

1 CAPITAL ASSESSMENT AND ADEQUACY

1.1 Scope of Application

SBP Capital Adequacy Frameworks (Basel II and III) are applicable to JS Bank Limited on Standalone basis as well as on Consolidated basis by consolidating its partly owned subsidiaries - JS Global Capital Limited and JS Investments Limited. Standardised Approach is used for calculating the Capital Adequacy for Credit and Market risk, whereas, Basic Indicator Approach (BIA) is used for Operational Risk Capital Adequacy purposes.

1.2 Capital Structure- Basel III

Bank's regulatory capital is analyzed into two tiers:

Tier I capital (going concern capital) Which comprises of:

- a. Common equity Tier I which includes fully issued, subscribed and paid up capital, balance in share premium account, reserve for bonus issue, general reserves as per the financial statements and net un-appropriated profits etc. after deductions of investments in equity of subsidiary companies engaged in banking and financial activities, goodwill & other intangible assets and deficit on revaluation of available for sale investments due to insufficiency of Additional Tier I and Tier II to cover deductions.
- b. Additional Tier I which includes Instruments issued in the form of perpetual non-cumulative preference shares by the banks, share premium resulting from the issuance of the instruments after deduction of goodwill & other intangible assets, deficit on revaluation of available for sale investments and deferred tax assets.

Tier II capital (going concern or supplementary capital), which includes general provision for loan losses (up to maximum of 1.25% of risk weighted assets), reserve on the revaluation of fixed assets, equity investments and foreign exchange translation reserve and subordinated debt.

1.3 Capital Adequacy

Capital Management

The primary objective of the Bank's capital management is 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.

Statutory Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR)

The State Bank of Pakistan (SBP) through its BSD Circular no. 7 dated April 15, 2009 require Banks / Development Finance Institutions (DFIs) to raise and maintain their paid up capital (net of losses) equivalent to Rs.10 billion. The paid-up capital (free of losses) of the Bank as at December 31, 2018 stood at Rs.10.119 billion including un-listed, convertible, irredeemable, perpetual, non-cumulative, non-voting preference shares of Rs.1.5 billion. In addition banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 11.9% of their risk weighted exposure. The Bank's CAR as at December 31, 2018 was approximately 12.80% of its risk weighted assets.

Basel III transition

The Basel III instructions issued by SBP has been adopted by the banks as per the phase-in arrangements prescribed by SBP, starting from December 31, 2013, with full implementation of capital ratios by the year-end 2019. During the transition period banks shall maintain the required capital ratios in following manner:

Phase-in Arrangement and Full implementation of the minimum capital requirements

Sr	Ratio	Year End						As of Dec 31
		2013	2014	2015	2016	2017	2018	2019
1	CET1	5.0%	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%
2	ADT-1	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
3	Tier 1	6.5%	7.0%	7.5%	7.5%	7.5%	7.5%	7.5%
4	Total Capital	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
5	CCB (Consisting of CETI only)	-	-	0.25%	0.65%	1.275%	1.900%	2.5%
6	Total Capital plus CCB	10.0%	10.0%	10.25%	10.65%	11.275%	11.90%	12.5%

The Phase in arrangement for regulatory capital adjustment required under Basel III Instructions has started from December 31, 2014 at 20% per annum with full deduction from CET 1 to take effect from December 2018. During the transition period, the part which is not deducted from CET1/ Additional Tier 1 / Tier 2 will attract existing treatment. The regulatory Capital Deductions are mostly applied at the level of common equity tier-1. In this regard, following is the transitional arrangement as prescribed by SBP:

Phase-in of all deductions from CET1 (in percentage terms)	Year End						As of Dec 31
	2012	2013	2014	2015	2016	2017	2018
	-	-	20%	40%	60%	80%	100%

Note 1.4 Capital Adequacy Ratio (CAR) disclosure:

CAPITAL ADEQUACY RETURN AS OF DECEMBER 31, 2018

		Rupees in '000	
		2018	2017
		Amount	Amount
Common Equity Tier 1 capital (CET1): Instruments and reserves			
1	Fully Paid-up Capital/ Capital deposited with SBP	12,974,643	10,724,643
2	Balance in Share Premium Account	-	-
3	Reserve for issue of Bonus Shares	-	-
4	Discount on Issue of shares	(2,855,401)	(2,105,401)
5	General/ Statutory Reserves	1,712,170	1,540,987
6	Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7	Unappropriated/unremitted profits/ (losses)	5,825,742	5,466,338
8	Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	92,089	445,061
9	CET 1 before Regulatory Adjustments	17,749,243	16,071,628
10	Total regulatory adjustments applied to CET1 (Note 1.4.1)	2,569,766	1,483,309
11	Common Equity Tier 1	15,179,477	14,588,319
Additional Tier 1 (AT 1) Capital			
12	Qualifying Additional Tier-1 capital instruments plus any related share premium		
13	of which: Classified as equity	2,500,000	1,500,000
14	of which: Classified as liabilities		
15	Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	14,613	18,689
16	of which: instrument issued by subsidiaries subject to phase out		
17	AT1 before regulatory adjustments	2,514,613	1,518,689
18	Total regulatory adjustment applied to AT1 capital (Note 1.4.2)	181,828	487,620
19	Additional Tier 1 capital after regulatory adjustments	2,332,784	1,031,069
20	Additional Tier 1 capital recognized for capital adequacy	2,332,784	1,031,069
21	Tier 1 Capital (CET1 + admissible AT1) (11+20)	17,512,261	15,619,388
Tier 2 Capital			
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	4,392,880	4,998,800
23	Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel 3 rules		
24	Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	24,354	72,193
25	of which: instruments issued by subsidiaries subject to phase out		
26	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	260,861	100,352
27	Revaluation Reserves (net of taxes)		
28	of which: Revaluation reserves on fixed assets	-	584,372
29	of which: Unrealized gains/losses on AFS	-	293,020
30	Foreign Exchange Translation Reserves		
31	Undisclosed/Other Reserves (if any)		
32	T2 before regulatory adjustments	4,678,095	6,048,737
33	Total regulatory adjustment applied to T2 capital (Note 1.4.3)	-	-
34	Tier 2 capital (T2) after regulatory adjustments	4,678,095	6,048,737
35	Tier 2 capital recognized for capital adequacy	4,678,095	5,211,580
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37	Total Tier 2 capital admissible for capital adequacy	4,678,095	5,211,580
38	TOTAL CAPITAL (T1 + admissible T2) (21+37)	22,190,356	20,830,968
39	Total Risk Weighted Assets (RWA) {for details refer Note 1.7}	173,300,470	163,178,634

Capital Ratios and buffers (in percentage of risk weighted assets)			
40	CET1 to total RWA	8.76%	8.94%
41	Tier-1 capital to total RWA	10.11%	9.57%
42	Total capital to total RWA	12.80%	12.77%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	7.90%	7.2750%
44	of which: capital conservation buffer requirement	1.90%	1.2750%
45	of which: countercyclical buffer requirement	0.00%	0.00%
46	of which: D-SIB or G-SIB buffer requirement	0.00%	0.00%
47	CET1 available to meet buffers (as a percentage of risk weighted assets)	8.76%	8.94%
National minimum capital requirements prescribed by SBP			
48	CET1 minimum ratio	7.90%	7.28%
49	Tier 1 minimum ratio	9.40%	7.50%
50	Total capital minimum ratio	11.90%	11.28%

2018

2017

Rupees in '000

Regulatory Adjustments and Additional Information		Amount	Amounts subject to Pre- Basel III treatment*	Amount
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Note 1.4.1	Common Equity Tier 1 capital: Regulatory adjustments			
1	Goodwill (net of related deferred tax liability)	951,356		951,356
2	All other intangibles (net of any associated deferred tax liability)	656,087		531,952
3	Shortfall in provisions against classified assets	-		-
4	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	46,933		-
5	Defined-benefit pension fund net assets	-	-	-
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	-	-	-
7	Cash flow hedge reserve	-	-	-
8	Investment in own shares/ CET1 instruments	-	-	-
9	Securitization gain on sale	-	-	-
10	Capital shortfall of regulated subsidiaries	-	-	-
11	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	915,390		-
12	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
13	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-
14	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-
15	Amount exceeding 15% threshold	-	-	-
16	of which: significant investments in the common stocks of financial entities	-	-	-
17	of which: deferred tax assets arising from temporary differences	-	-	-
18	National specific regulatory adjustments applied to CET1 capital	-	-	-
19	Investments in TFCs of other banks exceeding the prescribed limit	-	-	-
20	Any other deduction specified by SBP (mention details)	-	-	-
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-	-
22	Total regulatory adjustments applied to CET1 (sum of 1 to 21)	2,569,766		1,483,308

Note 1.4.2	Additional Tier-1 & Tier-1 Capital: regulatory adjustments			
23	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	181,828		487,620
24	Investment in own AT1 capital instruments	-		-
25	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-		-
26	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
27	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
28	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-	-
29	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-
30	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	181,828		487,620

Note 1.4.3	Tier 2 Capital: regulatory adjustments			
31	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-	-
32	Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-		-
33	Investment in own Tier 2 capital instrument	-		-
34	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
35	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
36	Total regulatory adjustment applied to T2 capital (sum of 31 to 35)	-		-

Note 1.4.4	Additional Information	2018		2017	
		Rupees in '000		Rupees in '000	
		Amount		Amount	
	Risk Weighted Assets subject to pre-Basel III treatment				
37	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)				
(i)	of which: deferred tax assets	-		-	
(ii)	of which: Defined-benefit pension fund net assets	-		-	
(iii)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-		-	
(iv)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-		-	
	Amounts below the thresholds for deduction (before risk weighting)				
38	Non-significant investments in the capital of other financial entities	-		-	
39	Significant investments in the common stock of financial entities	-		-	
40	Deferred tax assets arising from temporary differences (net of related tax liability)	-		-	
	Applicable caps on the inclusion of provisions in Tier 2				
41	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	260,861		100,352	
42	Cap on inclusion of provisions in Tier 2 under standardized approach	1,838,426		1,757,058	
43	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-		-	
44	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-		-	

1.5 Capital Structure Reconciliation

Step : 1

	As Per Balance Sheet	Under regulatory scope of consolidation
December 31, 2018 Rupees in '000		
Assets		
Cash and balances with treasury banks	32,111,176	32,111,176
Balanced with other banks	978,024	978,024
Lending to financial institutions	1,937,347	1,937,347
Investments	149,601,215	149,601,215
Advances	252,308,118	252,308,118
Operating fixed assets	9,154,237	9,154,237
Deferred tax assets	408,992	408,992
Other assets	14,042,139	14,042,139
Total assets	460,541,248	460,541,248
Liabilities & Equity		
Bills payable	3,519,924	3,519,924
Borrowings	96,558,663	96,558,663
Deposits and other accounts	319,806,852	319,806,852
Sub-ordinated loans	7,496,800	7,496,800
Liabilities against assets subject to finance lease	46,422	46,422
Deferred tax liabilities	-	-
Other liabilities	14,673,767	14,673,767
Total liabilities	442,102,428	442,102,428
Share capital/ Head office capital account	10,119,242	10,119,242
Reserves	1,712,170	1,712,170
Unappropriated/ Unremitted profit/ (losses)	5,825,742	5,825,742
Minority Interest	-	-
Surplus on revaluation of assets	(822,532)	(822,532)
Total Equity	16,834,622	16,834,622
Total liabilities & equity	458,937,050	458,937,050

Step : 2

	As Per Balance Sheet	Under regulatory scope of consolidation	Reference
December 31, 2018			
Assets			
Cash and balances with treasury banks	32,111,176	32,111,176	
Balances with other banks	978,024	978,024	
Lending to financial institutions	1,937,347	1,937,347	
Investments	149,601,215	149,601,215	
<i>of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold</i>	-	-	a
<i>of which: significant capital investments in financial sector entities exceeding regulatory threshold</i>	-	-	b
<i>of which: Mutual Funds exceeding regulatory threshold</i>	181,828	181,828	c
<i>of which: reciprocal crossholding of capital instrument</i>	-	-	d
<i>of which: Investment in TFCs of other banks exceeding the prescribed limit</i>	-	-	e
Advances	252,308,118	252,308,118	
<i>shortfall in provisions/ excess of total EL amount over eligible provisions under IRB</i>	-	-	f
<i>general provisions reflected in Tier 2 capital</i>	166,407	166,407	g
Fixed Assets	9,154,237	9,154,237	
Deferred Tax Assets	408,992	408,992	
<i>of which: DTAs excluding those arising from temporary differences</i>	-	-	h
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>	-	-	i
Other assets	14,042,139	14,042,139	
<i>of which: Goodwill</i>	951,356	951,356	j
<i>of which: Intangibles</i>	656,087	656,087	k
<i>of which: Defined-benefit pension fund net assets</i>	-	-	l
Total assets	460,541,248	460,541,248	

	As Per Balance Sheet	Under regulatory scope of consolidation	Reference
	December 31, 2018		
	Rupees in '000		
Liabilities & Equity			
Bills payable	3,519,924	3,519,924	
Borrowings	96,558,663	96,558,663	
Deposits and other accounts	319,806,852	319,806,852	
Sub-ordinated loans	7,496,800	7,496,800	
<i>of which: eligible for inclusion in AT1</i>	-	-	m
<i>of which: eligible for inclusion in Tier 2</i>	-	-	n
Liabilities against assets subject to finance lease	46,422	46,422	
Deferred tax liabilities	-	-	
<i>of which: DTLs related to goodwill</i>	(512,268)	(512,268)	o
<i>of which: DTLs related to intangible assets</i>	-	-	p
<i>of which: DTLs related to defined pension fund net assets</i>	-	-	q
<i>of which: other deferred tax liabilities</i>	512,268	512,268	r
Other liabilities	14,673,767	14,673,767	
Total liabilities	442,102,428	442,056,006	
Share capital	10,119,242	10,119,242	
<i>of which: amount eligible for CET1</i>	10,119,242	10,119,242	s
<i>of which: amount eligible for AT1</i>	-	-	t
Reserves	1,712,170	1,712,170	
<i>of which: portion eligible for inclusion in CET1 (provide breakup)</i>	1,712,170	1,712,170	u
<i>of which: portion eligible for inclusion in Tier 2</i>	-	-	v
Unappropriated profit/ (losses)	5,825,742	5,825,742	w
Minority Interest	-	-	
<i>of which: portion eligible for inclusion in CET1</i>	-	-	x
<i>of which: portion eligible for inclusion in AT1</i>	-	-	y
<i>of which: portion eligible for inclusion in Tier 2</i>	-	-	z
Surplus on revaluation of assets	(822,532)	(822,532)	
<i>of which: Revaluation reserves on Property</i>	-	-	aa
<i>of which: Unrealized Gains/Losses on AFS</i>	-	-	
<i>In case of Deficit on revaluation (deduction from CET1)</i>	-	-	ab
Total liabilities & Equity	458,937,050	458,890,628	

	Component of regulatory capital reported by bank (Rupees in '000)	Reference
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully Paid-up Capital/ Capital deposited with SBP	12,974,643	(s)
Balance in Share Premium Account	-	
Reserve for issue of Bonus Shares	-	
Discount on issue of Shares (enter negative number)	(2,855,401)	
General/ Statutory Reserves	1,712,170	(u)
Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
Unappropriated/unremitted profits/(losses)	5,825,742	(w)
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	92,089	(x)
	17,749,243	
CET 1 before Regulatory Adjustments		
Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill (net of related deferred tax liability)	951,356	(j) - (o)
All other intangibles (net of any associated deferred tax liability)	656,087	(k) - (p)
Shortfall of provisions against classified assets	-	(f)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	46,933	{(h) - (r)} * x%
Defined-benefit pension fund net assets	-	{(l) - (q)} * x%
Reciprocal cross holdings in CET1 capital instruments	-	(d)
Cash flow hedge reserve	-	
Investment in own shares/ CET1 instruments	-	
Securitization gain on sale	-	
Capital shortfall of regulated subsidiaries	-	
Deficit on account of revaluation from bank's holdings of property/ AFS	915,390	(ab)
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(a) - (ac) - (ae)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ad) - (af)
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	(i)
Amount exceeding 15% threshold	-	
of which: significant investments in the common stocks of financial entities	-	
of which: deferred tax assets arising from temporary differences	-	
National specific regulatory adjustments applied to CET1 capital	-	
Investment in TFCs of other banks exceeding the prescribed limit	-	
Any other deduction specified by SBP (mention details)	-	
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
Total regulatory adjustments applied to CET1 (sum of 9 to 25)	2,569,766	
Common Equity Tier 1	15,179,478	

	Component of regulatory capital reported by bank (Rupees in '000)	Reference
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 instruments plus any related share premium	2,500,000	
of which: Classified as equity	2,500,000	(t)
of which: Classified as liabilities	-	(m)
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	14,613	(y)
of which: instrument issued by subsidiaries subject to phase out	-	
AT1 before regulatory adjustments	2,514,613	
Additional Tier 1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	181,828	
Investment in own AT1 capital instruments	-	
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
Total of Regulatory Adjustment applied to AT1 capital	181,828	
Additional Tier 1 capital	2,332,784	
Additional Tier 1 capital recognized for capital adequacy	2,332,784	
Tier 1 Capital (CET1 + admissible AT1)	17,512,262	
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III	4,392,880	
Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	(n)
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	24,354	(z)
of which: instruments issued by subsidiaries subject to phase out	-	
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	260,861	(g)
Revaluation Reserves eligible for Tier 2	-	
of which: portion pertaining to Property	-	portion of (aa)
of which: portion pertaining to AFS securities	-	
Foreign Exchange Translation Reserves	-	(v)
Undisclosed/Other Reserves (if any)	-	
T2 before regulatory adjustments	4,678,095	

	Component of regulatory capital reported by bank (Rupees in '000)	Reference
Tier 2 Capital: regulatory adjustments		
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	
Reciprocal cross holdings in Tier 2 instruments	-	
Investment in own Tier 2 capital instrument	-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ae)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
Amount of Regulatory Adjustment applied to T2 capital	-	
Tier 2 capital (T2)	-	
Tier 2 capital recognized for capital adequacy	4,678,095	
Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
Total Tier 2 capital admissible for capital adequacy	4,678,095	
TOTAL CAPITAL (T1 + admissible T2)	22,190,357	

1.6 Main Features of Regulatory Capital Instruments

	Main Features	Common Shares	Sub-debt	Sub-debt	Sub-debt
1	Issuer	JS Bank	JS Bank	JS Bank	JS Bank
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	JSB	JSB	JSB	JSB
3	Governing law(s) of the instrument	SECP	SECP	SECP	SECP
	Regulatory treatment				
4	Transitional Basel III rules	Common Equity Tier-1	Tier-2	Tier-2	Tier-1
5	Post-transitional Basel III rules	Common Equity Tier-1	Tier-2	Tier-2	Tier-1
6	Eligible at solo/ group/ group&solo	Solo and Group	Solo and Group	Solo and Group	Solo and Group
7	Instrument type	Ordinary Shares	Subordinated Debt	Subordinated Debt	Subordinated Debt
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	10,119,242	3,000,000	2,000,000	2,500,000
9	Par value of instrument	10	5000	100,000	100,000
10	Accounting classification	Shareholders Equity	Liability	Liability	Liability
11	Original date of issuance	2006	42718	29-Dec-17	31-Dec-18
12	Perpetual or dated	No Maturity	Dated	Dated	No Maturity
13	Original maturity date	NA	45274	14-Dec-24	NA
14	Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	NA	On or after 10th redemption, on any profit date, partially or fully	On or after 10th redemption, on any profit date, partially or fully	On any profit payment date after 5 years from issue date, partially or fully
16	Subsequent call dates, if applicable	NA	NA	NA	NA
	Coupons / dividends				
17	Fixed or floating dividend/ coupon	NA	Floating	Floating	Floating
18	coupon rate and any related index/ benchmark	NA	Floating at 6 Months KIBOR*(Base Rate) plus 140 basis points per annum without any floor or CAP	Floating at 6 Months KIBOR*(Base Rate) plus 140 basis points per annum without any floor or CAP	Floating at 6 Months KIBOR*(Base Rate) plus 225 basis points semi annually without any floor or CAP
19	Existence of a dividend stopper	NA	NA	NA	Yes, the issuer will not make any dividend
20	Fully discretionary, partially discretionary or mandatory	NA	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA	NA	NA
22	Noncumulative or cumulative	NA	Cumulative	Cumulative	Noncumulative
23	Convertible or non-convertible	NA	Convertible	Convertible	Convertible
24	If convertible, conversion trigger (s)	NA	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. 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.	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. 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.	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. 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.
25	If convertible, fully or partially	NA	May convert fully or partially	May convert fully or partially	May convert fully or partially
26	If convertible, conversion rate	NA	To be determined in the case of trigger event	To be determined in the case of trigger event	To be determined in the case of trigger event
27	If convertible, mandatory or optional conversion	NA	Optional	Optional	Optional
28	If convertible, specify instrument type convertible into	NA	Ordinary Shares	Ordinary Shares	Ordinary Shares
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA	NA
30	Write-down feature	NA	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	NA	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. 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.	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. 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.	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. 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.
32	If write-down, full or partial	NA	Either partially or fully	Either partially or fully	Either partially or fully
33	If write-down, permanent or temporary	NA	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	NA	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA	Deposits	Deposits	Deposits
36	Non-compliant transitioned features	NA	No	No	No
37	If yes, specify non-compliant features	NA	NA	NA	NA

1.7 Capital Adequacy

	Capital Requirements		Risk Weighted Assets	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Rupees in '000				
Credit Risk				
On balance sheet				
Corporate	7,682,181	8,518,406	64,556,144	75,551,272
Retail	4,576,639	3,156,310	38,459,153	27,993,877
Banks and DFIs	477,324	456,584	4,011,124	4,049,525
Public sector entity	67,158	49,095	564,357	435,428
Sovereign (include GoP and SBP)	577,632	178,889	4,854,054	1,586,600
Residential mortgage finance	449,406	276,652	3,776,518	2,453,672
Past due loans	935,247	87,051	7,859,221	772,074
Fixed assets	836,927	630,318	7,032,997	5,590,406
Other assets	313,743	264,714	2,636,497	2,347,797
	15,916,258	13,618,018	133,750,065	120,780,651
Off balance sheet				
Non market related	868,568	1,781,735	7,298,891	15,802,532
Market related	60,501	38,421	508,413	340,761
	929,069	1,820,156	7,807,304	16,143,293
Equity Exposure Risk in the Banking Book				
Listed	586,065	399,876	4,924,912	3,546,574
Unlisted	70,427	10,613	591,821	94,129
	656,491	410,489	5,516,733	3,640,703
Total Credit Risk	17,501,818	15,848,664	147,074,102	140,564,647
Market Risk				
Interest rate risk	38,199	71,548	321,000	634,575
Equity position risk etc.	537,681	389,904	4,518,329	3,458,126
Foreign exchange risk	190,829	170,508	1,603,608	1,512,263
Total Market Risk	766,710	631,960	6,442,937	5,604,964
Operational Risk				
Capital Requirement for operational risks	2,354,229	1,917,767	19,783,433	17,009,023
TOTAL	20,622,756	18,398,391	173,300,472	163,178,634
Capital Adequacy Ratio				
Total eligible common equity tier 1 capital held (e)		15,179,478		14,588,320
Total eligible tier 1 capital held (f)		17,512,262		15,619,387
Total eligible regulatory capital held (e)		22,190,357		20,830,967
Total Risk Weighted Assets (i)		173,300,472		163,178,634
	Required	Actual	Required	Actual
CET1 to total RWA	7.90%	8.76%	7.28%	8.94%
Tier-1 capital to total RWA	9.40%	10.11%	7.50%	9.57%
Total capital to total RWA	11.90%	12.80%	11.28%	12.77%

1.8 Leverage Ratio

Total eligible tier 1 capital held	17,512,262	15,619,387
Total Exposure	523,980,031	463,731,398
Leverage Ratio	3.34%	3.37%

1.9 Credit exposures and comparative figures subject to the standardised approach

Exposures	Rating category No.	Rating risk weighted	2018			Risk weighted asset
			Amount outstanding	Deduction CRM	Net amount	
			----- Rupees in '000 -----			
Cash and Cash Equivalents		0%	4,909,752	-	4,909,752	-
Corporate	0	0%	-	-	-	-
	1	20%	10,256,532	254,623	10,001,909	2,000,382
	2	50%	33,226,643	1,011,209	32,215,434	16,107,717
	3,4	100%	7,258,741	2,474,048	4,784,693	4,784,693
	5,6	150%	-	-	-	-
	Unrated	100%	58,495,697	21,492,674	37,003,023	37,003,023
	Unrated-2	125%	6,634,981	2,906,718	3,728,263	4,660,329
			115,872,594	28,139,272	87,733,322	64,556,144
Retail		0%	-	-	-	-
		20%	-	-	-	-
		50%	-	-	-	-
		75%	62,749,605	11,470,734	51,278,871	38,459,153
			62,749,605	11,470,734	51,278,871	38,459,153
Banks						
- Over 3 Months		0%	-	-	-	-
	1	20%	3,123,177	233,982	2,889,195	577,839
	2,3	50%	850,627	39,972	810,655	405,328
	4,5	100%	1,935,098	26,073	1,909,025	1,909,025
	6	150%	-	-	-	-
	Unrated	50%	872,447	(709)	873,155	436,578
			6,781,349	299,318	6,482,030	3,328,770
- Maturity Upto and under 3 Months in FCY	1,2,3	0%	-	-	-	-
	4,5	20%	1,816,840	-	1,816,840	363,368
	6	50%	98,725	-	98,725	49,363
	unrated	150%	-	-	-	-
		20%	230,737	-	230,737	46,147
			2,146,302	-	2,146,302	458,878
- Maturity Upto and under 3 Months in PKR		0%	-	-	-	-
- Maturity Upto and under 3 Months in PKR		20%	1,117,378	-	1,117,378	223,476
			1,117,378	-	1,117,378	223,476
Residential Mortgage Finance		35%	10,790,051	-	10,790,051	3,776,518
Public Sector Entity						
		0%				
	1	20%	221,455	-	221,455	44,291
	2,3	50%	-	-	-	-
	4,5	100%	-	-	-	-
	6	150%	-	-	-	-
	Unrated	50%	60,441,592	59,401,459	1,040,133	520,066
			60,663,047	-	1,261,588	564,357
Sovereigns (SBP / GoP)		0%	128,953,810	-	128,957,967	4,854,054
Equity Investments - Listed		100%	2,739,095	-	2,739,095	2,739,095
- Unlisted		150%	394,547	-	394,547	591,821
Significant Investment and DTA		250%	874,327	-	874,327	2,185,818
			4,007,969	-	4,007,969	5,516,733
Past Due Loans (Not Secured by Residential Mortgages)	S.P less than 20%	150%	5,084,361	-	5,084,361	7,626,541
	S.P between 20% to 50%	100%	230,142	-	230,142	230,142
	or greater than 50%	50%	5,075	-	5,075	2,537
			5,319,578	-	5,319,578	7,859,221
Investment in fixed assets		100%	7,032,997	-	7,032,997	7,032,997
Other assets		100%	2,636,497	-	2,636,497	2,636,497
Total			412,980,929	39,909,324	313,674,301	139,266,798

* Credit Risk Mitigation (CRM)

Credit exposures and comparative figures subject to the standardised approach

Exposures	Rating category No.	Rating risk weighted	2017			Risk weighted asset
			Amount	Deduction	Net amount	
			outstanding	CRM	Net amount	
----- Rupees in '000 -----						
Cash and Cash Equivalents		0%	4,727,659	-	4,727,659	-
Corporate	0	0%	-	-	-	-
	1	20%	5,500,567	(395,068)	5,895,635	1,179,127
	2	50%	17,441,491	1,465,077	15,976,414	7,988,207
	3,4	100%	5,788,035	469,847	5,318,188	5,318,188
	5,6	150%	37,696	-	37,696	56,544
	Unrated	100%	58,318,493	7,980,335	50,338,158	50,338,158
	Unrated-2	125%	10,708,740	2,171,901	8,536,839	10,671,049
			97,795,022	11,692,092	86,102,929	75,551,272
Retail		0%	-	-	-	-
		20%	-	-	-	-
		50%	-	(12,177)	12,177	6,089
		75%	40,599,287	3,282,236	37,317,051	27,987,788
			40,599,287	3,270,059	37,329,228	27,993,877
Banks						
- Over 3 Months		0%	-	-	-	-
	1	20%	1,789,294	(1,675)	1,790,969	358,194
	2,3	50%	2,584,221	298,661	2,285,560	1,142,780
	4,5	100%	1,536,984	-	1,536,984	1,536,984
	6	150%	-	-	-	-
	Unrated	50%	2,076,819	1,512,305	564,514	282,257
			7,987,318	1,809,291	6,178,027	3,320,215
- Maturity Upto and under 3 Months in FCY		0%	-	-	-	-
	1,2,3	20%	1,857,790	(106,218)	1,964,008	392,802
	4,5	50%	79,142	(36,934)	116,075	58,038
	6	150%	-	-	-	-
	unrated	20%	598,384	(373,803)	972,187	194,437
			2,535,316	(516,955)	3,052,270	645,277
- Maturity Upto and under 3 Months in PKR		0%	-	-	-	-
- Maturity Upto and under 3 Months in PKR		20%	420,166	-	420,166	84,033
			420,166	-	420,166	84,033
Residential Mortgage Finance		35%	7,010,492	-	7,010,492	2,453,672
Public Sector Entity						
		0%	-	-	-	-
	1	20%	565,234	-	565,234	113,047
	2,3	50%	-	-	-	-
	4,5	100%	-	-	-	-
	6	150%	-	-	-	-
	Unrated	50%	37,779,610	37,134,484	644,762	322,381
			38,344,844	-	1,209,996	435,428
Sovereigns (SBP / GoP)		0%	164,850,356	85,584	164,763,708	1,586,600
Equity Investments - Listed		100%	3,546,574	-	3,546,574	3,546,574
- Unlisted		150%	62,752	-	62,752	94,129
Significant Investment and DTA		250%	-	-	-	-
			3,609,326	-	3,609,326	3,640,703
Past Due Loans (Not Secured by Residential Mortgages)	S.P less than 20%	150%	341,754	-	341,754	512,631
	S.P between 20% to 50%	100%	241,604	-	241,604	241,604
	S.P greater than 50%	50%	35,677	-	35,677	17,839
			619,035	-	619,035	772,074
Investment in fixed assets		100%	5,590,406	-	5,590,406	5,590,406
Other assets		100%	2,347,797	-	2,347,797	2,347,797
Total			376,437,024	16,340,071	322,961,039	124,421,354

* Credit Risk Mitigation (CRM)

2 Liquidity Coverage Ratio for the year 2018		TOTAL UNWEIGHTED VALUE (average)	TOTAL WEIGHTED VALUE (average)
<i>(in local currency)</i>			
HIGH QUALITY LIQUID ASSETS			
1	Total high quality liquid assets (HQLA)		55,404,403
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers of which:		
2.1	stable deposit	6,982,267	349,113
2.2	Less stable deposit	97,253,545	9,725,354
3	Unsecured wholesale funding of which:		
3.1	Operational deposits (all counterparties)		
3.2	Non-operational deposits (all counterparties)	95,783,698	45,586,997
3.3	Unsecured debt		-
4	Secured wholesale funding		18,374
5	Additional requirements of which:		
5.1	Outflows related to derivative exposures and other collateral requirements	37,316	37,316
5.2	Outflows related to loss of funding on debt products	-	-
5.3	Credit and Liquidity facilities	159,238,329	3,073,143
6	Other contractual funding obligations	4,396,948	4,396,948
7	Other contingent funding obligations		
8	TOTAL CASH OUTFLOWS		63,187,246
CASH INFLOWS			
9	Secured lending	-	-
10	Inflows from fully performing exposures	16,559,928	9,069,431
11	Other Cash inflows	2,226,025	1,644,533
12	TOTAL CASH INFLOWS	18,785,952	10,713,963
21	TOTAL HQLA		55,404,403
22	TOTAL NET CASH OUTFLOWS		52,473,282
23	LIQUIDITY COVERAGE RATIO		106%

CAPITAL ADEQUACY RATIO, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS-CONSOLIDATED

JS BANK

Liquidity Coverage Ratio for the year 2017		TOTAL UNWEIGHTED VALUE (average)	TOTAL WEIGHTED VALUE (average)
<i>(in local currency)</i>			
HIGH QUALITY LIQUID ASSETS			
1	Total high quality liquid assets (HQLA)		123,802,091
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers of which:	-	-
2.1	stable deposit	5,027,564	251,378
2.2	Less stable deposit	81,284,946	8,128,495
3	Unsecured wholesale funding of which:	-	-
3.1	Operational deposits (all counterparties)	-	-
3.2	Non-operational deposits (all counterparties)	81,929,020	36,146,340
3.3	Unsecured debt	-	-
4	Secured wholesale funding		46,412
5	Additional requirements of which:		-
5.1	Outflows related to derivative exposures and other collateral requirements	1,932,469	1,932,469
5.2	Outflows related to loss of funding on debt products	-	-
5.3	Credit and Liquidity facilities	170,319,325	2,804,660
6	Other contractual funding obligations	5,466,575	5,466,575
7	Other contingent funding obligations	-	-
8	TOTAL CASH OUTFLOWS		54,776,329
CASH INFLOWS			
9	Secured lending	-	-
10	Inflows from fully performing exposures	10,714,366	5,691,584
11	Other Cash inflows	2,359,890	1,478,838
12	TOTAL CASH INFLOWS	13,074,256	7,170,422
21	TOTAL HQLA		123,802,091
22	TOTAL NET CASH OUTFLOWS		47,605,907
23	LIQUIDITY COVERAGE RATIO		260%

CAPITAL ADEQUACY RATIO, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS-CONSOLIDATED

JS BANK

3 Net Stable Funding Ratio for the year 2018		unweighted value by residual maturity				weighted value
		No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
ASF Item						
1	Capital:					
2	Regulatory capital	15,617,026				15,617,026
3	Other capital instruments	7,496,800				7,496,800
4	Retail deposits and deposit from small business customers:					
5	Stable deposits	8,157,948	1,534,709	522,918	104,934	9,804,484
6	Less stable deposits	92,336,745	17,370,794	5,918,707	1,187,710	114,550,284
7	Wholesale funding:					
8	Operational deposits					
9	Other wholesale funding	76,720,264	94,866,211	22,096,434	595,888	97,437,343
10	Other liabilities:					
11	NSFR derivative liabilities				16,643,214	-
12	All other liabilities and equity not included in other categories	4,118,589	5,130,765	79,630,078	20,130,553	53,222,516
13	Total ASF					298,128,452
RSF item						
14	Total NSFR high-quality liquid assets (HQLA)					61,166,515
15	Deposits held at other financial institutions for operational purposes	1475635				737,818
16	Performing loans and securities:					
17	Performing loans to financial institutions secured by Level 1 HQLA					
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	7,802,150	371,143	-	1,355,894
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:					
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	4,154,515	3,567,302	1,045,995	10,837,305	12,743,326
21	Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	78,958,567	44,657,068	10,633,319	91,996,541	192,308,671
22	Other assets:					
23	Physical traded commodities, including gold					
24	Assets posted as initial margin for derivative contracts					
25	NSFR derivative assets				24,985,707	
26	NSFR derivative liabilities before deduction of variation margin posted				3,328,643	3,328,643
27	All other assets not included in the above categories	15,173,678	47,301,798	31,848,246	42,547,299	63,985,381
28	Off-balance sheet items		141,455,999			7,072,800
29	Total RSF					280,794,715
30	Net Stable Funding Ratio (%)					106%

CAPITAL ADEQUACY RATIO, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS-CONSOLIDATED

JS BANK

Net Stable Funding Ratio for the year 2017						
		unweighted value by residual maturity				weighted value
		No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
ASF Item						
1	Capital:					
2	Regulatory capital	10,119,242				10,119,242
3	Other capital instruments	11,576,461				11,554,403
4	Retail deposits and deposit from small business customers:					
5	Stable deposits	5,720,313	5,396,305	1,378,437	631,468	12,470,196
6	Less stable deposits	80,069,816	16,314,942	4,864,152	200,627	91,304,584
7	Wholesale funding:					
8	Operational deposits					
9	Other wholesale funding	51,052,889	96,031,817	26,378,851	2,037,949	87,750,753
10	Other liabilities:					
11	NSFR derivative liabilities				9,889,848	-
12	All other liabilities and equity not included in other categories	6,207,598	65,581,794	596,014	4,136,019	24,574,222
13	Total ASF					237,773,400
RSF item						
14	Total NSFR high-quality liquid assets (HQLA)					
15	Deposits held at other financial institutions for operational purposes					
16	Performing loans and securities:					
17	Performing loans to financial institutions secured by Level 1 HQLA					
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	3,631,813	48,042	-	568,793
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:					
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	1,129,830	3,191,950	661,313	6,435,937	7,422,370
21	Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	64,876,882	41,990,838	8,284,136	53,253,799	143,144,807
22	Other assets:					
23	Physical traded commodities, including gold					
24	Assets posted as initial margin for derivative contracts					
25	NSFR derivative assets				9,823,359	
26	NSFR derivative liabilities before deduction of variation margin posted				1,977,970	1,977,970
27	All other assets not included in the above categories	32,879,700	30,851,039	1,492,184	138,818,346	64,787,083
28	Off-balance sheet items		156,307,402			7,815,370
29	Total RSF					225,716,392
30	Net Stable Funding Ratio (%)					105%