the Ordinance) unless selected by taxation authorities for audit purposes.

For tax year 2009, an ITRA no. 07/2013 was filed by the Commissioner Inland Revenue against an order passed by the Learned Appellate Tribunal Inland Revenue (ATIR) in ITA no. 923/KB/2011 dated August 28, 2012 which was related to the apportionment of expenses, allowability of expenses and claiming of tax deducted at source aggregating to Rs. 61.16 million. However, the same is pending for decision before the Sindh High Court (SHC).

For tax year 2014, an amended assessment order dated April 28, 2016, has been passed under section 122 (5A) of the Ordinance by the Additional Commissioner Inland Revenue (ACIR). Through said order, the ACIR raised demand amounting to Rs. 20.081 million. The Company has filed rectification application identifying various errors / details not considered by the ACIR and requested ACIR to rectify the same. In addition to that, the Company has also filed an appeal to the Commissioner Inland Revenue Appeals (CIR-A) which is pending. The Company has also obtained stay against recovery of demand from SHC till the decision of CIR-A.

For tax year 2015, an order dated November 23, 2016 was passed under section 4B of the Ordinance by the Deputy Commissioner Inland Revenue (DCIR). Through said order, an income of Rs.810.584 million was computed under section 4B of the Ordinance and resultant demand of super tax of Rs. 24.318 million was raised. An appeal was filed against the above order before CIR-A on December 01, 2016 identifying various errors / details not considered. The CIR-A, has confirmed DCIR's order vide his order dated May 30, 2017. In pursuance of the order of CIR-A, the Company has filed appeal before ATIR along with application for stay against recovery of demand. The appeal before ATIR has been heard and order is reserved whilst ATIR vide order dated July 18, 2017 has granted stay for 60 days and subsequently the said stay was further extended vide various orders by ATIR. Subsequently, recovery of aforesaid tax demand was previously stayed by the Honorable Sindh High Court (SHC) through C.P No 4915 of 2018 vide order dated June 28, 2018 with direction to the Department not to enforce recovery of tax demand till the decision of ATIR. However, based on its order dated July 21, 2020, the SHC has dismissed the afrementioned C.P and has declared the super tax for TY 2015 to be contitutionally vires. The Company has however filed an Income Tax Reference Application (ITRA) No. 52 of 2020 before SHC which is pending adjudication.

For tax year 2016 and 2017, notices dated December 27, 2016 and January 3, 2018 were issued under section 4B of the Ordinance by the DCIR. In the said notices the DCIR has contended that the Company is liable to pay Super Tax amounting to Rs. 24.483 million and Rs. 19.490 million on 'income' of Rs. 816.122 million and Rs. 649.676 million for Tax Years 2016 and 2017 respectively. The Company has challenged both notices through writ petition before SHC on constitutional grounds wherein the SHC has, vide its orders dated January 16, 2017 and January 11, 2018 for Tax Years 2016 and 2017 respectively, has stated that no coercive action shall be taken against the Company. The DCIR passed the orders under section 4B vide order dated April 23, 2018 and

May 4, 2018 for tax years 2016 and 2017 respectively to levy Super tax of above mentioned amounts under the view that SHC has not restrained the department from passing the orders. In pursuance of the said orders, Company filed appeals which were rejected by CIR-A vide its order dated October 12, 2018 for both years. As a result, the Company has filed appeals before Appellant Tribunal Inland Revenue (ATIR) against the orders of CIR-A. Meanwhile, the Company paid 50% of tax demand of both tax years to maintain the above suits in light of judgment of Hon'able Supreme Court of Pakistan (Civil Appeals No. 1171/2017 and other connected appeals) wherein, the pending suits are declared to be entertained on the condition that a minimum of 50% of tax demand is deposited with tax authorities during the pendency of appeal. During the year the appeal has been heard before ATIR and is reserved for order. The Company has however filed an Income Tax Reference Application (ITRA) No. 53 and 54 of 2020 before SHC which is pending adjudication.

For tax year 2018, a notice under section 4B of the Ordinance by the DCIR dated December 7, 2018 was issued, contending that the Company is liable to pay Super Tax amounting to Rs. 45.211 million on 'income' of Rs. 1,507.039 million. The Company had challenged the notice on constitutional grounds before SHC through C.P. No. 8670 of 2018. The SHC, vide its order dated December 14, 2018, had stated that no coercive action shall be taken against the Company. However the SHC based on its order issued in September 2020 has dismissed the aforementioned C.P. The Company is hence awaiting the conclusion of ATIR on the above matter before it files a reference application for TY 2018. To date, no order has been passed by the Department, consequently, no outstanding tax demand exists to date.

For tax year 2016, an amended assessment order has been passed under section 122(5A) of the Ordinance by the Additional Commissioner Inland Revenue (ACIR). Through the said order, the ACIR raised demand amounting to Rs. 241.217 million. Upon appeal filed, CIR-A confirmed the ACIR's order vide its order dated December 12, 2017. In pursuance of the order of CIR-A, the Company had filed an appeal before ATIR. During last year ATIR vide its order dated March 29, 2019 had annulled CIRA's action on confirming disallowances made in the order passed by ACIR dated November 02, 2017, with directions to CIRA to pass speaking and reasoned order after providing due opportunity of being heard. As a result, the likely assessment position after appeal effect of ATIR's order under section 124 of the Ordinance is that only tax demand on account of undistributed reserves is outstanding, which has also been stayed by SHC vide interim order in CP No. 0-2343 of 2019 dated April 09, 2019. Furthermore during last year, a rectification application was filed for erroneously considered share premium reserves while computing excess reserves under section 5A of the Ordinance by the ACIR, in its order dated November 2, 2017. As a result of which tax demand under section 5A would be reduced to Rs. 7.523 million.

For tax year 2017, an amended assessment order has been passed under section 122(5A) of the Ordinance by the Tax Officer. Through the said order, the Tax Officer raised a demand amounting to Rs. 17.649 million. The Company has filed an appeal before CIR-A which has been heard, however, no order has been passed till date. The total tax demand was partially stayed by the order of SHC vide CP No. 5431 of 2017 dated August 16, 2017, while the remaining liability was adjusted from the available refunds as declared in the return for tax year 2017.

Furthermore, the case of the Company has been selected for income tax audit under section 214C of the Ordinance and a notice dated April 12, 2019 under section 177 of the Ordinance has been issued requiring submission of details and documents. Partial details have been submitted and extension is requested for submission of remaining details.

For tax year 2017, a show-cause notice under section 161/205 of the Ordinance has been issued by tax authority. Through the said order, the Company was alleged for non-deduction of tax under section 150 of the Ordinance on payment made to shareholders in respect of buy back of shares. The said notice has been challenged before Sindh High Court (SHC) through legal counsel of the Company and SHC has prohibited tax department from passing any order without its permission. On the directions of court, detailed reply to show-cause notice has also been submitted vide our letter dated January 26, 2018. Tax authorities have issued a subsequent notice dated March 6, 2018, requesting to provide certain factual details which have also been submitted vide our letter dated March 16, 2018 and the matter is now pending adjudication before the SHC.

33.3.2 Sales Tax

During 2013, the Company received a show cause notice from the Sindh Revenue Board (SRB) under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently, an order was passed reducing the demand to Rs. 9.86 million along with default surcharge. The Company filed an appeal before the CIR-A and after being decided against the Company, it subsequently filed an appeal before Appellate Tribunal SRB. During the year 2014, the Company paid an amount of Rs. 7.15 million in respect of the abovementioned liability before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption from application of penalty and 75% of default surcharge. Appellate Tribunal SRB vide order dated November 29, 2017 decided the issue of Sindh Sales Tax (SST) in favor of the Company. However, the issue of SST on advisory and consultancy services and commission earned on purchase/sale of mutual funds have been remanded back whilst the issue relating to SST on commission on foreign exchange dealing, services rendered outside Sindh and levy of default surcharge and penalty have been decided against the Company. The Company has filed a reference application before SHC in respect of the issues decided against the Company and remanded back.

During 2014, the Company also received another show cause notice from SRB under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently, an order was passed raising a tax demand amounting to Rs. 10.77 million. The Company has filed an appeal against the order with CIR-A which is pending. Further, in respect of the same, rectification application has also been filed with the department. The Company and other stock brokers have also filed petition with the SHC and has been granted interim stay against recovery of demand. However, the Company has paid an amount of Rs. 9.24 million before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption of penalty and 75% of default surcharge.

Furthermore, for fiscal year 2014 and 2015, SRB alleged short payment of SST vide Notice dated February 02, 2017. The Company has submitted all the required details in response to the notice and no order in this respect has been passed.

SRB has also issued an order in another proceeding for tax periods January 2014 to December 2016, which were confronted, vide notice dated August 15, 2017, levying sales tax on certain services and disallowance of input tax of Rs. 35,877,012. In pursuance of the said order the Company filed an appeal before Commissioner (Appeals), SRB which has been partly heard. However the recovery of the of aforesaid tax demand has been stayed by the Hon'able SHC in Suit no 767 of 2018 vide order dated April 13, 2018.

33.3.3 Federal Excise Duty (FED)

Tax department issued a show cause notice dated June 08, 2015 confronting (alleged) non payment of Federal Excise Duty (FED) on Company's services under Federal Excise Act, 2005 and subsequently issued an order raising a demand amounting to Rs.78.003 million for tax year 2010 to tax year 2013. The Company filed a rectification appeal, in addition, to filing an appeal to the SHC, through Stockbroker Association (of which the Company is also the member) against aforementioned order on the grounds that after 18th amendment to the Constitution, the services that were previously subjected to FED under the federal laws are now subject to the provincial sales tax and the Company has accordingly discharged its tax obligation. The SHC initially, stayed Federal Board of Revenue from demanding sales tax on services from stockbrokers and subsequently, disposed of the order in Company's favor. However, CIR-A on the matter of appeal filed by the Company issued an order in favor of the department vide its order dated January 31, 2017. In pursuance of the order of CIR-A the Company had filed an appeal before Appellate Tribunal SRB along with application for stay of demand which was granted initially for 30 days and was subsequently extended vide various orders. Appellate Tribunal SRB has decided the matter vide order dated December 20, 2017, received by the Company on April 09, 2018, whereby ATIR decided that FED is applicable only on the commission earned from trading of shares and no other type of commission comes under the ambit of FED. With this opinion, ATIR has remanded back the issue related to pre amendment era. For post amendment era, ATIR has relied upon the decision of SHC (stated above) and declared the charge of FED after July 01, 2011 null and void.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

33.4 JS Investments Limited (Subsidiary, the Company)

33.4.1 Income tax

In respect of the appeals filed by the Company before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] against orders passed for tax years 2006 and 2009 against demand of Rs.162 million and 66 million respectively, the CIR (Appeals) had not accepted the basis of additions by tax authorities and set aside both the orders in respect of allocation of expenses between various sources of income for fresh proceedings with the directions to apportion the common expenditure according to actual incurrence of expenditure to the various sources of income.

In respect of the appeals filed by the Company before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] against orders passed for tax years 2006 and 2009 against demand of Rs.162 million and 66 million respectively, the CIR (Appeals) had not accepted the basis of additions by tax authorities and set aside both the orders in respect of allocation of expenses between various sources of income for fresh proceedings with the directions to apportion the common expenditure according to actual incurrence of expenditure to the various sources of income.

The Appellate Tribunal Inland Revenue vide order dated May 21, 2016 was deleted the additions of tax amortization of management rights and remand back the issues of disallowed provisions and advertisement expenses for the tax year 2009.

The tax authorities issued orders giving effect (hereinafter referred collectively as 'appeal effect orders') to the order of CIR (Appeals) for both tax year 2006 and 2009 whereby demands for these tax years were reduced at Rs.77.33 million and Rs.59.93 million respectively. As the allocation of expenditure in the said appeal effect orders were not made according to actual incurrence of expenditure to the various sources of income, therefore, the Company again filed appeals before the CIR (Appeals) against the said orders.

In respect of second round of appeal filed by the Company before CIR (Appeals) against appeal effect orders for tax year 2006 and 2009, the CIR (Appeals) for tax year 2006 confirmed apportionment of expenditure made by the tax authorities in appeal effect order, however, adjustment of allowable expenses were set aside. For tax year 2009, CIR (Appeals) had set aside the appeal effect order in entirety for fresh assessment, which is yet to be made by tax authorities.

The CIR (Appeals) also rectified the order passed by his predecessor for tax Year 2006, whereby the addition regarding the portion of capital gain included in dividend received from mutual funds was held deleted. Resulted appeal effect order reflects refund of Rs.29 million. The tax authorities have filed an appeal before ATIR against said order of CIR (Appeals) in respect of deletion of addition regarding the portion of capital gain included in dividend. The ATIR vide order dated December 07, 2016 set-aside with the direction that the ACIR should examine the issue in the light of FBR Circular letter dated September 10, 2002.

In respect of tax year 2006, management contends, based on views of its tax advisor, that amendment of assessment for such tax year by tax authorities is time barred. Accordingly, the Company has filed an appeal before the Appellate Tribunal Inland Revenue. The ATIR of the view that the amendment of assessment is not time bared however, the ATIR deleted the addition of tax amortization of management right vide order dated February 10, 2017.

Order under section 122(1)/(5) dated December 30, 2017 for the tax year 2015 passed by the DCIR created demand of Rs.40 million against which Company filed appeal before the CIR(A). The DCIR consider our request for rectification and passed order under section 221 dated February 27, 2017 as a result of the above order the demand reduced to Rs.36.904 million.The CIR(A) vide order dated May 6, 2019 was partly considered our submissions put before him. The DCIR passed appeal effect order dated February 17, 2020 determined refund of Rs 30.66 million. The company submitted appeal before the CIR (Appeal) against the appeal effect order. The Company also submitted appeal before the ATIR against the order of the CIR(A).

The DCIR passed order under section 122(1)/(5) of the Income Tax Ordinance, 2001 dated June 23, 2014 and reduce the refund claimed of Rs.8.499 million to Rs.3.102 million for the tax year 2012. The learned CIR (Appeal) vide order dated May 06, 2019 was confirmed the ACIR's order and held that the appeal was not entertainable being barred by time limitation for the tax year 2012. Company submitted appeal before the ATIR against the order of the CIR(A).

Management, based on views of its legal counsel, is confident of a favorable outcome in respect of above matters.

34. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

	2020	2019
	----- Rupees in '000 -----	
Profit / (loss) after taxation for the year - attributable to ordinary equity holders of the holding company	1,110,373	(245,285)
Preference dividend for the year December 31, 2018 @ 12% p.a	-	(24,164)
Profit / (loss) after taxation for the year - attributable to ordinary equity holders of the holding company	1,110,373	(269,449)
	------- Numbers -------	
Weighted average number of basic outstanding ordinary shares during the year	1,297,464,262	1,297,464,262
	------- Rupee --------	
Basic and diluted earnings / (loss) per share	0.856	(0.208)

35. CASH AND CASH EQUIVALENTS

	Note	2020	2019
		----- Rupees in '000 -----	
Cash and balances with treasury banks	6	30,421,531	25,590,173
Balances with other banks	7	1,128,585	476,370
Overdrawn nostro accounts	15	(143,570)	(636,992)
		31,406,546	25,429,551
Less: General provision under IFRS 9		(450)	(68)
		31,406,096	25,429,483

36. STAFF STRENGTH

	Note	2020	2019
		----------- Numbers ----------	
Permanent		4,038	3,904
On Group's contract		1,057	832
Group's own staff strength at the end of the year		5,095	4,736
Outsourced services	36.1	483	472
		5,578	5,208

36.1 This represents thrid party contracts other than guards and janitorial services.

36.2 Geographical segment analysis

	2020	2019
Pakistan	5,571	5,201
Bahrain	7	7
	5,578	5,208

37. DEFINED BENEFIT PLAN

37.1 General description

The Bank operates a recognized gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007.

The defined benefit is administered by a separate fund that is legally separate from the Bank. The plan is governed by the trust deed dated September 01, 2007. The trustees of the gratuity fund are composed of representatives from employers. The trustees of the gratuity fund are required by the trust deed to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees and employers. The trustees of the gratuity fund are responsible for the investment policy with regard to the assets of the fund.

37.2 The plan in Pakistan typically exposes the Bank to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:

- **Salary increase risk:**
  The risk that the final salary at the time of cessation of services is greater than assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- **Discount rate risk**
  The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.

- **Demographic Risks**

  Withdrawal risk:
  The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

  Longevity Risk
  The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

- **Investment risk**
  This is the risk that the assets are under-performing and are not sufficient to meet the liabilities.

37.3 Number of employees under the schemes

The number of employees covered under defined benefit scheme (gratuity fund) is 3,756 (2019: 3,595).

37.4 Principal actuarial assumptions

Principal actuarial assumptions at the end of the reporting period expressed as weighted averages. The actuarial valuations were carried out on December 31, 2020 based on the Projected Unit Credit Method, using the following significant assumptions:

		2020	2019
Valuation discount rate for year end obligation	per annum	9.75%	11.75%
Valuation discount rate for interest cost for the year	per annum	11.75%	13.75%
Expected return on plan assets	per annum	11.75%	13.75%
Future salary increase rate			
- upto one years	per annum	8.00%	8.00%
- from two to three years	per annum	10.00%	10.00%
- more than three years	per annum	9.75%	11.75%
The average duration of the defined benefit obligation	years	10	10
Normal retirement age	years	60	60
Withdrawal rates		Moderate	Moderate
Mortality rates		SLIC 2001-2005, Setback 1 Year	SLIC 2001-2005, Setback 1 Year

37.5 Movement in defined benefit obligations, fair value of plan assets and their components

	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability (asset)	
	2020	2019	2020	2019	2020	2019
	---------- Rupees in '000 ----------					
Balance as at January 01, 2020	844,212	649,062	692,331	546,568	151,881	102,494
Included in profit or loss						
Current service cost	148,693	125,676	-	-	148,693	125,676
Past service cost	1,820	2,113	-	-	1,820	2,113
Interest cost / income	97,343	87,892	88,420	80,969	8,923	6,923
	247,856	215,681	88,420	80,969	159,436	134,712
Included in other comprehensive income						
Actuarial gains / losses arising from:						
- financial assumptions	14,025	(8,792)	-	-	14,025	(8,792)
- experience adjustments	(266)	7,956	-	-	(266)	7,956
Return on plan assets	-	-	490,776	(18,005)	(490,776)	18,005
	13,759	(836)	490,776	(18,005)	(477,017)	17,169
Other movements						
Contribution made during the year	-	-	151,881	102,494	(151,881)	(102,494)
Benefits paid during the year	(31,529)	(19,695)	(31,529)	(19,695)	-	-
	(31,529)	(19,695)	120,352	82,799	(151,881)	(102,494)
Balance as at December 31, 2020	1,074,298	844,212	1,391,879	692,331	(317,581)	151,881

37.6 The composition of the plan assets at the end of the reporting period for each category, are as follows:

	Cost		Fair value of plan assets			
	2020	2019	2020	2019	2020	2019
	Rupees in '000				Percentage	
Cash and cash equivalents						
Cash at Bank	82,793	171,000	82,793	171,000	5.9%	24.6%
Term deposits receipts	150,000	-	161,806	-	11.6%	0.0%
	232,793	171,000	244,599	171,000	17.5%	24.6%
Debt securities						
Pakistan Investment Bonds	388,863	304,064	411,079	297,918	29.5%	42.9%
Market treasury bills	53,815	114,508	53,660	117,399	3.9%	16.9%
Term finance certificates	50,503	100,590	50,370	94,459	3.6%	13.6%
	493,181	519,162	515,109	509,776	37.0%	73.4%
Ordinary Shares of listed companies	448,506	14,929	632,172	13,346	45.4%	1.9%
	1,174,480	705,091	1,391,880	694,122	100%	100%

37.7 Maturity profile

37.7.1 Expected maturity analysis of undiscounted defined benefit obligation (benefit payments) for the gratuity fund is as follows:

	Up to one year	Over 1-2 years	Over 2- 5 years	Over 6-10 years	Over 10 and above years	Total
	Rupees in '000					
Balance as at December 31, 2020	45,445	71,699	268,697	1,245,714	11,997,565	13,629,120
Balance as at December 31, 2019	37,261	44,550	217,395	901,479	14,564,443	15,765,128

37.8 Sensitivity analysis

37.8.1 Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Particulars	Rate	Present value of defined benefit obligation	Fair value of any plan assets	Net defined benefit liability / (assets)
		------------ Rupees in '000	------------	
Current results	-	1,074,298	1,391,879	(317,581)
Discount rate				
1% Increase	8.75%	977,544	1,391,879	(414,335)
1% Decrease	10.75%	1,185,787	1,391,879	(206,092)
Salary Rate				
1% Increase	12.75%	1,186,928	1,391,879	(204,951)
1% Decrease	10.75%	974,759	1,391,879	(417,120)
Withdrawal rate				
10% Increase	Moderate + one year	1,046,507	1,391,879	(345,372)
10% Decrease	Moderate - one year	1,104,543	1,391,879	(287,336)
Mortality rate				
One year age set back	Adjusted SLIC 2001-2005 - one year	1,073,753	1,391,879	(318,126)
One year age set forward	Adjusted SLIC 2001-2005 + one year	1,074,879	1,391,879	(317,000)

Furthermore in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as applied in calculating the defined benefit obligation liability recognised in this unconsolidated statement of financial position.

37.9 Maturity profile

The weighted average duration of the defined benefit obligation works out to 10 years.

37.10 Experience Adjustments

The re-measurement gains / losses arise due to actual experience varying from the actuarial assumptions for the year.

	2020	2019	2018	2017	2016
		------------------------- Rupees in '000	-------------------------		
Particulars					
Defined benefit obligation	**1,074,298**	844,212	649,062	550,729	367,635
Fair value of plan assets	**(1,391,879)**	(692,331)	(546,568)	(375,611)	(249,327)
Net defined benefit liability	**(317,581)**	151,881	102,494	175,118	118,308
Re-measurement loss / (gain) on obligation	**13,759**	(836)	(52,391)	75,269	56,598
Re-measurement loss / (gain) on plan assets	**(490,776)**	18,005	25,329	10,273	393
Other comprehensive income	**(477,017)**	17,169	(27,062)	85,542	56,991

37.11 The average duration of the payment of benefit obligation at December 31, 2020 is within one year.

37.12 The Bank contributes to the gratuity fund as per actuarial's valuation of the year.

37.13 Based on actuarial advice and management estimates, profit and loss account charge in respect of defined benefit obligation for the next one year works out to be Rs.139.866 million. The amount of re-measurements to be recognised in other comprehensive income for year ending December 31, 2020 will be worked out as at the next valuation.

38. DEFINED CONTRIBUTION PLAN

The Group operates a contributory provident fund scheme for all permanent employees. The employer and employee both make a contribution of equal amount to the fund as follows:

	Contribution basic salary	Number of employees		Contribution made during the year	
		2020	2019	2020	2019
	Percentages	------- Numbers -------		----- Rupees in '000 -----	
Holding company					
- JS Bank Limited	**7.1%**	**3,164**	3,092	**229,001**	209,871
Subsidiary companies					
- JS Global Capital Limited	**10.0%**	**165**	163	**13,277**	13,596
- JS Investments Limited	**8.0%**	**77**	102	**8,775**	9,990

39. COMPENSATION OF DIRECTORS AND EXECUTIVES

39.1 The aggregate amount charged in the financial statements for the year in respect of the remuneration and benefits to the President / Chief Executive, Directors and Executives are as follows:

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

Items	2020					
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers	Other Executives
	Chairman	Non-Executives				
	Rupees in '000					
Fees and Allowances etc.	2,850	20,250	-	-	-	-
Managerial Remuneration						
i) Fixed	-	-	58,363	398,524	436,946	184,214
ii) Total Variable - Cash Bonus / Awards	-	-	14,500	71,352	66,626	14,153
Charge for defined benefit plan	-	-	2,430	17,415	25,824	-
Contribution to defined contribution plan	-	-	4,186	26,885	24,789	11,579
Medical	-	-	5,837	37,375	43,695	17,111
Utilities	-	-	-	141	-	-
House rent allowance	-	-	-	1,268	-	-
Conveyance	-	-	300	654	-	-
Car allowance	-	-	-	31,715	68,138	-
Others	-	-	219	10,574	17,748	5,052
Total	2,850	20,250	85,835	590,903	683,766	232,109
Number of persons	1	21	2	32	85	59

Items	2019					
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers	Other Executives
	Chairman	Non-Executives				
	Rupees in '000					
Fees and Allowances etc.	1,950	13,675	-	-		-
Managerial Remuneration						
i) Fixed	-	-	32,727	283,506	365,567	188,486
ii) Total Variable - Cash Bonus / Awards	-	-	-	14,670	1,440	16,513
Charge for defined benefit plan	-	-	1,934	14,757	20,606	-
Contribution to defined contribution plan	-	-	3,279	22,833	30,326	11,920
Medical	-	-	3,273	26,903	36,557	16,929
Utilities	-	-	-	-	-	-
House rent allowance	-	-	-	-	-	-
Conveyance	-	-	667	11,196	32,466	-
Car allowance	-	-	-	4,924	11,852	-
Others	-	-	300	943	1,885	4,478
Total	1,950	13,675	42,180	379,732	500,699	238,326
Number of persons	1	21	1	26	87	63

39.1.1 The CEO and deputy CEO are provided with free use of Bank maintained cars in accordance with their entitlement.

39.1.2 Managerial remuneration includes joining related payments made to certain Executives in line with their terms of employment.

39.1.3 All Executives, including the CEO of the Bank, are also entitled to certain short term employee benefits which are disclosed in note 39.1 to these unconsolidated financial statements.

39.1.4 The SBP, vide its BPRD Circular No. 01 dated January 25, 2017, issued Guidelines on Remuneration Practices, where the Bank is required to defer a certain portion of variable compensation of the Material Risk Takers (MRTs) and Material Risk Controllers (MRCs) subject to mandatory deferrals for a defined period. In this respect, deferral amount shall be withheld for a period of three years whereas remaining portion of the variable compensation shall be paid upfront to the MRTs and MRCs. The deferred remuneration shall vest proportionately over the deferral period following the year of variable remuneration award. The deferred portion of the variable remuneration shall be paid to the MRTs and MRCs on vesting, proportionally through yearly instalments, during the deferred period, in case no malus triggers are applicable. Details of MRTs and MRCs are given below:

	2020	2019
Employees Covered under:	----- Numbers -----	
Marterial Risk Takers (MRTs)	66	78
Marterial Risk Controllers (MRCs)	39	31
	105	109

	2020	2019
	----- Rupees '000 -----	
Movement of deferred remuneration		
Opening	218	-
Deferred during the year	48,350	218
Paid during the year	(73)	-
Closing	48,495	218

39.1. Meeting Fees and Allowances Paid

		2020						
			Board Committees					
		Board Meetings	Audit Committee	Human Resource, Remuneration & Nomination Committee	Risk Management Committee	I.T Committee	Executive Committee	Total Amount Paid
		----- Rupees in '000 -----						
	Name of Director							
1	Mr. Kalim-ur-Rahman	1,500	-	850	-	500	-	1,350
2	Mr. Adil Matcheswala	1,500	500	850	-	-	-	1,350
3	Mr. Ashraf Nawabi	1,250	-	-	400	-	-	400
4	Mr. G.M. Sikander	1,500	500	750	-	-	-	1,250
5	Mr. Hassan Afzal	1,500	-	-	-	500	-	500
6	Mr. Munawar Alam Siddiqui	1,500	500	-	500	-	-	1,000
7	Ms. Nargis Ghaloo	1,500	500	-	500	-	-	1,000
8	Mr. Sohail Aman	1,500	-	850	-	500	-	1,350
9	Mr. Abdul Hamid Mihrez	350	-	-	250	-	-	250
10	Mr. Munir Hassan	350	250	-	-	-	-	250
11	Mr. Iftikhar Ahmed Rao	350	-	100	-	-	-	100
12	Mr. Shahab Anwar Khawaja	350	250	-	-	-	-	250
13	Mr. Asif Raza Sana	200	100	-	-	-	-	100
14	Ms. Aisha Fariel Salahuddin	250	100	25	-	-	-	125
15	Mr. Tahir Ali Shaikh	200	-	-	-	-	25	25
	Total amount paid	13,800	2,700	3,425	1,650	1,500	25	9,300

	Name of Director	Board Meetings	Audit Committee	Human Resource, Remuneration & Nomination Committee	Risk Management Committee	I.T Committee	Executive Committee	Total Amount Paid
		2019						
			Board Committees					
		Rupees in '000						
1	Mr. Kalim-ur-Rahman	1,250	-	200	200	300	-	700
2	Mr. Adil Matcheswala	1,000	300	300	-	-	-	600
3	Mr. Ashraf Nawabi	1,000	-	-	200	-	-	200
4	Mr. G.M. Sikander	1,250	300	400	-	-	-	700
5	Mr. Hassan Afzal	750	-	-	-	300	-	300
6	Mr. Munawar Alam Siddiqui	1,250	300	300	-	-	-	600
7	Ms. Nargis Ghaloo	1,250	200	100	200	-	-	500
8	Mr. Sohail Aman	250	-	-	-	100	-	100
9	Mr. Shahab Anwar Khawaja	250	100	-	-	-	-	100
10	Mr. Abdul Hamid Mihrez	300	-	100	-	-	100	200
11	Mr. Munir Hassan	300	-	-	-	-	100	100
12	Mr. Ammar Talib Hajeyah	300	100	-	-	-	-	100
13	Mr. Khurshid Hadi	500	600	300	-	-	-	900
14	Mr. Asif Raza Sana	250	125	-	-	-	-	125
15	Mr. Ahsen Ahmed	300	100	75	-	-	25	200
	Total amount paid	10,200	2,125	1,775	600	700	225	5,425

40. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The repricing profile, effective rates and maturity are stated in note 45.2.4 to these financial statements.

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

Fair value hierarchy

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

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

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

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

40.1 Valuation techniques used in determination of fair values within level

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

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

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

	2020			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Held-for-trading securities				
Investments				
Federal Government Securities	-	25,003,774	-	25,003,774
Shares	207,409	-	-	207,409
Open end mutual funds	-	244,002	-	244,002
	207,409	25,247,776	-	25,455,185
Available-for-sale securities				
Investments				
Federal Government Securities	-	127,406,043	-	127,406,043
Shares	4,296,982	-	-	4,296,982
Non Government Debt Securities	-	690,048	-	690,048
Foreign Securities	-	4,017,289	-	4,017,289
Open end mutual funds	-	1,216,288	-	1,216,288
	4,296,982	133,329,668	-	137,626,650
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	36,109,599	-	36,109,599
	4,504,391	194,687,043	-	199,191,434
Non-Financial assets - measured at fair value				
Revalued fixed assets	-	-	2,610,299	2,610,299
Non-banking assets acquired in satisfaction of claims	-	-	1,311,252	1,311,252
	-	-	3,921,551	3,921,551
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	22,942,707	-	22,942,707
Sale	-	14,910,910	-	14,910,910
Derivative instruments				
Forward investments securities				
Sale	188,723	-	-	188,723
Interest rate swaps (notional principal)				
Purchase	-	1,120,607	-	1,120,607
Sale	-	1,125,550	-	1,125,550
Options				
Purchase	-	581,042	-	581,042
Sale	-	2,437,068	-	2,437,068

	2019			
	Level 1	Level 2	Level 3	Total
	------------------------ Rupees in '000 ------------------------			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Held-for-trading securities				
Investments				
Federal Government Securities	-	55,598,469	-	55,598,469
Shares	487,185	-	-	487,185
Open end mutual funds	-	455,902	-	455,902
	487,185	56,054,371	-	56,541,556
Available-for-sale securities				
Investments				
Federal Government Securities	-	47,019,374	-	47,019,374
Shares	1,993,246	-	-	1,993,246
Non Government Debt Securities	-	776,975	-	776,975
Open end mutual funds	-	1,222,869	-	1,222,869
	1,993,246	49,019,218	-	51,012,464
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	31,341,410	-	31,341,410
	2,480,431	136,414,999	-	138,895,430
Non-Financial assets - measured at fair value				
Revalued fixed assets	-	-	3,797,180	3,797,180
Non-banking assets acquired in satisfaction of claims	-	-	1,182,425	1,182,425
	-	-	4,979,605	4,979,605
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	32,885,546	-	32,885,546
Sale	-	21,722,741	-	21,722,741
Derivative instruments				
Forward investments securities				
Purchase	-	499,818	-	499,818
Sale	-	493,193	-	493,193
Interest rate swaps (notional principal)				
Purchase	-	1,474,016	-	1,474,016
Sale	-	2,738,661	-	2,738,661
Options				
Purchase	-	1,024,638	-	1,024,638
Sale	-	1,030,868	-	1,030,868

41. SEGMENT INFORMATION

41.1. Segment Details with respect to Business Activities:

	2020							
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Brokerage	Asset management	Others	Total
	Rupees in '000							
Profit & Loss								
Net mark-up / return / profit	-	14,372,945	(8,543,152)	4,034,968	66,628	(20,667)	-	9,910,722
Inter segment revenue - net	-	(17,035,715)	16,914,719	120,996	-	-	-	-
Non mark-up / return / interest income	93,161	2,889,785	2,349,650	1,258,710	700,131	189,780	69,794	7,551,011
Total Income	93,161	227,015	10,721,217	5,414,674	766,759	169,113	69,794	17,461,733
Segment direct expenses	33,286	129,646	6,711,460	1,081,529	570,320	337,332	314,748	9,178,321
Inter segment expense allocation	-	334,127	2,664,330	1,862,559	-	-	-	4,861,016
Total expenses	33,286	463,773	9,375,790	2,944,088	570,320	337,332	314,748	14,039,337
Provisions / (reversals)	-	344,219	124,158	811,231	-	(26,023)	-	1,253,585
Profit before tax	59,875	(580,977)	1,221,269	1,659,355	196,439	(142,196)	(244,954)	2,168,811
Statement of Financial Position								
Cash & Bank balances	-	20,722,345	10,804,855	-	19,153	3,313	-	31,549,666
Investments	2,891,836	196,878,742	-	-	347,651	1,689,425	-	201,807,654
Net inter segment lending	-	-	129,898,985	109,429,008	-	-	11,732,961	251,060,954
Lendings to financial institutions	-	23,239,672	-	-	-	-	-	23,239,672
Advances - performing	-	-	52,152,981	190,515,793	332,723	(76,355)	-	242,925,142
Advances - non-performing	-	-	4,760,888	6,972,667	-	-	-	11,733,555
Advances - (provisions) / reversals - net	-	-	(938,040)	(3,265,123)	-	-	-	(4,203,163)
	-	-	55,975,829	194,223,337	332,723	(76,355)	-	250,455,534
Others	-	4,590,700	3,570,545	3,315,506	2,854,534	666,196	14,027,140	29,024,619
Total Assets	2,891,836	245,431,459	200,250,214	306,967,851	3,554,061	2,282,579	25,760,099	787,138,099
Borrowings	-	12,208,219	1,996,091	34,099,102	-	-	-	48,303,412
Subordinated debt	-	7,492,800	-	-	-	-	-	7,492,800
Deposits & other accounts	-	-	166,087,049	265,336,773	-	-	-	431,423,822
Net inter segment borrowing	2,891,836	227,156,281	21,012,836	-	-	-	-	251,060,953
Others	-	551,556	11,154,238	5,893,204	2,728,064	446,461	5,167,888	25,941,411
Total Liabilities	2,891,836	247,408,856	200,250,214	305,329,079	2,728,064	446,461	5,167,888	764,222,398
Equity	-	-	-	-	-	-	22,387,255	22,387,255
Non-controlling interest	-	-	-	-	-	-	528,446	528,446
Total Equity & Liabilities	2,891,836	247,408,856	200,250,214	305,329,079	2,728,064	446,461	28,083,589	787,138,099
Contingencies & Commitments	-	60,973,417	44,793,723	18,141,644	690,306	-	133,642	124,732,732

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

	2019							
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Brokerage	Asset management	Others	Total
	Rupees in '000							
Profit & Loss								
Net mark-up / return / profit	-	5,152,276	(7,592,022)	9,614,572	40,939	(21,226)	-	7,194,539
Inter segment revenue - net	-	(11,813,244)	19,091,812	(7,278,568)	-	-	-	-
Non mark-up / return / interest income	59,843	232,860	1,975,153	965,788	491,846	285,936	452,956	4,464,382
Total Income	59,843	(6,428,108)	13,474,943	3,301,792	532,785	264,710	452,956	11,658,921
Segment direct expenses	115,306	136,150	5,506,958	719,110	561,393	372,260	822,243	8,233,420
Inter segment expense allocation	-	323,430	2,003,084	1,273,491	-	-	-	3,600,005
Total expenses	115,306	459,580	7,510,042	1,992,601	561,393	372,260	822,243	11,833,425
(Reversals) / provisions	-	(424,361)	(251,729)	584,160	3,227	-	-	(88,703)
Profit before tax	(55,463)	(6,463,327)	6,216,630	725,031	(31,835)	(107,550)	(369,287)	(85,801)
Statement of Financial Position								
Cash & Bank balances	-	17,153,412	8,898,772	-	11,141	3,150	-	26,066,475
Investments	-	140,656,932	-	-	626,350	1,841,341	-	143,124,623
Net inter segment lending	-	-	202,362,517	-	-	-	8,089,077	210,451,594
Lendings to financial institutions	-	30,320,540	-	-	-	-	-	30,320,540
Advances - performing	-	-	94,201,743	141,898,229	336,821	3,978	-	236,440,771
Advances - non-performing	-	-	3,508,735	6,844,429	-	-	-	10,353,164
Advances - (provisions) / reversals - net	-	-	(469,382)	(3,039,245)	-	-	-	(3,508,627)
	-	-	97,241,096	145,703,413	336,821	3,978	-	243,285,308
Others	-	4,831,115	3,925,690	5,017,351	1,933,157	548,024	14,189,285	30,444,622
Total Assets	-	192,961,999	312,428,075	150,720,764	2,907,469	2,396,493	22,278,362	683,693,162
Borrowings	-	36,295,878	7,090,687	11,081,718	-	-	-	54,468,283
Subordinated debt	-	7,494,800	-	-	-	-	-	7,494,800
Deposits & other accounts	-	-	295,347,351	73,196,252	-	-	-	368,543,603
Net inter segment borrowing	-	150,619,213	-	59,832,381	-	-	-	210,451,594
Others	-	513,149	9,990,037	5,364,052	1,858,304	762,518	4,765,510	23,253,570
Total Liabilities	-	194,923,040	312,428,075	149,474,403	1,858,304	762,518	4,765,510	664,211,850
Equity	-	-	-	-	-	-	18,973,041	18,973,041
Non-controlling interest	-	-	-	-	-	-	508,271	508,271
Total Equity & Liabilities	-	194,923,040	312,428,075	149,474,403	1,858,304	762,518	24,246,822	683,693,162
Contingencies & Commitments	-	59,810,338	43,939,275	17,795,589	988,086	-	131,093	122,664,381

41.2. Segment details with respect to geographical locations

	2020		
	Pakistan	Bahrain	Total
Profit & Loss	---------- Rupees in '000 ----------		
Net mark-up / return / profit	9,576,236	334,486	9,910,722
Inter segment revenue - net	20,830	(20,830)	-
Non mark-up / return / interest income	7,388,616	162,395	7,551,011
Total Income	16,985,682	476,051	17,461,733
Segment direct expenses	8,979,112	199,209	9,178,321
Inter segment expense allocation	4,861,016	-	4,861,016
Total expenses	13,840,128	199,209	14,039,337
Provisions	1,115,240	138,345	1,253,585
Profit before tax	2,030,314	231,580	2,168,811
Statement of Financial Position			
Cash & Bank balances	29,214,457	2,335,209	31,549,666
Investments	197,717,282	4,090,372	201,807,654
Net inter segment lending	251,060,954	-	251,060,954
Lendings to financial institutions	23,239,672	-	23,239,672
Advances - performing	238,493,260	4,431,882	242,925,142
Advances - non-performing	11,733,555	-	11,733,555
Advances - (Provisions)/reversals - Net	(4,181,836)	(21,327)	(4,203,163)
	246,044,979	4,410,555	250,455,534
Others	30,276,259	168,360	29,024,619
Total Assets	776,133,603	11,004,496	787,138,099
Borrowings	48,211,222	92,190	48,303,412
Subordinated debt	7,492,800	-	7,492,800
Deposits & other accounts	423,892,948	7,530,874	431,423,822
Net inter segment borrowing	248,719,379	2,341,574	251,060,953
Others	25,862,434	78,977	25,941,411
Total Liabilities	754,178,783	10,043,615	764,222,398
Equity	21,426,375	960,880	22,387,255
Non-controlling interest	528,446	-	528,446
Total Equity & Liabilities	776,133,604	11,004,495	787,138,099
Contingencies & Commitments	116,484,604	8,248,128	124,732,732

	2019		
	Pakistan	Bahrain	Total
Profit & Loss	---------- Rupees in '000 ----------		
Net mark-up/return/profit	6,922,571	250,105	7,194,539
Inter segment revenue - net	(21,863)	21,863	-
Non mark-up / return / interest income	4,489,797	5,229	4,464,382
Total Income	11,390,505	277,197	11,658,921
Segment direct expenses	8,091,566	172,498	8,233,420
Inter segment expense allocation	3,600,005	-	3,600,005
Total expenses	11,691,571	172,498	11,833,425
Provisions	16,315	(105,018)	(88,703)
Profit before tax	(317,381)	209,717	(85,801)
Statement of Financial Position			
Cash & Bank balances	25,987,503	78,972	26,066,475
Investments	143,124,623	-	143,124,623
Net inter segment lending	208,787,632	1,663,962	210,451,594
Lendings to financial institutions	30,037,273	283,267	30,320,540
Advances - performing	232,688,485	3,752,286	236,440,771
Advances - non-performing	10,353,164	-	10,353,164
Advances - (Provisions)/reversals - Net	(3,508,627)	-	(3,508,627)
	239,533,022	3,752,286	243,285,308
Others	30,519,833	124,789	30,644,622
Total Assets	677,989,886	5,903,276	683,893,162
Borrowings	53,452,873	1,015,410	54,468,283
Subordinated debt	7,494,800	-	7,494,800
Deposits & other accounts	364,725,998	3,817,605	368,543,603
Net inter segment borrowing	210,203,389	248,205	210,451,594
Others	23,406,045	47,525	23,453,570
Total liabilities	659,283,105	5,128,745	664,411,850
Equity	18,198,508	774,533	18,973,041
Non-controlling interest	508,271	-	508,271
Total Equity & liabilities	677,989,884	5,903,278	683,893,162
Contingencies & Commitments	119,787,187	2,877,194	122,664,381

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

42. TRUST ACTIVITIES

The Holding Company under takes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations.These are not assets of the Holding Company and, therefore, are not included as such in these consolidated financial statements. Assets held under trust are shown in the table below:

	2020				
		Securities Held (Face Value)			
	No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuk	Total
		---------- (Rupees in '000) ----------			
Category					
Assets Management Companies	1	23,000	-	-	23,000
Charitable Institutions	1	-	142,000	-	142,000
Companies	13	2,373,860	25,560,800	-	27,934,660
Employees Funds	51	7,194,410	17,927,950	69,000	25,191,360
Individuals	43	919,290	431,500	-	1,350,790
Insurance Companies	8	24,076,000	84,255,700	1,621,500	109,953,200
Others	11	15,370,700	7,882,700	-	23,253,400
Total	128	49,957,260	136,200,650	1,690,500	187,848,410

	2019				
		Securities Held (Face Value)			
	No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuk	Total
		---------- (Rupees in '000) ----------			
Category					
Assets Management Companies	7	320,000	1,843,000	-	2,163,000
Charitable Institutions	1	35,000	-	-	35,000
Companies	15	4,709,075	9,099,300	-	13,808,375
Employees Funds	56	11,200,690	12,887,550	-	24,088,240
Individuals	48	1,135,755	404,400	-	1,540,155
Insurance Companies	10	16,930,900	99,466,700	597,500	116,995,100
Others	12	16,305,465	3,126,200	-	19,431,665
Total	149	50,636,885	126,827,150	597,500	178,061,535

43. RELATED PARTY TRANSACTIONS

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

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

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

	As at December 31, 2020					As at December 31, 2019				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Statement of Financial Position	(Rupees in '000)									
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	4,100,000	-	-	-	-	-
Repaid during the year	-	-	-	-	(4,100,000)	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	15,000	-	-	228,972	3,234,272	20,250	-	-	180,000	3,230,125
Investment made during the year	-	-	-	40,828	4,298,203	-	-	-	48,972	3,498,164
Investment redeemed / disposed off during the year	(2,500)	-	-	-	(3,331,279)	(5,250)	-	-	-	(3,494,017)
Closing balance	12,500	-	-	269,800	4,201,196	15,000	-	-	228,972	3,234,272
Provision for diminution in value of investments	-	-	-	-	277,456	-	-	-	-	65,022
Advances										
Opening balance	-	-	596,257	-	1,946,481	-	5,230	448,575	-	2,823,598
Addition during the year	-	58	284,284	153,128	6,402,913	-	316	322,590	-	5,086,823
Repaid during the year	-	(832)	(157,785)	(2,235)	(5,488,750)	-	(5,546)	(120,115)	-	(6,320,068)
Transfer in / (out) - net	-	122,880	68,271	219,875	1,232,786	-	-	(54,793)	-	356,128
Closing balance	-	122,106	791,027	370,768	4,093,430	-	-	596,257	-	1,946,481
Fixed Assets										
Purchase of property	-	-	-	-	748,845	-	-	-	-	-
Cost of disposal	-	-	-	-	-	-	-	43,410	-	17,657
Accumulated depreciation of disposal	-	-	-	-	-	-	-	(12,927)	-	(8,002)
WDV of disposal	-	-	-	-	-	-	-	30,483	-	9,655
Other Assets										
Interest mark-up accrued	344	2,801	6	954	52,998	736	48	473	-	49,640
Receivable against bancassurance / bancatakaful	-	-	-	-	28,051	-	-	-	-	67,952
Advance for subscription of TFC - unsecured	-	-	-	-	-	-	-	-	40,828	-
Net defined benefit plan	-	-	-	-	317,581					
Trade receivable	73,455	-	80	-	158,590	80,255	2	-	-	134,238
Prepaid insurance	-	-	-	-	-	-	-	-	-	97,806
Advance against purchase of property	-	-	-	-	-	-	-	-	-	26,261
Other receivable	281	-	-	-	8,889	296	-	-	-	12,095
Provision against other assets	-	-	-	-	-	-	-	-	-	2,438

	As at December 31, 2020					As at December 31, 2019				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)									
Borrowings										
Opening balance	-	-	-	-	-	-	-	-	-	4,800,000
Borrowings during the year	-	-	-	-	11,105,705	-	-	-	-	174,209,491
Settled during the year	-	-	-	-	(11,105,705)	-	-	-	-	(179,009,491)
Closing balance	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	271,648	24,444	59,593	23,104	8,622,201	336,515	24,308	74,950	-	9,656,833
Received during the year	5,511,316	511,942	973,685	861,135	160,825,941	4,332,699	160,210	1,437,872	1,023,592	235,460,531
Withdrawn during the year	(5,610,945)	(324,417)	(869,813)	(834,486)	(159,215,607)	(4,364,266)	(137,680)	(1,450,123)	(1,042,362)	(236,784,614)
Transfer in / (out) - net	-	366	(87,228)	-	132,631	(33,300)	(22,394)	(3,106)	41,874	289,451
Closing balance	172,019	212,335	76,237	49,753	10,365,166	271,648	24,444	59,593	23,104	8,622,201
Subordinated debt	-	-	-	-	889,432	-	-	-	-	889,588
Other Liabilities										
Interest / return / mark-up payable on deposits	-	-	85	-	153,374	-	-	114	-	286,949
Interest / return / mark-up payable on subordinated debt	-	-	-	-	1,308	-	-	-	-	2,220
Trade payable	-	-	6,314	-	783	-	1,306	3,115	-	1,176
Donation Payable	-	-	-	-	4,500	-	-	-	-	-
Payable to defined benefit plan	-	-	-	-	-	-	-	-	-	147,885
Others payable	75	-	-	-	1,571	-	-	-	-	1,464
Represented By										
Share Capital	9,733,073	19,180	12,223	-	45,323	9,733,073	17,330	900	-	81,765
Contingencies and Commitments										
Letter of guarantee	-	-	-	-	29,054	-	-	-	-	14,217
Letter of Credit	-	-	-	-	86,543	-	-	-	-	44,368

	For the year ended December 31, 2020					For the year ended December 31, 2019				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)									
Profit and loss account										
Income										
Mark-up / return / interest earned	1,522	3,279	42,627	5,816	178,695	1,912	212	14,846	-	322,607
Fee, commission and brokerage income	8,710	11	4,557	-	444,432	1,360	134	368	-	558,898
Dividend income	-	-	-	-	106,277	-	-	-	-	105,945
Gain on sale of securities - Net	-	-	-	-	251,482	1,230	-	-	-	166,803
Rental income	-	-	-	-	-	-	-	-	-	3,953
Other income	-	-	-	-	-	-	-	13,456	-	-
Expense										
Mark-up / return / interest paid	46,099	3,490	3,204	2,600	1,135,034	35,406	2,227	4,309	2,930	1,383,816
Preference Dividend Paid	-	-	-	-	-	23,419	161	-	-	38
Commission, charges and brokerage paid	-	-	-	-	-	-	-	-	-	455
Remuneration paid	-	85,851	646,812	-	-	-	-	558,923	-	-
Non-executive directors' fee	-	23,100	-	-	-	-	14,575	-	-	-
Net charge for defined contribution plans	-	-	-	-	181,488	-	-	-	-	233,159
Net charge / (reversal) for defined benefit plans	-	-	-	-	229,001	-	-	-	-	134,313
Fee and subscription	-	-	-	-	-	13,785	-	-	-	-
Donation	-	-	-	-	117,341	-	-	-	-	746
Rental expense	225	-	-	-	38,135	-	-	-	-	36,422
Advisory fee	-	-	-	-	-	-	-	-	-	15,000
Royalty	-	-	-	-	30,000	-	-	-	-	30,000
Other expenses	2,036	-	-	-	17,070	-	-	-	-	2,225
Reimbursement of expenses	7,205	869		-	98,459	1,886	1,240	-	-	-
Payments made during the year										
Insurance premium paid	-	-	-	-	420,957	-	-	-	-	365,298
Insurance claims settled	-	-	-	-	6,471	-	-	-	-	9,936
Defined benefit plans paid	-	-	-	-	151,881	-	-	-	-	102,494
Other Transactions										
Sale of Government Securities	585,477	1,645	-	-	113,055,811	1,605,975	2,968	-	-	295,412,399
Purchase of Government Securities	-	-	-	-	43,560,278	-	1,352	-	-	12,797,839
Sale of Foreign Currencies	-	-	-	-	36,509,253	-	-	-	-	26,836,227
Purchase of Foreign Currencies	-	-	-	-	60,142,942	-	-	-	-	19,213,481

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

44. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2020	2019
	----- Rupees in '000 -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**10,119,242**	10,119,242
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**17,433,159**	16,145,623
Eligible Additional Tier 1 (ADT 1) Capital	**1,965,291**	2,118,958
Total Eligible Tier 1 Capital	**19,398,450**	18,264,581
Eligible Tier 2 Capital	**5,558,052**	4,965,069
Total Eligible Capital (Tier 1 + Tier 2)	**24,956,502**	23,229,650
Risk Weighted Assets (RWAs):		
Credit Risk	**154,573,487**	142,862,324
Market Risk	**3,835,995**	4,219,399
Operational Risk	**25,579,240**	22,096,563
Total	**183,988,722**	169,178,286

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for banks to be raised to Rs.10,000 million by the year ending December 31, 2013. The paid-up capital of the Bank as at December 31, 2020 stood at Rs. 10,119.242 million (2019: Rs. 10,119.242 million) and is in compliance with SBP requirements.

The Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0% plus capital conservation buffer of 1.5% of the risk weighted exposures of the Bank. Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.5% and 7.5%, respectively, as at December 31, 2020. As at December 31, 2020 the Bank is fully compliant with prescribed ratios, as the Bank's CAR is 13.56% whereas CET 1 and Tier 1 ratios stood at 9.48% and 10.54% respectively. The Bank has complied with all capital requirements throughout the year.

Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are also applied against the Bank's exposures based on eligible collateral under comprehensive approach.

	2020	2019
	----- Rupees in '000 -----	
Common Equity Tier 1 Capital Adequacy ratio	**9.48%**	9.54%
Tier 1 Capital Adequacy Ratio	**10.54%**	10.80%
Total Capital Adequacy Ratio	**13.56%**	13.73%
Leverage Ratio (LR):		
Eligiblle Tier-1 Capital	**19,398,450**	18,264,581
Total Exposures	**623,856,077**	544,436,725
Leverage Ratio	**3.11%**	3.35%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**166,890,275**	83,221,592
Total Net Cash Outflow	**57,575,341**	55,819,412
Liquidity Coverage Ratio	**289.86%**	149.09%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**358,895,534**	308,715,925
Total Required Stable Funding	**259,861,191**	274,288,642
Net Stable Funding Ratio	**138.11%**	112.55%

44.1 The link to the full disclosure is available at https://jsbl.com/knowledge-centre/investor-information/

45 RISK MANAGEMENT

Risk Management is a discipline at the core of every financial institution and encompasses all the activities that affect its risk profile. At the Bank, it involves identification, measurement, monitoring and controlling risks to ensure that:

a) The individuals who take or manage risks clearly understand it;

b) The Bank's Risk exposure is within the limits established by Board of Directors (BoD);

c) Risk taking decisions are in line with the business strategy and objectives set by BoD;

d) The expected payoffs compensate for the risks taken;

e) Risk taking decisions are explicit and clear;

f) Sufficient capital as a buffer is available to take risk; and

g) Risk management function is independent of risk taking unit.

The Group has a comprehensive set of Risk Management Policies, practices and procedures which enable the Holding Company to take into consideration, in an appropriate manner, all major kinds of risks mainly credit, market, liquidity, operational and IT security risks. Keeping in view the dynamics of internal and external environment, we regularly review and update our Risk Management policies and procedures in accordance with regulatory environment and international standards.

Risk Management activities remain at the forefront of all activities of the Group which places the highest priority on conducting its business in a prudent manner in line with the relevant laws and regulatory requirements.

Risk management framework of the Group includes:

a) Clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting and control;

b) Well constituted organizational structure, defining clearly roles and responsibilities of individuals involved in risk taking as well as managing it. The Group, in addition to risk management functions for various risk categories, has instituted an Integrated Risk Management Committee (IRMC), Credit Risk Committee (CRC), Operational Risk Management Committee (ORMC), Remedial Management Committee (RMC) as well as Central Credit Committee (CCC). IRMC oversees the overall risk management at the Bank and provides guidance in setting strategic targets as well as concentration limits and monitor progress related to earnings growth, keeping in view the capital constraints and also adheres to the concentration limits. The IRMC monitors the strategic target and aggregate limits at the Business Group level and concentration limits (by industry, geography, size, tenor) so that one category of assets or dimension of risk cannot materially harm the performance of the Bank. CRC monitors the advances portfolio, concentrations limits, aggregate limits at business level and various house keeping elements under Credit Administration. ORMC oversees the effectiveness of operational risk management for maintenance and implementation of operational risk management framework. It also monitors the Business Continuity Planning and reviews findings of any other management or board's sub committee. Remedial Management Committee (RMC) oversees the progress of non performing loans and cases under litigation along with the recommendation of transferring of any NPL to Corporate Restructuring Company (CRC). Whereas, Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the Bank. CCC meets regularly to actively supervise credit risk across its lending portfolio.

c) An effective management information system that ensures flow of information from operational level to top management and a system to address any exceptions observed; and

d) A mechanism to ensure an ongoing review of systems, policies and procedures for risk management and procedures to adopt changes.

While the overall responsibility of risk management rests with the BoD, it is the duty of Senior Management to devise risk management strategy by setting up well defined policies and procedures for mitigating / controlling risks, duly approved by the Board.

Giving due consideration to the above, the Group has put in place the following hierarchy of Risk Management:

- Board Risk Management Committee (BRMC);

- Integrated Risk Management Committee (IRMC) comprises of the President / Chief Executive Officer (CEO), Deputy CEO, Chief Risk Officer, Chief Financial Officer, Group Head Investment Banking & Emerging Business, Group Head Operations & Technology, Head of Compliance, Chief of Staff, Head of Treasury and Head Internal Audit (guest member).

- Asset - Liability Committee (ALCO) comprises of the President / Chief Executive Officer (CEO), Deputy CEO, Treasurer, Chief Risk Officer, Chief Financial Officer, Group Head Investment Banking & Emerging Business, Head of Product Management & Business Head Consumer Banking and attended by Other Business Heads.

- Central Credit Committee (CCC) comprising of the President / CEO, Deputy CEO, Chief Risk Officer, Chief Financial Officer, Group Head Investment Banking & Emerging Business, Chief of Staff and Head of Operational and Environmental Risk (for environmental risk only)

- Credit Risk Committee (CRC) comprises of President/CEO, Deputy CEO, Chief Risk Officer, Chief Financial Officer, Group Head Investment Banking & Emerging Business, Regional Credit Heads, Head CAD, Head of Consumer Risk, Head Enterprise Risk Management and Head Internal Audit (guest member)

- Operational Risk Management Committee (ORMC) comprises of the Deputy CEO, Chief Risk Officer, Group Head Operations & Technology, Country Head Branch Banking Operations, Group Head Human Resources Head of Compliance, Head of Service Management, Head Enterprise Risk Management and Head Internal Audit (guest member).

- Remedial Management Committee (RMC) comprises of President/CEO, Deputy CEO, Chief Risk Officer, Chief Operating Officer, Chief Financial Officer, Head of SAM, Credit Risk Heads and Head of Legal.

- IT Steering Committee (ITSC) comprises of President/CEO, Deputy CEO, Chief Risk Officer, Chief Financial Officer, Group Head Operations & Technology, Chief Information Officer, Chief Information Security Officer, Chief of Staff, Group Head Investment Banking & Emerging Business, Chief Digital Officer, Country Head Branch Banking Operations and Head Product Development & Consumer Business.

- Risk Management Group (RMG), a dedicated and independent set-up headed by Chief Risk Officer and comprises of Regional Credit Heads, Heads of Market & Liquidity Risks, Operational Risk and Treasury Middle Office, Consumer Risk, Credit Administration, Special Assets Management, Information Security, Strategic Projects & Quantitative Analysis and Enterprise Risk Management.

RMG is managed by Chief Risk Officer to supervise the following Divisions:

a) Credit Risk Management (CRM) covering Corporate / Commercial, Agricultural and Retail Banking Risks

b) Operational Risk Management (ORM)

c) Market Risk Management (MRM)

d) Treasury Middle Office

e) Basel II / III Implementation Unit

f) Credit Administration Department (CAD)

g) Special Assets Management (SAM)

h) Information Security

i) Consumer Risk

j) Strategic Projects & Quantitative Analysis

The Holding Company's RMG generates the requisite risk reporting for the different tiers of management. These are also subjected to internal audit review.

Risk Matrix / Categories

The Bank, in common with other banks, generates its revenues by accepting Country, Credit, Liquidity, Interest Rate Risk in the Banking Book, Market, Operational and other risks. Effective management of these risks is the decisive factor in the Bank's profitability.

Risk Appetite

The Group's risk appetite is reflected in its endeavours to maintain a favourable credit rating and encompasses the following:

- The business strategy
- The expectations of stakeholders at different time horizons
- The characteristics of the risk-bearing entities
- The nature and characteristics of the risks undertaken
- The possible spread of risk situations across organizational units, assets-at-risk, and future time horizons.

Risk appetite drives business activity. It combines anticipations in risk and profitability with management preferences to control capital and resource allocation, as well as the distribution of exposure across activities and portfolios.

The Group's hedging strategy is embedded in its risk management practices for addressing material categories of risk.

45.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit risk is managed in terms of credit policies, approved by the BoD and regulations issued by the SBP. The bank is exposed to credit risk on loans and advances, fund placements with financial institutions and certain investments.

Credit risk management is an ongoing process. The overall credit policy and the credit risk instructions are issued by the Board of Directors. In this regards, a Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the bank. In order to maintain healthy growth of the credit portfolio, the Groups Credit Risk Management processes are consistently upgraded and improved to meet future challenges.

The Group's strategy is to minimise credit risk through product, geography, industry and customer diversification. Credit limits are established for all counter-parties after a careful assessment of their credit worthiness. An effective credit granting procedure, which requires pre-sanction evaluation of credit proposal, adequacy of security and pre-disbursement examination of charge documents is in place and managed by Risk Management Group (RMG) & Credit Administration Department (CAD). The Bank maintains a sound portfolio diversified in nature to counter the risk of credit concentration and further confines risk through diversification of its assets by geographical and industrial sector. For managing impaired assets in the portfolio, the Bank follows the Prudential Regulations and Risk Management guidelines issued by SBP and the Remedial Management Policy approved by the Board.

45.1.1 Credit risk: Standardised approach

The Holding Company has adopted the Standardised Approach of Basel II for risk weighing its Credit Risk Exposures.

The following table illustrates the approved External Credit Assessment Institutions (ECAIs) whose ratings are being utilised by the Bank with respect to material categories of exposures:

Exposures	JCR-VIS	PACRA	MOODY'S	FITCH	S&P
Corporate	P	P	-	-	-
Banks	P	P	P	P	P
SME's (retail exposures)	P	P	-	-	-
Sovereigns	P	P	P	P	P
Securitisations	N/A	N/A	N/A	N/A	N/A
Others (specify)	N/A	N/A	N/A	N/A	N/A

The Bank has used Issue Specific Ratings for rating / risk weighing Issue Specific Exposures and Entity Ratings for rating / risk weighing claims against specific counterparties. Both short and long term ratings have been used to rate corresponding short and long term exposures. For this purpose, Mapping Grid has been provided by SBP as given below:

Long - Term Ratings Grades Mapping

SBP Rating Grade	PACRA	JCR-VIS	Fitch	Moody's	S&P	ECA Scores
1	AAA AA+ AA AA-	AAA AA+ AA AA-	AAA AA+ AA AA-	Aaa Aa1 Aa2 Aa3	AAA AA+ AA AA-	1
2	A+ A A-	A+ A A-	A+ A A-	A1 A2 A3	A+ A A-	2
3	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-	3
4	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	Ba1 Ba2 Ba3	BB+ BB BB-	4
5	B+ B B-	B+ B B-	B+ B B-	B1 B2 B3	B+ B B-	5,6
6	CCC+ and below	CCC+ and below	CCC+ and below	Caa1 and below	CCC+ and below	7

Short - Term Ratings Grades Mapping

SBP	PACRA	JCR-VIS	Fitch	Moody's	S&P
S1	A-1	A-1	F-1	P-1	A-1+, A-1
S2	A-2	A-2	F-2	P-2	A-2
S3	A-3	A-3	F-3	P-3	A-3
S4	Others	Others	Others	Others	Others

45.1.2 Policies and processes for collateral valuation and management as regards Basel II;

For Credit Risk Mitigation purposes the Bank uses only the eligible collaterals under Comprehensive Approach of Credit Risk Mitigation under Standardised Approach as prescribed by SBP under Circular No. 8 of 2006, which includes Cash and Cash Equivalent Securities including Government Securities (like Cash Margins, Lien on Bank Accounts, Foreign Deposit Receipts, Term Deposit Receipts, Pledge of Defense Saving Certificates, Regular Income Certificates, Special Saving Certificates, T-Bills and Pakistan Investment Bonds etc.) and Shares, TFCs and Mutual Funds Listed on the Main Index.

Under the Bank's policy all collaterals are subject to periodic valuations to monitor the adequacy of margins held. Shares / Marketable securities are valued by the Bank on daily basis to calculate the Drawing Power (DP). In case of any shortfall in the requisite margins, the DP is adjusted to the appropriate level and the business units are informed to take appropriate action as per the agreement with the customer.

Particulars of bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

45.1.3 Lendings to financial institutions

	Gross lendings		Non-performing lendings		Provision held	
	2020	2019	2020	2019	2020	2019
	Rupees in '000					
Credit risk by public / private sector						
Public/ Government	-	-	-	-	-	-
Private	23,240,897	30,321,802	-	-	1,225	1,262
	23,240,897	30,321,802	-	-	1,225	1,262

45.1.4 Investment in debt securities

	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
	Rupees in '000					
Credit risk by industry sector						
Textile	391,478	391,478	391,478	391,478	391,478	391,478
Chemical and Pharmaceuticals	249,860	258,193	149,860	149,860	149,860	149,860
Construction	-	-	-	-	-	-
Power (electricity), Gas, Water, Sanitary	71,429	142,857	-	-	-	-
Refinery	308,616	390,303	-	-	-	-
Transport, Storage and Communication	710,902	854,902	155,169	155,169	155,169	155,169
Financial	4,512,331	536,672	-	-	-	-
Services	1,351,531	1,350,000	-	-	-	-
	7,596,147	3,924,405	696,507	696,507	696,507	696,507

	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
Credit risk by public / private sector	Rupees in '000					
Public/ Government	3,643,402	-	-	-	-	-
Private	3,952,745	3,924,405	696,507	696,507	696,507	696,507
	7,596,147	3,924,405	696,507	696,507	696,507	696,507

45.1.5 **Advances**

Credit risk by industry sector

	Gross Advances		Non-performing Advances		Provision held	
	2020	2019	2020	2019	2020	2019
	---- Rupees in '000 ----					
Agri finance	7,797,960	5,285,334	433,949	207,192	107,329	397
Automobile and transportation equipment	3,912,821	3,854,727	117,937	227,878	64,829	69,596
Brokerage	8,866,882	6,929,558	-	-	-	-
Cement	2,236,379	2,958,936	-	-	-	-
Chemical	1,422,319	1,910,636	314,405	314,405	-	-
Construction	356,077	5,806,032	-	112,803	-	3,236
Electronics and electrical appliances	823,973	237,458	5,991	35,911	-	-
Engineering, IT and other services	9,453,353	5,013,829	82,124	38,738	31,683	26,325
Fertilizer	3,484,915	4,446,138	1,367,103	1,348,824	1,349,130	1,348,943
Financial	1,442,302	2,110,683	-	-	-	-
Food / confectionery / beverages	34,253,338	32,353,949	1,057,765	157,010	351,621	63,221
Individuals	33,122,827	31,512,186	2,041,082	1,533,451	506,898	238,185
Insurance and security	10,451	176,116	-	-	-	-
Metal and steel	9,966,050	8,824,579	2,607,092	1,614,845	722,969	339,372
Mining and quarrying	137,220	159,069	-	-	-	-
Paper / board / furniture	1,674,874	1,506,878	82,782	8,000	2,608	-
Petroleum, oil and gas	5,122,089	4,135,890	95,053	80,053	37,160	29,618
Pharmaceuticals	5,289,290	5,722,234	4,577	4,577	-	-
Plastic	1,962,424	2,001,738	561,763	538,745	-	483
Power and water	23,897,355	27,878,617	156,241	159,806	19,130	-
Real estate	4,203,207	3,493,350	1,306,057	1,300,000	13	-
Shipbreaking	300,214	1,074,589	-	805,000	-	256,706
Storage	82,245	103,525	20,000	-	-	-
Sugar	2,042,589	2,609,984	200,000	200,000	200,000	200,000
Tele-communication	2,838,926	2,709,181	-	-	-	-
Textile						
Composite	7,573,233	6,639,722	322,262	339,310	304,345	303,094
Ginning	1,281,801	1,612,059	34,539	48,949	9,065	20,157
Spinning	5,768,619	5,349,247	278,441	278,441	278,441	278,441
Weaving	8,669,251	9,988,010	47,284	47,284	19,653	3,726
	23,292,904	23,589,038	682,526	713,984	611,504	605,418
Transportation services	35,246,740	39,397,687	73,283	127,290	53,958	53,493
Trust and non-profit organisations	56,043	475,240	-	-	-	-
Tyre	267,203	288,551	-	-	-	-
Wholesale and retail trade	12,161,474	10,671,924	372,302	502,852	106,964	64,928
Others	18,934,253	9,556,279	151,523	321,800	16,040	40,020
	254,658,697	246,793,935	11,733,555	10,353,164	4,181,836	3,339,941

Credit risk by public / private sector

	Gross Advances 2020	Gross Advances 2019	Non-performing Advances 2020	Non-performing Advances 2019	Provision held 2020	Provision held 2019
Public/ Government	52,248,485	56,471,970	-	-	-	-
Private	202,410,212	190,321,965	11,733,555	10,353,164	4,181,836	3,339,941
	254,658,697	246,793,935	11,733,555	10,353,164	4,181,836	3,339,941

		Contingencies and commitments	
		2020	2019
45.1.6	**Credit risk by industry sector**	------- Rupees in '000 -------	
	Automobile and transportation equipment	**2,371,968**	2,163,575
	Brokerage	**1,540,806**	796,500
	Cement	**779,749**	247,368
	Chemical	**1,126,160**	779,205
	Construction	**22,694,392**	18,350,913
	Electronics and electrical appliances	**496,139**	190,170
	Engineering, IT and other services	**3,293,028**	3,033,858
	Fertilizer	**2,350,294**	4,262,960
	Financial	**43,920,788**	62,551,629
	Food / confectionery / beverages	**2,855,033**	3,054,819
	Individuals	**592,229**	989,889
	Insurance and security	**28,234**	12,197
	Metal and steel	**4,629,296**	3,709,350
	Mining and quarrying	**-**	-
	Paper / board / furniture	**808,302**	888,015
	Petroleum, oil and gas	**656,214**	586,136
	Pharmaceuticals	**856,079**	721,858
	Plastic	**715,399**	324,356
	Power and water	**795,807**	495,534
	Real estate	**16,516,933**	4,299,209
	Shipbreaking	**56,758**	77,614
	Sugar	**8,601**	24,301
	Tele-communication	**1,172,080**	1,460,186
	Textile		
	Composite	**1,384,271**	1,037,819
	Ginning	**277,552**	369,793
	Spinning	**3,497,170**	1,485,788
	weaving	**1,532,406**	1,118,339
		6,691,399	4,011,739
	Transportation	**30,537**	24,896
	Trust and non-profit organisations	**116,293**	217,780
	Tyre	**89,489**	9,584
	Wholesale and retail trade	**3,320,259**	4,328,745
	Others	**6,220,466**	5,051,995
		124,732,732	122,664,381

Credit risk by public / private sector

Public/ Government	**-**	-
Private	**124,732,732**	122,664,381
	124,732,732	122,664,381

45.1.7 Concentration of Advances

The Holding Company top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 95,329.829 million (2019: Rs. 85,937.967 million) are as following:

	Note	2020	2019
		----- Rupees in '000 -----	
Funded	45.1.7.1	64,985,417	65,309,390
Non Funded		30,344,412	20,628,577
Total Exposure	45.1.7.2	95,329,829	85,937,967

45.1.7.1 There are no classified advances placed under top 10 exposures.

45.1.7.2 The sanctioned limits against these top 10 exposures aggregated to Rs. 107,031.73 million (2019: 85,937.967 million).

45.1.8 Advances - Province / Region-wise Disbursement & Utilization

	2020							
	Disburs-ements	Utilization						
		Punjab	Sindh	KPK & FATA	Balochistan	Islamabad	AJK & Gilgit - Baltistan	Bahrain
	----- Rupees in '000 -----							
Province / Region								
Punjab	87,425,286	87,425,286	-	-	-	-	-	-
Sindh	152,726,852	-	152,726,852	-	-	-	-	-
KPK including FATA	1,055,415	-	-	1,055,415	-	-	-	-
Balochistan	244,399	-	-	-	244,399	-	-	-
Islamabad	16,845,491	-	-	-	-	16,845,491	-	-
AJK including Gilgit-Baltistan	247,017	-	-	-	-	-	247,017	-
Bahrain	8,441,218	-	-	-	-	-	-	8,441,218
Total	266,985,678	87,425,286	152,726,852	1,055,415	244,399	16,845,491	247,017	8,441,218

	2019							
	Disburs-ements	Utilization						
		Punjab	Sindh	KPK & FATA	Balochistan	Islamabad	AJK & Gilgit-Baltistan	Bahrain
	----- Rupees in '000 -----							
Province / Region								
Punjab	80,305,925	80,305,925	-	-	-	-	-	-
Sindh	146,335,149	-	146,335,149	-	-	-	-	-
KPK including FATA	1,456,326	-	-	1,456,326	-	-	-	-
Balochistan	111,734	-	-	-	111,734	-	-	-
Islamabad	13,423,194	-	-	-	-	13,423,194	-	-
AJK including Gilgit-Baltistan	197,627	-	-	-	-	-	197,627	-
Bahrain	4,727,124	-	-	-	-	-	-	4,727,124
Total	246,557,079	80,305,925	146,335,149	1,456,326	111,734	13,423,194	197,627	4,727,124

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

45.2 Market Risk

Market risk is the risk of loss due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. From the perspective of the Group, market risk comprises of interest rate risk, foreign exchange risk and equity position risk, which the Group is exposed to in its trading book.

The Group has an approved market risk policy wherein the governance structure for managing market risk, measurement tools used and the market risk exposure limits have been addressed. The Group's strategy for managing market risk is to relate the level of risk exposures to their risk appetite and the capital at hand.

The Board of Directors (BoD) and the Asset and Liability Committee (ALCO) are responsible for addressing market risk from a strategic perspective and are assisted by the market risk function in meeting these objectives.

The Market Risk Unit reports directly to Head ERM and is responsible for ensuring the implementation of market risk policy in line with the Group's strategy.

Risk reporting undertaken by the market risk function includes:

a) Portfolio Reports
b) Limit monitoring reports
c) Sensitivity analysis ; and
d) Stress testing of the portfolio

Currently, the Group is using the market risk standardised approach for the purpose of computing regulatory capital, the details of which are set out above.

45.2.1 Balance sheet split by trading and banking books

	2020			2019		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	---------- Rupees in '000 ----------					
Cash and balances with treasury banks	30,421,531	-	30,421,531	25,590,173	-	25,590,173
Balances with other banks	1,128,135	-	1,128,135	476,302	-	476,302
Lendings to financial institutions	23,239,672	-	23,239,672	30,320,540	-	30,320,540
Investments	176,803,880	25,003,774	201,807,654	87,526,154	55,598,469	143,124,623
Advances	250,455,534	-	250,455,534	243,285,308	-	243,285,308
Fixed assets	9,026,764	-	9,026,764	10,693,945	-	10,693,945
Intangible assets	2,515,549	-	2,515,549	2,302,474	-	2,302,474
Deferred tax assets	-	-	-	125,857	-	125,857
Other assets	16,743,107	-	16,743,107	17,524,249	-	17,524,249
Assets held for sale	739,200	-	739,200	374,000	-	374,000
	511,073,372	25,003,774	536,077,146	418,219,002	55,598,469	473,817,471

45.2.2 Foreign Exchange Risk

Main objective of foreign exchange risk management is to ensure that the foreign exchange exposure of the Group lies within the defined appetite of the Group.

Daily reports are generated to monitor the internal and regulatory limits with respect to the overall foreign currency exposures. The overall net open position, whether short or long has the potential to negatively impact the profit and loss depending upon the direction of movement in foreign exchange rates.

Foreign exchange open and mismatched positions are marked to market on a daily basis.

Currency risk arises where the value of financial instruments changes due to changes in foreign exchange rates. In order to manage currency risk exposure the bank enters into ready / spot, forward and swap transactions with SBP and in the interbank market. The Group's foreign exchange exposure comprises of forward contracts, foreign currencies cash in hand, balances with banks abroad, foreign placement with SBP and foreign currencies assets and liabilities. The net open position is managed within the statutory limits, as fixed by SBP. Counter parties limit are also fixed to limit risk concentration. Appropriate segregation of duties exists between the front and back office functions while compliance with the net open position limit is independently monitored on an ongoing basis.

	2020			
	Assets	**Liabilities**	**Off-balance sheet items**	**Net foreign currency exposure**
	---- Rupees in '000 ----			
United States Dollar	**20,731,596**	**28,340,649**	**7,925,120**	**316,067**
Great Britain Pound	**690,248**	**2,767,203**	**1,692,641**	**(384,314)**
Euro	**2,028,206**	**1,324,879**	**(938,258)**	**(234,931)**
Other currencies	**542,006**	**397,092**	**(96,962)**	**47,952**
	23,992,056	**32,829,823**	**8,582,541**	**(255,226)**

	2019			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	---- Rupees in '000 ----			
United States Dollar	12,248,588	20,805,267	8,586,023	29,344
Great Britain Pound	879,840	2,696,794	1,778,936	(38,018)
Euro	585,843	901,267	326,018	10,594
Other currencies	41,154	34,019	4,829	11,964
	13,755,425	24,437,347	10,695,806	13,884

	2020		2019	
	Banking book	**Trading book**	Banking book	Trading book
	---- Rupees in '000 ----			
Impact of 1% change in foreign exchange rate on				
- Profit and loss account	**-**	**2,552**	-	159
- Other comprehensive income	**-**	**-**	-	-

45.2.3 Equity position Risk

Equity positions in the banking book include Investment in equities that are available-for-sale or held for strategic investment purposes. These investments are generally regarded as riskier relative to fixed income securities owing to the inherent volatility of stock market prices. The Group mitigates these risks through diversification and capping maximum exposures in a single company, compliance with regulatory requirement, and following the guidelines laid down in the Group's Investment Policy as set by the Board of Directors (BoD). The Bank follows a delivery versus payment settlement system thereby minimizing risk available in relation to settlement risk.

Equity price risk is managed by applying trading limit and scrip-wise and portfolio wise nominal limits.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	----------------- Rupees in '000 -----------------			
Impact of 5% change in equity prices on				
- Profit and loss account	-	-	-	-
- Other comprehensive income	211,938	15,750	105,788	29,943

45.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Yield/ Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. This also refers to the non-trading market risk. Apart from the gap analysis between the market rate sensitive assets and liabilities as per the table given below:

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	----------------- Rupees in '000 -----------------			
Impact of 1% change in interest rates on				
- Profit and loss account	20,570	235,507	301,595	534,770
- Other comprehensive income	1,033,253	-	248,246	-

45.2.5 Mismatch of interest rate sensitive assets and liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Group is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark up based assets and liabilities that mature or re-price in a given period. The Group manages this risk by matching/re-pricing of assets and liabilities. The assets and liabilities committee (ALCO) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Group.

	2020											
	Effective yield interest rate - %	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instrument
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	30,421,531	2,261,337	-	-	-	-	-	-	-	-	28,160,194
Balances with other banks	-	1,128,135	24,317	-	-	-	-	-	-	-	-	1,103,818
Lendings to financial institutions	6.56	23,239,672	18,351,972	4,887,700	-	-	-	-	-	-	-	-
Investments	8.03	201,807,654	33,368,890	92,486,042	42,997,826	13,940,359	7,273,895	1,428,940	135,586	3,759,785	-	6,416,331
Advances	8.36	250,455,534	204,908,975	20,772,932	10,019,031	641,483	263,840	695,674	1,885,879	1,674,415	2,974,156	6,619,149
Other assets	-	14,326,600	-	-	-	-	-	-	-	-	-	14,326,600
		521,379,126	258,915,491	118,146,674	53,016,857	14,581,842	7,537,735	2,124,614	2,021,465	5,434,200	2,974,156	56,626,092
Liabilities												
Bills payable	-	4,981,983	-	-	-	-	-	-	-	-	-	4,981,983
Borrowings	2.88	48,303,412	12,866,768	13,316,211	4,720,046	70,980	13,221,857	540,672	2,387,895	1,178,983	-	-
Deposits and other accounts	6.94	431,423,822	164,775,712	54,817,591	35,103,103	64,634,567	2,133,246	(15,588)	1,954,602	-	-	108,020,589
Subordinated debt	10.12	7,492,800	7,492,800	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	19,875,838	-	-	-	-	-	-	-	-	-	19,875,838
		512,077,855	185,135,280	68,133,802	39,823,149	64,705,547	15,355,103	525,084	4,342,497	1,178,983	-	132,878,410
On-balance sheet financial instruments		9,301,271	73,780,211	50,012,872	13,193,708	(50,123,705)	(7,817,368)	1,599,530	(2,321,032)	4,255,217	2,974,156	(76,252,318)
Commitments in respect of forward purchase and commitments to extend credits		24,898,370	8,127,500	11,419,586	3,996,659	1,296,986	57,639	-	-	-	-	-
Commitments in respect of forward exchange contracts - sale		(18,843,892)	(10,903,258)	(3,031,387)	(2,619,805)	(2,231,803)	(57,639)	-	-	-	-	-
Off-balance sheet gap		6,054,478	(2,775,758)	8,388,199	1,376,854	(934,817)	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			71,004,453	58,401,071	14,570,562	(51,058,522)	(7,817,368)	1,599,530	(2,321,032)	4,255,217	2,974,156	(76,252,318)
Cumulative yield / interest risk sensitivity gap			71,004,453	129,405,524	143,976,086	92,917,564	85,100,196	86,699,726	84,378,694	88,633,911	91,608,067	

	Effective yield interest rate - %	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instrument
		2019										
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	25,590,173	2,566,714	-	-	-	-	-	-	-	-	23,023,459
Balances with other banks	0.17	476,302	97,659	-	-	-	-	-	-	-	-	378,643
Lendings to financial institutions	11.80	30,320,540	30,192,074	-	128,466	-	-	-	-	-	-	-
Investments	9.73	143,124,623	66,158,225	41,046,043	707,500	1,656,084	20,378,927	8,022,522	503,646	204,943	-	4,446,733
Advances	12.89	243,285,308	197,864,614	20,967,630	9,393,863	488,932	356,955	835,637	2,397,894	1,256,532	2,710,028	7,013,223
Other assets	-	15,278,178	-	-	-	-	-	-	-	-	-	15,278,178
		458,075,124	296,879,286	62,013,673	10,229,829	2,145,016	20,735,882	8,858,159	2,901,540	1,461,475	2,710,028	50,140,236
Liabilities												
Bills payable	-	3,804,491	-	-	-	-	-	-	-	-	-	3,804,491
Borrowings	9.26	54,468,283	31,977,964	13,068,280	4,693,216	193,571	207,839	2,120,779	1,179,549	1,027,085	-	-
Deposits and other accounts	8.70	368,543,603	129,910,142	47,296,616	29,670,550	68,670,264	6,673,436	1,515,724	1,722,440	-	-	83,084,431
Subordinated debt	13.73	7,494,800	-	-	2,996,400	4,498,400	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	20,024,982	(69,111)	121,966	182,949	365,898	731,796	682,219	1,168,857	381,703	-	16,458,705
		454,336,159	161,818,995	60,486,862	37,543,115	73,728,133	7,613,071	4,318,722	4,070,846	1,408,788	-	103,347,627
On-balance sheet financial instruments		3,738,965	135,060,291	1,526,811	(27,313,286)	(71,583,117)	13,122,811	4,539,437	(1,169,306)	52,687	2,710,028	(53,207,391)
Commitments in respect of forward purchase and commitments to extend credits		24,679,238	10,902,900	8,103,044	4,037,072	458,398	1,120,185	57,639	-	-	-	-
Commitments in respect of forward exchange contracts - sale		(35,203,283)	(10,834,905)	(7,721,576)	(10,450,305)	(5,019,673)	(1,119,185)	(57,639)	-	-	-	-
Off-balance sheet gap		(10,524,045)	67,995	381,468	(6,413,233)	(4,561,275)	1,000	-	-	-	-	-
Total yield / interest risk sensitivity gap			135,128,286	1,908,279	(33,726,519)	(76,144,392)	13,123,811	4,539,437	(1,169,306)	52,687	2,710,028	(53,207,391)
Cumulative yield / interest risk sensitivity gap			135,128,286	137,036,565	103,310,046	27,165,654	40,289,465	44,828,902	43,659,596	43,712,283	46,422,311	

	2020	2019
	Rupees in '000	
Reconciliation to total assets		
Balance as per balance sheet	**473,213,218**	473,817,471
Less: Non financial assets		
Fixed assets	**9,026,764**	10,693,945
Intangible assets	**2,515,549**	2,302,474
Deferred tax assets - net	**-**	125,857
Other assets	**2,416,507**	2,246,071
Assets held for sale	**739,200**	374,000
	14,698,020	15,742,347
	458,515,198	458,075,124

	2020	2019
	Rupees in '000	
Reconciliation to total liabilities		
Balance as per balance sheet	**513,161,445**	454,336,159
Less: Non financial liabilities		
Other liabilities	**-**	-
Deferred tax liabilities - net	**1,083,590**	-
	1,083,590	-
	512,077,855	454,336,159

45.3 **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to raise funds to meet its commitments. The Group's Asset and Liability Committee (ALCO) manages the liquidity position on a continuous basis.

The Group's policy to liquidity management is to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet our contractual and potential payment obligations without incurring additional and unacceptable cost to the business.

Treasury is responsible for the managing liquidity risk under the guidance of Asset-Liability Committee of the Group. The Group's liquidity risk management approach starts at the intraday level (operational liquidity) managing the daily payments queue and factoring in our access to the qualifying securities of State Bank of Pakistan. It then covers tactical liquidity risk management dealing with the access to unsecured funding sources and the liquidity characteristics of our asset inventory (asset liquidity). Finally, the strategic perspective comprises the maturity profile of all assets and liabilities on our statement of financial position.

For monitoring and controlling liquidity risk, the Group generates a scenario sensitive maturity statement of financial position, and run controlled mismatches that are monitored and discussed by ALCO members regularly. The Group prepares various types of reports and analysis for assisting ALCO in taking necessary strategic actions for managing liquidity risk in the Group. These include liquidity ratios, Concentration analysis, Gap reports, Stress testing, Liquidity Coverage ratio & Net Stable Funding Ratio analysis etc.

45.3.1 **Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank**

	2020													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	30,421,531	30,421,531	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,128,135	1,128,135	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	23,239,672	2,485,829	3,500,000	3,291,063	9,075,080	-	4,887,700	-	-	-	-	-	-	-
Investments	201,807,654	-	-	13,786,643	17,167,632	4,524,776	73,162,303	44,507,608	12,966,751	1,151,807	7,980,417	4,815,444	3,470,764	18,273,509
Advances	250,455,534	91,706,484	2,515,294	1,262,175	9,566,816	14,457,348	13,560,823	19,372,137	9,544,829	13,087,897	31,914,264	21,520,367	13,641,989	8,305,111
Fixed assets	10,055,881	1,031,116	11,092	12,941	78,862	121,156	411,539	356,226	352,328	320,673	1,198,183	947,931	2,394,899	2,818,935
Intangible assets	2,530,060	15,846	2,008	2,343	5,356	10,043	223,310	29,820	29,612	29,598	117,664	115,429	226,108	1,722,923
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	16,743,107	2,064,679	-	433,835	13,115,780	518,574	41,047	534,067	35,125	-	-	-	-	-
Assets held for sale	739,200	-	-	-	-	-	-	-	-	739,200	-	-	-	-
	537,120,774	128,853,620	6,028,394	18,789,000	49,009,526	19,631,897	92,286,722	64,799,858	22,928,645	15,329,175	41,210,528	27,399,171	19,733,760	31,120,478
Liabilities														
Bills payable	4,981,983	166,066	1,162,463	2,324,925	1,328,529	-	-	-	-	-	-	-	-	-
Borrowings	48,303,412	234,381	368,146	9,724,181	2,540,060	5,539,400	7,776,811	4,720,046	26,292	44,687	13,221,857	540,672	2,387,895	1,178,984
Deposits and other accounts	431,423,822	217,192,381	9,135,642	21,400,684	19,147,079	29,458,673	25,358,911	35,103,094	13,995,688	56,559,628	2,133,228	(15,603)	1,954,417	-
Subordinated debt	7,492,800	-	-	-	-	-	-	1,000	-	1,000	2,000	5,493,600	1,995,200	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	1,083,590	-	-	-	5,722	(70,276)	(3,587)	(99,650)	(99,702)	(42,802)	110,765	176,412	159,820	946,888
Other liabilities	19,875,838	3,334,684	-	-	385,097	10,561,165	266,283	502,414	101,165	700,828	1,778,734	1,311,459	827,329	106,680
	513,161,445	220,927,512	10,666,251	33,449,790	23,406,487	45,488,962	33,398,418	40,226,904	14,023,443	57,263,341	17,246,584	7,506,540	7,324,661	2,232,552
Net assets	23,959,329	(92,073,892)	(4,637,857)	(14,660,790)	25,603,039	(25,857,065)	58,888,304	24,572,954	8,905,202	(41,934,166)	23,963,944	19,892,631	12,409,099	28,887,926

Share capital - net	10,119,242
Reserves	1,991,169
Surplus on revaluation of assets - net of tax	3,247,593
Unappropriated profit	7,029,251
Non-controlling interest	528,446
	22,915,701

Maturity of assets and liabilities - based on contractual maturities of assets and liabilities of the Bank

	2019													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	25,590,173	25,590,173	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	476,302	476,302	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	30,320,540	-	-	-	28,037,915	2,000,000	154,159	-	-	-	128,466	-	-	-
Investments	143,124,623	-	28,164,802	-	37,843,425	465,080	15,706,004	4,945,573	1,616,458	177,474	20,654,625	8,003,353	2,260,968	23,286,861
Advances	243,285,308	85,571,596	1,362,955	1,547,981	5,108,573	16,502,480	11,197,698	18,301,471	5,730,118	11,227,145	27,467,362	26,540,865	19,525,477	13,201,587
Fixed assets	10,693,945	3,941	23,255	27,132	62,014	253,908	115,232	343,568	339,980	335,195	1,291,426	1,143,993	2,375,452	4,378,849
Intangible assets	2,302,474	280	1,677	1,957	4,472	106,130	8,386	24,979	24,841	24,829	97,819	96,371	192,919	1,717,814
Deferred tax assets - net	125,857	-	-	-	(1,291)	30,869	56,850	354,806	354,413	32,583	18,223	165,503	12,706	(898,805)
Other assets	17,524,249	14,453,316	-	-	-	-	501,432	-	95,457	-	789,263	411,160	81,864	1,191,757
Assets held for sale	374,000	-	-	-	-	-	-	374,000	-	-	-	-	-	-
	473,817,471	126,095,608	29,552,689	1,577,070	71,055,108	19,358,467	27,739,761	24,344,397	8,161,267	11,797,226	50,447,184	36,361,245	24,449,386	42,878,063
Liabilities														
Bills payable	3,804,491	3,804,491	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	54,468,283	797,376	29,889,829	85,924	1,204,836	7,828,925	5,239,354	4,693,216	174,347	19,224	207,839	2,120,779	1,179,549	1,027,085
Deposits and other accounts	368,543,603	166,168,660	8,285,705	7,047,887	26,021,300	20,516,154	26,780,462	29,670,550	20,422,018	53,719,267	6,673,436	1,515,724	1,722,440	-
Subordinated debt	7,494,800	-	-	-	-	-	-	600	400	1,000	2,000	2,000	7,488,800	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	20,024,982	2,492,761	12,197	14,229	220,575	9,146,741	583,198	277,733	221,422	801,705	2,334,790	1,769,553	1,741,881	408,197
	454,336,159	173,263,288	38,187,731	7,148,040	27,446,711	37,491,820	32,603,014	34,642,099	20,818,187	54,541,196	9,218,065	5,408,056	12,132,670	1,435,282
Net assets	19,481,312	(47,167,680)	(8,635,042)	(5,570,970)	43,608,397	(18,133,353)	(4,863,253)	(10,297,702)	(12,656,920)	(42,743,970)	41,229,119	30,953,189	12,316,716	41,442,781

Share capital - net	10,119,242
Reserves	1,749,672
Surplus on revaluation of assets - net of tax	1,308,531
Unappropriated profit	5,795,596
Non-controlling interest	508,271
	19,481,312

45.3.2 Maturity of assets and liabilities - Based on working prepared by the Asset and Liability Committee (ALCO) of the Bank

	2020									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	30,421,531	30,421,531	-	-	-	-	-	-	-	-
Balances with other banks	1,128,135	1,128,135	-	-	-	-	-	-	-	-
Lendings to financial institutions	23,239,672	18,351,972	4,887,700	-	-	-	-	-	-	-
Investments	201,807,654	30,954,275	77,687,079	44,507,608	14,118,558	7,980,417	4,815,444	3,470,764	18,273,509	-
Advances	250,455,534	33,881,197	31,703,662	26,006,020	80,557,471	31,914,264	17,826,671	13,641,989	5,182,115	9,742,145
Fixed assets	9,026,764	104,894	532,695	356,226	673,001	1,198,183	947,931	2,394,899	668,086	2,150,849
Intangible assets	2,515,549	10,042	233,353	29,820	59,210	117,664	115,429	227,108	259,299	1,463,624
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-
Other assets	16,743,107	15,614,294	559,621	534,067	35,125	-	-	-	-	-
Assets held for sale	739,200	-	-	-	739,200	-	-	-	-	-
	534,941,104	130,517,285	115,703,210	71,582,390	96,479,864	41,805,124	24,223,465	19,433,329	21,839,819	13,356,618
Liabilities										
Bills payable	4,981,983	4,981,983	-	-	-	-	-	-	-	-
Borrowings	48,303,412	12,866,768	13,429,576	4,606,681	70,979	13,221,857	540,672	2,387,895	1,178,984	-
Deposits and other accounts	431,423,822	54,243,111	61,226,376	43,681,608	80,182,259	18,068,592	13,002,724	161,019,152	-	-
Subordinated debt	7,492,800	-	-	1,000	1,000	2,000	5,493,600	1,995,200	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	1,083,590	5,722	(73,863)	(99,650)	(142,504)	110,765	176,412	159,820	946,888	-
Other liabilities	19,875,838	3,719,781	10,827,448	502,414	801,993	1,778,734	1,311,459	827,329	106,680	-
	513,161,445	75,817,365	85,409,537	48,692,053	80,913,727	33,181,948	20,524,867	166,389,396	2,232,552	-
Net assets	21,779,659	54,699,920	30,293,673	22,890,337	15,566,137	8,623,176	3,698,598	(146,956,067)	19,607,267	13,356,618
Share capital - net	10,119,242									
Reserves	1,991,169									
Surplus on revaluation of assets - net of tax	-									
	3,247,593									
Unappropriated profit	7,029,251									
Non-controlling interest	528,446									
	22,915,701									

	2019									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	25,590,173	25,590,173	-	-	-	-	-	-	-	-
Balances with other banks	476,302	476,302	-	-	-	-	-	-	-	-
Lending to financial institutions	30,320,540	30,192,074	-	-	128,466	-	-	-	-	-
Investments	143,124,623	66,008,226	16,171,085	4,945,573	1,793,932	20,654,625	8,003,353	2,260,968	23,286,861	-
Advances	243,285,308	24,262,803	31,273,801	24,733,994	76,279,419	27,467,362	26,540,865	19,525,477	3,898,657	9,302,930
Fixed assets	10,693,945	116,342	369,140	343,568	675,175	1,291,426	1,143,993	2,375,452	1,707,232	2,671,617
Intangible assets	2,302,474	8,386	114,516	24,979	49,670	97,819	96,371	192,919	254,190	1,463,624
Deferred tax assets - net	125,857	(1,291)	87,719	354,806	386,996	18,223	165,503	12,706	(386,519)	(512,286)
Other assets	17,524,249	14,676,639	501,432	-	95,457	789,263	411,160	(141,459)	1,191,757	-
Assets held for sale	374,000	-	-	374,000	-	-	-	-	-	-
	473,817,471	161,329,654	48,517,693	30,776,920	79,409,115	50,318,718	36,361,245	24,226,063	29,952,178	12,925,885
Liabilities										
Bills payable	3,804,491	3,804,491	-	-	-	-	-	-	-	-
Borrowings	54,468,283	31,977,964	13,068,280	4,693,216	193,571	207,839	2,120,779	1,179,549	1,027,085	-
Deposits and other accounts	368,543,603	43,373,122	52,175,941	36,130,812	81,513,876	18,875,634	12,491,223	123,982,995	-	-
Subordinated debt	7,494,800	-	-	600	1,400	2,000	2,000	7,488,800	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-
Other liabilities	20,024,982	2,739,762	9,729,939	277,733	1,023,127	2,334,790	1,769,553	1,741,881	408,197	-
	454,336,159	81,895,339	74,974,160	41,102,361	82,731,974	21,420,263	16,383,555	134,393,225	1,435,282	-
Net assets	19,481,312	79,434,315	(26,456,467)	(10,325,441)	(3,322,859)	28,898,455	19,977,690	(110,167,162)	28,516,896	12,925,885
Share capital - net	10,119,242									
Reserves	1,749,672									
Surplus on revaluation of assets - net of tax	1,308,531									
Unappropriated profit	5,795,596									
Non-controlling interest	508,271									
	19,481,312									

45.3.3 To identify the behavioural maturities of non-contractual assets and liabilities, the Group has used the following methodology:

For determining the core portion of non contractual liabilities (non-volatile portion), the Group has used the average method whereby average balance maintained over past five year has been classified as core and has been placed in 'over 3 to 5 years' maturity bucket. Non contractual assets and remaining volatile portion of non contractual liabilities have been stratified in relevant maturity bucket using bucket wise percentages determined by using average volatility in respective period / bucket.

45.4 Operational risk

The Group currently uses Basic Indicator Approach to Operational Risk for regulatory capital calculations. We define operational risk as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. With the evolution of Operational Risk Management into a separate distinct discipline, the Group's strategy is to further strengthen its risk management system along new industry standards. Accordingly ,the Group has set up a separate Operational Risk Management (ORM) Unit. ORM Unit resides within Risk Management Group (RMG). Its responsibility is to implement Operational Risk management tools across the Group for effective measurement and monitoring of operational risk faced by different areas of the Group.

The Group's operational risk management process involves a structured and uniform approach across the bank. It includes risk identification and assessments, the monitoring of Key Risk Indicators (KRIs) and Risk Control Self-Assessment (RCSA) activities for key operational risks. In order to build a robust operational risk monitoring mechanism, an Operational Risk Steering Committee (ORSC) has been constituted to effectively address operational risk issues.

The Group has implemented a comprehensive "Operational Risk Management Framework" which has also been approved by the Board of Directors. The purpose of bank-wide Operational Risk Management Framework is aimed at laying out clearly defined roles and responsibilities of individuals / units across different functions of the Group that are involved in performing various operational risk management tasks. Operational risk is much more pervasive in a financial institution and every operating unit is exposed to operational risk, regardless of whether it is a business or a support function. This framework has been devised to explain the various building blocks of the operational risk management processes, and their inter-relationships. The framework also captures both qualitative and quantitative guidelines for managing and quantifying operational risks across the Group.

The ORM Unit conducts operational risk profiling for all major operational areas of the Group and assists various functions of the bank in developing KRIs which are monitored against predefined thresholds. Findings from KRIs are used as predictive indicators of potential operational risks.

Operational risk incidents and loss data collection is governed by Group's Operational Risk Management Policy and process documents which have been developed and implemented to collate operational losses and near misses in a systematic and organized way.

The Group's Business Continuity (BCP) Policy includes risk management strategies to mitigate inherent risks and prevent interruption of mission critical services caused by disaster events. The resilience of BCP is tested and rehearsed on an annual basis by the Group.

46. DERIVATIVE RISK

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BOD). The Holding Company's Asset & Liability Committee (ALCO) is responsible for reviewing and managing associated risks of the transactions.

The nature, scope and purpose of derivatives business, for trading purposes or hedging purpose and the types of derivative in which they deal.

The overall responsibility for offering derivative products and sustaining profitability lies with the Treasurer and in his absence with his delegate. The Market Risk nit / Treasury Middle Office of the Holding Company responsible for measurement & monitoring of the market risk exposures, analysis of present and potential risk factors.

The Market Risk Unit also monitors associated Credit, Market and Liquidity Risk in line with Board of Directors approved limit framework. The unit coordinates with the business regarding approvals for derivatives risk limits and produces various reports / analysis for ALCO / BRMC on periodic basis. These reports provide details of outstanding un-hedged positions, profitability and status of compliance with limits. Treasury Operations records derivatives activity in the Bank's books and is responsible for reporting to the SBP.

The derivative transaction such as Cross Currency Swaps carries credit risk which is the risk that a party to a derivative contract will fail to perform its obligation. There are two types of credit risk associated with derivative transactions; 1) settlement, and 2) pre-settlement risk. The Holding Company's Central Credit Committee is responsible for reviewing and managing associated Counterparty Credit Risks of the transaction.

The Holding Company has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities. The Bank can hedge its risk by taking on & off-balance sheet position in interbank market, where available.

47. CUSTOMER SATISFACTION AND FAIR TREATMENT

The Holding Company is committed to providing its customers with the highest level of service quality and satisfaction. The Holding Company has established an independent Customer Experience function that oversees customer care, branch services, contact centre, customer insights and business conduct. The Holding Company's Complaint Handling Policy and Grievance Redressal Mechanism ensure that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible. Customers have the option of registering their complaints at the Holding Company's branches, contact center, The Holding Company's website or via email.

The complaint handling policy and grievance redressal mechanism ensures that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible. Customers have the option of registering their complaints at our Branches, contact centre, the Holding Company's website and via email. Complaint management process is kept as transparent as possible through registration, acknowledgement, interim response where applicable and resolution of complaints. Customers are also given the option of contacting the Banking Mohtasib office in case they are dissatisfied with the response received from the Holding Company.

To create enhanced visibility of the recourse mechanism available to its customers, the Holding Company has incorporated awareness messages of its complaint handling function in several customer communications such as account statements, ATM screens and SMS messages. Complete grievance redressal mechanism, touchpoints and online feedback forms have been made available through the Holding Company's website, and email broadcasts have been sent to the customers for customer education and awareness.

Fair Treatment of Customers is an integral part of our corporate culture. The Holding Company has institutionalized a 'Consumer Protection Framework'. Our priority is to keep customer benefits in mind while designing, selling and managing products and services, without any discrimination. Our focus is to maintain fairness in our customer dealings, clarity in communication, develop a service culture and design an effective grievance handling mechanism. We also focus on financial literacy of our customers, for promoting responsible conduct and informed financial decisions by consumers, through our consumer education and Financial Literacy Program.

48. RECLASSIFICATION

Corresponding figures have been re-arranged and re-classified to reflect more appropriate presentation of events and transactions to enhance comparability with the current period's financial statements, which are as follows:

	Reclassified		
	From	To	Rs. in '000
Statement of financial position	**Other liabilities**	**Other assets**	
	Others	Credit card settlement	32,027
	Others	Inter bank fund transfer settlement	(91,642)
	Others	Others	290,068
Statement of financial position	**Other assets**	**Other liabilities**	
	Mark to market gain on derivative instruments	Mark to market loss on derivative instruments	(491)
	Mark to market gain on forward foreign exchange contracts	Mark to market loss on forward foreign exchange contracts	(375,227)
Cashflow Statement	**Cash Flow from Operating Activities**		
	Other liabilities	Other assets	(1,748,987)

49. GENERAL

49.1 These consolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular no. 2 dated January 25, 2018 and related clarifications / modifications.

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

50. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Holding Company in their meeting held on February 24, 2021.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Annexure I

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal	Interest/	Other financial	Total
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total	written-off	Mark-up written-off/ waived	relief provided	(9+10+11)
1	2	3	4	5	6	7	8	9	10	11	12
				Rupees in '000							
1	Mahboob Hussain House No. 263, Measuring 05 Marlas, Situated at Block A, Street 11, Rawalpindi Press Club Cooperative Housing Society (Media Town), Rawalpindi.	Mahboob Hussain 37405-0502581-5	Mubashir Ali	9,327	729	386	10,442	-	729	386	1,115
2	Sabir Hussain Immovable Property Bearing Residential Flat No. A-205, On 2nd Floor, Admeasuring 1480 Square Feet, Project Known As "Shaes Residency", 1/9Th Undivided Share Of Sub-Plot No.Fl-4/A-V, of Plot No. Fl-4, Block No.3-A, Situated At KDA Scheme No.36, Gulistan-e-Jauhar, Karachi.	Sabir Hussain 42201-9527166-5	Ali Madad	10,596	1,163	472	12,231	-	1,163	472	1,635
3	Abdul Ghaffar Flat No.A-204, 2nd Floor, Admeasuring 1000 Square Feets, Building Known As "Clifton Garden-1", 1/4th undivided Share Of Sub Plot No.A-4, of Plot No.Fl-1, Block-3, Situated At Kda Scheme No.5, Kehkashan Clifton, Karachi.	Abdul Ghaffar 42301-0882280-1	Basher Ahmed	13,856	798	284	14,938	-	798	284	1,082
4	Iqbal Ahmed Immovable Property Bearing Residential Plot Town House No.9, Fl-12, Admeasuring 280 Square Yards, Block-5, Situated At Kda Scheme No.5, Clifton, Karachi.	Iqbal Ahmed 42301-3811362-3	Sharfuddin	22,658	7,766	70	30,494	-	6,580	70	6,650
5	Naveed Naiyar Hussain Immovable Property Bearing Residential Double Storied Bungalow Constructed on Plot of Land No. D-37, Admeasuring 925 Square Yards, Block 9, KDA Scheme No. 5, Kehkashan Clifton, Karachi.	Naveed Naiyar Hussain 42301-4883876-9	Naiyar Hussain	117,090	34,576	-	151,666	-	18,666	-	18,666
6	Muhammad Ayub House 19, Measuring 01 Kanal, Situated at Block-J, Phase 6, Defence Housing Authority, Lahore.	Muhammad Ayub 35201-9838927-3	Muhammad Yaqoob	12,905	3,465	68	16,438	-	1,299	68	1,367
7	Jinsung International (Private) Limited 279 Q Block, Commerciaol Area, DHA Phase II, Lahore.	Syed Asghar Ali Shah 27637-4875875-1 Muhammad Sarfraz Ahmed 31303-3942323-3 Maryam Zehra Shah 27637-4783110-4	Syed Bagh Ali Shah Muhammad Sarwar Syed Asghar Ali Shah	12,413	5,644	-	18,057	-	2,023	-	2,023
8	Kissan Supplies 8-Km, Sardar Town, Raiwind Road, Lahore.	Muhammad Mushtaq Butt 34104-1969246-5 Muhammad Waqas Butt 34104-2285573-9 Muhammad Mushtaq Butt 34101-9002563-4	Muhammad Yousaf Butt Dost Muhammad Ali Irfan Ali	-	15,694	-	15,694	-	11,894	-	11,894
9	Kohsar Industries Plot No. H5-B, Site Area, Kotri.	Lal Chand 44203-9781662-5 Haraish Kumar 41306-7572470-3	Relumal Haraish Kumar	-	5,847	-	5,847	-	3,846	-	3,846
10	Rehman Metal Gala Maher Aziz ur Rehman Chan Link Sheikhupura Road Gujranwala.	Atiq ur Rehman 34101-2535196-7	Muhammad Rafique	20,000	5,096	-	25,096	-	4,096	-	4,096
11	Regent Agroventure H No. 44 Khayaban-e-Badr Phase 5 DHA Karachi.H No. 82 Khayaban-e-Sehr Street No 30,DHA Phase 6, Karachi.	Omar Danial Baweja 42301-3857295-9 Fiza Ahmed 42301-5766535-8	Mahmood Baweja Omar Danial Baweja	7,764	2,082	-	9,846	-	1,281	-	1,281
			TOTAL:	226,609	82,860	1,280	310,749	-	52,375	1,280	53,655

* Relief includes amounts which would be due to the Bank under contractual arrangements whether or not accrued in the books.

Annexure - II

As at December 31, 2020
As referred to in note 11.2.2 to the unconsolidated and consolidated financial statements
Details of disposal of fixed assets made to related parties

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Buyers' particulars and relationship with Bank (if any)	
	----------	----------	Rupees in '000	----------	----------			
Electrical, office and computer equipment								
Communication Equipment	1,615	869	746	778	32	Insurance	Name	EFU General Insurance Limited - related party,
							Address	1st Floor, Kashif Centre, Main Shahra-e-faisal, Karachi
Office Machines and Equipments	5,006	3,415	1,591	1,954	363	Insurance	Name	EFU General Insurance Limited - related party,
							Address	1st Floor, Kashif Centre, Main Shahra-e-faisal, Karachi
Computer	1,529	1,423	106	512	406	Insurance	Name	EFU General Insurance Limited - related party,
							Address	1st Floor, Kashif Centre, Main Shahra-e-faisal, Karachi
	8,150	**5,707**	**2,443**	**3,244**	**801**			
Vehicles								
Toyota Corolla	2,405	460	1,945	2,750	805	Insurance	Name	EFU General Insurance Limited - related party,
							Address	1st Floor, Kashif Centre, Main Shahra-e-faisal, Karachi
Honda Motorcycle	107	17	90	90	-	Insurance	Name	EFU General Insurance Limited - related party,
							Address	1st Floor, Kashif Centre, Main Shahra-e-faisal, Karachi
Honda Motorcycle	124	7	117	124	7	Insurance	Name	EFU General Insurance Limited - related party,
							Address	1st Floor, Kashif Centre, Main Shahra-e-faisal, Karachi
Honda Motorcycle	110	23	87	100	13	Insurance	Name	EFU General Insurance Limited - related party,
							Address	1st Floor, Kashif Centre, Main Shahra-e-faisal, Karachi
Honda Motorcycle	104	83	21	75	54	Insurance	Name	EFU General Insurance Limited - related party,
							Address	1st Floor, Kashif Centre, Main Shahra-e-faisal, Karachi
	2,850	**590**	**2,260**	**3,139**	**879**			
The Subsdiary Companies								
Vehicles								
Honda City	1,922	1,922	-	1,922	1,922	Dispoal	Name	Afham Elahi Usmani
Total	**12,922**	**8,219**	**4,703**	**8,305**	**3,602**			

Branch Network

SINDH

KARACHI

Shaheen Complex Branch
111 572 265- 021-32610928 &
021-32272569-92

26th Street Dha Phase V Branch
021-35304685

Bahadarabad Branch
021-34922802/05

Boat Basin Branch
021-35177903/4

Chase Store Jail Chowrangi Branch
021-34370270-71

Cloth Market Branch
021-32464042 - 47

Dehli Colony Branch
021-35168646/8

DHA Phase VIII Branch
021-35171731/33/
0345-8211949/0345-8211951

Electronic Market Branch
021-32700430-437

Fisheries Branch
021-32384011-14

Garden East Branch
021-32244281-284

Garden West Branch
021-32240093/7

Gulistan-E-Jauhar Branch
021-3466 2002-4-6

Gulshan Chowrangi Branch
021-34833290-5

Gulshan-E-Hadeed Branch
021-34715201-3

Gulshan-E-Iqbal Branch
021-34829055-60-61

Hawksbay Road Branch
021-32373030-32

Ibrahim Hyderi Branch
0346-1012281

Jheel Park Branch
021-34544831-35

Jodia Bazar Branch
021-32435304-06

Branch Stock Exchange
021-32462851/54

Khadda Market Dha Phase V Branch
021-35242401-4

Kh-E-Ittehad Dha Phase II Ext Branch
021-35313811-4

Kh-E-Shahbaz Dha Phase Vi Branch
021-35243416/15

Korangi Industrial Area Branch
021-35052416, 021-35055826-7,
021-35052773-5

Korangi Rd Dha Phase I Branch
021-35803541/46

Lucky Star Branch
021-35622434-39

Nazimabad Branch
021-36612325

New Challi Branch
021-32602100

New Sabzi Mandi Branch
0345-8211641-43

North Branch Ind Area Branch
021-36962912/11/15

North Napier Road Branch
021-32467791-94

North Nazimabad Branch
021-36721010/4

Ocean Tower
021-35166601-6

Orangi Town Branch
021-36697925-30

Paposh Nagar Branch
021-36700071-3

Park Towers Clifton Branch
021-35832011/ 021-35369525

Progressive Centre
Sh-E-Faisal Branch
021-34324682-5

Safoora Goth Branch
021-34661805-15

Shah Faisal Colony Branch
021-34686191-94

Shahrah-E-Faisal Branch
021-34373240

Site Branch
021-32550082-84

Soldier Bazar, Branch
021-32244531-33

Teen Talwar Branch
021-35835867 / 021-35856974 /
021-35873279

The Center Saddar Branch
021-35165563/7

Timber Market Branch
021-32763079

Urdu Bazar Branch (AWT Plaza)
021-32603073-77

Zamzama Branch
021-35295221-4

HYDERABAD

Anaj Mandi Branch
022-2638802

Citizen Colony Branch
022-2100893-91

Cloth Market Branch
022-2618271

DHA Branch
022-2108078

Kohsar, Branch
022-3400913-14

Latifabad Branch
022 3817984

Latifabad Unit No VI Branch
022-3422521-6

Qasimabad Branch
022-2652190-92

Saddar Branch
022-2730925-26-32

Site Branch
022-3885192-93

SUKKUR

Military Road Branch
071-5630825-32

Shaheed Gunj Branch
071-5627482

Society Branch
071-5815210

Badin Branch
0297-861203

Behar Colony Kotri Branch
022 3410507-09

Bhiria City Branch
0242-432131/35

Chambar Branch
022 -3897032-35-36

Daharki Branch
0723-641290

Digri Branch
023-3870245

Ghotki Branch
072-3600484

Jamshoro Branch
022-3878103-104, 022-3878109

Kandhkot Branch
072-2573048

Kashmore Branch
0722-577705-7

Khairpur Branch
024-3715316-18

Khipro Branch
0235-879071-74

Kot Ghulam Muhammad Branch
0233-866242-4

Kunri Branch
023-8558163-66

Larkana Branch
074-4058603

Maatli Branch
029-7841514

Mehar Branch
025-4730307-308-309

Mirpur Khas Branch
023-3876001-4

Mirpur Mathelo Branch
0723-663315

Mithi Branch
0232-261650

Moro Branch
0242-413200

Nawabshah Branch
024-4330564

Nowshero Feroz Branch
0242-448415-16-18

Pano Aqil Branch
071-5809304

Sanghar Branch
023-5800163

Sehwan Shareef Branch
025-4620305/7

Shahdadkot Branch
074-4013169

Shahdadpur Branch
023-5581523-18

Sheikh Bhirkio Branch
0345-8211923/24

Shikarpur Branch
072-6540374-75

Sultanabad Branch
022-3404106-7

Tando Adam Branch
023-5571880-85

Tando Allah Yaar Branch
022-3892001/4

Tando Jam Branch
022-2765612-14

Tando Mohammad Khan Branch
022-3340594/022-3340617-8

Thatta Branch
029-8550934

Umer Kot Branch
023-8570156-59

BALOCHISTAN

Gawadar Branch
086-4210246

Khuzdar Branch
0848-550334-336

Loralai Branch
0824-410104

MA Jinnah Road Branch
081-2865503-04

Muslim Bagh Branch
0823-66933-36

Ormara Branch
086-3310142-0-3

Quetta Cantt Branch
081-2863335

Turbat Branch
085-2414201-4

Zarghoon Road Branch
081-2472981-2

Zhob Branch
0822-412027028

PUNJAB

LAHORE

Air Port Road DHA
Devine Mega Branch
042-35700081-84

Allama Iqbal Town Branch
042-37805026-37804479

Azam Cloth Market Branch
042-37671195-96

Badami Bagh Branch
042-37946853/54

Baghbanpura Branch
042-36858873/74

Bahria Town Branch
042-35976212-14

Brandreth Road Branch
042 3738 1316 /9 /

Cavalry Branch
042-36610282-87

Chowburji Branch
042-37362981/8

Circular Road Branch
042-37667921/24

College Road Township Branch
042 -35117491-3

Daroughawala, Branch
042-36530311-15

DHA Block "T" Phase 2 Branch
042-35707651/6

DHA Phase 3 III Block "Y" Branch
0423-5898010-11

DHA Phase VI Branch
042-37180745

Ferozepur Road Branch
042-35402151-53

Gulberg Branch
042-35771036-38

Gulshan Ravi Branch
042-35464541- 45

Gulyana Branch
053-7588459

Ichra Bazar Branch
042-37428406 / 08

Johar Town Branch
042-35241088/89

Mandi Faizabad Branch
056-2882081-83

Mcleod Road Branch
042-36311176

MM Alam Road Branch
042 -35778721 /24

Model Town Branch
042-35915613/14

Mughalpura Branch
042-36533818-822

New Garden Town Branch
042-35940463-67

PECO Road Branch
042-35203014-13

Raiwind Road Branch
042-35291247-70

Shadbagh Branch
042-37604549-51

Shadman Branch
042-37503712/20

Shah Alam Market Branch
042-37375734-37

Shahdara Branch
0423-7931903-5

State Life Cooperating
Housing Society Branch
042-35474163

Sundar Industrial
Estate Branch
0311-0013425-26

The Mall Branch
042-36285673-75

Upper Mall Branch
042-35776515-18/35776530

Urdu Bazar Branch
042-37115915 /7,20

Valancia Society Branch
042-35226045-47

Walton Road Branch
042-0556-333151

Wapda Town Branch
042- 35182877-74-75

Zarar Shaheed Road Branch
042-36639902-05

GUJRANWALA

Bank Square Gujranwala II Branch
055-4234401-3

GT Road Branch
055-3257363/055-3257365/
055-3254407

Sheikhupura Road Branch
055-4233855-56

Wapda Town Branch
055-4285571

FAISALABAD

Ghulam Mohammad Abad Branch
041-2692192-94-97

Grain Market Branch
041-2633382/84

Gulistan Colony Branch
041-8785791-5

Jaranwala Branch
041-4313032-35

Karkhana Bazar Branch
041-2624501-3

Liaquat Road Branch
041 2541284-86

Satiana Road Branch
041-8556382/84

SIALKOT

Cantt Sailkot Branch
052-4272351/53

Gohadpur Branch
052-4265498-99

Kashmir Road Sialkot Branch
052-4272703-04-05

Paris Road Sialkot Branch
052-4266535-6

Pasroor Road Nekapura Branch
052-3543582-4

Shahabpura Sialkot Branch
052-3242681/84

Ugoki Branch
052-3513953/54

MULTAN

Abdali Road Branch
061-4574363/4574496/97

Bosan Road Branch
061-6223416 /17

Vehari Road Branch
061-6241102-4

Wapda Town Phase I Branch
061-6524733-38

Mailsi Branch
067-3370163

RAWALPINDI

Air Port Cop Housing
Society (AECHS) Branch
051-5497012-15

Bahria Town Phase IV
Rawalpindi Branch
051-5731351-4

Bahria Town Phase VII
Rawalpindi Branch
051-5154891-4

Bank Road Branch
051-5120731-3

Chaklala Scheme 3 Branch
051-5766277-78

Chakri Road Branch
051-5129024

GHQ Branch
051-5202354-55

Gulberg Geen
Islamabad Road Branch
0310-5998931

Jinnah Road Branch
051 5778560-62-64

Kurri Road Branch
051-4930342/43/45

Peshawar Road Branch
051-5492873-75

Range Road Rawalpindi Cant Branch
051-5128871,051-5128875

RCCI Industrial Estate Rawat Branch
0345-8210861/71

Saidpur Road Branch
051-5768049/51/53

Satellite Town Branch
051-4264187-86, 4842991,

ISLAMABAD

Blue Area Branch
051 111 572 265 & 051 281 0121/4

Bara Kahu Branch
051-2165032-7

Dha Phase II Islamabad Branch
051-5161525

F-10 Markaz Branch
051-2112960/61

F-11, Islamabad Branch
051-2103404-402

F-7 Markaz Branch
051-2653901/4-051-2608404/05

F-8 Markaz Branch
051-2818296-98

G-11 Markaz Branch
051-2363475/77

G-15 Markaz Branch
051-2160240-41

G-8 Islamabad Branch
051-2340537-8

I-8 Markaz Branch
051-4862471-2

I-9 Markaz Branch
051-4431296/8

Islamabad Stock Exchange Branch
051-2894407/09

Khanna Pul Branch
051-4478006/07

NPF O-9 Pwd Road Branch
051-5170584-5

Tarlai Branch
051-2241860-4-66

Wah Cantt Islamabad
051-4256308/309

Agrow Chishtian Branch
0345-8233957

Arifwala Branch
0457-835478-81

Bahawalnagar Branch
063-2279435/38

Bahawalpur Branch
062-2889176/78

Bhakkar Branch
0453-510407-9

Burewala Branch
067-3770363/65

Chak 89 Dist Sahiwal Branch
040-4550409/10/11/16

Chak#72 Rahim Yar Branch
068-5708072

Chichawatni Branch
040 5481792/95

Chiniot Branch
047-633259192

Daska Branch
052-6610461/63

Depalpur Branch
044-4542246-49

DG Khan Branch
064-2470952/56

Dharanwala Branch
063-2440080

Dinga Branch
053-7401368

Ghakkhar Mandi Branch
055-3882556-59,055-3882561

Gojra Branch
046-3513637/40

GT Road Gujrat Branch
053-3729479-76

Hafizabad Branch
0547-583249-252,276

Haroonabad Branch
063-2250615

Hasilpur Branch
062-2441302-1310-1308

Jhang Branch
047-7652941 /43

Kacheri Chowk Branch
053-3600584-6

Kamoki Barnch
055-6810282-83-85

Kasur Chandni Chowk Branch
049 2761581-84

Khanewal Branch
065-2557491-93

Kharian Branch
0537-602781-84

Lala Musa Branch
0537-519656/8

Layyah Branch
0606-415045/47

Lodhran Branch
0608-361892/93/96

Luddon Road Branch
067-3351443 ,0673351441

Mandi Bahauddin Branch
0546-509452-53-55

Mian Channu Branch
065-2661282-85

Mouza Gajju Hatta Shujabad Branch
061-4396082-9

Mouza Kachi Jamal Khanpur Branch
068-5577191-195

Mouza Parhar Sharqi
Kot Addu Branch
066-2240146-49

Muridke Branch
042 37166454-7

Muzaffargarh Branch
066-2424691-92

Nankana Sahab Branch
056-2877503-504

Narowal Branch
0542-411271/73

Okara Branch
044-2528728-30

Pak Pattan Sharif Branch
045-7352591-93-94

Pattoki Branch
049-4424053-4

Qaboola Dist Pak Pattan Branch
045-7851248-51

Rabwa Branch
047-6214042/44

Rahimyar Khan Branch
068 5879511/14

Sadiqabad Branch
068-5803933/38

Sahiwal Branch
040 4222733/35

Sambrial Branch
052-6524106/07

Sargoodha Branch
048-3768123/24/25

Shiekhupura Branch
056 3810273/6

Taunsa Sharif Branch
064-2601155 EXT 107

Toba Tek Singh Branch
046- 2512052-55

Vehari Branch
067-3360715/18

Wazirabad Branch
055-6605841-4

KPK

PESHAWAR

Dabgari Garden Branch
091-2591425-7

Fakhr-E-Alam Road Branch
091-5279981/4

Gallanai Branch

GT Road Peshawar Branch

091-2593901/4

Naz Cinema Branch
091-2211024-26

Ring Road Peshawer Branch
0310-5998903-01

Shakas Khyber Agency Branch
091-5602382-83-85

University Road Peshawar Branch
091-5711573/75

Abbottabad Branch
099-2416110/12/13/14

Attock Branch
057-2610500,057-2610480,
057-2610780

Bafa Branch
0997-389232-233

Bannu Branch
0928-6601673

ChakDara Branch
0945-703334-8

Chakwal Branch
054-3554319/22

Charsadda Branch
091-6512051-55

Chitral Branch
0943-413027-29

Dara Adam Khel (FR Kohat) Branch
0922-180187

DI Khan Branch
0966-733216

Dir Upper Branch
0944-880190

Haripur Branch
099-5627370

Jhelum Branch
0544 611840 -3

Mansehra Branch
0997-301882-4

Mardan Branch
0937-873445/ 0937-873647

Mingora Branch
0946-711740/43

Nowshera Branch
092-3612004

Nowshera Saleh Khana Branch
0923-651113-17

Parachinar Branch
092-6311777

Shaidu, Nowshera Branch
0923-510013-14

Talagang District Chakwal Branch
0543-662574

Taxila Branch
0514-535315-17

Timergara Branch
0945-821921

Topi Branch
0938-272005

AZAD JAMMU & KASHMIR (AJK)

Bagh Branch
0345-8210861/71

Chaksawari Branch
05827-454791-94

Charohi Branch
0582-6415474-76

Chillas Branch
05812-450657

Dadyal Branch
05827-465668

Gilgit Branch
05811-450615/6

Jatlan Branch
05827-404391-2

Khui Ratta Branch
058-26414907

Kotli Branch
05826-448228/31

Mirpur Branch
5827448867-70

Muzaffarabad Branch
05822-923251-2

Naarr Branch
058-26420784-85

Sehensa Branch
058-26422779-058-26422300

Seri Branch
058-26-432731/3

Skardu Branch
05815-457404-05

INTERNATIONAL BRANCH

Bahrain Branch
00973-17104603

Pattern of Shareholding

As at December 31, 2020

S.No.	No. of Shareholders	Shareholdings				Total Shares Held
1	576	Shareholding From	1	to	100	7,126
2	606	Shareholding From	101	to	500	245,221
3	606	Shareholding From	501	to	1,000	569,139
4	1,258	Shareholding From	1,001	to	5,000	3,637,821
5	409	Shareholding From	5,001	to	10,000	3,262,407
6	613	Shareholding From	10,001	to	50,000	14,826,099
7	113	Shareholding From	50,001	to	100,000	9,246,040
8	102	Shareholding From	100,001	to	500,000	20,464,402
9	17	Shareholding From	500,001	to	1,000,000	12,790,081
10	40	Shareholding From	1,000,001	to	1,297,464,262	1,232,415,926
Total	**4,340**				**Percentage: 100%**	**1,297,464,262**

Pattern of Shareholding

As at December 31, 2020

Particulars	Shares Held	Percentage %
Directors and their spouse(s) and minor children		
Mr. Kalim-ur-Rahman	1,500,001	0.12
Mr. Adil Matcheswala	200,000	0.02
Mr. Ashraf Nawabi	1	0.00
Mr. G.M.Sikander	1	0.00
Mr. Munawar Alam Siddiqui	1	0.00
Ms. Nargis Ghaloo	33,001	0.00
Mr. Hassan Afzal	1	0.00
Mr. Sohail Aman	1	0.00
Mr. Basir Shamsie	1	0.00
Mrs. Safia Munawar	185,000	0.01
Mrs. Hafsa Shamsie	1,132,320	0.09
Sub-Total	**3,050,328**	**0.24**
Associated companies, undertakings and related parties		
Jahangir Siddiqui & Co. Limited	973,307,324	75.02
Executives	1,002	0.00
NIT & ICP	972	0.00
Banks, development finance institutions, non-banking finance companies,	172,451	0.01
Insurance Companies	19,509,194	1.50
Modarabas and Mutual Funds	9,216,143	0.71
Foreign Investors	11,104	0.00
Others	140,346,465	10.82
Individual - Local	151,849,279	11.70
Totals	**1,297,464,262**	**100.00**

Details of the transactions carried out by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor children during the period from January 01, 2020 to December 31, 2020.

None of the Directors, CEO, CFO and Company Secretary their spouse and minor children during the year Januray 01, 2020 to December 31, 2020 carried out transactions in the shares of the bank, except Ms. Hafsa Shamsie spouse of Mr. Basir Shamsie who purchase 804,000 shares of the Bank and Ms. Safia Munawar spouse of Mr. Munawar Alam who purchase 30,000 shares of the Bank.

Notice of Fifteenth Annual General Meeting

Notice is hereby given that the Fifteenth Annual General Meeting ("**AGM**") of the shareholders of JS Bank Limited (the "**Bank**") will be held on Monday, March 29, 2021 at 10:00 a.m. 15th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi to transact the following business:

ORDINARY BUSINESS:

i. To receive, consider and adopt the Annual Audited Standalone and Consolidated Financial Statements of the Bank for the year ended December 31, 2020 together with the Directors' and Auditors' Reports thereon.

ii. To appoint Bank's Auditors for the year ending December 31, 2021 and fix their remuneration. The term of the present auditors Messrs. EY Ford Rhodes, Chartered Accountants, (a member firm of Ernst & Young Global Limited) shall expire at the AGM and cannot, in compliance of the Listed Companies (Code of Corporate Governance) Regulations, 2019, be re-appointed as having completed a term of five years. The Board of Directors, on the suggestion of the Audit Committee of the Bank, has recommended KPMG Taseer Hadi & Co., Chartered Accountants as auditors for the year 2021.

SPECIAL BUSINESS:

i. To consider and if thought fit, approve the conversion of Term Finance Certificates ("TFCs"), rated, privately placed, unsecured and subordinated TFCs of PKR 3,000 Million (TFC-I; issued on December 14, 2016) and PKR 2,000 Million (TFC-II; issued in December 29, 2017) of JS Bank Limited (the "Bank") into common shares if (i) directed by State Bank of Pakistan ("SBP") on the occurrence of a point of non-viability as determined by SBP, pursuant to the 'Instructions for Basel III Implementation in Pakistan' issued by the SBP, subject to a maximum of 467,836,257 in respect of TFC-I and 319,982,544 in respect of TFC-II additional ordinary shares to be issued respectively, and which ordinary shares shall be issued other than by way of rights in accordance with Section 83(1)(b) of the Companies Act, 2017.

The resolutions to be passed by the members as Special Resolutions are as under:

"Resolved that with respect to the Tier-II capital raised by JS Bank Limited (the "Bank") in the amount of up to PKR 3,000,000,000/- (Pak Rupees Three Billion) in the form of rated, privately placed and unsecured, subordinated, Term Finance Certificates ("TFC-I") as approved by the Board of Directors on August 25, 2016, and in accordance with the 'Instructions for Basel III Implementation in Pakistan' ("Basel III Regulations") issued by the State Bank of Pakistan ("SBP") under BPRD Circular No. 06 dated August 15, 2013, as amended from time to time, regarding loss absorbency, in the event SBP exercises its option to convert the TFC-I into ordinary shares of the Bank upon the occurrence of a Point of Non-Viability ("PONV"), such ordinary shares shall be issued, subject to the approval of the Securities and Exchange Commission of Pakistan ("SECP"), other than by way of rights in accordance with Section 83(1)(b) of the Companies Act, 2017 (the "Act"), subject to a maximum of 467,836,257 shares, or such other number as may be agreed to in consultation with the SBP ("TFC-I Additional Shares")."

"Further resolved that with respect to the Tier-II capital raised by the Bank in the amount of up to PKR 2,000,000,000/- (Pak Rupees Two Billion) in the form of rated, privately placed, listed, unsecured and subordinated Term Finance Certificates ("TFC-II") as approved by the Board of Directors on September 27, 2017, and in accordance with the 'Instructions for Basel III Implementation in Pakistan' ("Basel III Regulations") issued by the SBP under BPRD Circular No. 06 dated August 15, 2013, as amended from time to time, regarding loss absorbency, in the event SBP exercises its option to convert the TFC-II into ordinary shares of the Bank upon the occurrence of a PONV, such ordinary shares shall be issued, subject to the approval of the SECP, other than by way of rights in accordance with Section 83(1)(b) of the Act, subject to a maximum of 319,982,544 shares, or such other number as may be agreed to in consultation with the SBP("TFC-II Additional Shares")."

"Further resolved that any two of the President & CEO, Chief Operating Officer, Chief Financial Officer and Company Secretary of the Bank be and are hereby authorized to take all steps necessary, ancillary, and incidental to the above-mentioned resolutions, as and when required, and are further authorized to sign, execute, and deliver all necessary documents, agreements, and letters on behalf of the Bank, as may be deemed appropriate and as may be required for the purposes above-mentioned."

ii. To approve the remuneration paid to the Directors of the Bank for attending Board and Board's Sub-Committees meetings on post facto basis in terms of Prudential Regulation No. G-1 C(2) by passing the following ordinary resolution:

"Resolved that the remuneration of PKR 250,000/- per meeting payable to the Directors of the Bank for attending Board meetings and PKR 150,000 per meeting payable to the Directors for attending Board's Sub-Committees meetings, be and is hereby approved."

By Order of the Board

Ashraf Shahzad
Company Secretary

Karachi: March 8, 2021

Notes:

a) Share transfer books of the Bank will remain closed from March 22, 2021 to March 28, 2021 (both days inclusive). Transfers received in order at Bank's Independent Share Registrar, CDC Share Registrar Services Limited, CDC House, Shahra-e-Faisal, Karachi at the close of business on March 21, 2021 will be treated in time for purpose of attending and vote at the Meeting.

b) A member of the Bank entitled to attend, and vote may appoint another member as his/her proxy to attend and vote instead of him/her.

c) Proxies must be received at the Registered Office of the Bank not later than 48 hours before the time of the Meeting.

d) Beneficial owners of the shares registered in the name of CDC Share Registrar Services Limited (CDCSRSL) and/or their proxies will have to follow the following guidelines as laid down by the Securities and Exchange Commission of Pakistan:

For Attending the Meeting

- In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with Participant ID number and the account number at the time of attending the Meeting.

- In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

- Members whose names are appearing in the register of members as of 21 March, 2021 are entitled to attend and vote at the meeting.

- The proceedings of the AGM shall also be held online through video link.

- The members who wish to attend the Annual General Meeting through video link are requested to get themselves registered by sending the particulars prescribed in the table below at the following email address AGM@jsbl.com by the close of business hours (5:00pm) on March 26, 2021.

Name of member	
Authorised	
Representative (in case of corporate member)	
CNIC No. /NTN No.	
CDC Participant ID / Folio No.	
Cellphone #	
Email address	

- The Video Conference Link would be emailed to the registered members or their proxies who have provided all the requested information.

For Appointing Proxies

- In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

- The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

- Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Bank.
- Shareholders are requested to notify immediately for any change in their address to the Bank Registrar.

Notice to Shareholders who have not provided CNIC:

The Companies (Distribution of Dividends) Regulations, 2017 requires that the dividend warrants should bear the Identification Number which includes: (i) in the case of a registered shareholder or an authorized person, the Computerized National Identity Card Numbers (CNIC); (ii) in the case of a minor, child registration number or juvenile card number; and (iii) in the case of corporate shareholders registration number or national tax number. The Identification Number of the shareholders is, therefore, mandatory for the issuance of dividend warrants and in the absence of such information, payment of dividend may be withheld in terms of the Companies (Distribution of Dividends) Regulations, 2017. Therefore, the shareholders who have not yet provided their Identification Numbers advised to provide their Identification Numbers (if not already provided) directly to our Independent Share Registrar at the address given herein above without any further delay.

Placement of Financial Statements

The Bank has placed the annual Audited Financial Statements for the year ended December 31 2020, along with the Auditors and Directors Reports on its website: www.jsbl.com.

Mandate for E-DIVIDENDS for shareholders

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. CDC Share Registrar Services Limited, CDC House, Shahra-e-Faisal, Karachi in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/ CDC account services.

Deduction of Income Tax from Dividend at Revised Rates

Pursuant to the provisions of the Finance Act deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

S.No	Nature of Shareholders	Rate of deduction
1	Filers of Income Tax Return	15%
2	Non-Filers of Income Tax Return	30%

Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website.

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.

E-Voting

Pursuant to SECP S.R.O. No. 43(I)/2016 dated January 22, 2016, members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of meeting to the Bank on the appointment by the Intermediary as a Proxy.

Provision of Video Link Facility

Shareholders may participate in the meeting via video-link facility. If the Bank receives a demand (at least 7 days before the date of meeting) from shareholder(s) holding an aggregate 10% or more shareholding residing in any other city, to participate in the meeting through video link, the Company will arrange video link facility in that city.

Shareholders, who wish to participate through video-link facility, are requested to fill in 'Video Link Facility Form' available at Bank's website and send a duly signed copy to the Registered Address of the Company.

Distribution of Annual Report

The audited financial statements of the Bank for the year ended December 31, 2020 have been made available on the Company's website (http://www.jsbl.com/) in addition to annual and quarterly financial statements for the prior years.

Further, Annual Report of the Bank for the year ended December 31, 2020 is dispatched to the shareholders through CD. However, if a shareholder, in addition, requests for hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven days of receipt of such request. For convenience of shareholders, a "Standard Request Form for provision of Annual Audited Accounts" has also been made available on the Bank's website (http://www.jsbl.com/).

Statement Under Section 134(3) of the Companies Act, 2017

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of JS Bank Limited (the "**Bank**") to be held on March 29, 2021.

Conversion of Tier –II Term Finance Certificates of PKR 3,000 million (TFC-I) and/or PKR 2,000 million (TFC-II) into common shares.

The Bank on December 14, 2016 and December 29, 2017 issued rated, privately placed, unsecured, subordinated and non-cumulative Term Finance Certificates ("TFCs") of PKR 3,000 million (TFC-I) and PKR 2,000 million (TFC-II) respectively, as Tier-II Capital. The State Bank of Pakistan ("SBP"), through Banking Policy and Regulation Department Circular No. 06 dated August 15, 2013 ("SBP Circular"), prescribes a "loss absorbency" feature for it to be qualified as Tier-II capital instruments, pursuant to which the TFCs will be converted into ordinary shares of the Bank at the Point of Non-Viability ("PONV") trigger event as defined in the Basel III regulations. In accordance with the requirements of the SBP Circular, the Bank has agreed with the SBP for the issuance of common shares against TFC-I and TFC-II in case of the occurrence of a conversion event as per the terms of the TFCs and SBP Circular ("Conversion Events").

The relevant portion of the SBP Circular relating to "loss absorbency" is reproduced below:

"A-5-3 Loss Absorbency of Non-Equity Capital Instruments at the Point of Non-Viability

i. The terms and conditions of all non-CET1 and Tier 2 instruments issued by banks must have a provision in their contractual terms and conditions that the instruments, at the option of the SBP, will either be fully and permanently converted into common share or immediately written off upon the occurrence of a non-viability trigger event called the Point of Non-Viability (PONV) as described below;

ii. The PONV trigger event is the earlier of;

   a. A decision made by SBP that a conversion or temporary/ permanent write-off is necessary without which the bank would become non-viable.

   b. The decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non-viable, as determined by SBP.

iii. The issuance of any new shares as a result of the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.

iv. The amount of non-equity capital to be converted/ written-off will be determined by the SBP.

v. Where an Additional Tier-1 capital instrument or Tier-2 capital instrument provides for conversion into ordinary shares, the terms of the instruments should include provision that upon a trigger event the investors holding 5% or more of paid-up shares (ordinary or preferred) will have to fulfill fit and proper criteria (FPT) of SBP.

vi. The conversion terms of the instruments must contain pricing formula linked to the market value of common equity on or before the date of trigger event. However, to quantify the maximum dilution and to ensure that prior shareholder/ regulatory approvals for any future issue of the required number of shares is held, the conversion method must also include a cap on the maximum number of shares to be issued upon a trigger event.

vii. The conversion method should describe and take into account the order (hierarchy of claims) in which the instruments will absorb losses in liquidation/ gone concern basis. These terms must be clearly stated in the offer documents. However, such hierarchy should not impede the ability of the capital instrument to be immediately converted or to be written off.

viii. There should be no impediments (legal or other) to the conversion i.e. the bank should have all prior authorizations (sufficient room in authorized capital etc.) including regulatory approvals to issue the common shares upon conversion.

ix. The contractual terms of all Additional Tier 1 and Tier 2 capital instruments must state that SBP will have full discretion in deciding/ declaring a bank as a non-viable bank. SBP will, however, form its opinion based on financial and other difficulties by which the bank may no longer remain a going concern on its own unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a bank should be such that these are likely to result in financial losses and raising the CET1/ MCR of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures will include complete write-off/ conversion of non-equity regulatory capital into common shares in combination with or without other measures as considered appropriate by the SBP."

As per the loss absorbency conditions, upon the occurrence of a "Point of Non-Viability" event ("**PONV**"), SBP may at its option, fully and permanently convert the TFCs into common shares of the issuer, i.e. the Bank and / or have them immediately written off (either partially or in full).

In light of the above contemplated PONV events, the Bank is required to obtain all approvals for the issuance of such additional shares, which additional shares shall be issued based on the market value of the shares of the Bank, on the date of trigger of PONV as declared by the SBP, and shall be subject to a cap of 467,836,257 for TFC-I and 319,982,544 for TFC-II additional ordinary shares being issued, or such other number as may be agreed to in consultation with the SBP. It may be noted that issuance of such additional shares shall further be subject to approval of the Securities and Exchange Commission of Pakistan ("**SECP**") in accordance with the proviso under Section 83(1)(b) of the Companies Act, 2017.

At the time of obtaining prior approval from SECP for conversion of TFC-I and TFC-II into ordinary shares of the Bank at the Point of Non-Viability trigger event as defined in the Basel III regulations, the SECP vide its letter dated March 16, 2020 advised the Bank to submit the revised approval from the shareholders in this regard.

The information required to be annexed to the notice is set out below:

Name and brief profile of the banks/financial institutions to whom such shares are proposed to be issued	The shares will be issued to the holders of TFC-I and/or TFC-II (at that time) in accordance with the directions of SBP at the time of trigger of PONV.
Price at which the proposed shares will be issued	The price of the shares shall be issued at the market value of the shares of the Bank, on the date of trigger of PONV as declared by the SBP.
Purpose of the issue of shares other than right, utilization of the proceeds of the issue and benefits to the Bank and its shareholders with necessary details	To convert the outstanding TFC-I and/or TFC-II (in whole or part) into shares of the Bank, as per the directions of the SBP.
Existing shareholding of the banks / financial institutions to whom the proposed shares will be issued	Not Applicable
Total shareholding of the banks / financial institutions after the proposed issue of shares	Not Applicable
Whether the banks/financial institutions have provided written consent for purchase of such shares	The terms of the Trust Deeds for the TFC-I issue and TFC-II issue contain the details regarding such conversion.

Justification as to why proposed shares are to be issued otherwise than rights and not as rights shares	This is in accordance with the requirements of the SBP vide its Circular No. 6 of Banking Policy and Regulation Department dated August 15, 2013 and further directions of SBP in this matter.
Justification, with details of the latest available market price and break-up value per share, if such price differs from par value.	Not Applicable
Details of the average market price during the last 3 (three) months and 6 (six) months preceding the board announcement as well as the latest available market price.	Not Applicable

The shares issued will rank *pari passu* in all respects with the existing ordinary shares of the Bank. The issue of shares other than by way of rights is subject to approval from the SECP

The directors of the Bank, whether directly or indirectly, have no personal interest in the resolutions except in their capacity as shareholders of the Bank, to the extent of their respective shareholdings in the Bank.

To approve the remuneration paid to the Directors of the Bank for attending Board and Board's Sub-Committees meetings:

The remuneration paid to Directors was approved by the Board of Directors in terms of Article 64 of the Articles of Association of the Bank. The remuneration requires approval (which is permissible on post facto basis) of the shareholders in the Annual General Meeting in accordance with the requirements of the Prudential Regulations (Regulation G 1 C(2)) issued by the State Bank of Pakistan.

Statement under Regulation 4 (2) of the Companies (Investment in Associated Companies or Associated Undertaking) Regulations, 2012

The Bank in its Annual General Meeting held on March 27, 2020 had approved long term equity investments of up to PKR 675 million in ordinary shares of EFU Life Assurance Limited an associated company of the Bank. The resolution is valid for a period of three years commencing from March 27, 2020.

S.No	Name of Company	Total Investment approved upto PKR	Amount of Investment till Dec. 31, 2020 PKR	Reasons for not making complete investment in the specified time	Material change in Financial Statement of Associated Company
1	EFU Life Assurance Ltd	675 million	250.7 million	Time Remaining	No

FORM OF PROXY

15th Annual General Meeting

The Company Secretary
JS Bank Limited
Shaheen Commercial Complex
Dr. Ziauddin Ahmed Road
P.O. Box 4847 Karachi 74200 Pakistan

I/We ___________________________ of _____________ being member(s) of JS Bank Limited holding _____________ Ordinary shares as per Register Folio No/CDC/A/c No. __________________ hereby appoint ______________________ of ____________________ or failing him __________________ of ______________________ as my / our proxy to attend, act and vote for me / us and on my / our behalf at the 15th Annual General Meeting of the Bank to be held on March 29, 2021 and / or any adjournment thereof.

As witness my / our hand / seal this ____ day of _______________ 2021 signed by __________________________ in the presence of (name & address)

Witness:

1. Name: __________________________

Address __________________________

CNIC or __________________________

Passport No. __________________________

Signature __________________________

Signature on Rs. 5/-
Revenue Stamp

The signature should
agree with the specimen
registered with the Bank

Witness:

2. Name: __________________________

Address __________________________

CNIC or __________________________

Passport No. __________________________

Signature __________________________

Important:

1. A member of the Bank entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her.
2. The proxy form, duly completed and signed, must be received at the Office of the Bank situated at Shaheen Commercial Complex Dr. Ziauddin Ahmed Road, Karachi 74200 not less than 48 hours before the time of holding the meeting.
3. No person shall act as proxy unless he / she himself is a member of the Bank, except that a corporation may appoint a person who is not a member.
4. If a member appoints more than one proxy and / or more than one instruments of proxy are deposited by a member with the Bank, all such instruments of proxy shall be rendered invalid.
5. Beneficial Owner of the physical shares and the shares registered in the name of CDC Share Registrar Services Limited (CDCSRSL) and / or their proxies are required to produce their original Computerized National Identity Card (CNIC) or Passport for identification purposes at the time of attending meeting. The Form of proxy must be submitted with the Bank within the stipulated time, duly witnessed by two persons whose names, address and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or the Passport of the beneficial owner and the proxy. In case of a corporate entity, the Board of Directors' Resolution / Power of Attorney along with the specimen signature shall be submitted (unless it has been provided earlier along with the proxy form to the Bank).

پراکسی فارم

پندرہواں سالانہ اجلاس عام

کمپنی سیکریٹری

جے ایس بینک لمیٹڈ

شاہین کمرشل کمپلیکس

ڈاکٹر ضیاءالدین احمد روڈ

پی او باکس نمبر 4847، کراچی 74200 پاکستان

میں/ہم ____________ جے ایس بینک لمیٹڈ کے ممبران اور بمطابق رجسٹرڈ فولیو نمبر/سی ڈی سی/اکاؤنٹ نمبر ____________ عمومی حصص کے مالکان ہیں، جناب ____________ یا ان کی عدم دستیابی کی صورت میں جناب ____________ کو بینک کے پندرہویں سالانہ اجلاس عام منعقدہ 29 مارچ 2021 یا کسی ملتوی شدہ تاریخ پر اپنی جانب سے حاضر ہونے، حصہ لینے اور ووٹ دینے کے لئے عوضی (Proxy) مقرر کرتا ہوں/کرتے ہیں۔

گواہان (نام اور پتے) کی موجودگی میں آج بروز ____________ 2021 کو میں نے ذاتی طور پر دستخط کئے/مہر ثبت کی۔

گواہ:

1۔ نام: ____________

دستخط: ____________

پتہ: ____________

____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: ____________

5 روپے کی ریونیو اسٹیمپ پر دستخط کئے جائیں

دستخط بینک میں موجود نمونے کے دستخط کے مطابق ہونا چاہئیں

گواہ:

2۔ نام: ____________

دستخط: ____________

پتہ: ____________

____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: ____________

اہم نوٹ:

1۔ بینک کا کوئی ممبر کسی دوسرے ممبر کو اپنی جگہ اجلاس میں حاضر ہونے، حصہ لینے اور ووٹ دینے کے لیے عوضی مقرر کر سکتا ہے۔

2۔ با قاعدہ مکمل اور دستخط شدہ پراکسی فارم اجلاس عام کے انعقاد سے کم از کم 48 گھنٹے قبل بینک کے دفتر بمقام شاہین کمرشل کمپلیکس، ڈاکٹر ضیاء الدین احمد روڈ، پی او باکس نمبر 4847، کراچی 74200 پاکستان پر موصول ہو جانا چاہئیں۔

3۔ ایسا کوئی شخص بطور عوضی اجلاس میں شریک نہیں ہو سکتا جو بینک کا/کی ممبر نہ ہو، سوائے کوئی کارپوریشن جو کسی غیر ممبر کو اپنا عوضی مقرر کر سکتی ہے۔

4۔ اگر کوئی ممبر ایک سے زائد عوضی مقرر کرتا ہے اور ایک سے زائد عوضی فارم بینک کو موصول ہوتے ہیں تو ایسے تمام فارم منسوخ تصور کیے جائیں گے۔

5۔ فزیکل حصص کے بینیفشل مالکان اور سی ڈی سی شیئرز رجسٹرار سروس لمیٹڈ (سی ڈی سی ایس آر ایس ایل) میں رجسٹرڈ حصص کے مالکان اور/یا ان کے عوضی اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ شناختی مقاصد کے لیے پیش کرنا ہوگا۔ با قاعدہ مکمل اور دستخط شدہ پراکسی فارم بینک میں مقررہ وقت پر جمع کروا دیا جائے، جس پر دو گواہوں کے دستخط، نام، پتہ، کمپیوٹرائزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر درج ہو۔ اس کے ہمراہ بینیفشل مالک اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ کی تصدیق شدہ نقل بھی منسلک ہونا ضروری ہے۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی بمعہ نمونے کے دستخط جمع کروائی جائے (اگر پہلے سے پراکسی فارم کے ہمراہ جمع نہیں کروائی گئی)۔

www.jamapunji.pk

Jama Punji

سرمایہ کاری سمجھداری کے ساتھ

Be aware, Be alert, Be safe

Learn about investing at www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes

jamapunji.pk @jamapunji_pk

SECP

Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

*Mobile apps are also available for download for android and ios devices

JS BANK

Shaheen Commercial Complex,
Dr. Ziauddin Ahmed Road,
P.O Box 4867, Karachi-74200, Pakistan.
UAN: (021-051)111-654-321