

## JS Bank Limited

Shaheen Commercial Complex,  
Dr. Ziauddin Ahmed Road,  
P.O. Box 4847,  
Karachi-74200, Pakistan

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Ref:JSBL/CSD/2025/03-01

**Form-5**

Dated: March 07, 2025

The General Manager  
Pakistan Stock Exchange Limited,  
Stock Exchange Building,  
Stock Exchange Road,  
Karachi.

**Subject:** Transmission of Annual Report for the year ended December 31, 2024

Dear Sir,

We have to inform you that the Annual Report of JS Bank Limited (the "Bank") for the year ended December 31, 2024 has been transmitted through PUCARS and is also available on the Bank's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Thanking you,

Yours truly,

For and on behalf of  
JS Bank Limited

  
\_\_\_\_\_  
**Syed Muhammad Talib Raza**  
Company Secretary & Head of Legal



# Annual Report **2024**

The Road to  
Financial Wellness

# 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.



# CODE OF CONDUCT

JS Bank is committed to upholding the highest standards of ethical behaviour and maintaining its reputation as a trusted financial institution. Our Code of Conduct provides clear guidelines for employees to ensure that their personal business ethics align with the Bank's values and interests.

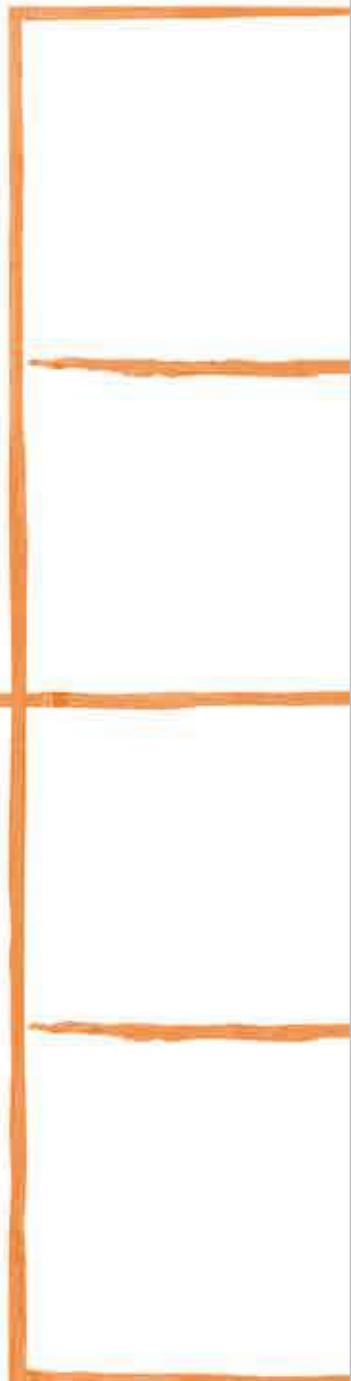
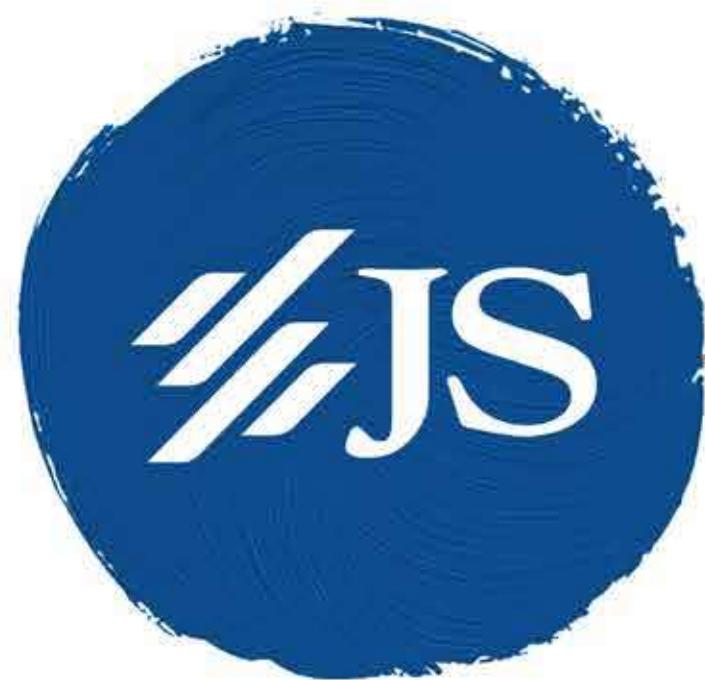
Honesty and integrity are paramount in our approach to building lasting business relationships. We strive to provide our customers with products and services that are delivered in a fair, transparent, and ethical manner. Our Code of Conduct emphasizes the importance of upholding ethical standards in all our business dealings and relationships, both internally and with external stakeholders.

We remain committed to fostering a culture of ethical behaviour and conducting our business with the utmost integrity. Our Code of Conduct provides a clear framework for employees to operate within and helps to ensure that our business practices are in line with the highest ethical standards.

At JS Bank, we aim to be transparent in all our operations and transactions. The complete Code of Conduct is provided to all employees and is also available on our website for easy access.



# Core 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.



## 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.



## 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.



## Professional Excellence

As the industry we operate in is evolving rapidly and providing an 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 the workplace as it gives the organization an edge in implementing new ideas, refining services, and creating dynamic products, leading to business growth by effectively adapting to the evolving marketplace.



## CREDIT RATING

Long Term

**AA**  
(Double A)

Short Term

**A1+**  
(A One Plus)

Outlook: Stable

(Assigned by: Pakistan Credit Rating Agency)

# OPERATING STRUCTURE

## Jahangir Siddiqui & Co. Ltd. (JSCL)

Jahangir Siddiqui & Co. Ltd. (the Holding Company) was incorporated under the Companies Ordinance, 1984 on May 4, 1991 as a public unquoted company. The Holding Company is presently listed on Pakistan Stock Exchange.

**71.21%**

JS Bank Limited (JSBL)

**92.90%**

JS Global Capital  
Limited (JGCL)

**84.73%**

JS Investments  
Limited (JSIL)

**75.12%**

BankIslami Pakistan  
Limited (BIPL)



# COMPANY INFORMATION

## Board of Directors

|                             |                      |
|-----------------------------|----------------------|
| Mr. Adil Matcheswala        | Chairman             |
| Mr. Khalilullah Shaikh      | Independent Director |
| Ms. Nargis Ali Akber Ghaloo | Independent Director |
| Lt. Gen. Retd. Sadiq Ali    | Independent Director |
| Mr. Saad Ali Bhimjee        | Independent Director |
| Mr. Usman Yousaf Mobin      | Independent Director |
| Mr. Basir Shamsie           | President & CEO      |

## Audit Committee

|                          |             |
|--------------------------|-------------|
| Mr. Khalilullah Shaikh   | Chairperson |
| Ms. Nargis Ghaloo        | Member      |
| Lt. Gen. Retd. Sadiq Ali | Member      |

## Human Resource, Remuneration & Nomination Committee

|                        |          |
|------------------------|----------|
| Ms. Nargis Ghaloo      | Chairman |
| Mr. Adil Matcheswala   | Member   |
| Mr. Usman Yousaf Mobin | Member   |

## Risk Management Committee

|                          |          |
|--------------------------|----------|
| Mr. Khalilullah Shaikh   | Chairman |
| Ms. Nargis Ghaloo        | Member   |
| Lt. Gen. Retd. Sadiq Ali | Member   |
| Mr. Basir Shamsie        | Member   |

## Board IT Committee

|                        |          |
|------------------------|----------|
| Mr. Usman Yousaf Mobin | Chairman |
| Mr. Saad Ali Bhimjee   | Member   |
| Mr. Basir Shamsie      | Member   |

## Chief Financial Officer

Syed Adeel Ehtesham

## Company Secretary & Head of Legal

Syed Muhammad Talib Raza

## Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi..

## Legal Advisors

Bawaney & Partners  
Haidermota & Co.  
Liaquat Merchant Associates

## Share Registrar

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

## Registered office

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

[www.jsbl.com](http://www.jsbl.com)

# CHAIRMAN'S REVIEW REPORT

I am pleased to present, on behalf of the Board of Directors, the Annual Report of JS Bank Limited for the year ended December 31, 2024.

JS Bank's consistent performance in Pakistan's dynamic financial landscape is a reflection of key strategic initiatives considered by the Bank over the course of its journey. Our mission remains clear – to empower people, support businesses, and drive economic and social progress. By embracing cutting-edge technology, we continue to offer seamless banking experiences to our customers, prioritizing the needs and expectations of our clients, and providing tailored solutions that foster long-term relationships. We remain committed to environmentally and socially responsible banking practices, with a vision to contribute to the broader economic development of Pakistan.

As a tech-savvy mid-sized bank with a diversified portfolio of products, we take pride in our capabilities. The organization is well-structured and supported by a young, resilient, and highly skilled team that is determined to achieve the Bank's strategic objectives efficiently and effectively. We have established clear systems and processes that support operations and drive our growth.

During the year 2024, the Bank delivered sound financial performance, and achieved the milestone of crossing PKR 500 billion in Deposits, which was a landmark achievement in the history of the Bank. On a consolidated basis, the Bank continues to remain over PKR 1 trillion in terms of overall deposits. We added 25 new branches to our network this year, expanding our outreach across the country. Our digital banking platform 'Zindigi' solidified its leadership in Pakistan's digital banking sector in 2024 with several key developments, as we crossed 5 million users this year. The company expanded its lending products with Advance Salary+, offering flexible financing for salaried individuals. The new app design, Zindigi 2.0, won the "Best Mobile App" award at the Pakistan Digital Awards, reinforcing Zindigi's commitment to sustainable growth and innovation. The Bank remains committed to digital transformation, delivering over 100 innovations. More than 80% of our customers now use at least one digital service, and the shift toward paperless processing enhances efficiency and reduces costs.

In 2024, JS Bank was recognized as a leader in innovation, sustainability, and corporate responsibility, receiving prestigious accolades on both national and international platforms.

Key highlights include being awarded Best Digital App for Zindigi and Best Content Marketing for JS Her at the Pakistan Digital Awards, showcasing our dedication to leveraging technology to empower customers. On the global stage, JS Bank was named the Fastest Growing Private Bank in Pakistan and the Fastest Growing Corporate Bank in Pakistan for 2024. We were also recognized for Best Renewable Energy Financing at the Global Banking & Finance Awards, affirming our leadership in driving financial and environmental sustainability.

Further demonstrating our holistic approach, JS Bank was honored with the Digital Transformation Bank of the Year and Health & Wellness Bank of the Year awards by Asian Banking & Finance. Additionally, we received the Workplace Wellness Programme Award from ESG Business, emphasizing our focus on employee well-being and innovation.

As a Bank, our focus remains on inclusivity, and this year we expanded on our initiatives to support underrepresented groups. Through our JS Inclusive Account, we are breaking barriers for differently abled individuals, while the JS Her Account aims to equip women entrepreneurs with resources to transform their businesses and communities. We also partnered with organizations such as UNDP and Inspiring Women Pakistan to deliver financial training and support gender-inclusive, climate-resilient businesses to create long-term impact. Our commitment to inclusivity and governance earned us the Progressive Category Award from the Global Diversity, Equity & Inclusion Benchmarks. At the same time, the title of Financial Literacy Champion Bank from



the State Bank of Pakistan highlighted our role in advancing financial education nationwide. Furthermore, JS Bank was recognized as the Best Clearing Agent for 2024 by JP Morgan and awarded the Leading Digital Bank Award by CxO, further solidifying our position as a trailblazer in digital banking.

All these accolades are not just testimony to our achievements, but also reaffirm our responsibility to set new benchmarks in the banking industry. Through continued innovation and adherence to enhanced governance, JS Bank will continue on its journey to create greater value for its customers, partners, and the communities that we serve, through delivering transformative banking solutions and fostering meaningful societal impacts.

I am also pleased to share that the Pakistan Credit Rating Agency Limited (PACRA) upgraded the long-term rating of JS Bank Limited (JSBL) to 'AA' (Double A) in 2024, while the short-term entity rating was maintained at 'A1+' (A One Plus) which is the highest in this category. These ratings reflect JS Bank's strong financial performance, robust risk management practices, and commitment to excellence in the banking sector, further enabling us to innovate, empower and drive greater value for our customers and the economy.

JS Bank acknowledges the significant responsibility that comes with its position in the banking and corporate sectors. As a committed corporate citizen, the Bank focuses on making meaningful contributions to society through its Corporate Social Responsibility (CSR) initiatives. JS Bank aims to support its customers and the communities it serves to create positive change. Effective governance plays a pivotal role in guiding the business to execute strategies while maintaining a balance between sustainable shareholder value and adherence to regulatory requirements. Ensuring good corporate governance through ethical and professional business conduct as well as effective risk and audit management are key foundation blocks for us. JS Bank has always been committed to sustainable value creation for all of its stakeholders with high standards of corporate governance through a comprehensive system of internal controls. The Board of JS Bank follows comprehensive criteria for its performance evaluation and continually reviews the Bank's financial & operational soundness and significant policies in line with regulatory requirements. The Board has constituted sub-committees for the 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. In its pursuit of transparency and accountability, the Board has engaged Grant Thornton Anjum Rahman (GT) to perform an annual evaluation of its members and committees and their performance.

I am confident that with our leading value-added offerings, emphasis on customer satisfaction, dedication towards excellent service quality, and focus on innovation and convenience, we are committed in our determination to strive for excellence and deliver to our stakeholders.

On behalf of the Board of Directors, I would like to thank the Ministry of Finance, the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, and the Federal Board of Revenue for their continuous support and guidance. I would also like to thank our shareholders for their continued commitment and confidence in our long-term strategic vision, as well as our management and staff for their commitment and hard work for the greater progress and prosperity of our Bank.

Sincerely,

Adil Matcheswala  
Chairman

February 28, 2025

پائیدار حصص یا فنگان کی قدر اور یکو لیٹری تقاضوں کی تعییل کے درمیان توازن قائم کرتے ہوئے حکمت عملیوں کو عملی جامہ پہنانے کے لیے کاروباری آپریشنز کو ہدایت دینے کے لیے موثر حکمرانی بہت اہم ہے۔ اچھی کارپوریٹ گورننس کو برقرار رکھنے میں اخلاقی اور پیشہ ورانہ کاروباری طرز عمل شامل ہے، موثر رسک اور آڈٹ میجنٹ کے ساتھ، جو ہمارے نقطہ نظر کے لیے بنیادی ہیں۔ جے ایس بینک تمام اسٹیک ہولڈرز کے لیے پائیدار قدر کی تخلیق کے لیے وقف ہے، اندرونی کنشروں کے ایک مضبوط نظام کے ذریعے کارپوریٹ گورننس کے اعلیٰ معیارات کو برقرار رکھتا ہے۔ جے ایس بینک کا بورڈ اپنی کارکردگی کی جانچ کیلئے تفصیلی معیارات کی تعییل کرتا ہے۔ بورڈ بینک کی مالی اور آپریشنل مضبوط کارکردگی اور یکو لیٹری تقاضوں کے مطابق اہم پالیسیوں کا جائزہ لیتا ہے۔ بورڈ نے تمام اہم شعبوں کی گذرانی کیلئے اپنی ذیلی کمیٹیاں تشکیل دی ہیں جن میں بینک کے اسٹرائلچ مقاصد کے حصول کیلئے رسک میجنٹ، آڈٹ سے متعلقہ معاملات، انفارمیشن ٹیکنالوجی اور انسانی وسائل شامل ہیں۔ بورڈ نے گرانت تھورنن احمد رحمن (جی ٹی) کو اپنے ممبران اور کمیٹیوں اور ان کی کارکردگی کا سالانہ جائزہ لینے کیلئے مأمور کیا ہے۔

میں پر اعتماد ہوں کہ ہمارے متعدد بورڈ آف ڈائریکٹرز، ولیوائیڈ پیشکشوں، صارف کے اطمینان پر زور اور کارکردگی کے حصول کیلئے لکن کے ساتھ ہم ہر حالات اور ماحول میں کامیاب ہوں گے اور ترقی کی منازل طے کریں گے۔

میں بورڈ آف ڈائریکٹرز کی طرف سے وزارت خزانہ، اسٹیٹ بینک آف پاکستان، سکوپریٹریز اینڈ ایچیجن کمیشن آف پاکستان اور فیڈرل بورڈ آف روپنیوکی طرف سے مسلسل تعاون اور رہنمائی پر شکرگزار ہوں۔ میں اپنے حصص یا فنگان کا ہمارے طویل المدى اسٹرائلچ وژن پر مسلسل عزم اور اعتماد کے ساتھ ساتھ بینک کی مزید ترقی اور خوشحالی کیلئے ہماری انتظامیہ اور عملہ کے عزم اور محنت کیلئے بھی ان کا شکر یہ ادا کرنا چاہوں گا۔

خیرخواہ

عادل ماچس والا  
28 فروری 2025ء

اہم کامیابیوں میں پاکستان ڈیجیٹل ایوارڈز میں زندگی کے لیے بہترین ڈیجیٹل ایپ اور جے ایس Her کے لیے بہترین کوئینٹ مارکینگ ایوارڈ شامل ہیں، جو بینکا لوچی کے ذریعے صارفین کو با اختیار بنانے کے ہمارے عزم کا مظہر ہیں۔ عالمی سطح پر، جے ایس بینک کو پاکستان کا تیزی سے ترقی کرنے والا نجی بینک اور پاکستان کا تیزی سے ترقی کرنے والا کارپوریٹ بینک قرار دیا گیا۔ ہمیں گلوبل بینکنگ اینڈ فناں ایوارڈز میں، بہترین قابل تجدید تو ناٹی فناںگ کا اعزاز بھی ملا، جو مالی اور ماحولیاتی پائیداری میں ہماری قیادت کی تصدیق کرتا ہے۔

مزید برآں، جے ایس بینک کو ایشین بینکنگ اینڈ فناں کی جانب سے ڈیجیٹل ٹرانسفر میشن بینک آف دی ایئر اور ہیلتھ اینڈ ولنس بینک آف دی ایئر کے ایوارڈ سے نواز گیا۔ اس کے ساتھ، ای ایس جی بینس نے ہمیں ورک پلینس ویلننس پروگرام ایوارڈ سے نوازا، جو مالز میں کی فلاج و بہبود اور جدت پر ہماری توجہ کو جاگ کر رکتا ہے۔

اطور بینک، ہمارا بینیادی مقصد شمولیت کو فروع دینا ہے، اور اس سال ہم نے ان اقدامات کو مزید وسعت دی جو کم نمائندگی رکھنے والے طبقات کی معاونت کے لیے متعارف کرائے گئے تھے۔ ہمارا جے ایس انکلیوو اکاؤنٹ خصوصی افراد کے لیے مالی رکاوٹیں ختم کرنے میں معاون ثابت ہو رہا ہے، جبکہ جے ایس Her اکاؤنٹ خواتین کا رو باری شخصیات کو وہ وسائل فراہم کرتا ہے جو ان کے کار و بار اور کمیونٹی کو ترقی دینے میں مددگار رثا بات ہوں۔ ہم نے یو این ڈی پی اور ان سپارنگ ویکن پاکستان جیسے اداروں کے ساتھ شرکت داری کی، تاکہ مالی تربیت فراہم کی جاسکے اور صنفی شمولیت پہنچی، ماحولیاتی لحاظ سے مضبوط کار و باروں کی تکمیل میں مدد دی جاسکے، جو طویل مدتی اڑاثت مرتب کرے۔ ہماری شمولیتی پالیسیوں اور موثر گونش کے اعتراض میں، گلوبل ڈائیورٹی، ایکوٹی اینڈ انکلودن بیٹی مارکس کی جانب سے ہمیں پروگریو کمپنی ایوارڈ سے نواز گیا۔ اسی دوران، اسٹیٹ بینک آف پاکستان نے ہمیں فناشل لٹریسی چیمپن بینک کے اعزاز سے نوازا، جو ملک بھر میں مالی تعلیم کے فروع میں ہمارے کردار کو تسلیم کرتا ہے۔ علاوہ ازیں، جے پی مورگن نے ہمیں بہترین کلیئرنگ اینڈ 2024 قرار دیا، جبکہ CXO کی جانب سے لیڈنگ ڈیجیٹل بینک آیوارڈ ملا، جو ڈیجیٹل بینکنگ میں ہماری قیادت کو مزید مستحکم کرتا ہے۔

یہ تمام اعزازات نہ صرف ہماری کامیابیوں کا ثبوت ہیں بلکہ بینکنگ انڈسٹری میں نئے معیارات قائم کرنے کی ہماری ذمہ داری کو بھی مزید مستحکم کرتے ہیں۔ جدت طرازی اور بہتر گونش پر مستقل عمل پیرا رہتے ہوئے، جے ایس بینک اپنے صارفین، شرکت داروں اور ان کمیونٹیز کے لیے مزید قدر پیدا کرنے کے سفر کو جاری رکھے گا جن کی ہم خدمت کر رہے ہیں۔ ہم جدید بینکنگ حل فراہم کرنے اور معاشرے پر ثابت اور دیر پا اڑاثت ڈالنے کے اپنے عزم پر قائم رہیں گے۔

مجھے یہ اعلان کرتے ہوئے بھی خوشی ہو رہی ہے کہ پاکستان کریٹرینگ اینڈ اینجینئنری (پے اے سی آر اے) کی جانب سے سال 2024 میں جے ایس بینک لمبیڈ (جے ایس بی ایل) کی طویل مدتی ریٹنگ کو بڑھا کر AA (ڈبل اے) کر دیا گیا، جبکہ قلیل مدتی ریٹنگ A1+ (اے ون پلس) پر مستحکم رہی، جو اس کمپنی میں سب سے بلند درجہ ہے۔ یہ رینگ جے ایس بینک کی مستحکم مالی کارکردگی، مضبوط رسک مینجنمنٹ پریکٹس، اور بینکاری شعبہ میں اعلیٰ معیار کے عزم کی عکاسی کرتی ہیں، جو ہمیں مزید جدت، صارفین کو با اختیار بنانے اور معیشت کے لیے زیادہ قدر پیدا کرنے کے قابل بناتی ہیں۔

## چیئر مین جائزہ رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2024 کو ختم ہونے والے سال کیلئے جے ایس بینک لمبیڈ کی سالانہ رپورٹ پیش کرنے میں مسٹر محسوس کر رہا ہوں۔

جے ایس بینک کی مسلسل کامیابی پاکستان کے بدلتے ہوئے مالیاتی شعبے میں اس کی مدبراہ حکمت علیوں کا نتیجہ ہے۔ ہمارا مقصد واضح ہے۔ لوگوں کو مالی طور پر مستحکم بنانا، کاروباری اداروں کی ترقی میں مدد فراہم کرنا، اور ملک کی معيشت اور سماجی ترقی میں ثابت کردار ادا کرنا۔ ہم جدید ٹکنالوجی کو اپناتے ہوئے اپنے صارفین کو آسان اور موثر بینکاری سہولیات فراہم کر رہے ہیں، جہاں ان کی ضروریات اور توقعات کو اولین ترجیح دی جاتی ہے۔ ہمارا عزم ہے کہ ہم ہر صارف کو ایسی مالی خدمات مہیا کریں جو ان کے لیے فائدہ مند ہوں اور طویل مدتی تعلقات کی بنیاد رکھیں۔ اسی کے ساتھ، ہم ماحول دوست اور سماجی ذمہ داری پر مبنی بینکاری اصولوں پر عمل پیرا ہیں، تاکہ پاکستان کی مجموعی اقتصادی ترقی میں اپنا حصہ ڈال سکیں۔

ایک جدید ٹکنالوجی سے آرستہ اور متنوع مالیاتی مصنوعات رکھنے والے درمیانے درجے کے بینک کے طور پر، ہم اپنی صلاحیتوں پر فخر کرتے ہیں۔ ہمارا ادارہ ایک مضبوط اسٹرکچر پر قائم ہے اور ایک نوجوان، باصلاحیت اور مستحکم ٹیم کی حمایت حاصل ہے، جو بینک کے حکمتِ عملی مقاصد کو موثر اور کامیابی سے حاصل کرنے کے لیے پُر عزم ہے۔ ہم نے واضح نظام اور طریقہ کارروض کیے ہیں جو نہ صرف ہماری عملی کارکردگی کو سہارا دیتے ہیں بلکہ ہماری ترقی کو بھی آگے بڑھاتے ہیں۔

سال 2024 کے دوران، بینک نے شاندار مالی کارکردگی کا مظاہرہ کیا اور 500 بلین روپے کے ڈپاٹس کاسنگ میں عبور کیا، جو بینک کی تاریخ میں ایک اہم کامیابی تھی۔ مجموعی طور پر، بینک کے کل ڈپاٹس ایکٹریں روپے سے زائد برقرار رہے۔ اس سال، ہم نے اپنی برانچ نیٹ ورک میں 25 نئی برانچ کا اضافہ کیا، جس سے ملک بھر میں ہماری رسائی مزید وسیع ہوئی۔ ہمارے ڈیجیٹل بینکنگ پلیٹ فارم ”زندگی“ نے 2024 میں نمایاں ترقی حاصل کی اور پاکستان کے ڈیجیٹل بینکنگ سیکٹر میں اپنی قیادت کو مزید مستحکم کیا، جب کہ اس سال ہمارے صارفین کی تعداد 50 لاکھ سے تجاوز کر گئی۔ کمپنی نے اپنی قرضہ جاتی سہولیات کو مزید وسعت دی، جس میں ”ایڈوانس سیلری +“، متعارف کروایا گیا، جو تجوہ دار افراد کے لیے چکدار مالی معاونت فراہم کرتا ہے۔ نئی ایپ ڈیزائن ”زندگی 2.0“ نے پاکستان ڈیجیٹل ایوارڈز میں ”بیسٹ موبائل ایپ“ کا اعزاز حاصل کیا، جو زندگی کی جدت اور پاسیدار ترقی کے عزم کا ثبوت ہے۔ بینک ڈیجیٹل تبدیلی کے اپنے مشن پر قائم ہے اور 100 سے زائد نئی جدیں متعارف کر اچکا ہے۔ آج، 80 فیصد سے زائد صارفین کم از کم ایک ڈیجیٹل سروس استعمال کر رہے ہیں، جب کہ کاغذ کے بغیر پر ویمنگ کے روپاں نے کام کی رفتار میں بہتری اور اخراجات میں کمی کو لیکنی بنا�ا ہے۔

سال 2024 میں، جے ایس بینک کو جدت، پاسیداری اور کارپوریٹ ذمہ داری میں نمایاں مقام حاصل کرنے پر قومی اور بین الاقوامی سطح پر باوقار ایوارڈز سے نوازا۔



# DIRECTORS' REPORT

We are pleased to present the 19<sup>th</sup> Annual Report of JS Bank Limited ("JSBL") along with the audited accounts and auditors' report for the year ended December 31, 2024.

## Economic review

With stable major macroeconomic indicators driven by ongoing government regulatory initiatives and structural reforms, CY24 was a breakthrough year for Pakistan's economy. Pakistan received a final tranche of US\$1.1 billion under IMF's Stand-By Arrangement (SBA) in March 2024. Subsequently, Pakistan got IMF Executive Board approval for the 37-month Extended Fund Facility (EFF) for SDR 5.32 billion (~US\$7 billion) in Sep-2024, with immediate disbursement of SDR 760 million (~US\$1 billion). Furthermore, during the year, both Moody's and Fitch upgraded Pakistan's credit ratings.

The Current Account has been posting consecutive surpluses since Oct-2024, taking 1HFY25 CA balance to US\$1,210 million, primarily driven by higher remittances and controlled trade deficit. Combined with a positive Current account, the stable Capital account helped the Balance of Payments (BoP) remain in positive territory for 1HFY25, despite loan repayments.

With a stable currency, comfortable CAD levels, and support from development and bilateral lenders, State Bank foreign exchange reserves managed to reach ~US\$12 billion as of Dec-2024 compared to US\$8.2 billion in Dec-2023. Resultantly Pakistan's import cover improved from 1.9x in Dec-2023 to 2.8x in Dec-2024. Meanwhile, Pak Rupee appreciated by 1 percent to PKR 278/ US\$ during the year.

The State Bank of Pakistan (SBP) began monetary easing in June 2024 with a 150 percent cut in the policy rate, followed by multiple consecutive rate cuts in following meetings, taking the rate down to 13 percent over the past 6 months from a high of 22 percent. This decision was supported by a continuous drop in CPI figures, where inflation dropped down to 4.1 percent in Dec-2024 compared to the levels close to 30 percent seen last year. This was primarily led by soft food product prices, stable currency, and a decline in international oil prices.

Pakistan would need sound policies and reforms to maintain macroeconomic stability, tackle structural challenges (e.g., tax system, energy sector, PSEs), and foster inclusive, resilient growth while reducing debt levels. The IMF has so far praised steps toward a fairer tax system and urged efforts to broaden the tax base, improve tax administration, and manage spending to enable investments in human capital, infrastructure, and social protection.

## Banking sector review

SBP continues monetary easing with a 9 percent decrease in the Policy Rate in around 6 months (22 percent to 13 percent). With CPI in a disinflation phase due to a high base, interest rates are also following. For Banks, this would mean a contraction of NIMs and ROEs, and an upside through higher volumetric growth is going to act as a buffer. However, as per recent changes to tax law close to the year end, banks are now required to pay an additional 5 percent tax on PBT regardless of whether they meet the ADR threshold. To recall, increased taxes on income attributable to Government Securities were to be applied to banks that failed to meet the ADR requirements previously set out. Notably, recent data indicated that industry's ADR ratio has risen from 40 percent in June 2024 to approximately 50 percent. The purpose of the additional income tax based on ADR levels was to encourage banks to lend to businesses instead of depending on the government. Most banks were on track to adjust their lending books to avoid the tax before the year-end deadline, while the change to ADR tax law and imposition of additional 5 percent tax on Banks was enacted close to the Balance Sheet date.

Capital adequacy ratios in the sector remain strong, well above regulatory requirements. The slowdown in credit growth, along with higher investments in risk-free debt instruments, has led to an increase in risk-weighted assets.

### **Performance of the Bank**

The summarized financial position and operating results of the Bank for year ended December 31, 2024 are as follows:

| <b>FINANCIAL POSITION</b>   | Rupees in Millions |         |
|-----------------------------|--------------------|---------|
|                             | <b>2024</b>        | 2023    |
| Advances - net              | <b>225,519</b>     | 203,727 |
| Investments - net           | <b>302,437</b>     | 287,957 |
| Total Assets                | <b>636,107</b>     | 589,432 |
| Deposits and other accounts | <b>525,134</b>     | 486,283 |
| Shareholders' Equity        | <b>43,707</b>      | 40,322  |

| <b>FINANCIAL PERFORMANCE</b>          | <b>2024</b>   | 2023   |
|---------------------------------------|---------------|--------|
| Net Markup Income                     | <b>27,313</b> | 22,409 |
| Non Markup Income                     | <b>11,340</b> | 12,205 |
| Total Revenue                         | <b>38,653</b> | 34,614 |
| Non-Markup Expenses                   | <b>27,574</b> | 23,291 |
| Profit before provisions and taxation | <b>11,079</b> | 11,322 |
| Credit loss allowance and write offs  | <b>4,713</b>  | 2,807  |
| Profit before taxation                | <b>6,366</b>  | 8,515  |
| Profit after taxation                 | <b>2,849</b>  | 4,335  |
| Earnings per share (Rupees)           | <b>1.39</b>   | 2.75   |

For the year 2024, the Bank reported a Profit Before Tax of PKR 6,366.077 million (December 31, 2023: PKR 8,515.174 million). The Earnings Per Share (EPS) stands at PKR 1.39 (December 31, 2023: PKR 2.75).

The Bank recorded Net Interest Income (NII) of PKR 27,313 million in 2024 as compared to PKR 22,409 last year (up 22 percent). This growth in NII is primarily driven by higher interest rates than last year as well as deposit optimization. The Bank's Non-Remunerative Deposit base increased from PKR 160,546 million in 2023 to PKR 198,409 million in 2024 (up 24 percent). This has also resulted in an improvement in the deposit mix, as the share of Non-Remunerative Deposits has increased from 33 percent last year to 38 percent in 2024. Gross Advances increased by 16 percent to PKR 247,714 million, as the Bank continued with its efforts towards meeting the year end Advances to Deposits Ratio target taking into consideration the previously enacted additional ADR tax measures. During the year, margins continued to remain under pressure, as secondary market yields continually adjusted in anticipation of rate cuts while funding costs remained stagnant for the first six months of the year due to unchanged minimum deposit rates (MDR). The impact of the rate cuts started to take effect towards the later half of the year, but at the same time, yields on offer continued to remain below the policy rate in continued anticipation of rate cuts.



The Bank's Non-Markup Income reduced marginally by 7 percent YoY to PKR 11,340 million with 18 percent growth from Fee Income, growth in Dividend Income of 32 percent, as well as positive impact through net gains on securities of PKR 641 million year on year. Foreign Exchange income however, ended lower than last year by PKR 2,467 million due to relatively lower volatility in the FX markets as against last year, which offset the impact of the increase in other lines. Non mark-up Expenses increased by 18 percent YoY to PKR 27,574 million owing mainly due to inflationary adjustments, Rupee Depreciation and increase in technology based costs. The Bank's Cost to Income Ratio increased marginally to 70.7 percent in 2024, while Net Interest Income to Operating Cost increased from 97 percent to 100 percent.

Year end Deposits were reported at PKR 525.134 billion. This translates to a growth of 8 percent against the December 31, 2023 position. As mentioned above, the Bank's period end Non-Remunerative Deposits mix has improved to 38 percent. In terms of averages, the Bank's average non-remunerative deposits improved from PKR 143.916 billion in year 2023 to PKR 165.927 billion in the year 2024.

With Gross Advances at a level of PKR 247.714 billion at December 31, 2024, the Bank's Gross ADR level as at the period end inched up to 47 percent. The Bank's Gross Infection Ratio also increased to 8.61 percent in December 2024 (December 2023: 7.6 percent), as non-performing loans increased to PKR 21.328 billion in December 2024 from PKR 16.184 billion in December 2023. With additional classifications considered this year, as well as charge considered against NPLs under IFRS 9, the Bank's coverage ratio has improved to 71 percent (December 2023: 60 percent).

Our digital banking platform Zindigi has an exceptional year 2024, driven by innovation, customer focus, and strategic growth. The platform processed nearly PKR 250 billion worth of transactions, marking a significant increase compared to the previous year. The growth resulted in a 30 percent increase in revenue and a remarkable 66 percent rise in deposits. The year also saw several key developments and achievements. Notable launches included the Hajj Sullis Card—the first of its kind—in collaboration with MC and MYTM, a Freelance USD account, a mini-app platform, a split bill feature, and the first inclusive contactless payment solution, Raast P2M, under 'Zindigi Pay.' Additionally, a co-branded card was introduced under Banking as a Service (BaaS). Building on its AI-driven technologies, Zindigi expanded its lending product line with the introduction of Advance Salary+, a term loan designed to offer flexible financing options for salaried individuals. A groundbreaking new app design, Zindigi 2.0, was implemented to enhance user experience, and the app's excellence was recognized when Zindigi won the "Best Mobile App" award at the prestigious Pakistan Digital Awards. Furthermore, the 'Zindigi Prize,' Pakistan's first homegrown entrepreneurial community, expanded internationally to Kenya, making an impact beyond borders. Zindigi's sustainable growth, customer-first philosophy, and commitment to innovation further solidified its position as a leader in Pakistan's digital banking sector.

The Bank has also continued with its rapid expansion drive in the areas of digital transformation and Data Sciences – delivering over 100 new innovations. Uptake of digital channels in the bank has increased tremendously where over 80 percent of customers use at least one digital channel. Additionally, significant gains have been made in the bank's drive towards paperless processing, thereby enhancing efficiency and rationalizing cost.

During the current year, the Bank made significant strides in expanding its RMA and enhancing its Global outreach. Our efforts have focused on strengthening relationships with International Financial Institutions and increasing our footprint in key markets. By forging new partnerships and entering emerging markets, we are positioning the Bank to capitalize on new growth opportunities and provide comprehensive financial solutions across borders. This global expansion not only strengthens our competitive edge but also aligns with our long-term strategy

of delivering sustainable growth and value to shareholders. The Directors are confident that these initiatives will further bolster the Bank's international presence and operational resilience, ensuring long-term success in the evolving global financial landscape.

In June 2024, The Pakistan Credit Rating Agency (PACRA) upgraded the long-term rating of the Bank to "AA" (Double AA) from AA- while maintaining the short-term rating at A1+ which is the highest in this category. These ratings reflect JS Bank's strong financial performance, robust risk management practices, and commitment to excellence in the banking sector. PACRA's "AA" rating signifies high credit quality, affirming JS Bank's sound financial health and serving as a testament to the bank's prudent financial policies, solid capitalization, and strategic foresight.

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

| Particulars                      | PKR 'Million'  |         |         |         |         |         |
|----------------------------------|----------------|---------|---------|---------|---------|---------|
|                                  | 2024           | 2023    | 2022    | 2021    | 2020    | 2019    |
| Deposits                         | <b>525,134</b> | 486,283 | 464,132 | 460,705 | 433,063 | 369,790 |
| Equity                           | <b>43,707</b>  | 40,322  | 21,547  | 22,024  | 20,592  | 17,333  |
| Total Assets                     | <b>636,107</b> | 589,432 | 616,715 | 584,289 | 532,168 | 469,821 |
| Investments-Net                  | <b>302,437</b> | 287,957 | 303,465 | 231,266 | 201,698 | 142,568 |
| Advances- Net                    | <b>225,519</b> | 203,727 | 231,101 | 254,184 | 250,199 | 242,944 |
| Gross Mark-up Income             | <b>108,503</b> | 92,087  | 72,047  | 39,125  | 43,099  | 41,595  |
| Net Mark-up Income               | <b>27,313</b>  | 22,409  | 14,856  | 11,895  | 9,777   | 7,028   |
| Non-Mark-up Income               | <b>11,340</b>  | 12,205  | 5,300   | 5,077   | 6,676   | 3,943   |
| Profit Before Tax                | <b>6,366</b>   | 8,515   | 2,131   | 2,209   | 2,023   | 133     |
| Profit After Tax                 | <b>2,849</b>   | 4,335   | 965     | 1,304   | 1,150   | 25      |
| Earnings Per Share (Basic) - PKR | <b>1.39</b>    | 2.75    | 0.74    | 1.01    | 0.89    | 0.0004  |
| Return on Avg. Assets (ROAA)     | <b>0.46%</b>   | 0.72%   | 0.16%   | 0.23%   | 0.23%   | 0.01%   |
| Return on Avg. Equity (ROAE)     | <b>6.78%</b>   | 14.01%  | 4.43%   | 6.12%   | 6.06%   | 0.15%   |
| Capital Adequacy Ratio (CAR)     | <b>13.24%</b>  | 12.53%  | 13.26%  | 13.77%  | 12.77%  | 12.93%  |
| Advs. to Deposits Ratio (ADR)    | <b>47.17%</b>  | 43.96%  | 51.39%  | 56.62%  | 58.74%  | 66.65%  |

### Capital Adequacy

As of December 31, 2024, JS Bank's Capital Adequacy Ratio (CAR) stood at 13.24 percent (December 2023: 12.53 percent) against SBP's minimum required CAR of 11.50 percent.

### Customer Experience and Fair Treatment

At JS Bank, our Customer Experience Team (CET) is dedicated to cultivating enduring customer relationships and consistently exceeding expectations across all interactions. This team spearheads our customer-centric philosophy, prioritizing effective grievance resolution and actively soliciting customer feedback to continuously improve the banking experience and deliver unparalleled service.

In 2024, the bank effectively addressed over 44,415 customer Complaints with an average resolution time of 3.2 business days. Our robust Complaint Handling Policy and transparent Grievance Redressal Mechanism are meticulously designed to ensure swift and efficient resolution of issues while proactively mitigating future occurrences. Recognizing the importance of accessibility and transparency, we offer multiple channels for customers to conveniently voice their concerns. Furthermore, customers retain the option of escalating their concerns to the Banking Mohtasib office should they be dissatisfied with the bank's initial response.



To enhance the visibility of our complaint handling process, JS Bank strategically integrates awareness messages within various customer communication channels, including account statements, ATM screens, and official correspondence. To further augment accessibility to our redressal mechanisms, the bank actively disseminates information via social media platforms and SMS notifications to its valued customers. Our comprehensive website provides detailed information regarding the grievance procedure, available touchpoints, and convenient online feedback forms.

The CET's diverse units, including the Voice, Chat, SMS Teams along with Branch Services, Customer Insights & Customer Care Unit, play a vital role in maintaining direct and effective communication with our customers. These units are integral to our strategy of delivering a fair, accessible, and efficient service, reducing operational risks and gathering insights for continuous improvement.

- Bank's multi-channel Voice, Chat and SMS Team allows officers to interact with customers over communication channels which includes interactions over Voice (Retail Banking, Private Banking, Digital Financial Services and from Overseas), WhatsApp chat, SMS to 8012 and Emails (info@jsbl.com, CCU.Helpdesk@jsbl.com, rda@jsbl.com, and jsblink@jsbl.com).
- Customer Care unit serves as the institution's philosophy about customer grievances, the hierarchy, systems, and procedures to deal with the concerns arriving at all touchpoints. The Customer Care Unit ensures that it is fair, transparent, accessible, and efficient as the first line of defense against the grievances of the Bank customers. Customer Care Unit grievance handling mechanism oriented to achieve customer satisfaction not only reduces operational and reputational risk of a Bank but also provides valuable pieces of information that eventually can be used to bring improvement in products, procedures, and delivery channels.
- The Branch Services team ensures all necessary elements and commitments are effectively implemented and in place by conducting regular visits to Branches and Offsite ATMs, thereby maintaining consistent service support & efficient service delivery.
- The Customer Insights team collects, analyzes and interprets customer behavior trends, primarily gauged through surveys with the objective of enhancing the effectiveness of products and services. Additionally, these insights inform key business decisions across various departments, including marketing, product development, and customer service.
- Business Conduct ensures responsible banking by assessing conduct risk as per SBP Conduct Assessment Framework.

Our focus extends beyond just addressing grievances/concerns as we are dedicated to understanding customer behavior through Customer Insights, thus ensuring responsible banking practices. This commitment is reflected in our comprehensive 'Consumer Protection Framework,' which prioritizes customer welfare in all our products & services. We firmly believe in offering equal treatment to all customers, without any form of discrimination, ensuring they feel valued and contended.

The Bank strives for fairness and clarity in all our interactions, fostering a service culture that puts our customers first. Our goal is to create an environment where customers feel valued and informed, empowering them to make sound financial decisions. We are committed to guiding our customers through the complexities of the financial world via awareness and financial literacy programs, ensuring that they have a positive and empowering Banking Experience.

## 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 applicable Basel framework. In this regard, the Bank has a comprehensive set of risk management policies, practices, and procedures in place which enables the Bank to take into consideration, in an appropriate manner, all major kinds of risks including credit, market, liquidity, operational, Information security, and Digital Risks. 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 Function is in place to manage various aspects of risk management in the Bank with the segregation of Credit Risk functions into other variants of risk management. 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
- SME Financing Policy
- Collateral Management Policy
- Internal Credit Risk Rating Policy
- Consumer Credit Policy
- Market Risk Management Policy
- Interest Rate Risk Management Policy
- Operational Risk Management Policy
- Liquidity Risk Management Policy
- Country Risk Management Policy
- Agricultural Credit Policy
- Remedial Management Policy
- Debt Property Swap Policy
- Business Continuity Planning Policy
- Information Security Policy
- ICAAP
- Environmental & Social Risk Management Framework
- Green Banking Policy

The Bank's risk governance is exercised by the following committees:

- Risk Management Committee (RMC)
- Operational Risk Management Committee (ORMC),
- Central Credit Committee(CCC)
- IT Steering Committee (ITSC)
- Assets & Liabilities Committee (ALCO)



These Committees meet regularly 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 maintained between risk and reward throughout the bank. Towards this end, the risk management function and framework have been modified in the year under review. The disciplines of risk management including market and liquidity, operational, BCP, portfolio, policy, agricultural credit, consumer and program lending, CAD, SAM, Digital, information security risks, and Green Banking Office, remain under the umbrella of the Chief Risk Officer.

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 the 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.

On the capital management side, the Bank's practices ensure that it has reasonable 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 to support its business and maximize shareholders' value.

Bank's Operational Risk Management Framework ensures that adequate control environment exists to identify, address, and manage all operational risks and maintain an acceptable level of residual risks. Bank is focusing on embedding Risk and Control Self-Assessment for effective management of key risks and cultivating an environment where every employee understands his responsibility towards the management of operational risks.

Apart from the Risks and Control Self-Assessment (RCSA), Operational Loss Data (OLD) and Key Risk Indicators (KRI) exercise, the Operational Risk management function also maintains the Business Continuity Planning Policy and conducted numerous Business Continuity Drills to test availability of systems and services from the alternate sites.

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 separate 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 requirements. The health of the credit portfolio is being monitored through the Credit Administration, which is responsible for housekeeping elements along with the management of credit limits. To identify and manage the inherent environmental and Social (E&S) risks in the Credit portfolio of the Bank, Environmental and Social Risk Management (ESRM) procedures has been developed and effectively integrated in the in the Credit Risk Management process of the Bank, as stipulated in the Green Banking Policy and ESRM Framework of the Bank.

The Bank is conscious of risks and uncertainties associated with problem credits which require a different and more intense risk management approach. 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 Management Policy of the Bank.

In terms of Information Security, the Information Security Department performs security/risk assessments, as well as vulnerability assessments, monitors critical IT, and manages information and cyber security risks across the Bank. To improve the information security posture, defense in depth / layered security architecture is deployed with real-time monitoring of emerging threats. To further strengthen cybersecurity, the Bank is striving to build a process-oriented culture, bring maturity in tool utilization, and invest in IS staff to improve management / regulatory reporting and increase JS staff security awareness training.

To combat digital risks and to support the Digital Finance business, a dedicated team of risk experts has been established under the umbrella of Digital Risk. The prime objective of this function is to optimize policies, processes, and systems, investigate and mitigate digital frauds, data analytics to identify potential risks and augment business, and implement strategic plans. Moreover, to battle fraud Risk the Bank has placed a robust fraud prevention mechanism to safeguard the Bank and its customers against potential threats/attempts of internal and external fraud across all channels, physical or digital.

### **Statement on Internal Controls**

The Bank places significant emphasis on establishing stringent controls throughout all its operations. This focus is a key component of the Bank's policies, which are designed to adhere to the best industry practices, ethical standards, and regulatory requirements. In this regard, the Board of Directors has implemented policies that assess the overall effectiveness of the internal control environment.

Internal controls at JS Bank are designed to provide reasonable assurance regarding the effectiveness and efficiency of the Bank's operations, the reliability of financial information, and compliance with applicable laws and regulations. However, it is important to recognize that these systems can only provide reasonable, not absolute, assurance against material misstatements or losses, as they are intended to manage risks rather than eliminate them completely.

To effectively manage risk, the governance structure of the Bank's internal control functions consists of three levels of defense. The first line of defense is the business itself, which owns and manages its operational risks. The second line of defense involves oversight from Risk Management, Compliance, and control functions, which identify and assess risks impacting existing and new business initiatives, coordinate risk mitigation with specialists and businesses, and report these risks to the Risk Management Function for appropriate corrective measures. The third line of defense is an independent and effective Internal Audit Function that reviews the effectiveness and adequacy of internal controls while monitoring compliance with policies and procedures.

The Board of Directors is regularly updated on compliance status through the Board Audit Committee. Management prioritizes all significant findings from internal and external auditors, as well as regulators, ensuring that appropriate corrective actions are taken. Adequate systems are in place to minimize breaches and prevent the repetition of mistakes, ultimately strengthening the control environment. Additionally, the Compliance Function actively ensures regulatory compliance across the Bank.

The Bank diligently follows the State Bank of Pakistan (SBP) Guidelines on Internal Control to evaluate the overall effectiveness of its internal controls, including financial reporting controls. Comprehensive documentation of bank-wide processes and controls has been completed. Furthermore, the Bank has developed a robust management testing and reporting framework to ensure the effective operation of key controls and has addressed identified opportunities for design improvements.

Following the successful completion of the Internal Control over Financial Reporting (ICFR) Roadmap, the SBP granted the Bank an exemption in August 2016 from submitting a Long Form



Report (LFR) by external auditors. According to SBP directive BSD-1 Circular Letter No. 1 of July 6, 2021, banks that have completed all stages of the ICFR roadmap are allowed to discontinue the submission of the Annual Assessment Report on the efficacy of ICFR to the SBP. However, the SBP may still evaluate this report as part of supervisory assessments. As such, the Annual Assessment Report for December 31, 2024, regarding the efficacy of ICFR will be presented to the Board Audit Committee.

Management believes that the existing internal control system is adequate, effectively implemented, and continuously monitored. This view is also supported by the Board of Directors. The management is committed to enhancing its compliance with SBP guidelines on internal controls, thereby continuously strengthening its control environment.

### **Corporate Governance**

The Bank takes pride in its strong corporate governance, which is achieved through high standards of professional and business conduct, effective internal controls, comprehensive audit functions, and a robust risk management framework. It strictly adheres to both local and international codes of practice.

The Board regularly reviews policy-related matters that have long-term implications under regulatory obligations, while also ensuring they align with the Bank's operational requirements. The Management and the Board Committees are properly established with clearly defined scopes of work to guarantee that they perform their designated functions effectively and efficiently, in line with their mandates and specific terms of reference.

### **Corporate and Financial Reporting Framework**

The Directors confirm their compliance with the Corporate and Financial Reporting Framework set by the Securities & Exchange Commission of Pakistan:

- The financial statements prepared by the management present fairly the state of affairs of the Bank, the results of its operations, the cash flow statement, and the 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 the 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.

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

The Bank has adopted the requirements outlined in the Listed Companies (Code of Corporate Governance) Regulations, 2019, issued by the Securities & Exchange Commission of Pakistan (SECP), and is in full compliance with them. A statement confirming this compliance is attached to the Report.

**Trends, factors and uncertainties that could affect the Bank's resources, future development, performance and business position:**

The Board remains cognizant of its responsibilities in setting the overall direction of the Bank. It continues to oversee the progress of the Bank against the defined KPIs. The Bank's financial and operational soundness, governance structure, and the effectiveness of internal controls, audit functions and risk management framework are monitored regularly. The Board also regularly reviews all significant policies as per the regulatory requirements.

All projections are, by nature, subject to risks and uncertainties, some beyond control. The factors that may potentially affect the Bank's resources, revenues and operations are regularly focused and prioritized by the Board in setting the overall strategic direction. The following factors are considered for sensitivity analysis at the time of setting of business targets and revisions to short term forecasts. These include:

- Global macroeconomic conditions impacting overall economic activity;
- Economic Decisions on Discount Rate / Monetary Policy;
- Revisions to rate of returns on deposits and Repricing on loans and advances;
- Investment Strategy and time horizon;
- Geo-Political risks and uncertainties, including law and order situation;
- Impacts of natural calamities on businesses and overall economy and businesses in general, and regulatory relief measures (if any);
- Government rules and regulations;
- Inflation, fuel and commodity prices;
- Corporate taxation measures;
- Technological advancements leading to competitive advantage;
- Dividend decisions and Capital Adequacy;
- Risk of cyberattacks; and
- The potential impacts of changes in accounting and regulatory framework.

The Bank continues to regularly review potential impact assessments of changes to financial reporting standards and adoption of new standards on its financial position. The above factors are regularly reviewed and monitored for any potential impacts, risks and uncertainties. The Bank's Risk Management Division also performs stress testing against various pre-determined scenarios to analyse the Bank's ability to withstand potential shocks from adverse developments.

Based on the Board's current assessment, there are no significant doubts about the Bank's ability to continue as a going concern.

**Holding Company**

Jahangir Siddiqui & Co. Limited, listed on the Pakistan Stock Exchange Limited, is the holding company of JS Bank Limited, owning 71.2 percent of the ordinary shares.

**Subsidiary Companies**

BankIslami Pakistan Limited, JS Global Capital Limited, and JS Investments Limited are subsidiaries of JS Bank, with shareholdings of 75.1 percent, 92.9 percent, and 84.7 percent, respectively. The performance of these companies has been reviewed in the consolidated Directors' Report.



## Attendance of Directors in the Board meetings

Six meetings of the Board of Directors were held during the year 2023. The attendance of directors at Board Meetings was as follows:

| Name of Director                | Eligible to attend | Meetings attended |
|---------------------------------|--------------------|-------------------|
| Mr. Adil Matcheswala – Chairman | 5                  | 5                 |
| Mr. Khalilullah Shaikh          | 5                  | 5                 |
| Lt. Gen. (R) Sadiq Ali          | 5                  | 5                 |
| Ms. Nargis Ali Akber Ghaloo     | 5                  | 5                 |
| Mr. Saad Ali Bhimjee            | 1                  | 1                 |
| Mr. Usman Yousaf Mobin          | 5                  | 5                 |
| Mr. Basir Shamsie               | 5                  | 5                 |
| Syed Mumtaz Ali Shah*           | 2                  | 2                 |

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 |
| Mr. Adil Matcheswala        | -                  | -                 | -                  | -                 | 3                  | 3                 | -                  | -                 |
| Mr. Khalilullah Shaikh      | 6                  | 6                 | 3                  | 3                 | -                  | -                 | -                  | -                 |
| Lt. Gen. (Retd) Sadiq Ali   | 6                  | 6                 | 4                  | 4                 | -                  | -                 | -                  | -                 |
| Ms. Nargis Ali Akber Ghaloo | 6                  | 6                 | -                  | -                 | -                  | -                 | 4                  | 4                 |
| Mr. Saad Ali Bhimjee        | -                  | -                 | -                  | -                 | -                  | -                 | -                  | -                 |
| Mr. Usman Yousaf Mobin      | -                  | -                 | -                  | -                 | 3                  | 3                 | 4                  | 4                 |
| Mr. Basir Shamsie           | -                  | -                 | 4                  | 4                 | -                  | -                 | 4                  | 4                 |
| Syed Mumtaz Ali Shah*       | -                  | -                 | 2                  | 2                 | 1                  | 1                 | -                  | -                 |

\*Saad Ali Bhimjee was appointed director of the Bank on October 25, 2024 in place of Syed Mumtaz Ali Shahi who resigned w.e.f. June 14, 2024.

## Directors' Remuneration

The remuneration of directors is determined by the Board of Directors in accordance with applicable laws. Compensation for attending meetings of the Board or its Committees is set within a range that the Board reasonably establishes. However, Executive Directors do not receive any remuneration for attending meetings of the Board or its Sub-Committees. The amounts paid to the Directors, Chief Executive Officer, and other executives are detailed in Note 40 of the Unconsolidated Financial Statements.

## Pattern of Shareholding

The pattern of shareholding at the close of December 31, 2024, is included as part of the Annual Report.

## Related Party Transactions

Related party transactions are disclosed at note 44 and note 45 of the Unconsolidated Financial Statements and the Consolidated Financial Statements, respectively, of the Bank for the year ended December 31, 2024.

## **Corporate and Social Responsibility**

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

### **Dividend to Shareholders**

No dividend is being paid to the shareholders on the ordinary shares for the year 2024.

### **Employee Benefit Schemes**

The Bank operates a contributory provident fund for all permanent employees. The employer and employee both contribute 7.1 percent of the basic salaries to the funded scheme every month. Number of employees covered under this plan are 3,448 (2023: 3,231). During the year, the Bank has made a contribution of PKR 366.562 million (2023: PKR 312.365 million) to the fund. The employees have also made a contribution of an equal amount to the fund.

The Bank also operates a recognised gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007. Permanent employees are eligible for the gratuity fund after 10 years of continuous service. Gratuity is payable at 65% of the last drawn basic salary per completed year of service. During the year, the Bank made a contribution of PKR 133.191 million (2023: NIL) towards the scheme.

Value of investments of Provident Fund and Gratuity Fund Schemes based on the latest audited financial statements as of December 31, 2023, was as follows:

Provident Fund – PKR 2,764.038 million (2022: PKR 2,026.228 million)

Gratuity Fund - PKR 760.442 million (2022: 929.910 million)

### **External Auditors**

The current auditors, KPMG Taseer Hadi & Co. Chartered Accountants, being retired offered themselves for reappointment.

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 has a satisfactory rating under the Quality Control Review Program of the ICAP.

On the recommendation of the Board Audit Committee, the Board of Directors recommends the appointment of KPMG Taseer Hadi & Co. Chartered Accountants for the year ending December 31, 2025, at the upcoming Annual General Meeting of the Bank.

### **Evaluation of the Board's Performance**

At JS Bank, the Board of Directors plays a crucial role in setting the strategic direction of the Bank. The Board ensures alignment with the Bank's long-term objectives while complying with regulatory standards. To fulfill their fiduciary duty of safeguarding stakeholders' interests, a formal and effective mechanism is in place for the annual evaluation of the Board, its members, and sub-committees, as required by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

The Board of Directors of the Bank is composed of individuals with diverse skills, core competencies, and experiences, all committed to strong corporate governance to protect the interests of the Bank and its stakeholders. They continually review the Bank's financial stability, governance practices, internal controls, and significant policies in accordance with regulatory requirements. Furthermore, Board Committees have been established with specific mandates and terms of reference.



In line with best practices in corporate governance, the Board conducts an annual self-evaluation. During the year, we engaged Grant Thornton Anjum Rahman Chartered Accountants (GT), an external facilitator with a team of qualified consultants specializing in board evaluations for companies and banks. The self-evaluation was conducted in compliance with the State Bank of Pakistan's Guidelines on Performance Evaluation of the Board of Directors and the Listed Companies (Code of Corporate Governance) Regulation, 2019.

The evaluation assessed various aspects of the Board's performance, including the effectiveness of sub-committees, the CEO, and the Chairman. This process, grounded in best practices of corporate governance, includes a detailed quantitative analysis, ensuring that our leadership remains effective and accountable to our goals and values.

#### **Events after the Date of the 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.

#### **Acknowledgments**

On behalf of JS Bank, we would like to express our heartfelt gratitude to our valued stakeholders for their ongoing support and patronage. We also extend our thanks to the Ministry of Finance, the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, and other regulatory authorities for their guidance and assistance to our bank. Finally, we appreciate all our colleagues at JS Bank for their dedication to achieving greater success and growth.

For and on behalf of the Board,

Basir Shamsie

President & CEO

Adil Matcheswala

Chairman

February 28, 2025

مالیاتی پوزیشن کے بیان کی تاریخ کے بعد کوئی ایسا مادی واقعہ پیش نہیں آیا جس کے لیے مشکل مالی بیانات میں ایڈجسٹمنٹ کی ضرورت ہو۔

#### اظہار شکر:

بے ایس بینک کی جانب سے، ہم اپنے قابل قدر اسٹیک ہولڈرز کی مسلسل سرپرستی اور حمایت کے لیے ان کا شکر یہ ادا کرنا چاہتے ہیں۔ ہم وزارت خزانہ، اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ آپھنج کمیشن آف پاکستان، اور دیگر گولیٹری اتحارٹیز کا بھی شکر یہ ادا کرنا چاہیں گے جنہوں نے ہمارے بینک کی رہنمائی اور مدد کی۔ آخر میں ہم بے ایس بینک میں اپنے تمام ساتھیوں کو مزید کامیابی اور ترقی کے لیے ان کے عزم پر خراج تھیں پیش کرتے ہیں۔

#### از طرف بورڈ

عادل ماچس والا

چیئرمین

باصر شمسی

صدر اینڈ سی ای اور

28 فروری 2025ء

اسٹی ٹیوٹ آف چارڑا کاؤنٹس آف پاکستان (آئی سی اے پی) نے اختیار کیا اور آئی سی اے پی کے کوائی کنٹرول روپورڈ گرام کے تحت اس کی تسلی بخش درجہ بندی ہے۔

بورڈ آڈٹ کمیٹی کی سفارش پر، بورڈ آف ڈائریکٹرز 31 دسمبر، 2025 کو ختم ہونے والے سال کیلئے بینک کے آمدہ سالانہ جلاس عام میں کے پی ایم جی تاشیر بادی اینڈ کو، چارڑا کاؤنٹس کی تقریبی کی سفارش کرتے ہیں۔

#### بورڈ کی کارکردگی کا جائزہ:

جے ایس بینک کا بورڈ آف ڈائریکٹرز بینک کی اسٹریٹجیک سمت تعین کرتا ہے اور اس بات کو یقینی بناتا ہے کہ تنظیم اس سمت پر قائم رہے۔ ریگو لیٹری تعمیل کو یقینی بناتے ہوئے اسے اپنے طویل مدتی مقاصد حاصل کرنے کے قابل بناتا ہے۔ اسٹیٹ بینک آف پاکستان اور سیکوپر ٹیز اینڈ ایچ پیچن کمیشن آف پاکستان کے تحت اسٹیٹ ہولڈرز کے مفادات کے تحفظ کی اپنی حقیقی ذمہ داری کو بنا نے کے لیے بورڈ کی اپنی کارکردگی، بورڈ کے اراکین اور اس کی کمیٹیوں کے سالانہ جائزے کے لیے ایک رکی اور موثر طریقہ کاروائی کا وضع کیا جاتا ہے۔

جے ایس بینک کا بورڈ آف ڈائریکٹرز مہارت، بنیادی قابلیت تنویر، تجزیہ اور علم کا ایک اچھا امتحان کا حامل ہے اور بینک اور اس کے اسٹیٹ ہولڈرز کے مجموعی مفادات کے تحفظ کے لیے مضبوط کارپوریٹ گورننس کے لیے پر عزم ہے۔ بورڈ ریگو لیٹری تقاضوں کے مطابق بینک کے مالی اور آپریشنل استحکام، گورننس، انٹری کنٹرول اور اہم پالیسیوں کا مسلسل جائزہ لیتا ہے۔ مزید برآں، بورڈ کمیٹیاں تشکیل دی گئی ہیں، جن میں سے ہر ایک کے پاس ایک مقررہ مینڈیٹ اور ٹرم آف ریفرنس ہیں۔

کارپوریٹ گورننس کے بہترین طریقوں کے مطابق، بورڈ نے سالانہ بنیادوں پر گرانٹ تھوڑن انجم رحمان چارڑا کاؤنٹس (جی ٹی) کو ایک یہودی سہولت کار کے طور پر شامل کر کے خود تشخیصی مشق کا انعقاد کیا ہے جن کے پاس کمپنیوں اور بینکوں کے لیے بورڈ کی تشخیص کرنے کے لیے اہل کنسلٹنٹس کی ٹیم موجود ہے۔ یہ خود تشخیصی عمل اسٹیٹ بینک آف پاکستان کی ”بورڈ آف ڈائریکٹرز کی کارکردگی کے جائزے“ سے متعلق بدایات اور لٹکپنیز (کوڈ آف کارپوریٹ گورننس) ریگو لیشن 2019 کے مطابق انجام دیا گیا۔

تشخیص میں بورڈ کی کارکردگی کے مختلف پہلوؤں کا احاطہ کیا گیا جس میں بورڈ کی ذیلی کمیٹیاں، ہی ای اور چیئر مین وغیرہ شامل ہیں۔ یہ عمل کارپوریٹ گورننس کے بہترین طریقوں پر مبنی ہے اور ایک تفصیلی مقداری تجزیے پر مشتمل ہے، تاکہ ہماری قیادت کو موثر اور ہمارے مقاصدو اقدار کے لیے جوابدہ بنایا جاسکے۔

#### مالیاتی پوزیشن کے بیان کی تاریخ کے بعد کے واقعات:

31 ستمبر، 2024 کو ختم ہونے والے سال کیلئے متعلقہ فریقین کے ساتھ کاروباری لین دین کو بینک کے غیر مربوط اور مربوط مالیاتی گوشواروں کے نوٹ نمبر 44 اور 45 میں ذکر کیا گیا ہے۔

**کارپوریٹ اور سماجی ذمہ داری:**  
کارپوریٹ اور سماجی ذمہ داری کا بیان سالانہ رپورٹ میں شامل ہے۔

**حصص یافتگان کیلئے منقسمہ منافع:**  
سال 2024 کیلئے عمومی حصص پر حصص یافتگان کو منافع منقسمہ ادا نہیں کیا جا رہا ہے۔

**ملازمین کے فائدے کیلئے سکیمیں:**  
بینک تمام مستقل ملازمین کے لیے کنٹری پروڈیوڈنٹ فنڈ آپریٹ کرتا ہے۔ آجر اور ملازم دنوں ہر ماہ فنڈ ڈی اسکیم میں بنیادی تنخواہ کا 1.7 فیصد حصہ ڈالتے ہیں۔ اس منصوبے کے تحت آنے والے ملازمین کی تعداد 448 (3,448: 2023) ہے۔ سال کے دوران، بینک نے فنڈ میں 366.562 ملین روپے (312.365 ملین روپے) کا حصہ ڈالا۔ ملازمین نے بھی فنڈ میں برابر قم کا حصہ ڈالا ہے۔

بینک ایک تسلیم شدہ گرجویٹی فنڈ بھی چلاتا ہے جو ان تمام ملازمین کے لیے ہے جنہوں نے کم جنوری 2007 سے نافذ کردہ اس اسکیم کا انتخاب کیا۔ مستقل ملازمین 10 سال کی مسلسل ملازمت کے بعد گرجویٹی فنڈ کے اہل ہوتے ہیں۔ گرجویٹی ہر ملک شدہ سال ملازمت پر آخری بنیادی تنخواہ کے 65 فیصد کے مطابق ادا کی جاتی ہے۔ رواں سال کے دوران، بینک نے اس اسکیم میں 191.133 ملین روپے کا تعاون کیا، جبکہ 2023 میں اس میں کوئی رقم ادا نہیں کی گئی۔

31 ستمبر 2023 تک کے تازہ ترین آڈٹ شدہ مالیاتی بیانات کے مطابق پر اوڈینٹ فنڈ اور گرجویٹی فنڈ اسکیموں میں کی گئی سرمایہ کاری کی مالیت درج ذیل تھی:

پر اوڈینٹ فنڈ - 2,764.038 ملین روپے (2022: 2,026.228 ملین روپے)  
گرجویٹی فنڈ - 760.442 ملین روپے (2022: 929.910 ملین روپے)

**ایکٹریٹ آڈیٹریز:**  
موجودہ آڈیٹریز کے پی ایم جی تاثیر بادی اینڈ کو، چارٹرڈ اکاؤنٹس نے مدت معہدہ ختم ہونے کے بعد دوبارہ تقری کی پیش کش کی ہے۔

آڈیٹریز نے تصدیق کی ہے کہ فرم اٹریشنل فیڈریشن آف اکاؤنٹس کے ضابطاً اخلاق کے رہنماء اصولوں کی پوری طرح تعییل کرتی ہے، جیسا کہ

| ڈائریکٹر زکا نام               | آڈ کمیٹی                   | رسک کمیٹی                  | اتچ آر کمیٹی               | آئی ٹی کمیٹی               |
|--------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| شرکت کا اہل اجلاس میں شرکت     | شرکت کا اہل اجلاس میں شرکت | شرکت کا اہل اجلاس میں شرکت | شرکت کا اہل اجلاس میں شرکت | شرکت کا اہل اجلاس میں شرکت |
| جناب عادل ماچس والا            | -                          | -                          | 3                          | -                          |
| جناب خلیل اللہ شخ              | -                          | -                          | 3                          | 3                          |
| لیفٹھٹ جرزل (ریٹائرڈ) صادق علی | -                          | -                          | 4                          | 4                          |
| محترم زگس گھلو                 | -                          | -                          | -                          | -                          |
| جناب سعد علی بھیم جی           | 4                          | 4                          | -                          | -                          |
| جناب غوثان یوسف بنین           | -                          | -                          | -                          | -                          |
| جناب خلیل اللہ شخ*             | 4                          | 4                          | 3                          | 3                          |
| جناب باصرشی                    | 4                          | 4                          | -                          | -                          |
| سید متاز علی شاہ*              | -                          | -                          | 1                          | 1                          |
|                                |                            |                            | 2                          | 2                          |

\* مورخ 25 اکتوبر 2024 کو جناب سعد علی بھیم جی کو جناب سید متاز علی شاہ کی جگہ ہینک کا ڈائریکٹر مقرر کیا گیا، جنہوں نے 14 جون 2024 کو استعفی دے دیا تھا۔

#### ڈائریکٹر زکا معاوضہ:

ڈائریکٹر زکا معاوضہ قابل اطلاق قوانین کے مطابق بورڈ آف ڈائریکٹر زکی طرف سے فکسڈ ہے۔ بورڈ یا بورڈ کمیٹیوں کے اجلاسوں میں شرکت کا معاوضہ بورڈ آف ڈائریکٹر زکی طرف سے طے شدہ کے مطابق ہے، بشرطیکہ ایگزیکٹو ڈائریکٹر کو بورڈ / بورڈ سب کمیٹی کے اجلاسوں میں شرکت کے لیے کوئی معاوضہ ادا نہیں کیا جائے گا۔ ڈائریکٹر، چیف ایگزیکٹیو آفیسر اور دیگر ایگزیکٹیو زکوادا کئے جانے والے معاوضے کا انکشاف نوٹ نمبر 40 میں غیر متفقہ مالیا بیانات میں کیا گیا ہے۔

#### شیئر ہولڈنگ کا پیٹریشن:

کمپنیز ایکٹ 2017 کے سیشن (f) 227 کے تحت 31 دسمبر، 2024 کے اختتام تک کمپنی کے شیئر ہولڈنگ کا طریقہ کار صحفہ نمبر پر دیا گیا ہے۔

متعلقہ پارٹی سے کار و پاری لین دین:

بورڈ کی موجودہ تشخیص کی بنیاد پر، بینک کی بطور جاری ادارہ کام کرنے کی صلاحیت پر کوئی نمایاں شبہات نہیں ہیں۔

### ہولڈنگ کمپنی:

جہانگیر صدیقی ایڈ کمپنی لمبیڈ جو پاکستان شاک ایکس چینچ لمبیڈ میں درج ہے، جو ایس بینک لمبیڈ کی ہولڈنگ کمپنی ہے جو 71.2 فیصد عام حصہ رکھتی ہے۔

### ذیلی کمپنیاں:

بینک اسلامی پاکستان لمبیڈ، جو ایس گلوبل کمپائل لمبیڈ اور جو ایس انوسٹمٹس لمبیڈ، جو ایس بینک کی ذیلی کمپنیاں ہیں جو بالترتیب 75.1 فیصد اور 84.7 فیصد حصہ رکھتی ہیں۔ ڈائریکٹر زر پورٹ کے جائزہ کے تحت ان کمپنیوں کی کارکردگی کا جائزہ لیا گیا ہے۔

### بورڈ اجلاسوں میں ڈائریکٹر زکی شرکت:

سال 2024 کے دوران بورڈ آف ڈائریکٹر ز کے چھ اجلاس منعقد ہوئے۔ بورڈ اجلاسوں میں ڈائریکٹر ز کی شرکت درج ذیل ہے:

| ڈائریکٹر کا نام                 | شرکت کا اہل | اجلاسوں میں شرکت |
|---------------------------------|-------------|------------------|
| جناب عادل ماچس والا۔ چیئرمین    | 5           | 5                |
| جناب خلیل اللہ شیخ              | 5           | 5                |
| لیفٹننٹ جنرل (ریٹائرڈ) صادق علی | 5           | 5                |
| محترمہ نرگس علی اکبر گھلو       | 5           | 5                |
| جناب سعد علی بھیم جی            | 1           | 1                |
| جناب عثمان یوسف بیمن            | 5           | 5                |
| جناب باصر شمی                   | 5           | 5                |
| سید ممتاز علی شاہ*              | 2           | 2                |

بینک کے وسائل، مستقبل کی ترقی، کارکردگی اور کاروباری پوزیشن پر اثر انداز ہونے والے رجحانات، عوامل اور غیر یقینی صورتحال: بورڈ اپنی ذمہ داریوں سے بخوبی آگاہ ہے اور بینک کی مجموعی سمت کے تعین میں فعال کردار ادا کرتا ہے۔ یہ مقرر کردہ کلیدی کارکردگی کے اشاریوں (KPIs) کے مقابلے میں بینک کی پیشرفت کی نگرانی جاری رکھے ہوئے ہے۔ بینک کی مالی اور عملی مضبوطی، گونس اسٹرپکر، داخلی کنٹرولر، آڈٹ افعال، اور رسک میجنمنٹ فریم ورک کی مؤثثیت کا باقاعدگی سے جائزہ لیا جاتا ہے۔ مزید برآں، بورڈ ریگولیٹری تقاضوں کے مطابق تمام اہم پالیسیوں پر بھی مستقل نظر رکھتا ہے۔

تمام تجھیئے فطری طور پر خطرات اور غیر یقینی صورتحال سے مشروط ہوتے ہیں، جن میں سے کچھ بینک کے قابو سے باہر ہو سکتے ہیں۔ بینک کے وسائل، آمدنی اور آپریشنز پر مکنہ اثر ڈالنے والے عوامل کو بورڈ مسلسل زیر یورکھتا ہے اور انہیں مجموعی حکمت عملی کے تعین میں ترجیح دی جاتی ہے۔ کاروباری اہداف کے تعین اور قلیل مدتی پیش گوئیوں میں نظر ثانی کے دوران حساسیت کے تجزیے کے لیے درج ذیل عوامل کو مد نظر رکھا جاتا ہے: عالمی معاشی حالات جو مجموعی اقتصادی سرگرمیوں پر اثر ڈالتے ہیں۔

☆ ڈسکاؤنٹ ریٹ / مائیٹری پالیسی سے متعلق معاشی فیصلے۔

☆ ڈیپارٹس پر منافع کی شرح میں تبدیلی اور قرضوں والیڈ و انسرپری پرائنسنگ۔

☆ سرمایہ کاری کی حکمت عملی اور اس کا دورانیہ۔

☆ جیو پولیٹیکل خطرات اور غیر یقینی صورتحال، بشمول امن و امان کی صورتحال۔

☆ قدرتی آفات کے کاروبار اور معیشت پر اثرات اور کسی بھی مکنہ ریگولیٹری ریلیف کے اقدامات۔

☆ حکومتی تو اینیں اور ضوابط میں تبدیلیاں۔

☆ افراطی زر، اینڈھن اور اشیائے صرف کی قیمتوں میں اتار چڑھاؤ۔

☆ کارپوریٹ ٹکسیڈن سے متعلق حکومتی اقدامات۔

☆ تکنیکی ترقی جو مسابقی برتری فراہم کر سکتی ہے۔

☆ ڈیویڈن سے متعلق فیصلے اور کمپیل ایڈ و کیسی۔

☆ سائبر حملوں کے خطرات۔

☆ اکاؤنٹنگ اور ریگولیٹری فریم ورک میں تبدیلیوں کے مکنہ اثرات۔

بینک مالیاتی رپورٹنگ کے معیارات میں تبدیلیوں اور نئے معیارات کے اطلاق کے مکنہ اثرات کا باقاعدگی سے جائزہ لیتا رہتا ہے۔ مذکورہ عوامل کے مکنہ اثرات، خطرات اور غیر یقینی صورتحال کا مستقل طور پر جائزہ لیا جاتا ہے۔ مزید برآں، بینک کی رسک میجنمنٹ ڈویژن مختلف پیشگی طے شدہ حالات کے خلاف اسٹریٹیکس میٹنگ انعام دیتی ہے تاکہ متفقی حالات کے مکنہ اثرات کو برداشت کرنے کی بینک کی صلاحیت کا تجزیہ کیا جاسکے۔

### کارپوریٹ گورننس:

بینک کو پیشہ وارانہ اور کاروباری ضبط کی اعلیٰ سطح برقرار رکھ کر، موثر انٹرنشنل کنٹرول پر عمل درآمد، آڈٹ فناشنر، بیمول رسک مینجنمنٹ فریم ورک اور مقامی اور عالیٰ ضابطوں تکمیل کے ذریعے اپنے بہتر کارپوریٹ گورننس پر خر ہے۔

بینک ریگولیٹری فرائض کے مطابق پالیسی سے متعلق معاملات اور ان کے طویل المدت اثرات کا بڑا باریک مبنی سے جائزہ لیتا ہے جو بینک کے آپریشنل تقاضوں کو بھی پورا کرتا ہے۔ مینجنمنٹ اور بورڈ کمیٹی کو کام کے تعین دائرہ کارکے ساتھ یہ لینی بنانے کیلئے تکمیل دیا گیا کہ وہ اپنے مینڈیٹ اور متعلقہ ٹرمز آف ریفرنس کے مطابق اپنے تعین کام موثر انداز میں سرانجام دیں۔

### کارپوریٹ اور فناشل روپرٹنگ فریم ورک:

بینک کے ڈائریکٹر سیکورٹیز اینڈ آپریٹھیچن کمیشن آف پاکستان کے کارپوریٹ گورننس کے ضابطہ کے کارپوریٹ اور فناشل روپرٹنگ فریم ورک کی مندرجہ ذیل کیلئے تعییں کی تصدیق کرتے ہیں:

- ☆ مینجنمنٹ کی طرف سے تیار کیے گئے مالیاتی گوشوارے بینک کے امور حیثیت، آپریشنر کے نتائج، کیش فلوٹیٹ معٹ اور ایکویٹی میں تبدیلیوں کا شیٹنٹ کوشاف انداز میں پیش کرتے ہیں۔
- ☆ بینک کے اکاؤنٹس کی بکس مناسب طریقہ سے برقرار رکھی گئی ہیں
- ☆ اکاؤنٹنگ پالیسیوں کو جیسا کہ اکاؤنٹس کے نوٹس میں بیان کیا گیا ہے مالیاتی گوشواروں کی تیاری میں مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ کے تجھیے معقول اور داشمندانہ فیصلے پر بنی ہیں۔
- ☆ مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق انٹرنشنل فناشل روپرٹنگ سینڈرڈر ز پر عمل درآمد کیا گیا
- ☆ انٹرنشنل کنٹرول کا نظام محفوظ طریقہ سے بنایا گیا اور موثر انداز میں نافذ اس کی نگرانی کی جارہی ہے
- ☆ بینک کی اپنے کاروباری کو جاری رکھنے کی صلاحیت پر کوئی شک و شبهات نہیں جیسا کہ خدشہ طاہر کیا جا رہا ہے۔
- ☆ کارپوریٹ گورننس کے بہترین طریقہ کار سے مادی حقائق کا اخراج نہیں کیا گیا جو کہ لستنگ ریگولیشنر میں تفصیلی درج ہیں۔
- ☆ بقاہی قانونی ادائیگیوں کی تفصیلات، اگر کوئی ہیں، مالی بیانات میں مناسب طور پر ظاہر کی گئی ہیں۔

### لیکمینیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2019 کی تعییں:

بینک نے سیکورٹیز اینڈ آپریٹھیچن کمیشن آف پاکستان (ایس ای سی پی) کی جانب سے مرتب کردہ لیکمینیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنر، 2019 کو اپناتے ہوئے ان کی مناسب تعییں کی گئی ہے۔ اس سلسلے میں رپورٹ کے ساتھ ایک بیان مسلک ہے۔

رسک میجنٹ کو موثر انداز میں بینی بنا نے لیئے بینک میں انٹریل کنٹرول منڈشن کا کوئی اسٹرپھر نہیں دفاعی سچ پر مستمل ہے۔ پہلی دفاعی لائے خود کاروبار ہے جو شمول آپریشنل خطرات کی ملکیت قبول کرتا ہے اور اس کے نظم و نسق کا ذمہ دار ہے۔ دوسری دفاعی لائے خود رسک میجنٹ کمپلائنس اور کنٹرول فنکشنز کی طرف سے فراہم کردہ مگر انی ہے جس کے ذریعے نئے اور موجودہ کاروباری اقدامات کو متاثر کرنے والے خطرات کی نشاندہی اور ان کی شدت کا اندازہ، رسک ماہرین اور برنسنر کے ساتھ خطرے کو کم کرنے کیلئے اقدامات ترتیب دیتے جاتے ہیں، اس کے بعد رسک میجنٹ فنکشن کو مناسب اصلاحی اقدامات کیلئے رپورٹ کیا جاتا ہے۔ آخری دفاعی لائے آزاد اور موثر انٹریل آڈٹ فنکشن ہے جو انٹریل کنٹرول کی موثریت کا جائزہ لیتا ہے اور پالیسیوں اور طریقہ کاروں کی تعییں کی مگر انی کرتا ہے۔

بورڈ آف ڈائریکٹرز کو بورڈ آڈٹ کمیٹی کی طرف سے کمپلائنس رپورٹ سے باقاعدگی سے آگاہ کیا جاتا ہے۔ ترجیح کے طور پر، اندر ونی اور بیرونی آڈیٹرز اور گیکو لیٹریز کے تمام اہم اور مادی متأجح پر انتظامیہ کی طرف سے توجہ دی جاتی ہے اور اس بات کو لیقینی بناتے ہوئے کہ مناسب اصلاحی اقدامات نافذ کیے گئے ہیں۔ خلاف ورز یوں کو کم کرنے گلظیوں کی تکرار، اور کنٹرول انوارمنٹ کو مضبوط کرنے کے لیے مناسب نظام موجود ہیں۔ اس کے علاوہ کمپلائنس فنکشن پورے بینک میں ریگو لیٹری تعییں کو لیقینی بنانے کے لیے اپنا مناسب کردار ادا کر رہا ہے۔

مالیاتی رپورٹنگ کنٹرول سمیت اندر ونی کنٹرول کی مجموعی موثریت کا جائزہ لینے کے لیے بینک اندر ونی کنٹرول سے متعلق ایس بی پی کی گائیڈ لائنز پر پوری تندی سے عمل کرتا ہے۔ بینک کے وسیع عمل اور کنٹرول کی تفصیلی دستاویزات مکمل ہو چکی ہیں۔ مزید برآں، بینک نے کلیدی کنٹرولز کی آپریٹنگ موثریت کو لیقینی بنانے کے لیے ایک جامع انتظامی جانچ اور رپورٹنگ کا فریم ورک تیار کیا ہے اور نمایاں طور پر نشاندہی کرنے گئے ڈیزائن میں بہتری کے موقع کو حل کیا ہے۔

فائل رپورٹنگ پر انٹریل کنٹرول (آئی سی ایف آر) روڈ مپ کی طبقیان بخش تکمیل پر ایس بی پی نے اگست 2016 میں ایکسٹریل آڈیٹریز کی طرف سے لانگ فارم رپورٹ (ایل ایف آر) جمع کرانے سے استثنی دیا۔ مزید برآں ایس بی پی کی طرف سے 6 جولائی، 2021 کو جاری کردہ احکام نامہ بی ایس ڈی سرکلر لائٹ نمبر 1 آف 2021 کے مطابق ایس بینک جنہوں نے آئی سی ایف آر روڈ میپ کے تمام مرحلوں کو مکمل کر لیا ہے، انہیں آئی سی ایف آر کی افادیت پر سالانہ اسمنٹ رپورٹ کو جمع نہ کرانے کی اجازت دی ہے۔ تاہم ایس بی پی سپروائزری اسمنٹ کے حصے کے طور پر سالانہ اسمنٹ رپورٹ کا جائزہ لے سکتا ہے۔ اسی طرح آئی سی ایف آر کی افادیت پر 31 دسمبر، 2024 کیلئے سالانہ اسمنٹ رپورٹ بورڈ آڈٹ کمیٹی کو پیش کی جائے گی۔

انتظامیہ یہ صحیح ہے کہ موجودہ انٹریل کنٹرول سسٹم موزوں ہے، موثر انداز میں نافذ شدہ ہے اور اس کی مسلسل مگر انی کی جاری ہے۔ اس بیان کی بورڈ آف ڈائریکٹرز کی طرف سے تو یقین کی جاتی ہے۔ انتظامیہ اپنی کو ترجیح کو بڑھانے اور اندر ونی کنٹرول پر ایس بی پی کی گائیڈ لائنز کی تعییں جاری کر کر کشش کر، گاہ، ۲۱۷ ط، سکنٹ، اے، کراچی، مسلمان، ۱۱۰۰، مرضہ ۱۰۰، گاہ،

بینک کریڈٹ مسائل سے جڑے خطرات اور غیر یقینی صورتحال کے حوالے سے باخبر ہے جس کیلئے رسک میجنٹ کے حوالے سے ایک مختلف اور سخت اپروچ کی ضرورت ہوتی ہے۔ اس سلسلے میں، ایس بی پی کی ریگولیٹری گائیڈ لائنز پر عمل کرتے ہوئے ایک پیشال ایسٹ میجنٹ یونٹ موجود ہے تا کہ اصلاحی انتظامی مسائل پر توجہ مرکوز، موثر انتظام کے لیے کاسینوفائیڈ پورٹ فولیو کی ملکیت اور بحالی اور آبادکاری کے لیے ورک آؤٹ طریقوں کا تعین کیا جاسکے، جیسا کہ بینک کی رمیڈیل میجنٹ پالیسی میں درج ہے۔

انفارمیشن سیکورٹی کے لحاظ سے، انفارمیشن سیکورٹی ڈیپارٹمنٹ سیکورٹی خطرے کے ساتھ ساتھ خطرے نشاندہی کرتا ہے، اہم آئی ٹی کی نگرانی کرتا ہے، اور پورے بینک میں معلومات اور ساہب سیکورٹی کے خطرات کا انتظام کرتا ہے۔ معلومات کے تحفظ کو بہتر بنانے کے لیے، ابھرتے ہوئے خطرات کی حقیقی وقت کی نگرانی کے ساتھ گہرائی پرتوں والے ہفاظتی ڈھانچے تعینات کیا گیا ہے۔ ساہب سیکورٹی کو مزید مضبوط کرنے کے لیے، بینک ایک عمل پرینی کلچر بنانے، ہشول کے استعمال میں پچشتگی لانے اور میجنٹ / ریگولیٹری روپنگ کو بہتر بنانے اور جے ایس اسٹاف کی سیکورٹی سے متعلق آگاہی کی تربیت کو بڑھانے کے لئے جے ایس کے عملی میں سرمایہ کاری کرنے کی کوشش کر رہا ہے۔

ڈیجیٹل خطرات سے نمٹنے اور ڈیجیٹل فناں کے کاروبار کو سپورٹ کرنے کے لیے، ڈیجیٹل رسک کی چھتری کے تحت خطرے کے ماہرین کی ایک قابل ٹیم بنائی گئی ہے۔ اس فنکشن کا بنیادی مقصد پالیسیوں، عمل اور نظام کو بہتر بنانا، ڈیجیٹل فراؤ کی تحقیقات اور تخفیف، مکمل خطرات کی نشاندہی کرنے کے لیے ڈیٹا اینالیٹکس اور کاروبار کو بڑھانا، اور اسٹرائلچ منصوبوں کو نافذ کرنا ہے۔ مزید برآں، دھوکہ دہی کے خطرے سے نمٹنے کیلئے، بینک نے تمام چینز، فریکلی یا ڈیجیٹل پر اندر ورنی اور پیرومنی دھوکہ دہی کے مکمل خطرات / کوششوں سے بینک اور اس کے کسٹمرز کی حفاظت کے لیے ایک مضبوط فراؤ سے بچاؤ کا طریقہ کا روضع کیا ہے۔

### انٹرل کنٹرول پر بیان:

بینک اپنے تمام تر آپریشنز میں سخت اور موثر کنٹرول قائم کرنے بہت زیادہ زور دیتا ہے۔ صنعت کے بہترین طریقہ کارا ملائی معیارات اور ریگولیٹری تقاضوں کی تعییں کو بینک کی پالیسیوں بنیادی اہمیت حاصل ہے۔ اسی تناظر میں بورڈ آف ڈائریکٹرز ایسی پالیسیاں مرتب کرتے ہیں جو انٹرل کنٹرول کی مجموعی موثریت کی جانچ پر تال فراہم کرتے ہیں۔

جے ایس بینک کے اندر انٹرل کنٹرولز کا مقصد بینک کے آپریشنز کی موثریت اور کارکردگی بھروسہ مندرجہ ملکی معلومات اور قبل اطلاق قوانین اور ریگولیشنز کی تعییں سے متعلق مناسب اقدامات اٹھانے کی یقینی دہانی فراہم کرتے ہیں۔ تاہم یہ بات تسلیم کی جاتی ہے کہ یہ نظام مادی تبدیلیوں کے حوالے سے غلط بیان یا نقصان سے مکمل نہیں بلکہ مناسب یقین دہانی دے سکتے ہیں کیونکہ اسے غیر متوقع صورتحال میں خطرے کو ختم کرنے کیلئے نہیں بلکہ ان کا انتظام کرنے کیلئے ڈیزائن کیا گیا۔

کپیٹل میجنٹ کے حوالے سے بینک کا طرز عمل اس بات کو تیقینی بناتا ہے کہ اس کے پاس اپنی سرگرمیوں سے وابستہ خطرات کو پورا کرنے کے لیے معقول سرمایہ موجود ہے۔ یہ بینک کے کپیٹل میجنٹ کا بنیادی مقصد ہے کہ اس بات کو تیقینی بنائے کہ بینک تمام ریگولیٹری سرمائے کے تقاضوں کی تعمیل کرتا ہے اور ساتھ ہی ساتھ اپنے کاروبار کو معاف فراہم کرنے اور شیئر ہو لڈرز کی قدر کو زیادہ سے زیادہ کرنے کے لیے مضبوط کریٹرینگ اور صحیح مند سرمائے کے ناتسپ کو برقرار رکھتا ہے۔

بینک کا آپریشنل رسک میجنٹ فریم ورک تمام آپریشنل خطرات کی شناخت، ان سے نمٹنے اور ان کا انتظام کرنے کے لیے ایک مناسب کنٹرول ماحول کی موجودگی کو تیقینی بنانے کے لیے ڈیزائن کیا گیا ہے۔ بینک اہم خطرات کو موثر طریقے سے منظم کرنے کے لیے رسک اینڈ کنٹرول سیلف اسیمنٹ (آری ایس اے) کے عمل کو ترجیح دے رہا ہے۔ مزید براہ، ہم ایک ایسے ماحول کو فروغ دے رہے ہیں جہاں ہر ملازم آپریشنل خطرات کو کم کرنے میں اپنی ذمہ داری کو تسلیم کرے۔

رسک اینڈ کنٹرول سیلف اسیمنٹ (RCSA)، آپریشنل لاسس ڈیٹا (OLD)، اور کلیدی رسک اینڈ کیٹریز (KRI) مشتویوں کے علاوہ، آپریشنل رسک میجنٹ فناش بنس کٹنیوں پلینگ پالیسی کی بھی نگرانی کرتا ہے۔ اس میں رکاوٹوں کی صورت میں تبادل سائٹس سے سسٹمز اور سروسرز کی دستیابی کا اندازہ لگانے کے لیے متعدد کاروباری سلسلہ کی مشقیں کرنا شامل ہے۔ یہ مشقیں اس بات کو تیقینی بنانے میں مدد کرتی ہیں کہ ہمارے کاروباری آپریشن منفی حالات میں بھی بغیر کسی رکاوٹ کے جاری رہ سکتے ہیں، اس طرح ہمارے کسٹمرز اور اسٹیک ہو لڈرز کے مفادات کا تحفظ ہوتا ہے۔

کریٹریٹ رسک میجنٹ ایک جاری عمل ہے۔ مجموعی کریٹریٹ پالیسی اور کریٹریٹ رسک میجنٹ کی گائیڈ لائنز کی منظوری بورڈ آف ڈائریکٹریز کی طرف سے دی جاتی ہے۔ اس سلسلے میں سینٹرل کریٹریٹ کمیٹی (سی سی سی) کو بینک میں کریٹریٹ رسک کی نگرانی اور کنٹرول کرنے کی ذمہ داری سونپی جاتی ہے۔ سی سی سی لینڈنگ پورٹ فولیو میں کریٹریٹ رسک کی فعل نگرانی کرنے کیلئے باقاعدگی سے اجلاس منعقد کرتی ہے۔ کریٹریٹ فورٹ فولیو کی محکم ترقی کو برقرار رکھنے اور مستقبل کے چینج بزر سے نمٹنے کیلئے بینک کے کریٹریٹ رسک میجنٹ کے طریقے کارکی مسلسل اپ گریڈیشن کی جاتی ہے۔ کریٹریٹ رسک میجنٹ کی نگرانی کی سرگرمیوں کو تیز کرنے کیلئے بینک میں ایک کریٹریٹ رسک ماٹرنس یونٹ موجود ہے جو ایس بی پی اور بیسیل کے تقاضوں کو پورا کرنے کیلئے باقاعدگی سے فورٹ فولیو کی نگرانی، کریٹریٹ رسک میجنٹ کے ٹاؤن کی تیاری اور عمل درآمد بثمول صنعتی، جغرافیائی اور شعبہ جاتی حدود کے قیام اور کریٹریٹ رسک کو ٹائپیکیشن / شماریاتی تکنیک وضع کرتی ہے۔ کریٹریٹ فورٹ فولیو کے استھکام کی کریٹریٹ ایڈمنیسٹریشن کے ذریعے نگرانی کی جاتی ہے جو کریٹریٹ حدود کے نظم و نسق کے ساتھ ہاؤس کپنگ کی بھی ذمہ دار ہوتی ہے۔ بینک کے کریٹریٹ فورٹ فولیو میں موجود ماحولیاتی اور سماجی (ای اینڈ ایس) خطرات کی نشاندہی اور موثر نظم و نسق کے لیے، ماحولیاتی اور سماجی رسک میجنٹ (ای ایس آر ایم) کے طریقے کا روضع کیے گئے ہیں اور انہیں بینک کے کریٹریٹ رسک میجنٹ کے عمل میں موثر طور پر شامل کیا گیا ہے، جیسا کہ بینک کی گرین بینکنگ پالیسی اور ای ایس آر ایم فریم ورک میں درج ہے۔

|   |  |
|---|--|
| ☆ | ڈیپٹ پر اپرٹی سویپ پالیسی              |
| ☆ | برنس کمیونٹی پلانگ پالیسی              |
| ☆ | انفارمیشن سیکورٹی پالیسی               |
| ☆ | آئی سی اے اے پی پالیسی                 |
| ☆ | فراؤ رسک میجنٹ پالیسی                  |
| ☆ | انواز منٹل انڈسٹریل رسک میجنٹ فریم ورک |

بینک کے رسک گونس کو درج ذیل کمیٹیاں استعمال کرتی ہیں:

|   |  |
|---|--|
| ☆ | رسک میجنٹ کمیٹی (آرائیسی)              |
| ☆ | آپریشنل رسک میجنٹ کمیٹی (او آرائیسی)   |
| ☆ | سینٹرل کریڈٹ کمیٹی (سیسیسی)            |
| ☆ | اگری کریڈٹ کمیٹی (اےسیسی)              |
| ☆ | آئی ٹی سٹیرنگ کمیٹی (آئی ٹی ایسیسی)    |
| ☆ | ایش اینڈ لائیلیٹر کمیٹی (اے ایل سی او) |

ان کمیٹیوں کا اجلاس مارکیٹ کی پیش رفتہ اور بینک کی مالی اور سیکورٹی رسک کی سطح کا جائزہ لینے کیلئے باقاعدہ سے منعقد ہوتا ہے۔

رسک میجنٹ اس بات کو تینی بانے کیلئے ایک اہم کردار ادا کرتی ہے کہ پورے بینک نظام میں رسک اور یوارڈ کے درمیان مناسب توازن کو برقرار رکھا جائے۔ اس لئے زیر جائزہ ہل میں رسک میجنٹ فناشن در فریم ورک کو نمایاں طور پر مضبوط اور مستحکم کیا گیا ہے۔ وقف چیف کریڈٹ آفیسر کے تحت علیحدہ کریڈٹ رسک گروپ جو کار پوریٹ، مالی اداروں اور انٹریشنل بینکنگ کے کریڈٹ جائزہ کی نگرانی سرانجام دیتا ہے، کریڈٹ ایڈمنیسٹریشن اور پیشل ایش میجنٹ کا قیام شامل ہے لیکن اس تک محمد وہبیں ہے۔ رسک میجنٹ کے باقی نظم و ضبط میں مارکیٹ اینڈ لیکوئیدیٹی، آپریشنل، بیسی پی، پورٹ فولیو، پالیسی، ایگریکلچر کریڈٹ، کنزیومر اینڈ پروگرام لینڈنگ، سی اے ڈی، ایس اے ایم، ڈجیٹل اور انفارمیشن سیکورٹی رسک چیف رسک آفیسر کے چھتری تلے کام کرتے ہیں۔

مارکیٹ رسک کی پیمائش، نگرانی اور انتظامی روپرٹنگ مستقل بنیادوں پر کی جاتی ہے۔ ٹریڑری مڈل آفس کی معاونت سے مارکیٹ رسک اینڈ پیسل یونٹ کی طرف سے انٹریسٹ ریٹ رسک، ایکوئیٹی ایکسپووزر رسک، کرنی یا فارن ایکچنچ رسک، کراس بارڈر یا کنٹری رسک، مالیاتی اداروں (ایف آئی) ایکسپووزر رسک لیکوئیدیٹی رسک اور کیپیٹل ایڈ و کیسی کی شکل میں تمام متعلقہ فناشنل رسک ایکسپووزر کی یومیہ نگرانی کی جاتی ہے۔

بجے ایس بینک میں، ہم ہر بات چیت میں انصاف پسندی اور وضاحت کے لیے وقف ہیں، ایک سروں کلچر کو فروع دیتے ہیں جو ہمارے صارفین کو ترجیح دیتا ہے۔ ہمارا مقصد ایک ایسا ماحول قائم کرنا ہے جہاں صارفین کو سراہا اور باخبر محسوس ہو، جس سے وہ باخبر مالیاتی انتخاب کر سکیں۔ آگاہی کے اقدامات اور مالیاتی خواندگی کے پروگراموں کے ذریعے، ہم اپنے صارفین کو مالیاتی منظر نامے کی پیچیدگیوں کو تلاش کرنے میں مدد کرنے کے لیے پر عزم ہیں، اس بات کو قیمتی بناتے ہوئے کہ ان کے پاس ثابت اور با اختیار میکنگ سفر ہو۔

### رسک میجنٹ:

بورڈ رسک میجنٹ کے بہترین طریقوں پر ان کی اصل روح کے مطابق عمل درآمد کیلئے پر عزم ہے۔ موثر رسک میجنٹ کو برقرار کھنے کیلئے بینک پیسل فریم ورک کے تحت ایس بی پی کی طرف سے جاری ریگولیری ہدایات اور دیگر متعلقہ گائیڈ لائنز کے مطابق رسک میجنٹ کے مناسب فریم ورک پر عمل درآمد کرتا ہے۔ اس سلسلے میں بینک نے رسک میجنٹ پالیسیوں، طریقہ کاروں اور طرز عمل کا جامع نظام تفصیل دے رکھا ہے جو بینک کو تمام بڑے خطرات بشمل کر دیتے، مارکیٹ، لیکوئیدیٹی، آپریشنل، انفارمیشن سیکیورٹی، ڈجیٹل اور فراؤ رسک کو مناسب طریقے سے پر کھنے کے قابل بنتا ہے۔ بینک کا مجموعی رسک میجنٹ فریم ورک بورڈ آف ڈائریکٹرز (بی اوڈی) بورڈ رسک میجنٹ کمیٹی (بی آریم سی) کی نگرانی میں کام کرتا ہے جبکہ بینک کی سینٹر انظامیہ کی طرف سے آپریشنل سٹھ کے روزمرہ فنکشن انعام دیئے جاتے ہیں۔ ایک جامع مریبو طریقہ میجنٹ اپروچ تیار کرنے کی خاطر بینک میں رسک میجنٹ کے متعدد پہلوؤں کا انظام کرنے کیلئے ایک الگ اور آزاد رسک میجنٹ فنکشن موجود ہے جبکہ کریڈٹ رسک فنکشن کو رسک میجنٹ کے دیگر متعدد اقسام میں الگ کیا گیا ہے۔ بینک کے اندر رسک میجنٹ اپروچ کو مضبوط بنانے کیلئے بورڈ کی طرف سے مندرجہ ذیل اہم پالیسیاں مرتب کی گئیں جائزہ لیا گیا اور منظوری دی گئی ہے۔

- ☆ رسک میجنٹ پالیسی
- ☆ کریڈٹ پالیسی
- ☆ ایس ایم ای فائننس پالیسی
- ☆ کولیریل میجنٹ پالیسی
- ☆ انٹرل کریڈٹ رسک ریٹنگ پالیسی
- ☆ کنزیومر کریڈٹ پالیسی
- ☆ مارکیٹ رسک میجنٹ پالیسی
- ☆ انٹریسٹ ریٹ رسک میجنٹ پالیسی
- ☆ آپریشنل رسک میجنٹ پالیسی
- ☆ لیکوئیدیٹی رسک میجنٹ پالیسی
- ☆ کنٹری رسک میجنٹ پالیسی
- ☆ ایگر یکچر کریڈٹ پالیسی
- ☆ ریکیڈیل میجنٹ پالیسی

آن لائن فیڈ بیک فارم پیش کرتی ہے۔

صارفین کے ساتھ ہمارے براہ راست اور موثر رابطے کو برقرار رکھنے میں تھی اسی میں وائس، چیٹ اور ایس ایم ایس ٹیم، کسٹمر کیسر یونٹ، ایس کے براچ بیننگ، کسٹمر انساٹس اور کار و پاری طرز عمل شامل ہیں۔ یہ یونٹ منصفانہ، قابل رسائی اور موثر سروں فراہم کرنے کی ہماری حکمت عملی لازمی حصہ ہیں، عملی خطرات کو کم کرنے اور مسلسل بہتری کے لیے قیمتی معلومات اکٹھا کرنے میں مدد دیتے ہیں۔

☆ بینک کی ملٹی چینل وائس، چیٹ اور ایس ایم ایس ٹیم افسران کو کمپنیکیشن چینلز پر صارفین کے ساتھ بات چیت کرنے کی اجازت دیتے ہیں جس میں وائس (ریٹیل بیننگ، پرائیوریٹ بیننگ، ڈیجیٹل فناشل سروز یا براچ یس بیننگ اور بیرون ملک سے)، واٹر ایپ چیٹ، 2012 پر ایس ایم ایس اور ای میل (CCU.Helpdesk@jsbl.com، info@jsbl.com، jsblink@jsbl.com اور rda@jsbl.com) پر بات چیت شامل ہے۔

☆ کسٹمر کیسر یونٹ تمام براچ پوائنٹس پر آنے والی شکایات سے نمٹنے کے لیے کسٹمر کی شکایات، درجہ بندی، نظام اور طریقہ کار کے بارے میں ادارے کے فلسفے کے طور پر کام کرتا ہے۔ کسٹمر کیسر یونٹ اس بات کو یقینی بناتا ہے کہ یہ منصفانہ، شفاف، قابل رسائی، اور بینک کے صارفین کی شکایت کے لئے دفاع کی پہلی لائن کے طور پر موثر ہے۔ صارفین کی اطمینان حاصل کرنے کے لیے کسٹمر کیسر یونٹ شکایات سے نمٹنے کا طریقہ کار نہ صرف بینک کے آپریشنل اور ساکھ کے خطرے کو کم کرتا ہے لیکن قیمتی معلومات بھی فراہم کرتا ہے۔ بالآخر پر وڈکٹس، طریقہ کار اور ترسیل کے ذرائع میں بہتری لانے کے لیے استعمال کی جاسکتی ہیں۔

☆ ایس کیو براچ کی بیننگ ٹیم براچ کے وزٹ کے ذریعے اس بات کو یقینی بناتی ہے کہ مسلسل سروں سپورٹ اور سروں ڈیلیوری فراہم کرنے کے لیے مناسب عناصر اور وعدے موجود ہیں۔

☆ کسٹمر انساٹس ایسے کسٹرجن کا بنیادی طور پر سروے کے ذریعے اندازہ لگایا جاتا ہے کہ روپوں کے رہنمائی کی ترجیحی کرتی ہے۔ جس کا مقصد کسی پر وڈکٹ یا سروں کی تاثیر کو بڑھانا اور ساتھ ہی پر وڈکٹ یا سروں فراہم کرنے والے کسٹمر کے مالی فائدے کے برابر فروخت میں اضافہ کرنا ہے۔

☆ کار و پاری طرز عمل ایس بی پی کنڈکٹ اس سمعٹ فریم ورک کے مطابق طرز عمل کے خطرے کا اندازہ لگا کر ذمہ دارانہ بیننگ کو یقینی بناتا ہے۔

بینک کی اہم توجہ کسٹمر کے ساتھ تمام معاملات میں انصاف پسندی، مواصلات میں وضاحت، سروں کلچر کو تیار کرنا اور شکایات سے نمٹنے کا ایک موثر طریقہ کار وضع کرنا ہے۔ ہمارا مقصد ایسا ماحول قائم کرنا ہے جہاں کسٹمر اپنے حقوق اور فیصلوں کے بارے میں جامع معلومات کے ساتھ قابل قدر، قابل احترام اور با اختیار محسوس کریں۔

|        |        |        |        |        |        |                                 |
|--------|--------|--------|--------|--------|--------|---------------------------------|
| 3,943  | 6,676  | 5,077  | 5,300  | 12,205 | 11,340 | نامارک اپ ائم                   |
| 133    | 2,023  | 2,209  | 2,131  | 8,515  | 6,366  | قبل از یکس منافع                |
| 25     | 1,150  | 1,304  | 965    | 4,335  | 2,849  | بعد از یکس منافع                |
| 0.0004 | 0.89   | 1.01   | 0.74   | 2.75   | 1.39   | نی حصہ آمد نیاں (بنیادی) - روپے |
| 0.01%  | 0.23%  | 0.23%  | 0.16%  | 0.72   | 0.46%  | او سط اٹاٹوں پر منافع (ROAA)    |
| 0.15%  | 6.06%  | 6.12%  | 4.43%  | 14.01% | 6.78%  | او سط اکیوٹی پر منافع (ROAE)    |
| 12.93% | 12.77% | 13.77% | 13.26% | 12.53% | 13.24% | کمپیٹل ایڈ ویسی ریشو (سی اے آر) |
| 66.65% | 58.74% | 56.62% | 51.39% | 43.96% | 47.17% | ڈپاٹس ریشو کی طرف ایڈ وانز      |

### کمپیٹل ایڈ ویسی:

31 دسمبر 2024 تک، جے ایس بینک کا کمپیٹل ایڈ ویسی ریشو (سی اے آر) دسمبر 2023 میں 12.53 فیصد کے مقابلے میں 13.24 فیصد رہا جبکہ ایس بی پی کی طرف سے مقرر کردہ کم سے کم مطلوبہ سی اے آر 11.50 فیصد ہے۔

### کشمرا ایکسپرنس اور فیرٹریمنٹ:

بینک کی کشمرا ایکسپرنس ٹیم (سی ای ٹی) تمام چیز پوائنٹس پر بینک اور کائنٹس کے درمیان بہتر رابطہ کاری کو لیجنی بنانے کیلئے بینک کے کائنٹس ایکسپرنس کی مخصوصہ بندی اور ان کی گنروانی کرتی ہے۔ سی ای ٹی ایسی حکمت عملیاں تکمیل اور انہیں نافذ کرتا ہے جو صارف کے ساتھ بہتر تعلقات قائم کرنے کیلئے سودمند ہوتی ہیں۔ صارف پر توجہ ہمارے بنیادی اقدار میں سے ایک ہے جو شکایات کے ازالہ کے انتظام، شکایت سے نمٹنے اور صارف کی نیڑی بیک کو اہمیت دینے کے ساتھ ساتھ ان کی ضروریات کو سمجھنے اور انہیں بہترین تجربہ کی پیشش سے ہم آہنگی ہے۔

سال 2024 میں بینک کو مجموعی طور پر 44,415 شکایات موصول ہوئیں اور ان شکایات کو حل کرنے میں او سٹا 3.2 کاروباری دن لگے۔ بینک کی شکایت سے نمٹنے کی پالیسی اور شکایات کے ازالے کا طریقہ کارس بات کو لیجنی بناتا ہے کہ شکایات کو بر وقت حل کیا جائے اور جہاں ممکن ہو شکایات کی تکرار کو روکا جائے۔ ہم صارفین کو اپنے تجھظات کا اظہار کرنے کے لیے مختلف چیل فراہم کرتے ہیں، پورے عمل میں رسائی اور شفافیت کو لیجنی بناتے ہیں۔ اگر وہ بینک کے جواب سے مطمئن نہیں ہیں تو صارفین کے پاس بینک محتسب کے دفتر سے رابطہ کرنے کا اختیار بھی ہے۔

اپنی شکایات کو سنبھالنے کے بہتر انتظام کیلئے، جے ایس بینک نے کئی کشمرز کی کیونکیشنز جیسے اکاؤنٹ اسٹیمٹس، اے ٹی ایم اسکرینز، اور خطوط میں آگاہی کے پیغامات شامل کیے ہیں۔ صارفین کے لیے ریسورس میکانزم کی بڑھتی ہوئی رسائی کیلئے بینک نے یہ معلومات سو شل میڈیا پر دستیاب کی ہیں اور اپنے صارفین کو ایس ایم اسکرینز کی پیغامات بھی بھیجتے ہیں۔ بینک کی ویب سائٹ شکایت کا ایک جامع طریقہ کار، چیز پوائنٹس اور

بینک نے ڈیجیٹل ٹرانسفر میشن اور ڈیٹا سائنسز کے میدان میں اپنی تیزی سے وسعت پانے والی حکمت عملی کو جاری رکھا، جس کے تحت 100 سے زائد نئی جدیں متعارف کرائی گئیں۔ بینک میں ڈیجیٹل چینلز کے استعمال میں نمایاں اضافہ ہوا، جہاں 80 فیصد سے زائد صارفین کم از کم ایک ڈیجیٹل چینل استعمال کر رہے ہیں۔ مزید بڑاں، بینک نے پیپر لیس پر دسینگ کی جانب اہم پیش رفت کی، جس سے نہ صرف کارکردگی میں بہتری آئی بلکہ لائلگت میں بھی کمی ممکن ہوئی۔

حالیہ سال کے دوران، بینک نے اپنی RMA کو وسعت دینے اور عالمی سطح پر اپنے اثر و رسوخ کو بڑھانے میں نمایاں پیش رفت کی۔ ہماری کاؤنٹری کاؤنٹریز بین الاقوامی مالیاتی اداروں کے ساتھ تعلقات کو مضبوط بنانا اور اہم مارکیٹوں میں اپنے قدم جمانا رہا۔ نئے شراکت داریاں قائم کر کے اور ابھرتی ہوئی مارکیٹوں میں داخل ہو کر، بینک نئی ترقی کے موقع سے فائدہ اٹھانے اور سرحد پر جامع مالی حل فراہم کرنے کے لیے خود کو بہتر پوزیشن میں لارہا ہے۔ یہ عالمی توسعی نہ صرف ہمارے مسابقی برتری کو مستحکم کرتی ہے بلکہ پائیدار ترقی اور حصص یافتگان کے لیے قدر میں اضافے کی طویل مدتی حکمت عملی سے بھی ہم آہنگ ہے۔ ڈائریکٹر زپر اعتماد ہیں کہ یہ اقدامات بینک کی بین الاقوامی موجودگی اور عملی چک کو مزید مضبوط کریں گے، جو کہ بدلتے ہوئے عالمی مالیاتی منظروں میں طویل مدتی کامیابی کو بیتھنی بنا سکیں گے۔

جون 2024 میں، پاکستان کریڈٹ رینگ ایجنٹسی (پی اے سی آر اے) نے بینک کی طویل مدتی رینگ کو "AA" (ڈبل اے) میں اپ گریڈ کیا، جو پہلے AA تھی، جبکہ مختصر مدتی رینگ کو A+ پر برقرار رکھا، جو اس کییگری میں سب سے بلند درجہ ہے۔ یہ رینگ بھی ایس بینک کی مضبوط مالی کارکردگی، مستحکم رسک مینجنمنٹ طریقوں اور بینکاری شعبے میں عمدگی کے عزم کی عکاسی کرتی ہیں۔ پی اے سی آر اے کی "AA" رینگ اعلیٰ کریڈٹ کوالٹی کی علامت ہے، جو بینک کی مالی مضبوطی کو ظاہر کرتی ہے اور اس کی محتاط مالیاتی پالیسیوں، مستحکم سرمایہ کاری اور دور اندیش حکمت عملی کی تقدیم کرتی ہے۔

گذشتہ چھ سالوں کیلئے مالی اعداد و شمار کا خلاصہ ذیل میں دیا گیا ہے:

|  | 2019    | 2020    | 2021    | 2022    | 2023    | 2024    | تفصیلات              |
|--|---------|---------|---------|---------|---------|---------|----------------------|
|  | 369,790 | 433,063 | 460,705 | 464,132 | 486,283 | 525,134 | ڈپڑس                 |
|  | 17,333  | 20,592  | 22,024  | 21,547  | 40,322  | 43,707  | ایموبیٹی             |
|  | 469,821 | 532,168 | 584,289 | 616,715 | 589,432 | 636,107 | کل اٹاٹے             |
|  | 142,568 | 201,698 | 231,266 | 303,465 | 287,957 | 302,437 | سرمایہ کاریاں - صافی |
|  | 242,944 | 250,199 | 254,184 | 231,101 | 203,727 | 225,519 | ایڈوانس - صافی       |
|  | 41,595  | 43,099  | 39,125  | 72,047  | 92,087  | 108,503 | مجموعی مارک اپ       |
|  | 7,028   | 9,777   | 11,895  | 14,856  | 22,409  | 27,313  | صافی مارک اپ         |

بینک کی نان مارک اپ آمدنی سالانہ بیانیا پر 7 فیصد کمی کے ساتھ 11,340 ملین روپے رہی، جس میں فیس اکٹم میں 18 فیصد اور ڈیویڈنڈ اکٹم میں 32 فیصد اضافہ ہوا، جبکہ سکوپ ریز پر خالص منافع کے نتیجے میں 641 ملین روپے کا ثابت اثر دیکھنے میں آیا۔ تاہم، فارن ایکسچیئن اکٹم میں 2,467 ملین روپے کی کمی واقع ہوئی، جو کہ گزشتہ سال کے مقابلے میں زر مبالغہ کی مارکیٹ میں کم اتار چڑھاؤ کے باعث ہوئی، جس نے دیگر آمدنی میں اضافے کے اثر کو م کر دیا۔ نان مارک اپ اخراجات 18 فیصد اضافے کے ساتھ 27,574 ملین روپے ہو گئے، جس کی بیانیات وجوہات مہنگائی کے اثرات، روپے کی قدر میں کمی، اور ٹینکنا لو جی سے متعلقہ اخراجات میں اضافہ ہیں۔ بینک کا کاسٹ ٹاؤنگ ریشو معمولی اضافے کے ساتھ 70.7 فیصد رہا، جبکہ خالص مارک اپ آمدنی سے آپریٹنگ لائلگت کا تناسب 97 فیصد سے بڑھ کر 100 فیصد ہو گیا۔

سال کے اختتام پر بینک کے ڈپاڑ 525.134 ملین روپے رپورٹ کیے گئے، جو کہ 31 دسمبر 2023 کے مقابلے میں 8 فیصد اضافہ ظاہر کرتے ہیں۔ جیسا کہ اوپر ذکر کیا گیا، بینک کے مدت کے اختتام پر نان ریوزر ٹیوڈپاڑ کا تناسب بہتر ہو کر 38 فیصد ہو گیا۔ اوسط کے لحاظ سے، بینک کے نان ریوزر ٹیوڈپاڑ سال 2023 میں 143.916 ملین روپے سے بڑھ کر سال 2024 میں 165.927 ملین روپے ہو گئے۔

31 دسمبر 2024 کو مجموعی ایڈوانس 247.714 ملین روپے کی سطح پر پہنچنے کے ساتھ، بینک کا مجموعی ADR تناسب مدت کے اختتام پر بڑھ کر 47 فیصد ہو گیا۔ غیر فعال قرضوں میں اضافے کے باعث بینک کا مجموعی انیکشن تناسب دسمبر 2024 میں بڑھ کر 8.61 فیصد ہو گیا (دسمبر 2023: 7.6 فیصد)، جبکہ نان پرفارمنگ لوز دسمبر 2023 میں 16.184 ملین روپے سے بڑھ کر دسمبر 2024 میں 21.328 ملین روپے ہو گئے۔ اس سال اضافی درجہ بندیوں اور 9-IFRS NPLs کے تحت خلاف چارج کے پیش نظر، بینک کا کوتیر تناسب بہتر ہو کر 71 فیصد (دسمبر 2023: 60 فیصد) ہو گیا۔

سال 2024 میں ہمارے ڈیجیٹل بینکنگ پلیٹ فارم ”زندگی“ نے شاندار کارکردگی کا مظاہرہ کیا، وجودت، صارفین کی توجہ اور اسٹرائیک ترقی سے تقویت یافتہ تھا۔ پلیٹ فارم نے تقریباً 250 ملین روپے مالیت کے ٹرانزیکشنز کو پر ویس کیا، جو گزشتہ سال کے مقابلے میں نہایاں اضافہ ہے۔ اس ترقی کے نتیجے میں آمدنی میں 30 فیصد اور ڈپاڑ میں 66 فیصد اضافہ ہوا۔ سال کے دوران کئی اہم سنگ میل حاصل کیے گئے، جن میں Hajj Sullis Card (MC) اور MYTM کے اشتراک سے، بفری لانس یا میں ڈی اکاؤنٹ، منی ایپ پلیٹ فارم، اسپلٹ بل فچر، اور ”زندگی پے“ کے تحت پہلا انکلوڈر کو عیکٹ لیس چینٹ سلوشن Raast P2M شامل ہیں۔ اس کے علاوہ، بینکنگ ایز اے سروں (BaaS) کے تحت ایک کو-برائڈ کارڈ بھی متعارف کرایا گیا۔ AI ٹینکنا لو جی کو مزید وسعت دیتے ہوئے، زندگی نے ”ایڈوانس سیلری +“ متعارف کرایا، جو تجہاد دار افراد کے لیے ایک چکدار فناںگ آپشن ہے۔ صارفین کے تجہے کو بہتر بنانے کے لیے ”زندگی 2.0“ کا چدید ایپ ڈیزائن متعارف کرایا گیا، اور پاکستان ڈیجیٹل ایوارڈز میں ”بہترین موبائل ایپ“ کا اعزاز حاصل کیا۔ مزید مہار، پاکستان کی پہلی ہوم گروں ایٹرپرینیورشپ کیوٹی ”زندگی پر ارز“، کوین الاقوامی سطح پر کینیا تک توسعہ دی گئی، جس سے یہ سرحدوں سے باہر بھی اثر انداز ہو رہا ہے۔ زندگی کی پائیدار ترقی، صارفین کے لیے بہترین سہولیات، اور جدت پسندی نے اسے پاکستان کے ڈیجیٹل بینکنگ سیکٹر میں ایک نہایاں مقام دلایا۔

| مالی کارکردگی                  | 2024   | 2023   |
|--------------------------------|--------|--------|
| خالص مارک اپ آمدنی             | 27,313 | 22,409 |
| ننان مارک اپ آمدنی             | 11,340 | 12,205 |
| مجموعی آمدنی                   | 38,653 | 34,614 |
| ننان مارک اپ اخراجات           | 27,574 | 23,291 |
| منافع قبل از پروویژن و ٹیکسیشن | 11,079 | 11,322 |
| کریڈٹ خسارہ الاؤنس اور رائٹ آف | 4,713  | 2,807  |
| قبل از ٹکس منافع               | 6,366  | 8,515  |
| بعد از ٹکس منافع               | 2,849  | 4,335  |
| نی شیر آمدنی (روپے)            | 1.39   | 2.75   |

سال 2024 میں بینک کا قبل از ٹکس منافع 6,366.077 ملین روپے رہا (31 دسمبر 2023: 8,515.174 ملین روپے)، جبکہ نی شیر آمدنی 1.39 روپے (31 دسمبر 2023: 2.75 روپے) رہی۔

2024 میں، بینک نے 27,313 ملین روپے کی نیٹ ائٹریسٹ اکم (NII) ریکارڈ کی، جو گذشتہ سال 22,409 ملین روپے کے مقابلے میں 22 فیصد کا اضافہ ہے۔ NII میں یہ اضافہ بنیادی طور پر گذشتہ سال کے مقابلے میں زیادہ سود کی شرحوں کے ساتھ ساتھ ڈپازٹ کی اصلاح کی کوششوں سے ہوا ہے۔ بینک کا غیر منافع بخش ڈپازٹ بیس 2023 میں 160,546 ملین روپے سے 2024 میں 198,409 ملین روپے ہو گیا، جو کہ 24 فیصد کے اضافو کی نمائندگی کرتا ہے۔ ڈپازٹ مکس میں بہتری واضح ہے اور غیر منافع بخش ڈپازٹ کا حصہ 33 فیصد سے بڑھ کر 38 فیصد ہو گیا۔ مجموعی ایڈ و انس 16 فیصد اضافہ کے ساتھ 247,714 ملین روپے تک پہنچ گئے۔ دوسرا طرف، ہماری بہتر بینکنگ خدمات نے ہمیں پاکستان کے کچھ مشہور مقامی اور کشرا القومی صارفین کی توجہ اپنی جانب مبذول کرانے کے قابل بنایا۔ سال کے دوران مارجنزد باؤ میں رہے کیونکہ ثانوی مارکیٹ کی پیداوار متوقع شرح سود میں کمی کے مطابق ایڈ جسٹ ہوتی رہی جبکہ پہلے چھ ماہ کے دوران فنڈنگ لائلگت مستحکم رہی۔ سال کے دوسرے نصف میں شرح سود میں کمی کا اثر نظر آیا، لیکن اس کے باوجود مارکیٹ میں مستیاب منافع بخش موقع پالیسی ریٹ سے کم ہی رہے۔

پاکستان کو اپنے معاشی استحکام کو برقرار رکھنے، ساختی چینجروں (جیسے ٹکس نظام، تو انائی کا شعبہ، اور سرکاری ادارے) سے نمٹنے اور جامع اور پائیدار ترقی کو فروغ دینے کے لیے موثر پالیسیوں اور اصلاحات کی ضرورت ہوگی، ساتھ ہی قرضوں کی سطح کو کم کرنا بھی ایک اہم ہدف ہوگا۔ اب تک آئی ایم ایف نے ٹکس نظام میں بہتری کے لیے کیے گئے اقدامات کو سراہا ہے اور زور دیا ہے کہ ٹکس نیٹ کو وسیع کیا جائے، ٹکس انتظامیہ کو موثر بنایا جائے، اور ترقیاتی سرمایہ کاری کے لیے مالی وسائل کو بہتر طریقے سے استعمال کیا جائے۔ اس میں انسانی وسائل، بنیادی اسٹرکچر، اور سماجی تحفظ کے شعبوں میں سرمایہ کاری شامل ہے تاکہ معیشت کو مزید مستحکم اور متوازن بنایا جاسکے۔

### بیننگ سیکٹر کا جائزہ:

ائیٹ بینک آف پاکستان (SBP) نے تقریباً چھ ماہ میں پالیسی ریٹ 22 فیصد سے کم کر کے 13 فیصد کر دیا، جس سے مہنگائی میں کمی کے بعد شرح سود بھی کم ہو رہی ہیں۔ بینکوں کے لیے یہ خالص سودی مارجن (NIMs) اور منافع میں کمی کا باعث بن سکتا ہے، تاہم زیادہ قرضوں کی فراہمی اس اثر کو کم کر سکتی ہے۔ سال کے آخر میں ٹکس قوانین میں تبدیلی کے تحت بینکوں کو اپنے قبل از ٹکس منافع (PBT) پر اضافی 5 فیصد ٹکس ادا کرنا ہوگا، چاہے وہ ADR کی مطلوبہ حد پوری کریں یا نہ کریں، جبکہ پہلے یہ ٹکس صرف حکومتی سیکیورٹیز سے آمدی پر لاگو ہوتا تھا۔ صنعت کا تناسب جون 2024 میں 40 فیصد سے بڑھ کر دسمبر 2024 میں 50 فیصد ہو گیا، جس کا مقصد بینکوں کو نجی کاروباروں کو قرض دینے کی ترغیب دینا تھا۔ زیادہ تر بینک اپنی قرضہ جاتی حکمت عملی کو ایڈ جسٹ کر رہے تھے تاکہ اضافی ٹکس سے نفع سکیں، لیکن ADR ٹکس قانون میں تبدیلی اور 5 فیصد اضافی ٹکس مالی سال کے آخر میں لاگو کر دیا گیا۔

بیننگ سیکٹر میں کمپیوٹر ایڈوکسی ریشور مضبوط سطح پر ہیں اور ریگولیٹری تقاضوں سے کہیں زیادہ ہیں۔ قرضوں کی نمو میں ست روی اور بغیر خطرے کے حکومتی قرضوں میں زیادہ سرمایہ کاری کے باعث رسک و پیداوار میں اضافہ دیکھا گیا ہے۔

### بینک کی کارکردگی:

31 دسمبر 2024 کو اختتام پذیر ہونے والے سال کیلئے بینک کی مالی حیثیت اور آپرینگ نتائج کا خلاصہ درج ذیل ہے:

روپے ملین میں

| 2023    | 2024    | مالی تفصیل             |
|---------|---------|------------------------|
| 203,727 | 225,519 | ایڈ وانسر - خالص       |
| 287,957 | 302,437 | سرمایہ کاری - خالص     |
| 589,432 | 636,107 | کل اٹاٹہ جات           |
| 486,283 | 525,134 | ڈپاٹی اور دیگر اکاؤنٹس |
| 40,322  | 43,707  | حصص یافتگان کی ایکوٹی  |

## ڈائریکٹر پورٹ

ہم 31 دسمبر، 2024 کو ختم ہونے والے سال کیلئے جے ایس بینک لمبیڈ (جے ایس بی ایل) کی ۱۹ اویں سالانہ رپورٹ معہ آڈیٹڈ کھاتوں اور آڈیٹر زکی رپورٹ پیش کرنے میں مسروت محسوس کرتے ہیں۔

### اقتصادی جائزہ:

مسلسل حکومتی اصلاحات اور پالیسی اقدامات کی بدولت 2024 پاکستان کی معیشت کے لیے ایک نمایاں پیش رفت کا سال ثابت ہوا۔ مارچ 2024 میں پاکستان کو آئی ایم ایف کے اسٹینڈ بائی ارجنمنٹ (SBA) کے تحت آخری 1.1 بلین امریکی ڈالر کی قسط موصول ہوئی۔ اس کے بعد، ستمبر 2024 میں آئی ایم ایف ایگزیکٹو بورڈ نے 37 ماہ کے ایکسٹینڈ ڈنڈ فیننسیٹی (EFF) کے تحت 5.32 بلین اسٹینڈ ڈرائیور ایٹھن (SDR) (تقریباً 7 بلین امریکی ڈالر) کی منظوری دی، جس کے تحت فوری طور پر 760 ملین اسٹینڈ ڈرائیور ایٹھن (تقریباً 1 بلین امریکی ڈالر) کی ادائیگی کی گئی۔ مزید برآں، اسی سال موڈیز اور فوج دنوں نے پاکستان کی کریڈٹ رینگ کو اپ گردی کیا، جو کہ معیشت کی بہتری اور حکومتی پالیسیوں پر اعتماد کا مظہر ہے۔

اکتوبر 2024 سے کرنٹ اکاؤنٹ مسلسل فاضل (سرپلس) میں جا رہا ہے، جس کے نتیجے میں مالی سال 2025 کی پہلی ششماہی میں کرنٹ اکاؤنٹ بیلن 1.21 بلین امریکی ڈالر تک پہنچ گیا۔ اس بہتری کی بنیادی وجوہات میں ترسیلات زر میں اضافہ اور تجارتی خسارے پر قابو پانا شامل ہیں۔ مزید برآں، ثبت کرنٹ اکاؤنٹ کے ساتھ مستحکم کپیٹل اکاؤنٹ نے مالی سال 2025 کی پہلی ششماہی میں ادائیگیوں کے توازن کو ثابت رکھا، حالانکہ قرضوں کی ادائیگیوں کا سلسلہ بھی جاری رہا۔

مستحکم کرنی، متوازن کرنٹ اکاؤنٹ خسارہ (CAD)، اور ترقیاتی و دو طرفہ قرض دہندگان کی معاونت کی بدولت دسمبر 2024 تک اٹیٹ بینک کے زر مبادله کے ذخیرہ کر تقریباً 12 بلین امریکی ڈالر تک پہنچ گئے، جو دسمبر 2023 میں 8.2 بلین امریکی ڈالر تھے۔ اس کے نتیجے میں پاکستان کی درآمدی سکت دسمبر 2023 میں 1.9 گنا سے بڑھ کر دسمبر 2024 میں 2.8 گنا ہو گئی۔ اسی دوران، پاکستانی روپیہ 1 نیصد مستحکم ہوا اور سال کے دوران 278 روپیہ امریکی ڈالر کی سطح پر پہنچ گیا۔

اسٹیٹ بینک آف پاکستان (SBP) نے جون 2024 میں مالیاتی نرمی کا آغاز کیا اور پالیسی ریٹ میں 150 بیس پاؤنڈس کی کمی کی۔ اس کے بعد مسلسل کئی اجلاسوں میں مزید کمی کی گئی، جس کے نتیجے میں پالیسی ریٹ 22 نیصد کی بلند سطح سے کم ہو کر گزشتہ 6 ماہ میں 13 نیصد تک آگیا۔ یہ فیصلہ CPI میں مسلسل کمی کے باعث ممکن ہوا، جہاں مہنگائی کی شرح دسمبر 2024 میں کم ہو کر 4.1 نیصد تک گئی، جبکہ گزشتہ سال یہ شرح 30 نیصد کے قریب تھی۔ اس بہتری کی بنیادی وجوہات میں غذائی اشیاء کی قیتوں میں نرمی، کرنی کا استحکام، اور عالمی منڈی میں تیل کی قیتوں میں کمی شامل ہیں۔



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### INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of JS Bank Limited

#### Review Report on the Statement of Compliance Contained in 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 (the Regulations) prepared by the Board of Directors of JS Bank Limited (the Bank) for the year ended 31 December 2024 in accordance with the requirements of Regulation No. 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.

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 2024.

Date: 07 March 2025

Karachi

UDIN: CR202410106nsaV4vwix

KPMG Taseer Hadi & Co.  
Chartered Accountants

# STATEMENT OF COMPLIANCE

## **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, 2024**

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

1. The total number of directors of the Bank is seven as per the following:

- a. Male: Six (06) (including the Chief Executive Officer (CEO))
- b. Female: One (01)

2. The composition of the Board is as follows:

| <b>Category</b>             | <b>Names</b>  |
|-----------------------------|---|
| i) Independent Directors    | <ul style="list-style-type: none"> <li>• Ms. Nargis Ali Akber Ghaloo</li> <li>• Lt. Gen. (R) Sadiq Ali</li> <li>• Mr. Khalilullah Shaikh</li> <li>• Mr. Usman Yousaf Mobin</li> </ul> |
| ii) Non-Executive Directors | <ul style="list-style-type: none"> <li>• Mr. Adil Matcheswala - Chairman</li> <li>• Mr. Saad Ali Bhimjee</li> </ul>   |
| iii) Executive Director     | <ul style="list-style-type: none"> <li>• Mr. Basir Shamsie - President &amp; CEO</li> </ul>   |
| iv) Female Director         | <ul style="list-style-type: none"> <li>• Ms. Nargis Ali Akber Ghaloo<br/>(Independent Director)</li> </ul>  |

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the 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 a 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 the Act and the Regulations with respect to frequency, recording, and circulating minutes of meetings of the Board.
8. The Board has a formal policy and transparent procedures for the remuneration of directors in accordance with the Act and the Regulations.

9. Out of seven directors, six directors have completed the Director's Training Program, and one director is exempted from the requirement in accordance with the Regulations.
10. The Board has approved the appointment of the Chief Financial Officer (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 the Chief Financial Officer and Company Secretary.
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-

**Audit Committee:**

|  |             |
|--|-------------|
| Mr. Khalilullah Shaikh<br>(Independent Director)   | Chairperson |
| Ms. Nargis Ghaloo<br>(Independent Director)        | Member      |
| Lt. Gen. Retd. Sadiq Ali<br>(Independent Director) | Member      |

**HR Remuneration & Nomination Committee:**

|   |          |
|---|----------|
| Ms. Nargis Ali Akber Ghaloo<br>(Independent Director) | Chairman |
| Mr. Adil Matcheswala<br>(Non-Executive Director)      | Member   |
| Mr. Usman Yousaf Mobin<br>(Independent Director)      | Member   |

**Risk Management Committee:**

|   |          |
|---|----------|
| Mr. Khalilullah Shaikh<br>(Independent Director)    | Chairman |
| Lt. Gen. (R) Sadiq Ali<br>(Independent Director)    | Member   |
| Mr. Saad Ali Bhimjee<br>(Non-Executive Director)    | Member   |
| Mr. Basir Shamsie<br>(Director and President & CEO) | Member   |

**IT Committee:**

|   |          |
|---|----------|
| Mr. Usman Yousaf Mobin<br>(Independent Director)    | Chairman |
| Mr. Saad Ali Bhimjee<br>(Non-Executive Director)    | Member   |
| Mr. Basir Shamsie<br>(Director and President & 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 committees was as follows:

| <b>Committees</b>                      | <b>Meetings held during the year</b> |
|--|--------------------------------------|
| Audit Committee                        | Six                                  |
| HR Remuneration & Nomination Committee | Three                                |
| Risk Management Committee              | Four                                 |
| IT Committee                           | Four                                 |

15. The Board has set up an effective internal audit function comprising suitably qualified and experienced persons for the purpose and is 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 the 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 CEO, CFO, 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 on behalf of the Board

**Basir Shamsie**

President & CEO

Karachi: February 28, 2025

**Adil Matcheswala**

Chairman



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Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road  
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## INDEPENDENT AUDITOR'S REPORT

**To the members of JS Bank Limited**

**Report on the Audit of the Unconsolidated 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 2024, and the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 46 branches which have been audited by us and notes to the financial statements, including a summary of material 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, the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the 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 2024 and of the profit and other comprehensive income, the changes in equity and its cash flow 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 Unconsolidated 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.



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Following are the Key Audit Matters:

| S.No. | Key Audit Matters  | How the matter was addressed in our audit   |
|-------|--|---|
| 1     | <b>Valuation of Advances:</b><br><br>(Refer note 9 & 20 to the unconsolidated financial statements)<br><br>As at 31 December 2024, the Bank's Credit loss allowance against advances and off-balance sheet items amounting to Rs. 15,778 million and Rs. 191 million respectively.<br><br>As per the BPRD Circular No. 07 of 2023, the Bank adopted IFRS 9 in accordance with the Application Instructions issued by State Bank of Pakistan (SBP) from 01 January 2024 which requires the Bank to recognize Expected Credit Losses (ECL) on advances including non-funded exposure. The estimation of ECL on advances including non-funded exposure, involves judgement and complexity.<br><br>The key areas which are subject to management judgement in the estimation of ECL are: <ul style="list-style-type: none"><li>Model estimations – judgmental modelling and assumption are used to estimate ECL which involves determining Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). Respective model assumption is a key driver of complexity and uncertainty and are required in the application of these model for calculation of the ECL estimate.</li><li>Economic scenarios – IFRS 9 requires the Bank to measure ECL on an unbiased forward-looking</li></ul> | <p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"><li>Performing risk assessment procedures over the credit loss allowance against advances and off-balance sheet exposure within the Bank's unconsolidated financial statement. As part of these risk assessment procedures, identifying the portfolios associated with a risk of material misstatement including those arising from judgements over the estimation of ECL either due to inputs, methods or assumption.</li><li>Assessing the design, implementation and operating effectiveness of key controls established by the Bank over measurement of ECL and provision calculated as per PR.</li><li>We involved in-house specialist who assisted in the following:</li><li>Evaluating the Bank's impairment methodologies for compliance with application instructions as issued by SBP for IFRS 9;</li><li>Assessing the reasonableness of the Bank's methodology and models for determining the economic scenarios used and the probability weightings applied to them by independently validating and challenging the assumption, methodologies, and outputs of the models;</li></ul> |



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| S.No. | Key Audit Matters   | How the matter was addressed in our audit  |
|-------|---|--|
|       | <p>basis reflecting a range of future economic conditions. Management judgement is applied in determining the forward-looking economic scenarios used as an input to calculate ECL, the associated scenario probability weightings, and the key economic variables that drive the scenarios.</p> <ul style="list-style-type: none"><li>• Qualitative criteria – the criteria selected to identify a SICR involves judgment and can lead to unreliable ECL recognized for certain portfolios.</li></ul> <p>In line with the application instructions as issued by SBP for IFRS 9, the Bank must compare the ECL for Stage 3 advances with the provision determined under the Prudential Regulations (PR) issued by the SBP. The PR requires specific provisioning against the advances on the basis of time-based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of provision against advances, therefore, involves use of management's judgement, on a case-to-case basis, taking into account factors such as the economic and business conditions, borrowers' repayment behaviors and realizability of collateral held by the Bank.</p> <p>Because of the high degree of estimation uncertainty and judgement involved in the calculation of ECL we considered the area of ECL provision as a key audit matter.</p> | <ul style="list-style-type: none"><li>• Assessing the reasonableness of macroeconomic variable and economic forecasts by comparing these to external sourced data extracted; and</li><li>• Performing independent testing of the Expected Credit Loss (ECL) allowance on a sample basis.</li><li>• Ensuring completeness of the key inputs into the ECL calculations with their respective sub-ledgers and general ledgers.</li><li>• Performing testing on sample basis over key inputs into the ECL calculations with their respective source documents.</li><li>• Performing sensitivity analysis on the key assumption, that is probability weighted economic scenarios, to assess reasonableness and the risk of biasness by changing weights assigned to each economic scenario.</li><li>• In accordance with the PR, we sampled at least sixty percent of the total advances portfolio and performed credit review through the following substantive procedures:<ul style="list-style-type: none"><li>• verifying repayments of advances/ mark-up installments and checked that non-performing advances have been correctly classified and categorized based on the number of days overdue;</li><li>• examining watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether</li></ul></li></ul> |



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| S.No. | Key Audit Matters   | How the matter was addressed in our audit   |
|-------|---|---|
| 2     | <b>Impairment testing of goodwill</b><br><br>(Refer Note 12 to the unconsolidated financial statements) | <p>classification of these accounts as performing was appropriate; and</p> <ul style="list-style-type: none"><li>assessing the accuracy of specific provision made against non-performing advances in accordance with the criteria prescribed under the PRs by performing recalculation.</li><li>Assessing the appropriateness of SICR criteria applied by the Bank by ensuring that the SICR criteria and staging methodology are consistent with the relevant application instructions as issued by SBP for IFRS 9.</li><li>Assessing the appropriateness of ECL on advances categorized as Stage 3 by performing a comparison of ECL computed, through the use of methodology and models with the provision required to be computed as required under the PR to ensure that an amount which is higher of the ECL and PR requirements is appropriately recognized for these stage 3 advances pursuant to the requirement of application instructions as issued by SBP for IFRS 9.</li><li>Evaluating the adequacy of the unconsolidated financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.</li></ul> <p>As at 31 December 2024, intangible assets include goodwill amounting to Rs. 1,463.624 million acquired as a result of scheme of amalgamation as Our audit procedures, amongst others, included the following:</p> |



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| S.No. | Key Audit Matters   | How the matter was addressed in our audit  |
|-------|---|--|
|       | <p>disclosed in note 12 to the unconsolidated financial statements.</p> <p>Goodwill is required to be annually assessed for impairment under IAS-36 "Impairment of Assets". Accordingly, Management has performed an impairment test of the goodwill which is subjective in nature due to assumptions made about future performance. As disclosed in note 12, the Bank uses a discounted cash flow model to determine value in use, on the basis of the certain key assumptions. Due to the impact of the assumptions and judgements involved, the impairment testing of goodwill is considered to be a key audit matter.</p> | <ul style="list-style-type: none"><li>Evaluating the model used in determining the value in use as well as assessing the discount rate used;</li><li>Comparing the cash flow forecasts to approved budgets and other relevant market and economic information, as well as testing the underlying calculations;</li><li>Involving our internal valuation specialists to review and evaluate management's key assumptions used in impairment calculations;</li><li>Performing sensitivity analyses around the key assumptions used in the models;</li><li>Assessing the adequacy of the related disclosures in the unconsolidated financial statements in accordance with the applicable financial reporting framework</li></ul> |

#### Information other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The Other Information comprises the Annual Report of the Bank but does not include the unconsolidated financial statements, consolidated financial statements and our auditor's reports thereon. We were provided with the Director's Report to the Shareholders and Chairman's Review Report prior to the date of this Auditor's report and the remaining parts of the Annual report are expected to be made available to us after that date.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this Auditor's report, 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.



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### **Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 is responsible for overseeing the Bank's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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.



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- 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated 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.

#### **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 / branches 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 unconsolidated statement of financial position, the unconsolidated statement of profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flows statement 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;



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

Date: 07 March 2025

Karachi

UDIN: AR202410106WjB19Ikwh

  
KMPG Taseer Hadi & Co.  
Chartered Accountants

**JS BANK LIMITED**  
**UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2024**

| 2024                                 | 2023           | Note | 2024                       | 2023              |  |  |
|--------------------------------------|----------------|------|----------------------------|-------------------|--|--|
| ----- USD in '000 -----              |                |      | ----- Rupees in '000 ----- |                   |  |  |
| <b>ASSETS</b>                        |                |      |                            |                   |  |  |
|                                      |                |      |                            |                   |  |  |
| <b>154,580</b>                       | 146,814        | 5    | <b>43,058,132</b>          | 40,895,031        |  |  |
| <b>12,986</b>                        | 13,382         | 6    | <b>3,617,293</b>           | 3,727,490         |  |  |
| <b>7,179</b>                         | -              | 7    | <b>1,999,730</b>           | -                 |  |  |
| <b>1,085,753</b>                     | 1,033,771      | 8    | <b>302,436,602</b>         | 287,957,001       |  |  |
| <b>809,616</b>                       | 731,384        | 9    | <b>225,518,627</b>         | 203,726,900       |  |  |
| <b>43,392</b>                        | 30,971         | 10   | <b>12,086,893</b>          | 8,627,102         |  |  |
| <b>9,370</b>                         | 7,681          | 11   | <b>2,610,093</b>           | 2,139,578         |  |  |
| <b>24,435</b>                        | 17,494         | 12   | <b>6,806,276</b>           | 4,872,907         |  |  |
| -                                    | -              | 13   | -                          | -                 |  |  |
| <b>136,326</b>                       | 134,578        |      | <b>37,973,622</b>          | 37,486,449        |  |  |
| <b>2,283,637</b>                     | 2,116,075      |      | <b>636,107,268</b>         | 589,432,458       |  |  |
| <b>Total Assets</b>                  |                |      |                            |                   |  |  |
|                                      |                |      |                            |                   |  |  |
| <b>LIABILITIES</b>                   |                |      |                            |                   |  |  |
|                                      |                |      |                            |                   |  |  |
| <b>29,172</b>                        | 20,351         | 14   | <b>8,125,841</b>           | 5,668,721         |  |  |
| <b>103,028</b>                       | 97,729         | 15   | <b>28,698,505</b>          | 27,222,479        |  |  |
| <b>1,885,243</b>                     | 1,745,765      | 16   | <b>525,134,376</b>         | 486,282,778       |  |  |
| <b>10,011</b>                        | 8,021          | 17   | <b>2,788,429</b>           | 2,234,115         |  |  |
| <b>30,500</b>                        | 30,507         | 18   | <b>8,495,833</b>           | 8,497,767         |  |  |
| <b>2,409</b>                         | 4,725          | 19   | <b>671,138</b>             | 1,316,108         |  |  |
| <b>66,366</b>                        | 64,220         | 20   | <b>18,486,512</b>          | 17,888,422        |  |  |
| <b>2,126,729</b>                     | 1,971,318      |      | <b>592,400,634</b>         | 549,110,390       |  |  |
| <b>156,908</b>                       | <b>144,757</b> |      | <b>43,706,634</b>          | <b>40,322,068</b> |  |  |
| <b>NET ASSETS</b>                    |                |      |                            |                   |  |  |
|                                      |                |      |                            |                   |  |  |
| <b>REPRESENTED BY</b>                |                |      |                            |                   |  |  |
|                                      |                |      |                            |                   |  |  |
| <b>73,619</b>                        | 73,619         | 21   | <b>20,506,625</b>          | 20,506,625        |  |  |
| <b>25,538</b>                        | 23,562         |      | <b>7,113,683</b>           | 6,563,243         |  |  |
| <b>12,127</b>                        | 7,036          | 22   | <b>3,377,860</b>           | 1,959,868         |  |  |
| <b>45,624</b>                        | 40,540         |      | <b>12,708,466</b>          | 11,292,332        |  |  |
| <b>156,908</b>                       | <b>144,757</b> |      | <b>43,706,634</b>          | <b>40,322,068</b> |  |  |
| <b>CONTINGENCIES AND COMMITMENTS</b> |                |      |                            |                   |  |  |
| 23                                   |                |      |                            |                   |  |  |

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

President and  
Chief Executive Officer

Chief Financial Officer

Director

Director

Director

**JS BANK LIMITED**  
**UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

| 2024                                   | 2023    |  | Note | 2024                       | 2023       |
|--|---------|--|------|----------------------------|------------|
| ----- USD in '000 -----                |         |  |      | ----- Rupees in '000 ----- |            |
| <b>389,527</b>                         | 330,595 | Mark-up / return / interest earned   | 25   | <b>108,502,795</b>         | 92,087,212 |
| <b>291,473</b>                         | 250,146 | Mark-up / return / interest expensed   | 26   | <b>81,189,811</b>          | 69,678,174 |
| <b>98,054</b>                          | 80,449  | <b>Net mark-up / interest income</b>   |      | <b>27,312,984</b>          | 22,409,038 |
| <b>NON MARK-UP / INTEREST INCOME</b>   |         |  |      |                            |            |
| <b>17,539</b>                          | 14,839  | Fee and commission income  | 27   | <b>4,885,422</b>           | 4,133,281  |
| <b>8,292</b>                           | 6,289   | Dividend income  |      | <b>2,309,821</b>           | 1,751,922  |
| <b>11,813</b>                          | 20,671  | Foreign exchange income  |      | <b>3,290,421</b>           | 5,757,857  |
| <b>95</b>                              | -       | Income from derivatives  |      | <b>26,426</b>              | 11         |
| <b>2,709</b>                           | 409     | Gain on securities - net   |      | <b>754,660</b>             | 113,846    |
| -                                      | -       | Net gains / (losses) on derecognition of financial assets measured at amortised cost |      | -                          | -          |
| <b>263</b>                             | 1,607   | Other income   | 29   | <b>73,238</b>              | 447,655    |
| <b>40,711</b>                          | 43,815  | <b>Total non mark-up / interest income</b>   |      | <b>11,339,988</b>          | 12,204,572 |
| <b>138,765</b>                         | 124,264 | <b>Total Income</b>  |      | <b>38,652,972</b>          | 34,613,610 |
| <b>NON MARK-UP / INTEREST EXPENSES</b> |         |  |      |                            |            |
| <b>98,174</b>                          | 82,720  | Operating expenses   | 30   | <b>27,346,237</b>          | 23,041,555 |
| <b>457</b>                             | 611     | Workers welfare fund   | 31   | <b>127,322</b>             | 170,313    |
| <b>362</b>                             | 285     | Other charges  | 32   | <b>100,787</b>             | 79,275     |
| <b>98,993</b>                          | 83,616  | <b>Total non-mark-up / interest expenses</b>   |      | <b>27,574,346</b>          | 23,291,143 |
| <b>39,772</b>                          | 40,648  | <b>Profit before credit loss allowance</b>   |      | <b>11,078,626</b>          | 11,322,467 |
| <b>16,918</b>                          | 10,078  | Credit loss allowance and write offs - net   | 33   | <b>4,712,549</b>           | 2,807,293  |
| <b>22,854</b>                          | 30,570  | <b>Profit before taxation</b>  |      | <b>6,366,077</b>           | 8,515,174  |
| <b>12,628</b>                          | 15,007  | Taxation   | 34   | <b>3,517,611</b>           | 4,180,256  |
| <b>10,226</b>                          | 15,563  | <b>Profit after taxation</b>   |      | <b>2,848,466</b>           | 4,334,918  |
| ----- US Dollar -----                  |         |  |      |                            |            |
| <b>0.005</b>                           | 0.010   | <b>Basic and diluted - earnings per share</b>  | 35   | <b>1.39</b>                | 2.75       |
| ----- Rupees -----                     |         |  |      |                            |            |

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

President and  
Chief Executive Officer

Chief Financial Officer

Director

Director

Director

**JS BANK LIMITED**  
**UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

| <b>2024</b>             | 2023          |  | <b>2024</b>                | 2023             |
|-------------------------|---------------|--|----------------------------|------------------|
| ----- USD in '000 ----- |               |  | ----- Rupees in '000 ----- |                  |
| <b>10,226</b>           | 15,563        | <b>Profit after taxation for the year</b>  | <b>2,848,466</b>           | 4,334,918        |
|                         |               | <b>Other comprehensive income</b>  |                            |                  |
|                         |               | <b>Items that may be reclassified to profit and loss account in subsequent periods:</b>      |                            |                  |
|                         |               | Effect of translation of net investment in foreign branch                                    |                            |                  |
|                         |               | Movement in surplus on revaluation of debt investments through FVOCI - net of tax            |                            |                  |
|                         |               | Revaluation of available for sale investments - net of tax (Pakistan Operations)             |                            |                  |
| (69)                    | 789           |  | (19,253)                   | 219,841          |
| <b>3,300</b>            | 1,253         |  | <b>919,175</b>             | 348,900          |
| -                       | 1,807         |  | -                          | 503,467          |
| <b>3,231</b>            | 3,849         |  | <b>899,922</b>             | 1,072,208        |
|                         |               | <b>Items that will not be reclassified to profit and loss account in subsequent periods:</b> |                            |                  |
|                         |               | Remeasurement loss on defined benefit obligations - net of tax                               |                            |                  |
|                         |               | Movement in surplus on revaluation of investments in equity - net of tax                     |                            |                  |
|                         |               | Movement in surplus on revaluation of property and equipment - net of tax                    |                            |                  |
|                         |               | Movement in surplus on revaluation of non-banking assets - net of tax                        |                            |                  |
| (187)                   | (258)         |  | (51,997)                   | (71,780)         |
| <b>585</b>              | 66            |  | <b>162,991</b>             | 18,429           |
| <b>1,476</b>            | (164)         |  | <b>411,137</b>             | (45,739)         |
| 49                      | 1,403         |  | <b>13,624</b>              | 390,813          |
| <b>1,923</b>            | 1,047         |  | <b>535,755</b>             | 291,723          |
| <b>15,380</b>           | <b>20,459</b> | <b>Total comprehensive income</b>  | <b>4,284,143</b>           | <b>5,698,849</b> |

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

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

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

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

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

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

**JS BANK LIMITED**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

|  | Share capital                        |                                | Capital Reserves |                                    | Statutory reserve<br>Rupees in '000 | Surplus / (deficit) on revaluation of |                           |                       | Unappropriated profit | Total             |
|--|--------------------------------------|--------------------------------|------------------|------------------------------------|-------------------------------------|---------------------------------------|---------------------------|-----------------------|-----------------------|-------------------|
|  | Issued,<br>subscribed and<br>paid up | Discount on<br>issue of shares | Share<br>premium | Exchange<br>translation<br>reserve |                                     | Investments                           | Property and<br>Equipment | Non-Banking<br>Assets |                       |                   |
| <b>Balance as at January 01, 2023</b>  | 12,974,643                           | (2,855,401)                    | -                | 457,187                            | 2,330,014                           | (459,791)                             | 1,147,729                 | 107,083               | 7,845,155             | 21,546,619        |
| <b>Profit after taxation for the prior year</b>  | -                                    | -                              | -                | -                                  | -                                   | -                                     | -                         | -                     | 4,334,918             | 4,334,918         |
| <b>Other comprehensive income - net of tax</b>   |                                      |                                |                  |                                    |                                     |                                       |                           |                       |                       |                   |
| Effect of translation of net investment in foreign branch                                      | -                                    | -                              | -                | 219,841                            | -                                   | -                                     | -                         | -                     | -                     | 219,841           |
| Movement in surplus on revaluation of investment in debt instruments - net of tax              | -                                    | -                              | -                | -                                  | -                                   | 348,900                               | -                         | -                     | -                     | 348,900           |
| Movement in surplus / (deficit) on revaluation of equity investments - net of tax              | -                                    | -                              | -                | -                                  | -                                   | 18,429                                | -                         | -                     | -                     | 18,429            |
| Revaluation of available for sale investments - net of tax                                     | -                                    | -                              | -                | -                                  | -                                   | 503,467                               | -                         | -                     | -                     | 503,467           |
| Remeasurement loss on defined benefit obligations - net of tax                                 | -                                    | -                              | -                | -                                  | -                                   | -                                     | -                         | -                     | (71,780)              | (71,780)          |
| Movement in surplus on revaluation of property and equipment - net of tax                      | -                                    | -                              | -                | -                                  | -                                   | -                                     | (45,739)                  | -                     | -                     | (45,739)          |
| Movement in surplus on revaluation of non-banking assets - net of tax                          | -                                    | -                              | -                | -                                  | -                                   | -                                     | 390,813                   | -                     | (71,780)              | 390,813           |
|  | -                                    | -                              | 219,841          | -                                  | 870,796                             | (45,739)                              | 390,813                   | -                     | 1,363,931             |                   |
| Transfer to statutory reserve  | -                                    | -                              | -                | -                                  | 866,984                             | -                                     | -                         | -                     | (866,984)             | -                 |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax           | -                                    | -                              | -                | -                                  | -                                   | -                                     | (41,667)                  | (16)                  | 41,683                | -                 |
| Gain on disposal of equity investments at FVOCI transferred to unappropriated profit           | -                                    | -                              | -                | -                                  | -                                   | (9,340)                               | -                         | -                     | 9,340                 | -                 |
| <b>Transactions with owners, recorded directly in equity</b>                                   |                                      |                                |                  |                                    |                                     |                                       |                           |                       |                       |                   |
| Issue of share capital (right shares)  | 2,205,689                            | -                              | -                | -                                  | -                                   | -                                     | -                         | -                     | -                     | 2,205,689         |
| Issue of share capital (further issue of shares)   | 5,326,293                            | -                              | 5,544,618        | -                                  | -                                   | -                                     | -                         | -                     | -                     | 10,870,911        |
| Discount on issue of shares written off against share premium account - note 21.4              | -                                    | 2,855,401                      | (2,855,401)      | -                                  | -                                   | -                                     | -                         | -                     | -                     | -                 |
| <b>Balance as at December 31, 2023</b>   | <b>20,506,625</b>                    | -                              | <b>2,689,217</b> | <b>677,028</b>                     | <b>3,196,998</b>                    | <b>401,665</b>                        | <b>1,060,323</b>          | <b>497,880</b>        | <b>11,292,332</b>     | <b>40,322,068</b> |
| Impact of adoption of IFRS 9 - net of tax (note 4.1.2)   | -                                    | -                              | -                | -                                  | -                                   | (65,563)                              | -                         | -                     | (834,014)             | (899,577)         |
| <b>Balance as at January 01, 2024<br/>after adoption of IFRS 9</b>                             | <b>20,506,625</b>                    | -                              | <b>2,689,217</b> | <b>677,028</b>                     | <b>3,196,998</b>                    | <b>336,102</b>                        | <b>1,060,323</b>          | <b>497,880</b>        | <b>10,458,318</b>     | <b>39,422,491</b> |
| <b>Profit after taxation</b>   | -                                    | -                              | -                | -                                  | -                                   | -                                     | -                         | -                     | <b>2,848,466</b>      | <b>2,848,466</b>  |
| <b>Other comprehensive income / (loss) - net of tax</b>  |                                      |                                |                  |                                    |                                     |                                       |                           |                       |                       |                   |
| Effect of translation of net investment in foreign branch                                      | -                                    | -                              | -                | (19,253)                           | -                                   | -                                     | -                         | -                     | -                     | (19,253)          |
| Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax | -                                    | -                              | -                | -                                  | -                                   | 919,175                               | -                         | -                     | -                     | 919,175           |
| Movement in surplus/(deficit) on revaluation of investment in equity instruments - net of tax  | -                                    | -                              | -                | -                                  | -                                   | 162,991                               | -                         | -                     | -                     | 162,991           |
| Remeasurement loss on defined benefit obligations - net of tax                                 | -                                    | -                              | -                | -                                  | -                                   | -                                     | -                         | (51,997)              | (51,997)              |                   |
| Movement in surplus on revaluation of property and equipment - net of tax                      | -                                    | -                              | -                | -                                  | -                                   | 411,137                               | -                         | -                     | -                     | 411,137           |
| Movement in surplus on revaluation of non-banking assets - net of tax                          | -                                    | -                              | -                | (19,253)                           | -                                   | -                                     | 13,624                    | -                     | (51,997)              | 13,624            |
|  | -                                    | -                              | (19,253)         | -                                  | 1,082,166                           | 411,137                               | 13,624                    | -                     | 1,435,677             |                   |
| Transfer to statutory reserve  | -                                    | -                              | -                | -                                  | 569,693                             | -                                     | -                         | -                     | (569,693)             | -                 |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax           | -                                    | -                              | -                | -                                  | -                                   | -                                     | (17,754)                  | (889)                 | 18,643                | -                 |
| Gain on disposal of equity investments at FVOCI transferred to unappropriated profit           | -                                    | -                              | -                | -                                  | -                                   | (4,729)                               | -                         | -                     | 4,729                 | -                 |
| <b>Balance as at December 31, 2024</b>   | <b>20,506,625</b>                    | -                              | <b>2,689,217</b> | <b>657,775</b>                     | <b>3,766,691</b>                    | <b>1,413,539</b>                      | <b>1,453,706</b>          | <b>510,615</b>        | <b>12,708,466</b>     | <b>43,706,634</b> |

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

**JS BANK LIMITED**  
**UNCONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

2024                    2023  
----- USD in '000 -----

|               |         |
|---------------|---------|
| <b>22,854</b> | 30,570  |
| (8,292)       | (6,289) |
| <b>14,562</b> | 24,281  |

|                 |          |
|-----------------|----------|
| <b>(98,054)</b> | (80,449) |
| <b>4,641</b>    | 4,084    |
| <b>128</b>      | 119      |
| <b>4,824</b>    | 4,045    |
| <b>1,305</b>    | 1,004    |
| <b>16,918</b>   | 10,078   |
| (64)            | (156)    |
| -               | (1,194)  |
| (16)            | (177)    |
| <b>1,422</b>    | 1,081    |
| <b>970</b>      | 402      |
| <b>1,574</b>    | -        |
| <b>457</b>      | 611      |
| <b>(65,895)</b> | (60,552) |
| <b>(51,333)</b> | (36,271) |

|                  |         |
|------------------|---------|
| <b>(7,180)</b>   | 40,751  |
| (38,792)         | (52)    |
| <b>(76,048)</b>  | 88,613  |
| (53,997)         | (8,406) |
| <b>(176,017)</b> | 120,906 |

|                 |           |
|-----------------|-----------|
| <b>8,821</b>    | 954       |
| <b>10,417</b>   | (250,739) |
| <b>139,478</b>  | 79,522    |
| <b>3,108</b>    | (5,714)   |
| <b>161,824</b>  | (175,977) |
| <b>(65,526)</b> | (91,342)  |

|                 |           |
|-----------------|-----------|
| <b>420,719</b>  | 307,462   |
| (292,514)       | (243,626) |
| (478)           | -         |
| <b>(22,965)</b> | (10,611)  |
| <b>39,236</b>   | (38,117)  |

|                 |          |
|-----------------|----------|
| <b>(69,092)</b> | 169,778  |
| <b>60,504</b>   | (43,249) |
| <b>8,292</b>    | 6,289    |
| <b>(17,361)</b> | (7,839)  |
| (69)            | 789      |
| <b>357</b>      | 602      |
| -               | (23,761) |
| <b>(7,915)</b>  | (4,744)  |
| <b>(25,284)</b> | 97,865   |

|                |         |
|----------------|---------|
| -              | -       |
| (7)            | (7,170) |
| <b>(5,948)</b> | (5,571) |
| -              | 7,918   |
| <b>(5,955)</b> | (4,823) |

|                |         |
|----------------|---------|
| <b>7,997</b>   | 54,925  |
| <b>158,223</b> | 90,733  |
| <b>166,220</b> | 145,658 |

#### CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation  
Less: Dividend income  
**Adjustments:**  
Net mark-up / interest income  
Depreciation on property and equipment  
Depreciation on non-banking assets  
Depreciation on right-of-use assets  
Amortisation  
Credit loss allowance and write offs - net  
Gain on sale of property and equipment - net  
Gain on reclassification of AFS equity shares  
Gain on termination of leases - net  
Finance charges on leased assets  
Charge for defined benefit plan  
Unrealised (loss) / gain on revaluation of investments measured at FVPL - net  
Provision for workers' welfare fund

#### (Increase) / decrease in operating assets

Lendings to financial institutions  
Securities measured at FVPL  
Advances  
Other assets (excluding advance taxation)

#### Increase / (decrease) in operating liabilities

Bills payable  
Borrowings from financial institutions  
Deposits  
Other liabilities (excluding current taxation)

Interest received  
Interest paid  
Gratuity paid  
Income tax paid  
**Net cash flow from / (used in) operating activities**

#### CASH FLOW FROM INVESTING ACTIVITIES

Net investments in amortised cost securities  
Net investments in securities classified as FVOCI  
Dividend received  
Investments in property and equipment  
Effect of translation of net investment in foreign branch  
Disposal of property and equipment  
Investment in subsidiary  
Investments in intangible assets  
**Net cash flow used in investing activities**

#### CASH FLOWS FROM FINANCING ACTIVITIES

Receipt of subordinated debt  
Payments of subordinated debt  
Payments of lease obligations against right-of-use assets  
Issue of share capital (Right shares)  
**Net cash flow used in financing activities**

#### Increase in cash and cash equivalents

Cash and cash equivalents at beginning of the year  
**Cash and cash equivalents at end of the year**

2024                    2023  
----- Rupees in '000 -----

|                  |             |
|------------------|-------------|
| <b>6,366,077</b> | 8,515,174   |
| (2,309,821)      | (1,751,922) |
| <b>4,056,256</b> | 6,763,252   |

|                           |              |
|---------------------------|--------------|
| 30 <b>(27,312,984)</b>    | (22,409,038) |
| 30 <b>1,292,671</b>       | 1,137,617    |
| 30 <b>35,612</b>          | 33,222       |
| 30 <b>1,343,769</b>       | 1,126,808    |
| 30 <b>363,634</b>         | 279,575      |
| 33 <b>4,712,549</b>       | 2,807,293    |
| 29 <b>(17,815)</b>        | (43,461)     |
| 29                      - | (332,658)    |
| 29 <b>(4,322)</b>         | (49,351)     |
| 26 <b>396,228</b>         | 300,981      |
| 26 <b>270,154</b>         | 111,970      |
| 28 <b>438,437</b>         | 49           |
| 31 <b>127,322</b>         | 170,313      |
| <b>(18,354,745)</b>       | (16,866,680) |
| <b>(14,298,489)</b>       | (10,103,428) |

|                     |             |
|---------------------|-------------|
| <b>(2,000,000)</b>  | 11,351,162  |
| (10,805,449)        | (14,543)    |
| (21,183,110)        | 24,683,232  |
| (15,040,851)        | (2,341,420) |
| <b>(49,029,410)</b> | 33,678,431  |

|                     |              |
|---------------------|--------------|
| <b>2,457,120</b>    | 265,776      |
| <b>2,901,710</b>    | (69,843,454) |
| <b>38,851,598</b>   | 22,150,858   |
| <b>865,656</b>      | (1,591,675)  |
| <b>45,076,084</b>   | (49,018,495) |
| <b>(18,251,815)</b> | (25,443,492) |
| <b>117,191,376</b>  | 85,643,573   |
| (81,479,714)        | (67,862,109) |
| (133,191)           | -            |
| <b>(6,397,019)</b>  | (2,955,647)  |
| <b>10,929,637</b>   | (10,617,675) |

|                     |              |
|---------------------|--------------|
| <b>(19,245,629)</b> | 47,291,663   |
| <b>16,853,470</b>   | (12,047,023) |
| <b>2,309,821</b>    | 1,751,922    |
| (4,835,843)         | (2,183,431)  |
| (19,253)            | 219,841      |
| <b>99,467</b>       | 167,611      |
| -                   | (6,618,634)  |
| <b>(2,204,617)</b>  | (1,321,382)  |
| <b>(7,042,584)</b>  | 27,260,567   |

|                    |             |
|--------------------|-------------|
| -                  | 3,500,000   |
| (1,934)            | (1,997,233) |
| <b>(1,656,950)</b> | (1,551,908) |
| -                  | 2,205,689   |
| <b>(1,658,884)</b> | 2,156,548   |
| <b>2,228,169</b>   | 18,799,440  |
| <b>44,073,112</b>  | 25,273,672  |
| <b>46,301,281</b>  | 44,073,112  |

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The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

President and  
Chief Executive Officer

Chief Financial Officer

Director

Director

Director

**JS BANK LIMITED**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**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 and 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 314 (2023: 291) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (2023: 1). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA (Double A) 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 repayment 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 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 AEGL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEGL 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 BankIslami Pakistan Limited (BIPL), JS Global Capital Limited (JSGCL) and JS Investments Limited (JSIL).

**1.4** The shareholders of the Bank in their meeting held on March 30, 2022 approved to acquire, as per the requirements of section 199 of the Companies Act, 2017, 86,316,954 ordinary shares of BankIslami Pakistan Limited (BIPL), constituting 7.79% of the paid-up capital of BIPL, from Emirates NBD Bank PJSC at a price of upto Rs. 13.24 per share making the aggregate consideration upto Rs. 1,142 million.

During the year 2023, pursuant to the approvals of the shareholders of the Bank at their General Meetings held on March 29, 2023 and May 19, 2023 and after obtaining all the requisite corporate and regulatory approvals and compliance with all the applicable laws and regulations, the Bank had acquired:

- 42.45%, i.e., on August 18, 2023, 470,603,772 ordinary voting shares and control of BankIslami Pakistan Limited (BIPL), from sponsors and other shareholders of BIPL (including but not limited to, Jahangir Siddiqui and Co. Ltd., the holding company of the Bank) through agreements against the issuance of 532,629,349 new shares of the Bank by way of other than rights and other than cash consideration, i.e., 1.1318 ordinary shares of the Bank issued as consideration for every 1 ordinary share of BIPL. Accordingly on August 18, 2023, BIPL became a subsidiary of the Bank with 50.24% shareholding.
- 24.88%, i.e., on August 25, 2023, 275,891,276 ordinary shares of BIPL by way of public offer (published in newspapers on June 28, 2023) made to all public shareholders as required under the Takeover Regulations in cash at the rate of Rs. 23.99 per share. To partly finance the public offer, the Bank, with the approval of the Board of Directors, had issued 220,568,925 ordinary shares by way of 17% Right Shares, i.e., 17 right shares for every 100 shares held, at par value of Rs. 10/- each.

Post-acquisition, the shareholding of the Bank in BIPL increased to 75.12%.

**2. BASIS OF PRESENTATION**

These unconsolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated February 09, 2023 with further addition made vide BPRD Circular Letter No. 13 of 2024, dated July 01, 2024 and accounting and financial reporting standards as applicable in Pakistan.

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. The amounts are rounded to nearest thousand except as stated otherwise.

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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. 278.55 to 1 US Dollar has been used for 2024 and 2023 as it was the prevalent rate as on December 31, 2024.

The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, the unconsolidated financial statements continue to be prepared on the going concern basis.

**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 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 State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

International Financial Reporting Standard (IFRS) 10, '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 is not applicable in case of investment by companies in mutual funds established under trust structure.

These unconsolidated financial statements of the Bank are prepared using generally consistent accounting policies. However, as per SBP IFRS 9 application instructions, overseas branches comply with the local regulations enforced within their respective jurisdictions under IFRS 9.

As per BPRD Circular Letter No. 16 of 2024 dated 29 July 2024, unlisted equity securities are currently carried at the lower of cost or breakup value as per the exemption granted by SBP. Effective from January 01, 2025, as per the requirement of IFRS 9, these will be measured at fair value under IFRS 13.

SBP has allowed extension to Banks up to December 31, 2024 for developing the requisite models for calculating EAD for revolving products beyond the contractual date.

The Bank has received an extension from the State Bank of Pakistan (SBP) up to December 31, 2025 for application of Effective Interest Rate (EIR) in general for all financial assets and liabilities (excluding staff loans / subsidized loans).

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

As directed by SBP via BPRD Circular Letter No. 7 of 2023 dated April 13, 2023, IFRS 9, (Financial Instruments) became effective in Pakistan for period beginning on or after January 01, 2024. In addition, due to the application of IFRS 9, SBP vide BPRD Circular No. 02 dated February 09, 2023, amended the format of the annual financial statements. Details regarding the aforementioned adoption and amendment, including the impact thereof, are discussed in more detail in note 4.1.2 to these unconsolidated financial statements.

There are certain other amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2024. These are either considered to not be relevant or do not have any significant impact and accordingly have not been detailed in these unconsolidated financial statements.

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

| <b>Standards and Amendments</b>  | <b>Effective date (annual periods beginning on or after)</b>          |
|--|---|
| Amendments to IAS 21- Lack of Exchangeability<br>IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments) | January 01, 2025<br>Not yet finalised                                 |
| <b>Standard</b>  | <b>IASB effective date (accounting periods beginning on or after)</b> |
| IFRS 1 – First-time Adoption of International Financial Reporting Standards  | January 01, 2004  |

**2.4 Critical accounting estimates and key sources of estimation uncertainty**

The preparation of these unconsolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis.

- i) valuation and impairment of financial instruments (notes 4.1.2.12, 8, 9, 41 and 46.1.9).
- ii) Classification of investment in associates (notes 4.4).
- iii) valuation and depreciation of property and equipment (notes 4.7 and 10).
- iv) valuation of right-of-use assets and related lease liability (notes 4.8, 11 and 17).
- v) valuation and amortisation of intangible assets including impairment of goodwill (note 4.9, 4.21 and 12).
- vi) valuation of non-banking assets acquired in satisfaction of claims (note 4.10 and 13.2).
- vii) defined benefit plans (notes 4.15.2 and 38).
- viii) taxation (notes 4.13, 19 and 34).
- ix) fair value of derivatives (note 4.5.1 and 24).

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

**3. BASIS OF MEASUREMENT**

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

- Certain classes of property and equipment and non-banking assets acquired in satisfaction of claims which are stated at revalued amounts less accumulated depreciation.
- Investments classified under Fair Value through Profit or Loss (FVPL) and Fair Value through Other Comprehensive Income (FVOCI) and derivative financial instruments, which are measured at fair value.
- Certain concessional rate advances and related borrowing (Staff Loans and Financing / Borrowing under SBP TERF Schemes).
- Net obligations in respect of defined benefit schemes which are carried at their present values.

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**4. MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, except as disclosed in note 4.1 below.

**4.1 Changes in Accounting Policies**

**4.1.1 Revised format of unconsolidated financial statements**

SBP through its BPRD Circular No. 02 dated February 09, 2023, and BPRD Circular Letter No. 07 dated April 13, 2023, amended the format of quarterly, half yearly and annual financial statements of banks effective from accounting years starting from January 01, 2024 and onwards. Accordingly, the Bank has prepared these unconsolidated financial statements on the new format prescribed by SBP. The adoption of the new format contains additional disclosures and certain changes in the financial statements' presentation, primarily due to the implementation of IFRS 9 as applicable in Pakistan. However, the corresponding figures continue to be classified and disclosed in accordance with the previous financial accounting and reporting framework.

Adoption of revised financial statements format has also resulted in following material changes (due to which the corresponding presentations have also been changed):

- Right-of-use-assets (Note 11) amounting to Rs. 2,610.093 million (2023: Rs. 2,139.578 million) which were previously shown as part of property and equipment (note 10) are now shown separately on the unconsolidated statement of financial position.
- Lease liabilities (Note 17) amounting to Rs. 2,788.429 million (2023: Rs. 2,234.115 million) which were previously shown as part of other liabilities (note 20) are now shown separately on the unconsolidated statement of financial position.

**4.1.2 Impact of IFRS 9 - Financial Instruments**

During the year, as directed by the SBP vide its BPRD Circular No. 07 dated April 13, 2023, International Financial Reporting Standard (IFRS) 9, 'Financial Instruments' became applicable to the Bank.

BPRD Circular No. 03 dated July 05, 2022 issued by SBP provides detailed instructions on implementation of IFRS 9 (the Application Instructions) for ensuring smooth and consistent implementation of the standard across banks, which were further clarified from time to time.

IFRS 9 addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

The Bank has adopted IFRS 9 in accordance with the Application Instructions from January 01, 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at January 01, 2024, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9.

SBP vide its BPRD Circular Letter No. 16 dated July 29, 2024 made amendments and extended the timelines of application instructions. Under the new guidelines, the banks are required to implement modification accounting for financial assets and liabilities in accordance with the Standard. These changes took effect from October 01, 2024, and have been applied retrospectively from January 01, 2024. SBP through its BPRD Circular Letter No. 01 of 2025 dated January 22, 2025, further clarified that modification accounting would be applied to loans modified on or after January 01, 2020.

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**4.1.2.1 Impacts on the unconsolidated statement of financial position:**

| Financial Asset / Liabilities                                | Balances as of December 31, 2023 (Audited) | Reclassification under IFRS 9 | Remeasurement under IFRS 9 | Adjustments / Reversals of provision held | ECL Charge         | Gross Impact       | Tax            | Net of Tax Impact | Balances as of January 01, 2024 | Measurement category before IFRS 9 | Measurement category after IFRS 9 |  |
|--|--|-------------------------------|----------------------------|---|--------------------|--------------------|----------------|-------------------|---------------------------------|------------------------------------|-----------------------------------|--|
|  |  |                               |                            |   |                    |                    |                |                   | Rupees in '000                  |                                    |                                   |  |
| Note   |  |                               |                            |   |                    |                    |                |                   |                                 |                                    |                                   |  |
| <b>Assets</b>  |  |                               |                            |   |                    |                    |                |                   |                                 |                                    |                                   |  |
| Cash and balances with treasury banks                        | 40,895,031                                 | -                             | -                          | -   | -                  | -                  | -              | -                 | 40,895,031                      | Loans and receivables              | Amortised Cost                    |  |
| Balances with other banks                                    | 3,727,490                                  | -                             | -                          | -   | (2,975)            | (2,975)            | -              | (2,975)           | 3,724,515                       | Loans and receivables              | Amortised Cost                    |  |
| Lendings to financial institutions                           | -  | -                             | -                          | -   | -                  | -                  | -              | -                 | -                               | Loans and receivables              | Amortised Cost                    |  |
| Investments  |  |                               |                            |   |                    |                    |                |                   |                                 |                                    |                                   |  |
| Held for trading   |  |                               |                            |   |                    |                    |                |                   |                                 |                                    |                                   |  |
| Federal government securities                                | 47,925                                     | 478,146                       | -                          | -   | -                  | 478,146            | -              | (478,146)         | 526,071                         | Held for trading                   | FVPL                              |  |
| Available for sale   |  |                               |                            |   |                    |                    |                |                   |                                 |                                    |                                   |  |
| Federal government securities                                | 140,557,389                                | (478,146)                     | -                          | -   | -                  | (478,146)          | -              | (478,146)         | 140,379,243                     | Available for sale                 | FVOCI                             |  |
| Shares   | 3,455,798                                  | -                             | (136,589)                  | 136,589                                   | -                  | -                  | -              | -                 | 3,455,798                       | Available for sale                 | FVOCI - without recycling         |  |
| Non government debt securities                               | 1,641,604                                  | -                             | -                          | -   | (3,205)            | (3,205)            | -              | -                 | (1,638,399)                     | Available for sale                 | FVOCI                             |  |
| Foreign securities   | 18,721,914                                 | -                             | -                          | -   | -                  | -                  | -              | -                 | 18,721,914                      | Available for sale                 | FVOCI                             |  |
| Held to maturity   |  |                               |                            |   |                    |                    |                |                   |                                 |                                    |                                   |  |
| Federal government securities                                | 102,146,174                                | -                             | -                          | -   | -                  | -                  | -              | -                 | 102,146,174                     | Held to maturity                   | Amortised Cost                    |  |
| Associates   | 198,922                                    | -                             | -                          | -   | -                  | -                  | -              | -                 | 198,922                         | Outside the scope of IFRS 9        |                                   |  |
| Subsidiary   | 20,887,275                                 | -                             | (136,589)                  | 136,589                                   | (3,205)            | (3,205)            | -              | (3,205)           | 20,887,275                      | Outside the scope of IFRS 9        |                                   |  |
|  | 287,957,001                                | -                             |                            |   |                    |                    |                |                   | 287,953,796                     |                                    |                                   |  |
| Advances   |  |                               |                            |   |                    |                    |                |                   |                                 |                                    |                                   |  |
| Temporary Export Refinance Facility (TERF)                   | 4,716,993                                  | -                             | (1,197,848)                | -   | (8,143)            | (1,205,991)        | -              | (1,205,991)       | 3,511,002                       | Loans and receivables              | Amortised Cost                    |  |
| Staff loans and overseas operations                          | 5,869,019                                  | -                             | (1,883,105)                | -   | (574)              | (1,883,679)        | -              | (1,883,679)       | 3,985,340                       | Loans and receivables              | Amortised Cost                    |  |
| Advances other than TERF staff loans and overseas operations | 193,140,888                                | -                             | (338,133)                  | -   | (1,475,065)        | (1,813,198)        | -              | (1,813,198)       | 191,327,690                     | Loans and receivables              | Cost                              |  |
|  | 203,726,900                                | -                             | (3,419,086)                | -   | (1,483,782)        | (4,902,868)        | -              | (4,902,868)       | 198,824,032                     |                                    |                                   |  |
| Property and equipment                                       | 8,627,102                                  | -                             | -                          | -   | -                  | -                  | -              | -                 | 8,627,102                       | Outside the scope of IFRS 9        |                                   |  |
| Right-of-use assets  | 2,139,578                                  | -                             | -                          | -   | -                  | -                  | -              | -                 | 2,139,578                       | Outside the scope of IFRS 9        |                                   |  |
| Intangible assets  | 4,872,907                                  | -                             | -                          | -   | -                  | -                  | -              | -                 | 4,872,907                       | Outside the scope of IFRS 9        |                                   |  |
| Deferred tax assets  | -  | -                             | -                          | -   | -                  | -                  | -              | -                 | -                               | Outside the scope of IFRS 9        |                                   |  |
| Other assets   |  |                               |                            |   |                    |                    |                |                   |                                 |                                    |                                   |  |
| Financial assets   | 29,163,577                                 | -                             | (86,422)                   | -   | (86,422)           | -                  | -              | (86,422)          | 29,077,155                      | Loans and receivables              | Amortised Cost                    |  |
| Non-financial assets   | 6,680,714                                  | -                             | 1,883,105                  | -   | 1,883,105          | -                  | -              | 1,883,105         | 8,563,819                       | Outside the scope of IFRS 9        |                                   |  |
| Mark to market gain on forward exchange contracts            | 1,642,158                                  | -                             | -                          | -   | -                  | -                  | -              | -                 | 1,642,158                       | Fair Value                         | FVPL                              |  |
|  | 37,486,449                                 | -                             | 1,796,683                  | -   | 1,796,683          | -                  | -              | 1,796,683         | 39,283,132                      |                                    |                                   |  |
|  | 589,432,458                                | -                             | (1,758,992)                | 136,589                                   | (1,489,962)        | (3,112,365)        | -              | (3,112,365)       | 586,320,093                     |                                    |                                   |  |
| <b>Liabilities</b>   |  |                               |                            |   |                    |                    |                |                   |                                 |                                    |                                   |  |
| Bills payable  | 5,668,721                                  | -                             | -                          | -   | -                  | -                  | -              | -                 | 5,668,721                       | Cost                               | Amortised Cost                    |  |
| Borrowings   | 27,222,479                                 | -                             | (1,254,825)                | -   | (1,254,825)        | -                  | -              | (1,254,825)       | 25,967,654                      | Cost                               | Amortised Cost                    |  |
| Deposits and other accounts                                  | 486,282,778                                | -                             | -                          | -   | -                  | -                  | -              | -                 | 486,282,778                     | Cost                               | Amortised Cost                    |  |
| Lease liabilities  | 2,234,115                                  | -                             | -                          | -   | -                  | -                  | -              | -                 | 2,234,115                       | Outside the scope of IFRS 9        |                                   |  |
| Subordinated debt  | 8,497,767                                  | -                             | -                          | -   | -                  | -                  | -              | -                 | 8,497,767                       | Cost                               | Amortised Cost                    |  |
| Deferred tax liabilities                                     | 1,316,108                                  | -                             | -                          | -   | -                  | -                  | (974,541)      | (974,541)         | 341,567                         | Outside the scope of IFRS 9        |                                   |  |
| Other liabilities  |  |                               |                            |   |                    |                    |                |                   |                                 |                                    |                                   |  |
| Financial liabilities  | 14,080,441                                 | -                             | -                          | -   | 16,578             | 16,578             | -              | 16,578            | 14,097,019                      | Cost                               | Amortised Cost                    |  |
| Non-financial liabilities                                    | 2,198,198                                  | -                             | -                          | -   | -                  | -                  | -              | -                 | 2,198,198                       | Outside the scope of IFRS 9        |                                   |  |
| Mark to market loss on forward exchange contracts            | 1,609,783                                  | -                             | -                          | -   | -                  | -                  | -              | -                 | 1,609,783                       | Fair value                         | FVPL                              |  |
|  | 17,888,422                                 | -                             | -                          | -   | 16,578             | 16,578             | (1,238,247)    | (974,541)         | (2,212,788)                     | 546,897,602                        |                                   |  |
|  | 549,110,390                                | -                             | (1,254,825)                | -   | 16,578             | (1,238,247)        | (974,541)      | (2,212,788)       | 546,897,602                     |                                    |                                   |  |
| <b>Net Assets</b>  | <b>40,322,068</b>                          | <b>-</b>                      | <b>(504,167)</b>           | <b>136,589</b>                            | <b>(1,506,540)</b> | <b>(1,874,118)</b> | <b>974,541</b> | <b>(899,577)</b>  | <b>39,422,491</b>               |                                    |                                   |  |
| <b>REPRESENTED BY</b>  |  |                               |                            |   |                    |                    |                |                   |                                 |                                    |                                   |  |
| Share capital  | 20,506,625                                 | -                             | -                          | -   | -                  | -                  | -              | -                 | 20,506,625                      | Outside the scope of IFRS 9        |                                   |  |
| Reserves   | 6,563,243                                  | -                             | -                          | -   | -                  | -                  | -              | -                 | 6,563,243                       | Outside the scope of IFRS 9        |                                   |  |
| Surplus on revaluation of assets                             | 1,959,868                                  | -                             | (136,589)                  | -   | -                  | (136,589)          | 71,026         | (65,563)          | 1,894,305                       | Outside the scope of IFRS 9        |                                   |  |
| Unappropriated profit  | 11,292,332                                 | -                             | (367,578)                  | 136,589                                   | (1,506,540)        | (1,737,529)        | 903,515        | (834,014)         | 10,458,318                      | Outside the scope of IFRS 9        |                                   |  |
|  | 40,322,068                                 | -                             | (504,167)                  | 136,589                                   | (1,506,540)        | (1,874,118)        | 974,541        | (899,577)         | 39,422,491                      |                                    |                                   |  |

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- 4.1.2.1.1** As per paragraph 3.2 of the Application Instructions, Government securities in local currency are exempted from the application of ECL framework, details are mentioned in note 4.1.2.12 to these unconsolidated financial statements.
- 4.1.2.1.2** Certain debt securities are held by the Bank in separate portfolios to meet everyday liquidity needs. The Bank seeks to minimise the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual payments as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. The Bank considers that under IFRS 9 these securities are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- 4.1.2.1.3** These financial assets are held by overseas branch. As per paragraph 1.2 of the Application Instruction, in relation to overseas branch, IFRS 9 will be applicable based on their respective host country's regulatory accounting practices. Since IFRS 9 was already applicable to overseas branches as at 01 January 2024, there is no impact of IFRS 9 adoption on these financial assets.
- 4.1.2.1.4** The Bank previously classified certain equity investments as Available-for-Sale (AFS). Upon implementing IFRS 9, the Bank made an irrevocable election to classify them at FVOCI.
- 4.1.2.1.5** Certain debt securities are held by the Bank in a separate portfolio for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Bank considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows. These assets are classified as measured at amortised cost under IFRS 9.
- 4.1.2.1.6** This includes expected credit loss against off-balance sheet items.

**4.1.2.2 Impact on regulatory capital**

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the banks, which has reduced their lending capacity and ability to support their clients. In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP has detailed the transitional arrangement.

The transitional arrangement applies only to provisions for stage 1 and stage 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the transitional adjustment amount) must be partially included (i.e., added back) to CET1 capital over the transition period of five years.

Moreover, SBP has allowed to adjust the amount of stage 1 and stage 2 provisions in Tier 2 Capital that have not been added back to CET 1 and vice versa as per Annexure-A of BPRD Circular No. 16 dated July 29, 2024.

Had IFRS 9 not been applied, the CAR would have been higher by 38 bps from 13.24% to 13.62%.

**4.1.2.3 Classification and measurement**

Under the new standard, classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at fair value through profit or loss (FVPL) regardless of the business model in which they are held.

**4.1.2.3.1 Recognition and initial measurement**

Debt securities issued are initially recorded when they are originated. All other financial assets and financial liabilities are initially recognised when the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial asset on initial recognition is generally its transaction price. If the Bank determines that the fair value on initial recognition differs from the transaction price then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in unconsolidated statement of profit and loss account on an appropriate basis over the life of the asset but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out. Advances other than staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations are initially measured at transaction price i.e., the amount of loan disbursed at disbursement date.

Staff loans and Temporary Economic Refinance Facility (TERF) loans and advances pertaining to overseas operations are recognized at fair value at the time of disbursement. The fair value is determined by discounting the expected future cash flows using the prevailing market rates for instruments. The difference between the disbursed amount and the fair value at initial recognition is recorded as a prepayment.

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**4.1.2.3.2 Classification**

**(a) Financial Assets**

On initial recognition, a financial asset other than advances except for staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations is classified as measured at amortised cost, FVOCI or FVPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held-for-trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its business models for managing financial assets, in which cases all affected financial assets are reclassified on the first day of the first reporting period following changes in the business model.

Advances are carried at cost, net of expected credit loss allowances, excluding staff loans, Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations, which are measured at amortized cost.

**(b) Financial Liabilities**

Financial liabilities are either classified as fair value through profit or loss (FVPL), when they are held-for-trading purposes, or at amortised cost. Financial liabilities classified as FVPL are measured at fair value and all the fair value changes are recognised in profit and loss account. Financial liabilities classified at amortised cost are initially recorded at their fair value and subsequently measured using the effective interest rate method. Markup expense and foreign exchange gain and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit and loss.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

**4.1.2.4 Business model assessment**

A financial asset is classified as either held-to-collect, held-to-collect and sale and others based on Business Model Assessment. The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The assessment requires judgement based on facts and circumstances on the date of assessment. The information considered mainly includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual markup revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Transfer of financial assets to third parties in transaction that do not qualify for derecognition are not considered sales for this purpose, consistent with the Bank continuing recognition of the financial assets.

Financial assets that are held-for-trading or managed and whose performance is evaluated on a fair value basis are measured at FVPL because they are neither held-to-collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

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**4.1.2.5 Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as interest margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and markup on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The Bank holds a portfolio of long-term fixed-rate loan for which the Bank has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the financing at par without penalty. The Bank has determined that the contractual cash flows of these loan are SPPI because the option varies the interest rate in a way that is in consideration for the time value of money, credit risk, other basic financing risks and costs associated with the principal amount outstanding.

**4.1.2.6 Subsequent measurement**

The following accounting policies apply to the subsequent measurement of financial assets:

|   |  |
|---|--|
| <b>Financial assets at FVPL</b>           | These assets are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in profit and loss account.  |
| <b>Financial assets at amortised cost</b> | These assets are subsequently measured at amortised cost using the effective interest method in case of investments, lendings to financial institutions, cash and balances with treasury banks, balances with other banks, Temporary Economic Refinance Facility (TERF), staff loans, and advances pertaining to overseas operations and other financial assets. The amortised cost is reduced by impairment losses. Markup, foreign exchange gains and losses and impairment are recognised in unconsolidated statement of profit and loss account. |
| <b>Debt investments at FVOCI</b>          | These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Markup income is calculated using the effective interest method and includes amortisation of premiums and accretion of discount, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss account.  |
| <b>Equity investments at FVOCI</b>        | These assets are subsequently measured at fair value. Dividends are recognised as income in profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit and loss account.  |
| <b>Advances at cost</b>                   | Advances are carried at cost, net of expected credit loss allowances, excluding staff loans, Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations, which are measured at amortized cost, net of expected credit loss allowances.  |

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**4.1.2.7 Amortised cost and gross carrying amount**

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before January 01, 2024).

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

**4.1.2.8 Calculation of markup income and expense**

Income from performing advances of the domestic operations is recognised on accrual basis as per the terms of the contract. However, where debt securities, classified as investments in the financial statements, are purchased at premium or discount, such premium / discount including the transaction cost is amortized through the unconsolidated statement of profit and loss account over the remaining maturity of the debt security using the effective interest rate method. The interest income on staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations is recognized in line with the EIR, while any expected credit losses are assessed and accounted for in accordance with the requirements of IFRS 9. Income from advances except for staff loans and TERF are recognized in unconsolidated statement of profit and loss account using contractual rate. Similarly, under the local regulatory requirement, income recoverable on classified domestic advances and investments (debt securities), is recognized on a receipt basis.

Income on rescheduled / restructured advances and investments is recognized as permitted by SBP regulations.

In case of overseas operations, income on the financial assets is recognised under the effective interest method or as prescribed by the regulatory authorities of the countries in which the Bank operates.

Markup expense on domestic financial liabilities (comprising deposits, subordinated debts, and borrowings) is recognized on an accrual basis in the period in which it is incurred, based on effective interest rate method. In case of overseas operations, such expense is recognised under the effective interest method or as prescribed by the regulatory authorities of the country in which the Bank operates.

**4.1.2.9 Derecognition**

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - (a) substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - (b) the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between:

- the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized); and
- the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in OCI shall be recognised in profit or loss.

From January 01, 2024 any cumulative gain / loss recognised in OCI in respect of equity investment securities designated at FVOCI is not recognised in profit and loss account on derecognition of such securities. Any markup on transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured loan transaction similar to sale-and repurchase transactions, because the Bank retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

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The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

**4.1.2.10 Modification**

**Financial Assets**

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to its customers. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Where derecognition of financial assets is appropriate, the newly recognised residual loans are assessed to determine whether the assets should be classified as purchased or originated credit-impaired assets (POCI).

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognise the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower then the gain or loss is presented together with impairment losses. In other cases, it is presented as markup income calculated using the effective interest rate method.

**4.1.2.11 Reclassification**

Financial liabilities are not reclassified subsequent to initial recognition. Reclassifications of financial assets are made when, and only when, the business model for those assets changes. Such changes are expected to be infrequent and arise as a result of significant external or internal changes such as the termination of a line of business or the purchase of a subsidiary whose business model is to realise the value of pre-existing held for trading financial assets through a hold to collect model.

Financial assets are reclassified at their fair value on the date of reclassification and previously recognised gains and losses are not restated. Moreover, reclassifications of financial assets between financial assets held at amortised cost and financial assets held at FVOCI do not affect effective interest rate or expected credit loss computations.

**Reclassified from fair value through other comprehensive income**

Where debt securities held at FVOCI are reclassified to financial assets held at FVPL, the cumulative gain or loss previously recognised in comprehensive income is transferred to the profit and loss account.

For debt securities held at FVOCI that are reclassified to financial assets held at amortised cost, the cumulative gain or loss previously recognised in comprehensive income is adjusted against the fair value of the financial asset such that the financial asset is recorded at a value as if it had always been held at amortised cost. In addition, the related cumulative expected credit losses held within comprehensive income are reversed against the gross carrying value of the reclassified assets at the date of reclassification.

**4.1.2.12 Impairment**

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses (ECL) resulting from default events that are possible within the next 12 months (12-month ECL). In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL).

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**(a) Measurement of ECL**

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

**(b) Restructured financial assets**

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Financial assets where 12-month ECL is recognised are in 'Stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'Stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'Stage 3'.

**(c) Non-Performing financial assets**

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'non-performing' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Under the IFRS 9 Application instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. The Bank is required to calculate ECL on its non-performing financial assets as higher of provision under Prudential Regulations (PR) and ECL under IFRS 9. Further, the Banks are advised to recognize income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

The Bank calculates the ECL against corporate, commercial and SME loan portfolios as higher of PR and ECL under IFRS 9 at borrower / facility level, whereas against the retail borrowers the Bank will calculate ECL at higher of PR and ECL under IFRS 9 at segment / product basis as instructed under Annexure-A of BPRD Circular No. 16 dated July 29, 2024.

Based on the requirements of IFRS 9 and Application Instructions, the Bank has performed an ECL assessment considering the following key elements:

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**(a) Probability of default (PD)**

The probability that a counterparty will default over the next 12 months from the reporting date (12 month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2). PD is estimated using internal rating classes and are based on the Bank's internal risk rating. The bank has used Transition Matrix approach for estimation of PD for each internal rating. The bank have used roll-rate method using the days past due (DPD) criteria to estimated PD for its retail portfolio. PD are then adjusted with forward looking information for calculation of ECL.

**(b) Exposure at default (EAD)**

The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant. The Bank estimates EAD for financial assets carried at an amortised cost equal to principal plus profit. Each repayment date is assumed to be default point in the model and the ECL is calculated on EAD at each reporting date and discounted at the effective interest rate. Further, cash and cash equivalent collaterals the Bank holds against the non-retail facilities are adjusted from the LGD.

**(c) Loss given default (LGD)**

An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

**Presentation of allowance for Expected Credit Loss in the Unconsolidated Statement of Financial Position**

Loss allowances for ECL are presented in the unconsolidated statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- For advances measured at cost: as a deduction from the gross carrying amount of the advances.
- Loan commitments and financial guarantee contracts: as a provision in other liabilities.
- where a financial instrument includes both a drawn and an undrawn component, and the Bank does not identify the ECL on the loan commitment component separately from those on the drawn component and instead presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognized in the unconsolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in OCI.

**4.1.2.13 Significant increase in credit risk (SICR)**

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank used several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or profit payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of PR issued by SBP. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 6 months from initial downgrade is required before any facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective Prudential Regulations for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular No. 03 dated July 05, 2022. However, banks are free to choose more stringent days past due criteria. The Bank aligns its policy with Annexure-C of BPRD Circular No. 3 of 2022; hence, SICR is considered if credit exposure exceeds 60 days past due.

**4.1.2.14 Write-offs**

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

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Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the profit and loss account and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

**4.1.2.15 Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**4.1.2.16 Undrawn loan commitments and guarantees**

'Financial guarantees' are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market profit rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

When estimating lifetime ECL for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the loans are drawn down, based on a probability-weighting of the three scenarios.

**4.1.2.17 Governance, ownership and responsibilities**

The Bank has adopted a governance framework requiring the Risk, Finance, Operations, Internal Audit and IT functions to effectively work together to ensure input from all business lines. IFRS 9 requires robust credit risk models that can predict Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The Bank's Credit Division performs credit risk assessment, monitors Significant Increase in Credit Risk of the borrowers, reviews Credit Ratings and obligor attributes.

The IT Division extracts the data required for ECL calculations. IT Division also provide support for system development and upgrades.

The Bank's Finance Division takes ownership of ECL models and methodologies used in calculation of ECL. Finance Division assess the financial impact, meet the financial reporting requirements and presents quarterly results to Board of Directors (BOD) / its Board Sub Committee.

The Risk Management Division calculates impact of ECL on bank's capital adequacy, leverage ratio and Liquidity requirements.

As per the Bank's policy, the Bank's Internal Audit function carries out periodic review of IFRS 9 methodology and impacts calculated by the Management.

**4.2 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.

**4.3 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 with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the unconsolidated statement of financial position and are measured in accordance with accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is amortised as expense over the term of the repo agreement. These are initially recognised at amount of funds received and subsequently reported as payable under the contractual terms.

**(b) Purchase under resale obligation**

Securities purchased with a corresponding commitment to resale at a specified future date (reverse repos) are not recognised as investments in the unconsolidated statement of financial position. Amounts paid under these arrangements are included in repurchase agreement lendings. The difference between purchase and resale price is accrued as income over the term of the reverse repo agreement. These are initially recognised at amount of funds disbursed and subsequently reported as receivable under the contractual terms.

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**(c) 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.

**4.4 Investments**

**Associates**

Associates are entities over which the bank has significant influence but not control. This influence is assessed based on the bank's potential voting rights that are currently exercisable in the entity that allow the bank to participate in but not control decision-making. Investment in associates are carried at cost, less any accumulated impairment losses.

**Subsidiaries**

Subsidiary is an entity over which the Bank has control. Investments in subsidiary is carried at cost less accumulated impairment losses, if any. The carrying amount of investments in subsidiaries is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated at higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in unconsolidated statement of profit and loss account.

**4.5 Financial instruments**

**4.5.1 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.

**4.6 Advances**

**4.6.1 Loan and advances**

These are stated at cost less expected credit loss allowances except for staff loans, Temporary Economic Refinance Facility (TERF), and advances pertaining to overseas operations which are stated at amortized cost less credit loss allowances.

**4.6.2 Finance lease**

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 Property and equipment, and depreciation**

**4.7.1 Property and equipment**

Property and equipment except land and buildings 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. Leasehold land and buildings on leasehold land are stated at revalued amount less accumulated depreciation and impairment loss, if any.

Depreciation on property and equipment (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 10.2 to these unconsolidated financial statements after taking into account residual value. The asset's residual values and useful lives are reviewed and adjusted, if required, at each reporting date.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. Valuation techniques and input used are disclosed in note 41 of these unconsolidated financial statements.

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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 derecognised. 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 derecognised 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 derecognised.

**4.7.2 Surplus / deficit on revaluation of Property and Equipment**

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 Property and equipment 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 for the related surplus on revaluation of Property and equipment (net of deferred tax) which 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 Lease liability and right-of-use assets**

The Bank enters into leasing arrangements for its office premises, branches, ATMs and warehouses. Rental contracts are typically for a fixed period and may have extension options as described below. At inception of a contract, the Bank assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Bank under residual value guarantees, the exercise price of a purchase option if the Bank is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Bank is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification.

The lease liability is remeasured when the Bank reassesses the reasonable certainty of exercise of extension or termination option upon occurrence of either a significant event or a significant change in circumstance, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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**4.9 Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Intangible assets are amortised 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.

**4.10 Non-banking assets acquired in satisfaction of claims**

Non-banking assets acquired in satisfaction of claims are initially measured at settlement amount and upon revaluation, are carried at revalued amounts less accumulated depreciation and impairment losses, if any. The useful lives and depreciation method are reviewed annually and adjusted, if appropriate. As per SBP's requirement desktop valuation is carried out on annual basis and full-scope valuation after every three years by independent professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of assets is credited to the 'surplus on revaluation of Non-banking assets acquired in satisfaction of claims' account and any deficit arising on revaluation is taken to unconsolidated statement of profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title of assets is charged to unconsolidated statement of profit and loss account and not capitalised. The policy for depreciation is stated in note 4.7.1 of these unconsolidated financial statements.

**4.10.1 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 the State Bank of Pakistan (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 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.

**4.11 Borrowings / deposits and their cost**

Borrowings / deposits are initially recorded at the amount of proceeds received. Costs of borrowings / deposits are recognised separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

**4.12 Subordinated debts**

Subordinated debts are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated debts 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**

**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.

**Deferred**

Deferred tax is recognised using the balance sheet approach on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in these unconsolidated financial statements. Deferred tax liability is recognised 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 wherein 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'.

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**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, 2024, 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 recognised to the extent that economic benefits will flow to the Bank and the revenue can be reliably measured. These are recognised as follows:

- Mark-up income / interest on performing advances and returns on debt securities are recognised on accrual basis except in case of classified advances where mark-up income is recognised on receipt basis. Mark-up / return / interest on rescheduled / restructured loans and advances and investments is recognised as permitted by the regulations of SBP.
- Where debt securities are purchased at premium or discount, such premium / discount is amortised through the profit and loss account over the remaining period of maturity.
- Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (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. Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognised as income when these are realised.
- The Bank earns fee and commission income from a banking service to retail and corporate customer. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.
- Dividend income is recognised when the Bank's right to receive dividend is established.
- Gain / loss on sale of investments is credited / charged to profit and loss account.

**4.17 Dividend and appropriation to reserves**

Dividend and appropriation to reserves, except for statutory reserves, are recognised in the unconsolidated financial statements in the periods in which these are approved. The revaluation surplus related to Property and equipment and non-banking assets is not available for distribution of dividend.

**4.18 Foreign currencies**

**4.18.1 Functional and presentation currency**

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

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**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 / sale 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 unconsolidated 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 Clients' assets**

The Bank provides services that result in the holding of assets on behalf of its clients. Such assets are not reported in the unconsolidated financial statements, as they are not the assets of the Bank.

**4.20 Acceptances**

Acceptances comprise of undertakings by the Bank to pay bill of exchange drawn on customers. Acceptances are recognised as financial liability in the unconsolidated statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

**4.21 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.

**4.22 Earnings per share**

The Bank presents basic and diluted earnings per share (EPS). Basis EPS is calculated by dividing the profit or loss attributable to equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year.

**4.23 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 six operating segments based on products and services, as follows:

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**4.23.1 Business segments**

**Retail Banking**

Retail banking includes branch banking, small and medium enterprises, direct sales, private banking, product management, branch distribution network and tele sales.

**Corporate / Commercial Banking**

This includes corporate banking, commercial banking and institutional sales related loans, deposits and other transactions.

**Treasury**

This segment is responsible for asset / liability management and includes all treasury related products such as fixed income money market, FX and derivatives.

**Investment, International and Institutional Banking**

This segment includes international branch, financial institutions business, home remittances, cash management, employee banking, venture capital and green banking.

**Zindigi**

It is a digital platform catering branchless banking customers.

**Others**

This includes the head office related activities and other functions which cannot be classified in any of the above segments.

**4.23.2 Geographical segment**

The Bank operates in two geographic regions being:

- Pakistan
- Bahrain

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**5. CASH AND BALANCES WITH TREASURY BANKS**

In hand:

Local currency  
 Foreign currencies

**With State Bank of Pakistan in**

Local currency current account  
 Foreign currency current account  
 Foreign currency deposit accounts

| 2024                         | 2023                         |
|------------------------------|------------------------------|
| -----<br>Rupees in '000----- | -----<br>Rupees in '000----- |

|                   |            |
|-------------------|------------|
| <b>10,992,806</b> | 8,606,571  |
| <b>1,384,081</b>  | 2,159,380  |
| <b>12,376,887</b> | 10,765,951 |

**With National Bank of Pakistan in local currency current accounts**

**367,397** 3,038,343

**Prize Bonds**

**11,537** 17,592

Less: Credit loss allowance held against cash and balances with treasury banks (stage 1)

**(1,043)** -

**Cash and balances with treasury banks - net of credit loss allowance**

**43,058,132** 40,895,031

**5.1** This represents local currency current account maintained under the Cash Reserve Requirement (CRR) of the SBP.

**5.2** This represents foreign currency current account maintained with SBP under the CRR of the SBP.

**5.3** This includes :

- a foreign currency deposit account maintained under the Special Cash Reserve Requirement (SCRR) of the SBP which carried mark-up at rates ranging from 3.53% to 4.35% per annum (2023: 3.39% to 4.34% per annum); and
- a foreign currency settlement account which carried mark-up at a rate of 0.00% per annum (2023: 0.00% per annum).

**6. BALANCES WITH OTHER BANKS**

**In Pakistan**

In current accounts  
 In deposit accounts

| 2024                         | 2023                         |
|------------------------------|------------------------------|
| -----<br>Rupees in '000----- | -----<br>Rupees in '000----- |

|              |       |
|--------------|-------|
| <b>5,690</b> | 5,636 |
| <b>73</b>    | 73    |
| <b>5,763</b> | 5,709 |

**Outside Pakistan**

In current accounts

Note -----

|     |                  |           |
|-----|------------------|-----------|
| 6.1 | <b>3,614,967</b> | 3,721,855 |
|     | <b>3,620,730</b> | 3,727,564 |
|     | <b>(3,437)</b>   | (74)      |
|     | <b>3,617,293</b> | 3,727,490 |

**6.1** This includes amount held in Automated Investment Plans. The Bank is entitled to earn interest from the foreign correspondent banks at agreed upon rates when the balance exceeds a specified amount which ranges between 3.58% to 4.08% per annum (2023: 4.50% to 5.00% annum).

**7. LENDINGS TO FINANCIAL INSTITUTIONS**

Reverse repo agreements

Note -----

|     |                  |   |
|-----|------------------|---|
| 7.2 | <b>2,000,000</b> | - |
|     | <b>(270)</b>     | - |
|     | <b>1,999,730</b> | - |

Less: Credit loss allowance held (stage 1)  
**Lending to financial institutions - net of credit loss allowance**

**7.1 Particulars of lendings - gross**

In local currency  
 In foreign currencies

**2024** 2023

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

**2,000,000** -

- -

**2,000,000** -

**7.2** This represents short term lending to a financial institution against investment securities. This carries a mark-up of a rate of 13.90% per annum (2023: nil) and is due to mature by January 02, 2025.

**7.3 Securities held as collateral against Lending to financial institutions**

| Held by bank                 | Further given as collateral | Total            | Held by bank | Further given as collateral | Total |
|------------------------------|-----------------------------|------------------|--------------|-----------------------------|-------|
| -----<br>Rupees in '000----- |                             |                  |              |                             |       |
| <b>2,000,000</b>             | -                           | <b>2,000,000</b> | -            | -                           | -     |
| <b>2,000,000</b>             | -                           | <b>2,000,000</b> | -            | -                           | -     |

**7.4 Lendings to FIs - Particulars of credit loss allowance**

**Domestic**

Performing  
 Under-performing  
 Non-performing  
 Substandard  
 Doubtful  
 Loss

| Lending                      | Credit loss allowance held | Lending | Provision held |
|------------------------------|----------------------------|---------|----------------|
| -----<br>Rupees in '000----- |                            |         |                |

**2,000,000** (270) - -

- - - -

**2,000,000** (270) - -

**Total**

| Stage 1                      | Stage 2 | Stage 3 | Total |
|------------------------------|---------|---------|-------|
| -----<br>Rupees in '000----- |         |         |       |

**(270)** - - -

**Balance at the start of the year**

Transfer to stage 1

- - - -

Transfer to stage 2

- - - -

Transfer to stage 3

- - - -

**Net remeasurement of credit loss allowance**

New financial assets originated or purchased

(270) - - - (270)

Financial assets that have been derecognised

- - - -

Write offs

- - - -

Unwinding of discount

- - - -

Changes in risk parameters (PDs/LGDs/EADs)

- - - -

**Balance at the end of the year**

**(270)** - - - (270)

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| <b>2024</b>   |                              |  |                            |                            |
|---|------------------------------|--|----------------------------|----------------------------|
|   | <b>Cost / Amortised cost</b> | <b>Credit loss allowance / Provision</b> | <b>Surplus / (Deficit)</b> | <b>Carrying Value</b>      |
| <b>8. INVESTMENTS</b>   |                              |  |                            |                            |
| <b>8.1 Investments by type</b>                                    |                              |  |                            | ----- Rupees in '000 ----- |
| <b>Debt Instruments</b>   |                              |  |                            | -                          |
| <b>Classified / Measured at amortised cost</b>                    |                              |  |                            |                            |
| Federal Government securities                                     | <b>121,391,803</b>           |  |                            | <b>121,391,803</b>         |
| <b>Classified / Measured at FVOCI</b>                             |                              |  |                            |                            |
| Federal Government securities                                     | <b>131,780,766</b>           | <b>(25,316)</b>                          | <b>1,362,316</b>           | <b>133,117,766</b>         |
| Non Government debt securities                                    | <b>1,708,944</b>             | <b>(559,488)</b>                         | <b>(28,810)</b>            | <b>1,120,646</b>           |
| Foreign securities  | <b>15,420,105</b>            | <b>(178,244)</b>                         | <b>86,101</b>              | <b>15,327,962</b>          |
|   | <b>148,909,815</b>           | <b>(763,048)</b>                         | <b>1,419,607</b>           | <b>149,566,374</b>         |
| <b>Classified / Measured at FVPL</b>                              |                              |  |                            |                            |
| Federal Government securities                                     | <b>5,005,240</b>             | <b>-</b>                                 | <b>7,442</b>               | <b>5,012,682</b>           |
| Foreign securities  | <b>915,419</b>               | <b>-</b>                                 | <b>(28,491)</b>            | <b>886,928</b>             |
|   | <b>5,920,659</b>             | <b>-</b>                                 | <b>(21,049)</b>            | <b>5,899,610</b>           |
| <b>Instruments mandatorily classified / measured at FVPL</b>      |                              |  |                            |                            |
| Unlisted Preference Shares  | <b>695,647</b>               |  |                            | <b>(417,388)</b>           |
|   |                              |  |                            | <b>278,259</b>             |
| <b>Equity instruments</b>   |                              |  |                            |                            |
| <b>Classified / Measured at FVOCI (Non-Reclassifiable) Shares</b> |                              |  |                            |                            |
| <b>Listed Companies</b>   |                              |  |                            |                            |
| Ordinary shares   | <b>2,168,154</b>             |  |                            | <b>4,055,576</b>           |
| Preference shares   | <b>136,589</b>               | <b>-</b>                                 | <b>24,151</b>              | <b>160,740</b>             |
| <b>Unlisted Company</b>   |                              |  |                            |                            |
| Ordinary shares   | <b>11,000</b>                | <b>-</b>                                 |                            | <b>11,000</b>              |
| Foreign securities  | <b>5,965</b>                 | <b>-</b>                                 |                            | <b>5,965</b>               |
| Preference shares   | <b>386,306</b>               | <b>-</b>                                 | <b>(386,306)</b>           |                            |
|   | <b>2,708,014</b>             | <b>-</b>                                 | <b>1,525,267</b>           | <b>4,233,281</b>           |
| <b>Subsidiaries</b>   |                              |  |                            |                            |
| JS Global Capital Limited   | <b>1,357,929</b>             | <b>-</b>                                 |                            | <b>1,357,929</b>           |
| JS Investments Limited  | <b>561,192</b>               | <b>-</b>                                 |                            | <b>561,192</b>             |
| Bank Islami Pakistan Limited                                      | <b>18,968,154</b>            | <b>-</b>                                 |                            | <b>18,968,154</b>          |
|   | <b>20,887,275</b>            | <b>-</b>                                 |                            | <b>20,887,275</b>          |
| <b>Associates</b>   |                              |  |                            |                            |
| Omar Jibran Engineering Industries Limited                        | <b>180,000</b>               | <b>-</b>                                 |                            | <b>180,000</b>             |
| Veda Transit Solutions (Pvt) Ltd.                                 | <b>41,800</b>                | <b>(41,800)</b>                          |                            | <b>-</b>                   |
| Intercity Touring Company (Pvt) Ltd.                              | <b>20,267</b>                | <b>(20,267)</b>                          |                            | <b>-</b>                   |
|   | <b>242,067</b>               | <b>(62,067)</b>                          |                            | <b>180,000</b>             |
| <b>Total Investments</b>  | <b>300,755,280</b>           | <b>(825,115)</b>                         | <b>2,506,437</b>           | <b>302,436,602</b>         |

2023

| Cost / Amortised cost      | Credit loss allowance / Provision | Surplus / (deficit) | Carrying value |
|----------------------------|-----------------------------------|---------------------|----------------|
| ----- Rupees in '000 ----- |                                   |                     |                |

**Held-for-trading securities****Federal Government Securities**

|                       |        |   |      |        |
|-----------------------|--------|---|------|--------|
| Market Treasury Bills | 47,974 | - | (49) | 47,925 |
|-----------------------|--------|---|------|--------|

**Available-for-sale securities****Federal Government Securities:**

|                                     |             |           |             |             |
|-------------------------------------|-------------|-----------|-------------|-------------|
| Market Treasury Bills               | 427,432     | -         | 25          | 427,457     |
| Pakistan Investment Bonds - Fixed   | 28,540,271  | -         | (1,124,212) | 27,416,059  |
| Pakistan Investment Bonds - Floater | 110,030,211 | -         | 1,001,079   | 111,031,290 |
| Islamic Naya Pakistan certificates  | 478,146     | -         | -           | 478,146     |
| Government of Pakistan Eurobonds    | 1,853,745   | (124,556) | (224,752)   | 1,504,437   |

**Shares****Listed Companies**

|                   |           |           |           |           |
|-------------------|-----------|-----------|-----------|-----------|
| Ordinary shares   | 2,176,754 | -         | 1,268,044 | 3,444,798 |
| Preference shares | 136,589   | (136,589) | -         | -         |

**Unlisted Company**

|                 |        |   |   |        |
|-----------------|--------|---|---|--------|
| Ordinary shares | 11,000 | - | - | 11,000 |
|-----------------|--------|---|---|--------|

**Non Government Debt Securities****Listed**

|                           |         |           |          |         |
|---------------------------|---------|-----------|----------|---------|
| Term Finance Certificates | 393,446 | (143,446) | (15,412) | 234,588 |
| Sukuk Certificates        | 200,000 | -         | (10,470) | 189,530 |

**Unlisted**

|                           |           |           |   |           |
|---------------------------|-----------|-----------|---|-----------|
| Term Finance Certificates | 231,928   | (131,928) | - | 100,000   |
| Sukuk Certificates        | 1,117,486 | -         | - | 1,117,486 |
| Preference shares         | 27,733    | (27,733)  | - | -         |

**Foreign Securities**

|                                |            |           |          |            |
|--------------------------------|------------|-----------|----------|------------|
| Government Debt Securities     | 18,554,551 | (189,192) | (95,171) | 18,270,188 |
| Non Government Debt Securities | 371,295    | (52)      | 2,710    | 373,953    |
| Ordinary shares                | 92,031     | -         | (14,258) | 77,773     |

|             |           |         |             |
|-------------|-----------|---------|-------------|
| 164,642,618 | (753,496) | 787,583 | 164,676,705 |
|-------------|-----------|---------|-------------|

**Held-to-maturity securities****Federal Government Securities**

|                                     |             |   |   |             |
|-------------------------------------|-------------|---|---|-------------|
| Market Treasury Bills               | 29,887,607  | - | - | 29,887,607  |
| Pakistan Investment Bonds - Fixed   | 10,461,059  | - | - | 10,461,059  |
| Pakistan Investment Bonds - Floater | 61,797,508  | - | - | 61,797,508  |
|                                     | 102,146,174 | - | - | 102,146,174 |

**Subsidiaries**

|                              |            |   |   |            |
|------------------------------|------------|---|---|------------|
| JS Global Capital Limited    | 1,357,929  | - | - | 1,357,929  |
| JS Investments Limited       | 561,192    | - | - | 561,192    |
| Bank Islami Pakistan Limited | 18,968,154 | - | - | 18,968,154 |
|                              | 20,887,275 | - | - | 20,887,275 |

**Associates**

|  |         |          |   |         |
|--|---------|----------|---|---------|
| Omar Jibran Engineering Industries Limited | 180,000 | -        | - | 180,000 |
| Veda Transit Solutions (Pvt) Ltd.          | 41,800  | (22,878) | - | 18,922  |
| Intercity Touring Company (Pvt) Ltd.       | 20,267  | (20,267) | - | -       |
|  | 242,067 | (43,145) | - | 198,922 |

**Total Investments**

|             |           |         |             |
|-------------|-----------|---------|-------------|
| 287,966,108 | (796,641) | 787,534 | 287,957,001 |
|-------------|-----------|---------|-------------|

**8.1.1** 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.

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| 8.2 Investments by segments                 | 2024                  |                                   |                     |                | 2023                  |                                   |                     |                |
|---|-----------------------|-----------------------------------|---------------------|----------------|-----------------------|-----------------------------------|---------------------|----------------|
|   | Cost / Amortised cost | Credit loss allowance / Provision | Surplus / (Deficit) | Carrying Value | Cost / Amortised cost | Credit loss allowance / Provision | Surplus / (deficit) | Carrying value |
|   | Rupees in '000 -----  |                                   |                     |                |                       |                                   |                     |                |
| <b>Federal Government Securities</b>        |                       |                                   |                     |                |                       |                                   |                     |                |
| Market Treasury Bills                       | 84,886,152            | -                                 | 916,467             | 85,802,619     | 30,363,013            | -                                 | (24)                | 30,362,989     |
| Pakistan Investment Bonds                   | 172,107,830           | -                                 | 465,437             | 172,573,267    | 210,829,049           | -                                 | (123,133)           | 210,705,916    |
| Islamic Naya Pakistan Certificates          | 883,141               | -                                 | -                   | 883,141        | 478,146               | -                                 | -                   | 478,146        |
| Government of Pakistan Eurobonds            | 300,686               | (25,316)                          | (12,146)            | 263,224        | 1,853,745             | (124,556)                         | (224,752)           | 1,504,437      |
|   | 258,177,809           | (25,316)                          | 1,369,758           | 259,522,251    | 243,523,953           | (124,556)                         | (347,909)           | 243,051,488    |
| <b>Shares</b>                               |                       |                                   |                     |                |                       |                                   |                     |                |
| Listed Companies                            | 2,304,743             | -                                 | 1,911,573           | 4,216,316      | 2,313,343             | (136,589)                         | 1,268,044           | 3,444,798      |
| Unlisted Company                            | 397,306               | -                                 | (386,306)           | 11,000         | 11,000                | -                                 | -                   | 11,000         |
|   | 2,702,049             | -                                 | 1,525,267           | 4,227,316      | 2,324,343             | (136,589)                         | 1,268,044           | 3,455,798      |
| <b>Non Government Debt Securities</b>       |                       |                                   |                     |                |                       |                                   |                     |                |
| Listed Companies                            | 718,536               | (143,524)                         | (25,012)            | 550,000        | 593,446               | (143,446)                         | (25,882)            | 424,118        |
| Unlisted Companies                          | 1,686,055             | (415,964)                         | (421,186)           | 848,905        | 1,377,147             | (159,661)                         | -                   | 1,217,486      |
|   | 2,404,591             | (559,488)                         | (446,198)           | 1,398,905      | 1,970,593             | (303,107)                         | (25,882)            | 1,641,604      |
| <b>Foreign Securities</b>                   |                       |                                   |                     |                |                       |                                   |                     |                |
| Government Debt Securities                  | 14,113,358            | (178,122)                         | 72,691              | 14,007,927     | 18,554,551            | (189,192)                         | (95,171)            | 18,270,188     |
| Non Government Debt Securities              | 2,222,166             | (122)                             | (15,081)            | 2,206,963      | 371,295               | (52)                              | 2,710               | 373,953        |
| Equity securities                           | 5,965                 | -                                 | -                   | 5,965          | 92,031                | -                                 | (14,258)            | 77,773         |
|   | 16,341,489            | (178,244)                         | 57,610              | 16,220,855     | 19,017,877            | (189,244)                         | (106,719)           | 18,721,914     |
| <b>Subsidiaries</b>                         |                       |                                   |                     |                |                       |                                   |                     |                |
| JS Global Capital Limited                   | 8.8 1,357,929         | -                                 | -                   | 1,357,929      | 1,357,929             | -                                 | -                   | 1,357,929      |
| JS Investments Limited                      | 8.9 561,192           | -                                 | -                   | 561,192        | 561,192               | -                                 | -                   | 561,192        |
| BankIslami Pakistan Limited                 | 8.10 18,968,154       | -                                 | -                   | 18,968,154     | 18,968,154            | -                                 | -                   | 18,968,154     |
|   | 20,887,275            | -                                 | -                   | 20,887,275     | 20,887,275            | -                                 | -                   | 20,887,275     |
| <b>Associates</b>                           |                       |                                   |                     |                |                       |                                   |                     |                |
| Omar Jibran Engineering Industries Limited  | 8.11 180,000          | -                                 | -                   | 180,000        | 180,000               | -                                 | -                   | 180,000        |
| Veda Transit Solutions (Private) Limited    | 41,800                | (41,800)                          | -                   | -              | 41,800                | (22,878)                          | -                   | 18,922         |
| Intercity Touring Company (Private) Limited | 20,267                | (20,267)                          | -                   | -              | 20,267                | (20,267)                          | -                   | -              |
|   | 242,067               | (62,067)                          | -                   | 180,000        | 242,067               | (43,145)                          | -                   | 198,922        |
| <b>Total Investments</b>                    |                       |                                   |                     |                |                       |                                   |                     |                |
|   | 300,755,280           | (825,115)                         | 2,506,437           | 302,436,602    | 287,966,108           | (796,641)                         | 787,534             | 287,957,001    |

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|       |  | 2024         |              | 2023        |                                 |
|-------|--|--------------|--------------|-------------|---------------------------------|
|       |  | Cost         | Market value | Cost        | Market value                    |
| 8.3   | <b>Investments given as collateral</b>   |              |              |             |                                 |
|       | <b>Federal Government Securities</b>   |              |              |             |                                 |
|       | Market Treasury Bills  |              |              |             |                                 |
|       |  | 375,757      | 384,678      | -           | -                               |
| 8.4   | <b>Particulars of credit loss allowance</b>  |              |              |             |                                 |
| 8.4.1 | <b>Investments - exposure</b>  |              |              |             |                                 |
|       | Opening balance  |              |              |             |                                 |
|       | Impact of adoption of IFRS 9   |              |              |             |                                 |
|       | Balance as at January 01 after adopting IFRS 9   |              |              |             |                                 |
|       |  | 20,029,611   | 1,853,745    | 866,828     | 22,886,773<br>(22,886,773)      |
|       | New investments  | 14,780,672   | 472,628      | -           | 22,886,773<br>(136,589)         |
|       | Investments derecognised or repaid   | (17,999,163) | (977,186)    | (695,649)   | -                               |
|       | Transfer to stage 1  | -            | -            | -           | -                               |
|       | Transfer to stage 2  | -            | -            | -           | -                               |
|       | Transfer to stage 3  | (862,675)    | 862,675      | -           | 15,253,300<br>(19,671,998)      |
|       |  | (4,081,166)  | (504,558)    | 167,026     | (4,418,698)                     |
|       | Amounts written off / charged Off  | -            | -            | -           | -                               |
|       | Changes in risk parameters (PDs/LGDs/EADs)   | (325,878)    | (575,873)    | -           | (901,751)                       |
|       | Closing balance  | 15,622,567   | 773,314      | 1,033,854   | 17,429,735                      |
| 8.4.2 | <b>Investments - Credit loss allowance</b>   |              |              |             |                                 |
|       | Opening Balance  |              |              |             |                                 |
|       | Impact of adoption of IFRS 9   |              |              |             |                                 |
|       | Balance as at January 01 after adopting IFRS 9   |              |              |             |                                 |
|       |  | 3,263        | 124,557      | 492,292     | 753,496<br>(753,496)<br>620,112 |
|       | New investments  | 148          | 178,063      | -           | 178,211<br>(361,285)            |
|       | Investments derecognised or repaid   | (8)          | (42,412)     | (318,865)   | -                               |
|       | Transfer to stage 1  | -            | -            | -           | -                               |
|       | Transfer to stage 2  | -            | -            | -           | -                               |
|       | Transfer to stage 3  | (3,119)      | -            | 3,119       | -                               |
|       |  | (2,979)      | 135,651      | (315,746)   | (183,074)                       |
|       | Charge for the year against provision for diminution   | -            | -            | -           | -                               |
|       | Reversal for the year against provision for diminution   | -            | -            | -           | -                               |
|       | Amounts written off / charged off  | -            | -            | -           | -                               |
|       | Changes in risk parameters (PDs/LGDs/EADs)   | (23)         | (55,352)     | 385,085     | 329,710                         |
|       | Exchange rate adjustments  | (1)          | (1,451)      | (2,248)     | (3,700)                         |
|       | Closing balance  | 260          | 203,405      | 559,383     | 763,048                         |
| 8.4.3 | <b>Credit loss allowance / provision for diminution in value of investments</b>  |              |              |             |                                 |
|       | Opening balance - provision for diminution other than associates   |              |              |             |                                 |
|       | Opening balance - provision for diminution on associates   |              |              |             |                                 |
|       | Impact of adoption of IFRS 9   |              |              |             |                                 |
|       | Balance as at January 01 after adopting IFRS 9   |              |              |             |                                 |
|       | Exchange rate adjustments  |              |              |             |                                 |
|       | Charge for the year other than associates  |              |              |             |                                 |
|       | Provision for diminution on associates   |              |              |             |                                 |
|       | Reversals for the year   |              |              |             |                                 |
|       |  |              |              |             |                                 |
|       | Closing balance  |              |              |             |                                 |
| 8.4.4 | <b>Particulars of credit loss allowance / provision against debt securities</b>  |              |              |             |                                 |
|       | <b>Domestic</b>  |              |              |             |                                 |
|       | Performing   | Stage 1      |              |             |                                 |
|       | Under-performing   | Stage 2      |              |             |                                 |
|       | Non-performing   | Stage 3      |              |             |                                 |
|       | Substandard  |              |              |             |                                 |
|       | Doubtful   |              |              |             |                                 |
|       | Loss   |              |              |             |                                 |
|       |  | 675,090      | 105          | 140,542,292 | -                               |
|       |  | -            | -            | -           | -                               |
|       |  | 862,675      | 388,204      | -           | -                               |
|       |  | 171,179      | 171,179      | 303,107     | 303,107                         |
|       |  | 1,033,854    | 559,383      | 303,107     | 303,107                         |
|       |  | 1,708,944    | 559,488      | 140,845,399 | 303,107                         |
|       | <b>Total</b>   |              |              |             |                                 |
|       |  | 14,947,477   | 155          | 18,362,125  | 58                              |
|       |  | 773,314      | 203,405      | 1,853,745   | 124,556                         |
|       | <b>Overseas</b>  |              |              |             |                                 |
|       | Performing   | Stage 1      |              |             |                                 |
|       | Under-performing   | Stage 2      |              |             |                                 |
|       | Non-performing   | Stage 3      |              |             |                                 |
|       | Substandard  |              |              |             |                                 |
|       | Doubtful   |              |              |             |                                 |
|       | Loss   |              |              |             |                                 |
|       |  | -            | -            | -           | -                               |
|       |  | -            | -            | 563,721     | 189,186                         |
|       |  | -            | -            | 563,721     | 189,186                         |
|       |  | 15,720,791   | 203,560      | 20,779,591  | 313,800                         |
| 8.4.5 | Debt securities amounting to Rs. 252,871,883 million relate to government securities that are exempt from the calculation of ECL by the SBP. |              |              |             |                                 |

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**8.5 Quality of Securities**

Details regarding quality of securities held under "Held to Collect and Sell" model

| 2024        | 2023 |
|-------------|------|
| <b>Cost</b> |      |

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

**8.5.1 Federal Government Securities - Government guaranteed**

Market Treasury Bills  
Pakistan Investment Bonds  
Islamic Naya Pakistan certificates  
Government of Pakistan Eurobonds

|                    |             |
|--------------------|-------------|
| <b>33,742,130</b>  | 427,432     |
| <b>97,737,950</b>  | 138,570,482 |
| -                  | 478,146     |
| <b>300,686</b>     | 1,853,745   |
| <b>131,780,766</b> | 141,329,805 |

**8.5.2 Shares**

**Listed Companies**

**Ordinary Shares**

Paper, Board and Packaging  
Oil and gas exploration companies  
Technology and Communication  
Insurance  
Fertilizer  
Pharmaceutical

|                  |           |
|------------------|-----------|
| <b>25,053</b>    | 25,053    |
| <b>399,824</b>   | 399,824   |
| <b>566,875</b>   | 575,475   |
| <b>897,864</b>   | 897,864   |
| <b>249,007</b>   | 249,007   |
| <b>29,531</b>    | 29,531    |
| <b>2,168,154</b> | 2,176,754 |

**Preference Shares**

Chemical  
Textile composite

|                |         |
|----------------|---------|
| <b>48,236</b>  | 48,236  |
| <b>88,353</b>  | 88,353  |
| <b>136,589</b> | 136,589 |

| Break up<br>value as at | 2024 |               | 2023 |               |
|-------------------------|------|---------------|------|---------------|
|                         | Cost | Breakup value | Cost | Breakup value |

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

**Unlisted companies - Ordinary shares**

ISE Towers REIT Management Limited

| Sept 30, 2024              | 2024           | 2023          |
|----------------------------|----------------|---------------|
|                            | Cost           | Breakup value |
| ----- Rupees in '000 ----- |                |               |
|                            | 11,000         | 24,906        |
| N/A                        | <b>74,724</b>  | -             |
| N/A                        | <b>74,724</b>  | -             |
| N/A                        | <b>236,858</b> | -             |
|                            | <b>397,306</b> | <b>25,956</b> |
|                            | 11,000         | 24,906        |

**8.5.3 Non Government Debt Securities**

**Listed**

AAA  
AA-  
Unrated

| 2024                       | 2023    |
|----------------------------|---------|
| <b>Cost</b>                |         |
| ----- Rupees in '000 ----- |         |
| <b>200,090</b>             | -       |
| <b>375,000</b>             | 450,000 |
| <b>143,446</b>             | 143,446 |
| <b>718,536</b>             | 593,446 |

**Unlisted**

A  
BB  
Unrated

|                  |           |
|------------------|-----------|
| <b>100,000</b>   | 108,333   |
| <b>862,675</b>   | 1,268,814 |
| <b>27,733</b>    | -         |
| <b>990,408</b>   | 1,377,147 |
| <b>1,708,944</b> | 1,970,593 |

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**8.5.4 Foreign Securities**

| 2024                       |        | 2023 |        |
|----------------------------|--------|------|--------|
| Cost                       | Rating | Cost | Rating |
| ----- Rupees in '000 ----- |        |      |        |

**Government securities**

Republic of Sri Lanka  
 State of Qatar  
 United Arab Emirates  
 United States of America

|                   |             |            |     |
|-------------------|-------------|------------|-----|
| <b>472,628</b>    | <b>CCC+</b> | 563,721    | C   |
| <b>410,474</b>    | <b>AA</b>   | -          | -   |
| <b>278,550</b>    | <b>AA-</b>  | -          | -   |
| <b>12,951,706</b> | <b>AA+</b>  | 17,990,830 | AA+ |
| <b>14,113,358</b> |             | 18,554,551 |     |

| 2024                       |  | 2023 |
|----------------------------|--|------|
|                            |  | Cost |
| ----- Rupees in '000 ----- |  |      |

**Non Government debt securities**

**Listed**

AA  
 A  
 A-

|                  |         |
|------------------|---------|
| <b>833,455</b>   | 230,296 |
| <b>417,881</b>   | -       |
| <b>55,411</b>    | 140,999 |
| <b>1,306,747</b> | 371,295 |

**Equity securities**

**Listed**

Bank of America

|   |        |
|---|--------|
| - | 85,625 |
|---|--------|

**Unlisted**

Society for Worldwide Interbank  
 Financial Telecommunication (SWIFT)

|              |       |
|--------------|-------|
| <b>5,965</b> | 6,406 |
| <b>5,965</b> | 6,406 |
| <b>5,965</b> | 6,406 |

**8.6 Particulars relating to securities classified Under "Held to Collect" model**

| 2024                       |  | 2023 |
|----------------------------|--|------|
|                            |  | Cost |
| ----- Rupees in '000 ----- |  |      |

**8.6.1 Federal Government Securities - Government guaranteed**

Market Treasury Bills  
 Pakistan Investment Bonds

|                    |             |
|--------------------|-------------|
| <b>48,740,508</b>  | 29,887,607  |
| <b>72,651,295</b>  | 72,258,567  |
| <b>121,391,803</b> | 102,146,174 |

**8.7** The market value of securities classified as held-to-maturity as at December 31, 2024 amounted to Rs. 121,590.686 million (2023: Rs. 100,310.906 million).

**8.8** The Bank acquired effective controlling interest in JS Global Capital Limited (JSGCL) on December 21, 2011, April 15, 2016, October 01, 2019 and June 02, 2021 of 51.05%, 16.11%, 16.37% and 9.37% respectively. The ownership interest has increased by 41.85%, without any change in the cost of investment, due to the fact that JSGCL has bought back its 11,993,000 shares on April 15, 2016, 7,450,000 shares on October 02, 2019 and 27,477,297 shares on June 02, 2021.

**8.9** The Bank acquired effective controlling interest of 52.24% in JS Investments Limited (JSIL) on November 01, 2012. The ownership interest has further 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 on December 22, 2015 and 18,397,562 shares on August 31, 2019.

**8.10** The Bank acquired effective controlling interest of 50.24% in BankIslami Pakistan Limited (BIPL) on August 18, 2023 and accordingly, BIPL became a subsidiary of the Bank. The ownership interest further increased by 24.88% on August 25, 2023 by way of public offer. Post-acquisition, the shareholding of the Bank in BIPL increased to 75.12%.

**8.11** The investment in Intercity Touring and Veda Transit Solutions company classified as associates are fully provided as of the reporting date.

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**8.12 Particulars of Assets and Liabilities of Subsidiaries and Associates**

|  |                   | 2024     |                          |             |             |             |            |                 |                            |
|--|-------------------|----------|--------------------------|-------------|-------------|-------------|------------|-----------------|----------------------------|
|  |                   | As at    | Country of Incorporation | Holding (%) | Assets      | Liabilities | Revenue    | Profit / (loss) | Total comprehensive income |
| ----- Rupees in '000 -----                 |                   |          |                          |             |             |             |            |                 |                            |
| <b>Subsidiaries</b>                        |                   |          |                          |             |             |             |            |                 |                            |
| JS Global Capital Limited                  | December 31, 2024 | Pakistan | 92.90%                   | 9,283,402   | 6,338,158   | 1,642,250   | 454,556    | 493,533         |                            |
| JS Investments Limited                     | December 31, 2024 | Pakistan | 84.73%                   | 3,581,217   | 1,469,631   | 567,860     | 448,923    | 448,923         |                            |
| BankIslami Pakistan Limited                | December 31, 2024 | Pakistan | 75.12%                   | 737,834,025 | 689,524,749 | 50,977,162  | 11,833,541 | 14,895,494      |                            |
| <b>Associates</b>                          |                   |          |                          |             |             |             |            |                 |                            |
| Omar Jibran Engineering Industries Limited | June 30, 2023     | Pakistan | 9.60%                    | 5,372,772   | 2,430,640   | 2,345,882   | (145,624)  | 231,702         |                            |
| Veda Transit Solutions Private Limited     | June 30, 2023     | Pakistan | 3.92%                    | 3,771,523   | 3,318,137   | 3,185,247   | (549,172)  | (552,470)       |                            |

|  |                   | 2023     |                          |             |             |             |            |                 |                            |
|--|-------------------|----------|--------------------------|-------------|-------------|-------------|------------|-----------------|----------------------------|
|  |                   | As at    | Country of Incorporation | Holding (%) | Assets      | Liabilities | Revenue    | Profit / (loss) | Total comprehensive income |
| ----- Rupees in '000 -----                 |                   |          |                          |             |             |             |            |                 |                            |
| <b>Subsidiaries</b>                        |                   |          |                          |             |             |             |            |                 |                            |
| JS Global Capital Limited                  | December 31, 2023 | Pakistan | 92.90%                   | 6,251,182   | 3,799,471   | 1,095,433   | 187,296    | 191,175         |                            |
| JS Investments Limited                     | December 31, 2023 | Pakistan | 84.56%                   | 2,122,220   | 456,799     | 310,396     | 310,024    | 310,024         |                            |
| BankIslami Pakistan Limited                | December 31, 2023 | Pakistan | 75.12%                   | 654,865,896 | 618,399,978 | 43,494,329  | 11,045,099 | 13,064,451      |                            |
| <b>Associates</b>                          |                   |          |                          |             |             |             |            |                 |                            |
| Omar Jibran Engineering Industries Limited | June 30, 2023     | Pakistan | 9.60%                    | 5,372,772   | 2,430,640   | 2,345,882   | (145,624)  | 231,702         |                            |
| Veda Transit Solutions (Private) Limited   | June 30, 2022     | Pakistan | 3.92%                    | 4,242,630   | 3,236,774   | 2,468,979   | (80,262)   | (80,267)        |                            |

| 9.  | ADVANCES        | Note | Performing  |             |                |             |              |              |             |
|---|-----------------|------|-------------|-------------|----------------|-------------|--------------|--------------|-------------|
|   |                 |      | 2024        |             | Non-Performing |             | Total        |              |             |
|   |                 |      | 2024        | 2023        | 2024           | 2023        | 2024         | 2023         |             |
| ----- Rupees in '000 -----                          |                 |      |             |             |                |             |              |              |             |
| Loans, cash credits, running finances, etc.         | 9.1             |      | 216,440,019 | 186,577,182 | 21,327,989     | 16,184,450  | 237,768,008  | 202,761,632  |             |
| Bills discounted and purchased                      |                 |      | 9,946,392   | 11,025,154  | -              | -           | 9,946,392    | 11,025,154   |             |
| Advances - gross                                    |                 |      |             |             | 226,386,411    | 197,602,336 | 21,327,989   | 16,184,450   | 247,714,400 |
| Credit loss allowance / provision against advances  |                 |      |             |             |                |             |              |              |             |
| - Stage 1   |                 | 9.5  | (249,235)   | -           | -              | -           | (249,235)    | -            |             |
| - Stage 2   |                 |      | (445,520)   | -           | -              | -           | (445,520)    | -            |             |
| - Stage 3   |                 |      | -           | -           | (15,083,720)   | -           | (15,083,720) | -            |             |
| - Specific  |                 |      | -           | -           | -              | -           | -            | -            | (9,660,542) |
| - General   |                 |      | -           | (377,450)   | -              | -           | (377,450)    | -            |             |
| - Provision under IFRS 9 - Overseas                 |                 |      | -           | (21,894)    | -              | -           | -            | -            | (21,894)    |
|   |                 |      | (694,755)   | (399,344)   | (15,083,720)   | (9,660,542) | (15,778,475) | (10,059,886) |             |
| Fair value adjustment                               | 9.5.4 and 9.5.5 |      | (6,417,298) | -           | -              | -           | (6,417,298)  | -            |             |
| Advances - net of credit loss allowance / provision |                 |      |             |             | 219,274,358    | 197,202,992 | 6,244,269    | 6,523,908    | 225,518,627 |
|   |                 |      |             |             |                |             |              |              | 203,726,900 |

**9.1 This includes net investment in finance lease as disclosed below:**

| 2024                                    |   |                 |       | 2023                    |   |                 |         |
|---|---|-----------------|-------|-------------------------|---|-----------------|---------|
| 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 -----              |   |                 |       |                         |   |                 |         |
| Lease rentals receivable                | 1,965,927                               | 1,716,467       | -     | 3,682,394               | 2,199,360                               | 1,935,201       | 17,321  |
| Residual value                          | 505,707                                 | 960,140         | -     | 1,465,847               | 576,844                                 | 993,678         | 17,305  |
| Minimum lease payments                  | 2,471,634                               | 2,676,607       | -     | 5,148,241               | 2,776,204                               | 2,928,879       | 34,626  |
| Finance charges for future periods      | (379,417)                               | (238,982)       | -     | (618,399)               | (491,904)                               | (487,044)       | (3,926) |
| Present value of minimum lease payments | 2,092,217                               | 2,437,625       | -     | 4,529,842               | 2,284,300                               | 2,441,835       | 30,700  |

2024 2023  
----- Rupees in '000 -----

**9.2 Particulars of advances (gross)**

|                                     |             |             |
|-------------------------------------|-------------|-------------|
| In local currency                   | 235,917,966 | 202,199,868 |
| In foreign currencies               | 11,796,434  | 11,586,918  |
|                                     | 247,714,400 | 213,786,786 |
| ----- Rupees in '000 -----          |             |             |
| Women                               | 6,391,888   | 5,451,794   |
| Women Owned and Managed Enterprises | 1,013,031   | 813,736     |
|                                     | 7,404,919   | 6,265,530   |

**9.2.1 Advances to Women, Women-owned and Managed Enterprises - Gross**

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|  | 2024             | 2023      |
|--|------------------|-----------|
|  | Rupees in '000   |           |
| <b>9.2.2 Gross loans disbursed to women, women-owned and managed enterprises during the current and previous financial years</b> |                  |           |
| Women, Women Owned and Managed Enterprises   | <b>4,141,958</b> | 3,266,363 |

**9.3 Particulars of credit loss allowance**

|  | 2024               |                   |                   |                    |
|--|--------------------|-------------------|-------------------|--------------------|
|  | Stage 1            | Stage 2           | Stage 3           | Total              |
|  | Rupees in '000     |                   |                   |                    |
| Gross carrying amount - opening            | 169,204,649        | 28,397,687        | 16,184,450        | 213,786,786        |
| New advances                               | 127,345,520        | 10,356,202        | 2,120,270         | 139,821,992        |
| Advances derecognised or repaid            | (85,551,318)       | (9,750,661)       | (3,460,979)       | (98,762,958)       |
| Transfer to stage 1                        | 1,625,966          | (1,613,010)       | (12,956)          | -                  |
| Transfer to stage 2                        | (8,252,974)        | 10,042,399        | (1,789,425)       | -                  |
| Transfer to stage 3                        | (2,447,976)        | (5,273,228)       | 7,721,204         | -                  |
|  | 32,719,218         | 3,761,702         | 4,578,114         | 41,059,034         |
| Amounts written off / charged off          | -                  | -                 | (183,699)         | (183,699)          |
| Changes in risk parameters (PDs/LGDs/EADs) | (5,829,646)        | (1,828,452)       | 749,124           | (6,908,974)        |
| Exchange adjustments                       | (37,882)           | (865)             | -                 | (38,747)           |
| Gross carrying amount - closing            | <b>196,056,339</b> | <b>30,330,072</b> | <b>21,327,989</b> | <b>247,714,400</b> |

**9.3.2 Advances - credit loss allowance**

|  | 2024           |                |                   |                   |                    |
|--|----------------|----------------|-------------------|-------------------|--------------------|
|  | Stage 1        | Stage 2        | Stage 3           | General Provision | Specific Provision |
|  | Rupees in '000 |                |                   |                   |                    |
| Opening balance                                | -              | -              | -                 | 399,344           | 9,660,542          |
| Impact of adoption of IFRS 9                   | <b>590,032</b> | <b>221,043</b> | <b>10,732,593</b> | <b>(399,344)</b>  | <b>(9,660,542)</b> |
| Balance as at January 01 after adopting IFRS 9 | <b>590,032</b> | <b>221,043</b> | <b>10,732,593</b> | -                 | -                  |
| New Advances                                   | 121,675        | 41,338         | 1,049,612         | -                 | 1,212,625          |
| Advances derecognised or repaid                | (447,471)      | (67,073)       | (763,182)         | -                 | (1,277,726)        |
| Transfer to stage 1                            | 19,418         | (19,418)       | -                 | -                 | -                  |
| Transfer to stage 2                            | (30,245)       | 1,360,917      | (1,330,672)       | -                 | -                  |
| Transfer to stage 3                            | (5,448)        | (36,057)       | 41,505            | -                 | -                  |
|  | (342,071)      | 1,279,707      | (1,002,737)       | -                 | (65,101)           |
| Amounts written off / charged off              | -              | -              | (183,699)         | -                 | (183,699)          |
| Transfer in / (out)                            | (2,371)        | -              | 147,781           | -                 | 145,410            |
| Changes in risk parameters (PDs/LGDs/EADs)     | 3,872          | (1,055,253)    | 5,389,782         | -                 | 4,338,401          |
| Exchange adjustments                           | (227)          | 23             | -                 | -                 | (204)              |
| Closing balance                                | <b>249,235</b> | <b>445,520</b> | <b>15,083,720</b> | -                 | <b>15,778,475</b>  |

**9.4 Advances include Rs. 21,327.989 million (2023: Rs. 16,184.450 million) which have been placed under non-performing / stage 3 status as detailed below:**

|  | 2024                 |                       |                      |                  | 2023           |
|--|----------------------|-----------------------|----------------------|------------------|----------------|
| Category of classification in stage 3    | Non-Performing Loans | Credit loss allowance | Non-Performing Loans | Provision        | 2023           |
|  | Rupees in '000       |                       |                      |                  | Rupees in '000 |
| <b>Domestic</b>                          |                      |                       |                      |                  |                |
| Other Assets Especially Mentioned (OEAM) | 368,424              | 24,072                | 363,753              | 2,154            |                |
| Substandard                              | 2,294,802            | 856,265               | 1,336,698            | 117,718          |                |
| Doubtful                                 | 4,250,239            | 1,922,798             | 2,509,560            | 220,851          |                |
| Loss                                     | 14,414,524           | 12,280,585            | 11,974,439           | 9,319,819        |                |
| <b>Total</b>                             | <b>21,327,989</b>    | <b>15,083,720</b>     | <b>16,184,450</b>    | <b>9,660,542</b> |                |
| <b>Overseas</b>                          | -                    | -                     | -                    | -                | -              |

\* The Other Assets Especially Mentioned category pertains to agriculture, housing and small enterprises financing.

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**9.5 Particulars of credit loss allowance against advances**

|  | 2024                       |                        |                          |           |                                   |                          | 2023                   |                |                                   |                        |
|--|----------------------------|------------------------|--------------------------|-----------|-----------------------------------|--------------------------|------------------------|----------------|-----------------------------------|------------------------|
|  | Stage 1 and 2              | Stage 3                | Specific                 | General   | Provision under IFRS 9 (Overseas) | Total                    | Specific               | General        | Provision under IFRS 9 (Overseas) | Total                  |
| Note   | ----- Rupees in '000 ----- |                        |                          |           |                                   |                          |                        |                |                                   |                        |
| Opening balance                                | -                          | -                      | 9,660,542                | 377,450   | 21,894                            | 10,059,886               | 7,210,740              | 200,614        | 11,500                            | 7,422,854              |
| Impact of adoption of IFRS 9                   | 811,075                    | 10,732,593             | (9,660,542)              | (377,450) | (21,894)                          | 1,483,782                | -                      | -              | -                                 | -                      |
| Balance as at January 01 after adopting IFRS 9 | 811,075                    | 10,732,593             | -                        | -         | -                                 | 11,543,668               | 7,210,740              | 200,614        | 11,500                            | 7,422,854              |
| Exchange adjustments                           | (204)                      | -                      | -                        | -         | -                                 | (204)                    | -                      | -              | 2,856                             | 2,856                  |
| Charge for the year                            | 491,967                    | 6,480,899              | -                        | -         | -                                 | 6,972,866                | 3,128,536              | 176,836        | 7,538                             | 3,312,910              |
| Reversal for the year                          | 9.5.2<br>33                | (605,712)<br>(113,745) | (2,093,854)<br>4,387,045 | -         | -                                 | (2,699,566)<br>4,273,300 | (624,082)<br>2,504,454 | 176,836        | 7,538                             | (624,082)<br>2,688,828 |
| Transfer in / (out)                            | (2,371)                    | 147,781                | -                        | -         | -                                 | 145,410                  | -                      | -              | -                                 | -                      |
| Amounts written off                            | 9.6                        | -                      | (90,400)                 | -         | -                                 | (90,400)                 | (54,652)               | -              | -                                 | (54,652)               |
| Amounts charged off - agricultural financing   | 9.6                        | -                      | (93,299)                 | -         | -                                 | (93,299)                 | -                      | -              | -                                 | -                      |
| <b>Closing balance</b>                         | <b>694,755</b>             | <b>15,083,720</b>      | <b>-</b>                 | <b>-</b>  | <b>-</b>                          | <b>15,778,475</b>        | <b>9,660,542</b>       | <b>377,450</b> | <b>21,894</b>                     | <b>10,059,886</b>      |

**9.5.1 Particulars of credit loss allowance against advances**

|                       | 2024                       |            |            |         |                        |           | 2023       |  |  |  |
|-----------------------|----------------------------|------------|------------|---------|------------------------|-----------|------------|--|--|--|
|                       | Stage 1 and 2              | Stage 3    | Total      | General | Provision under IFRS 9 | Specific  | Total      |  |  |  |
|                       | ----- Rupees in '000 ----- |            |            |         |                        |           |            |  |  |  |
| In local currency     | 502,252                    | 15,083,720 | 15,585,972 | 377,450 | -                      | 9,660,542 | 10,037,992 |  |  |  |
| In foreign currencies | 192,503                    | -          | 192,503    | -       | 21,894                 | -         | 21,894     |  |  |  |
|                       | 694,755                    | 15,083,720 | 15,778,475 | 377,450 | 21,894                 | 9,660,542 | 10,059,886 |  |  |  |

**9.5.2** This includes reversal of provision of Rs. 406.907 million (2023: Nil) against reduction in non-performing loans of Rs. 2,189.151 million (2023: Rs. 2,997.401 million) of certain borrowers under 'Debt Property Swap' transactions.

**9.5.3** 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, 2024, the Bank has availed a cumulative FSV benefit under the directives of the State Bank of Pakistan (SBP) amounting to Rs. 2,489.350 million (2023: Rs. 3,914.240 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 1,145.101 million (2023: Rs. 1,996.262 million). The additional impact on profitability arising from availing the benefit of FSV shall not be available for payment of cash or stock dividend to shareholders or bonus to employees under the requirement of Regulation R-8 of Corporate / Commercial Banking of SBP.

**9.5.4** This includes deferred fair value loss arising from the restructuring of Pakistan International Airlines Corporation Limited (PIACL). SBP through its letter dated August 01, 2024 has allowed staggering of such fair value impact over the period of 6 years at rates of 5%, 10%, 15%, 20%, 25%, and 25% from year 1 to year 6. Further, SBP vide BPRD Circular Letter No.16 of 2024 dated July 29, 2024 has allowed to take such fair value adjustment with effect from October 01, 2024.

**9.5.5** This also includes fair valuation adjustment on modified loans and concessional rate loans (staff loans and TERF loans) considered in accordance with the requirements of IFRS 9.

|  | 2024                       |  |  |  |  |  | 2023    |        |        |  |  |  |  |
|--|----------------------------|--|--|--|--|--|---------|--------|--------|--|--|--|--|
|  | ----- Rupees in '000 ----- |  |  |  |  |  |         |        |        |  |  |  |  |
| <b>9.6 Particulars of Write Offs:</b>                            |                            |  |  |  |  |  |         |        |        |  |  |  |  |
| <b>9.6.1</b> Against credit loss allowance                       |                            |  |  |  |  |  | 183,699 | -      | 54,652 |  |  |  |  |
| Directly charged to profit and loss account                      |                            |  |  |  |  |  | 183,699 | 21,894 | 54,652 |  |  |  |  |
| <b>9.6.2</b> Write offs of Rs.500,000 and above                  |                            |  |  |  |  |  | 1,460   | -      | 6,947  |  |  |  |  |
| - Domestic   |                            |  |  |  |  |  | 182,239 | -      | 47,705 |  |  |  |  |
| - Overseas   |                            |  |  |  |  |  | 183,699 | 21,894 | 54,652 |  |  |  |  |
| Write offs of below Rs.500,000                                   |                            |  |  |  |  |  |         |        |        |  |  |  |  |
| <b>9.6.3 Details of loan write off of Rs. 500,00/- and above</b> |                            |  |  |  |  |  |         |        |        |  |  |  |  |

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.

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| 10. PROPERTY AND EQUIPMENT | Note | 2024           |           | 2023  |
|----------------------------|------|----------------|-----------|-------|
|                            |      | Rupees in '000 |           | ----- |
| Capital work-in-progress   | 10.1 | 596,439        | 450,659   |       |
| Property and equipment     | 10.2 | 11,490,454     | 8,176,443 |       |
|                            |      | 12,086,893     | 8,627,102 |       |

**10.1 Capital work-in-progress**

|                      |         |         |
|----------------------|---------|---------|
| Equipment            | 227,774 | 162,148 |
| Advance to suppliers | 1,152   | 10,726  |
| Civil works          | 367,513 | 277,785 |
|                      | 596,439 | 450,659 |

**10.2 Property and equipment**

| Note                                    | 2024             |                            |                        |                       |   |                |                   |
|---|------------------|----------------------------|------------------------|-----------------------|---|----------------|-------------------|
|   | Leasehold land   | Building on leasehold land | Leasehold improvements | Furniture and fixture | Electrical, office and computer equipment | Vehicles       | Total             |
| ----- Rupees in '000 -----              |                  |                            |                        |                       |   |                |                   |
| <b>At January 1, 2024</b>               |                  |                            |                        |                       |   |                |                   |
| Cost / Revalued amount                  | 1,728,122        | 2,993,162                  | 2,366,850              | 866,662               | 5,534,922                                 | 288,087        | 13,777,805        |
| Accumulated depreciation                | -                | (520,939)                  | (1,038,364)            | (482,620)             | (3,478,694)                               | (80,745)       | (5,601,362)       |
| Net book value                          | <b>1,728,122</b> | <b>2,472,223</b>           | <b>1,328,486</b>       | <b>384,042</b>        | <b>2,056,228</b>                          | <b>207,342</b> | <b>8,176,443</b>  |
| <b>Year ended December 2024</b>         |                  |                            |                        |                       |   |                |                   |
| Opening net book value                  | 1,728,122        | 2,472,223                  | 1,328,486              | 384,042               | 2,056,228                                 | 207,342        | 8,176,443         |
| Additions                               | 10.2.1           | -                          | 2,090,750              | 708,827               | 181,420                                   | 763,485        | 98,096            |
| Movement in surplus on assets           |                  |                            |                        |                       |   |                |                   |
| revalued during the year - net          | 49,457           | 158,617                    | -                      | -                     | -   | -              | 208,074           |
| Reversal of depreciation on revaluation | -                | 637,420                    | -                      | -                     | -   | -              | 637,420           |
| Disposals                               | -                | -                          | (16,314)               | (4,539)               | (32,364)                                  | (28,435)       | (81,652)          |
| Depreciation charge                     | -                | (117,408)                  | (230,939)              | (89,809)              | (826,221)                                 | (28,294)       | (1,292,671)       |
| Exchange rate adjustments               | -                | -                          | (144)                  | (15)                  | 9   | (39)           | (189)             |
| Other adjustments / transfers           | -                | 67                         | 358                    | (44)                  | (255)                                     | 325            | 451               |
| Closing net book value                  | <b>1,777,579</b> | <b>5,241,669</b>           | <b>1,790,274</b>       | <b>471,055</b>        | <b>1,960,882</b>                          | <b>248,995</b> | <b>11,490,454</b> |
| <b>At December 31, 2024</b>             |                  |                            |                        |                       |   |                |                   |
| Cost / Revalued amount                  | 1,777,579        | 5,242,596                  | 3,014,307              | 1,006,348             | 6,150,138                                 | 341,360        | 17,532,328        |
| Accumulated depreciation                | -                | (927)                      | (1,224,033)            | (535,293)             | (4,189,256)                               | (92,365)       | (6,041,874)       |
| Net book value                          | <b>1,777,579</b> | <b>5,241,669</b>           | <b>1,790,274</b>       | <b>471,055</b>        | <b>1,960,882</b>                          | <b>248,995</b> | <b>11,490,454</b> |
| Rate of depreciation (%)                | -                | 1 - 5                      | 10                     | 12.5                  | 12.5 - 33.3                               | 20             |                   |

|                                 | 2023             |                            |                        |                       |   |                |                  |
|---------------------------------|------------------|----------------------------|------------------------|-----------------------|---|----------------|------------------|
|                                 | Leasehold land   | Building on leasehold land | Leasehold improvements | Furniture and fixture | Electrical, office and computer equipment | Vehicles       | Total            |
| ----- Rupees in '000 -----      |                  |                            |                        |                       |   |                |                  |
| <b>At January 1, 2023</b>       |                  |                            |                        |                       |   |                |                  |
| Cost / Revalued amount          | 1,728,122        | 2,444,578                  | 2,178,004              | 775,833               | 4,453,823                                 | 148,221        | 11,728,581       |
| Accumulated depreciation        | -                | (424,325)                  | (905,864)              | (448,814)             | (3,011,499)                               | (65,648)       | (4,856,150)      |
| Net book value                  | <b>1,728,122</b> | <b>2,020,253</b>           | <b>1,272,140</b>       | <b>327,019</b>        | <b>1,442,324</b>                          | <b>82,573</b>  | <b>6,872,431</b> |
| <b>Year ended December 2023</b> |                  |                            |                        |                       |   |                |                  |
| Opening net book value          | 1,728,122        | 2,020,253                  | 1,272,140              | 327,019               | 1,442,324                                 | 82,573         | 6,872,431        |
| Additions                       | -                | 617,158                    | 265,172                | 140,337               | 1,377,406                                 | 160,990        | 2,561,063        |
| Movement in surplus on assets   |                  |                            |                        |                       |   |                |                  |
| revalued during the year        | -                | -                          | -                      | -                     | -   | -              | -                |
| Disposals                       | -                | (61,165)                   | (11,384)               | (5,740)               | (27,595)                                  | (18,266)       | (124,150)        |
| Depreciation charge             | -                | (104,089)                  | (200,559)              | (78,270)              | (736,085)                                 | (18,614)       | (1,137,617)      |
| Exchange rate adjustments       | -                | -                          | 3,352                  | 625                   | 507                                       | 677            | 5,161            |
| Other adjustments / transfers   | -                | 66                         | (235)                  | 71                    | (329)                                     | (18)           | (445)            |
| Closing net book value          | <b>1,728,122</b> | <b>2,472,223</b>           | <b>1,328,486</b>       | <b>384,042</b>        | <b>2,056,228</b>                          | <b>207,342</b> | <b>8,176,443</b> |
| <b>At December 31, 2023</b>     |                  |                            |                        |                       |   |                |                  |
| Cost / Revalued amount          | 1,728,122        | 2,993,162                  | 2,366,850              | 866,662               | 5,534,922                                 | 288,087        | 13,777,805       |
| Accumulated depreciation        | -                | (520,939)                  | (1,038,364)            | (482,620)             | (3,478,694)                               | (80,745)       | (5,601,362)      |
| Net book value                  | <b>1,728,122</b> | <b>2,472,223</b>           | <b>1,328,486</b>       | <b>384,042</b>        | <b>2,056,228</b>                          | <b>207,342</b> | <b>8,176,443</b> |
| Rate of depreciation (%)        | -                | 1 - 5                      | 10                     | 12.5                  | 12.5 - 33.3                               | 20             |                  |

**10.2.1** This includes transfer from capital work-in-progress during the year amounting to Rs. 885,895 million (2023: Rs. 1,217,585 million) and transfers from non-banking assets acquired in satisfaction of claim amounting to Rs. 2,000,000 million (2023: Nil).

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| <b>10.2.2 The cost of fully depreciated property and equipment still in use</b> | <b>2024</b>      | <b>2023</b> |
|---|------------------|-------------|
| ----- Rupees in '000 -----  |                  |             |
| Leasehold improvements  | <b>189,671</b>   | 156,648     |
| Furniture and fixture   | <b>231,721</b>   | 185,558     |
| Electrical, office and computer equipment                                       | <b>2,334,220</b> | 1,828,069   |
| Vehicles  | <b>11,725</b>    | 12,001      |
|   | <b>2,767,337</b> | 2,182,276   |

| <b>10.2.3 The carrying amount of idle properties still in use</b> | <b>2024</b>      | <b>2023</b> |
|---|------------------|-------------|
| ----- Rupees in '000 -----  |                  |             |
| Leasehold land  | <b>1,173,700</b> | 1,160,000   |
| Building on leasehold land  | <b>2,922,099</b> | 738,243     |
|   | <b>4,095,799</b> | 1,898,243   |

**10.2.4** The details of disposals of assets to related parties are given in Annexure II to these unconsolidated financial statements.

**10.2.5** The properties of the Bank were revalued by independent professional valuers as at December 31, 2024. The revaluation was carried out by M/s. Pakistan Inspection Co. (Pvt) Ltd. on the basis of professional assessment of present market values which resulted in increase in surplus by Rs. 845.494 million. The total surplus against revaluation of Property and equipment as at December 31, 2024 amounts to Rs. 2,202.331 million (2023: Rs. 1,393.824 million).

Had there been no revaluation, the carrying amount of the revalued assets at December 31, would have been as follows:

| <b>2024</b>                |                   | <b>2023</b>   |            |
|----------------------------|-------------------|---------------|------------|
| <b>Original cost</b>       | <b>Book value</b> | Original cost | Book value |
| ----- Rupees in '000 ----- |                   |               |            |

|                            |                  |                  |           |           |
|----------------------------|------------------|------------------|-----------|-----------|
| Leasehold land             | <b>1,014,912</b> | <b>1,014,912</b> | 1,014,912 | 1,014,912 |
| Building on leasehold land | <b>4,236,685</b> | <b>3,802,005</b> | 2,165,466 | 1,791,609 |
|                            | <b>5,251,597</b> | <b>4,816,917</b> | 3,180,378 | 2,806,521 |

| <b>11 RIGHT-OF-USE ASSETS</b>       | <b>2024</b>           | <b>2023</b>      |
|-------------------------------------|-----------------------|------------------|
|                                     | <b>Buildings</b>      | <b>Buildings</b> |
| ----- Rupees in '000 -----          |                       |                  |
| At January 01,                      |                       |                  |
| Cost                                | <b>6,819,329</b>      | 5,896,821        |
| Accumulated Depreciation            | <b>(4,679,751)</b>    | (3,610,102)      |
| Net carrying amount at January 01,  | <b>2,139,578</b>      | 2,286,719        |
| Additions during the year           | <b>1,820,891</b>      | 1,147,815        |
| Deletions during the year           | <b>(32,520)</b>       | (177,510)        |
| Depreciation charge for the year    | 30 <b>(1,343,769)</b> | (1,126,808)      |
| Exchange rate adjustments           |                       | <b>(216)</b>     |
| Other adjustments                   |                       | <b>26,129</b>    |
| Net Carrying amount at December 31, |                       | <b>2,610,093</b> |
|                                     |                       | 2,139,578        |

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| 12. INTANGIBLE ASSETS                        |               | Note | 2024                       |                  | 2023               |
|--|---------------|------|----------------------------|------------------|--------------------|
|  |               |      | ----- Rupees in '000 ----- |                  | -----              |
| Capital work-in-progress - computer software |               |      | <b>2,153,190</b>           |                  | 815,848            |
| Computer software                            | 12.1          |      | <b>3,189,462</b>           |                  | 2,593,435          |
| Goodwill                                     | 12.1 and 12.3 |      | <b>1,463,624</b>           |                  | 1,463,624          |
|  |               |      | <b>6,806,276</b>           |                  | <b>4,872,907</b>   |
| <b>2024</b>                                  |               |      |                            |                  |                    |
|  |               |      | <b>Computer software</b>   | <b>Goodwill</b>  | <b>Total</b>       |
| ----- Rupees in '000 -----                   |               |      |                            |                  |                    |
| <b>12.1 Intangible Assets</b>                |               | Note |                            |                  |                    |
| <b>At January 01,</b>                        |               |      |                            |                  |                    |
| Cost   |               |      | <b>3,738,014</b>           | <b>1,463,624</b> | <b>5,201,638</b>   |
| Accumulated amortisation                     |               |      | <b>(1,144,579)</b>         | <b>-</b>         | <b>(1,144,579)</b> |
| Net book value                               |               |      | <b>2,593,435</b>           | <b>1,463,624</b> | <b>4,057,059</b>   |
| <b>Year ended December 31,</b>               |               |      |                            |                  |                    |
| Opening net book value                       |               |      | <b>2,593,435</b>           | <b>1,463,624</b> | <b>4,057,059</b>   |
| Additions - directly purchased               | 12.1.1        |      | <b>961,412</b>             | <b>-</b>         | <b>961,412</b>     |
| Disposals                                    |               |      | <b>-</b>                   | <b>-</b>         | <b>-</b>           |
| Amortisation charge                          | 30            |      | <b>(363,634)</b>           | <b>-</b>         | <b>(363,634)</b>   |
| Exchange rate adjustments                    |               |      | <b>(35)</b>                | <b>-</b>         | <b>(35)</b>        |
| Other adjustments / transfers                |               |      | <b>(1,716)</b>             | <b>-</b>         | <b>(1,716)</b>     |
| Closing net book value                       |               |      | <b>3,189,462</b>           | <b>1,463,624</b> | <b>4,653,086</b>   |
| <b>At December 31,</b>                       |               |      |                            |                  |                    |
| Cost   |               |      | <b>4,699,556</b>           | <b>1,463,624</b> | <b>6,163,180</b>   |
| Accumulated amortisation and impairment      |               |      | <b>(1,510,094)</b>         | <b>-</b>         | <b>(1,510,094)</b> |
| Net book value                               |               |      | <b>3,189,462</b>           | <b>1,463,624</b> | <b>4,653,086</b>   |
| Rate of amortisation (%)                     |               |      | <b>10</b>                  |                  |                    |
| Useful life (years)                          |               |      | <b>10</b>                  |                  |                    |

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|   | 2023                    |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | Computer software       | Goodwill                | Total                   |
| ----- Rupees in '000 -----              |                         |                         |                         |
| <b>At January 1, 2023</b>               |                         |                         |                         |
| Cost                                    | 2,454,222               | 1,463,624               | 3,917,846               |
| Accumulated amortisation                | (861,411)               | -                       | (861,411)               |
| Net book value                          | <u><u>1,592,811</u></u> | <u><u>1,463,624</u></u> | <u><u>3,056,435</u></u> |
| <b>Year ended December 2023</b>         |                         |                         |                         |
| Opening net book value                  | 1,592,811               | 1,463,624               | 3,056,435               |
| Additions - directly purchased          | 1,281,236               | -                       | 1,281,236               |
| Disposals                               | -                       | -                       | -                       |
| Amortisation charge                     | (279,575)               | -                       | (279,575)               |
| Exchange rate adjustments               | 867                     | -                       | 867                     |
| Other adjustments / transfers           | (1,904)                 | -                       | (1,904)                 |
| Closing net book value                  | <u><u>2,593,435</u></u> | <u><u>1,463,624</u></u> | <u><u>4,057,059</u></u> |
| <b>At December 31, 2023</b>             |                         |                         |                         |
| Cost                                    | 3,738,014               | 1,463,624               | 5,201,638               |
| Accumulated amortisation and impairment | (1,144,579)             | -                       | (1,144,579)             |
| Net book value                          | <u><u>2,593,435</u></u> | <u><u>1,463,624</u></u> | <u><u>4,057,059</u></u> |
| Rate of amortisation (%)                | 10                      |                         |                         |
| Useful life (years)                     | 10                      |                         |                         |

**12.1.1** This includes transfer from capital work-in-progress during the year of Rs. 961.412 million (2023: Rs. 1,142.444 million).

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**12.2** The cost of fully amortised intangible assets that are still in the Bank's use amounted to Rs. 359.825 million (2023: Rs. 302.063 million).

**12.3** Goodwill is recorded by the Bank upon the event fully disclosed 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.

**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, duly adjusted for changes based on latest forecasts. 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:

|                        | <b>2024</b>        | 2023  |
|------------------------|--------------------|-------|
|                        | <b>Percentages</b> |       |
| - Discount rate        | <b>14.97</b>       | 18.04 |
| - Terminal growth rate | <b>12.00</b>       | 15.00 |

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. 6,563.429 million (2023: Rs. 15,841.101 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.

|                        | <b>Changes required for carrying amount to equal recoverable amount</b> |       |
|------------------------|---|-------|
|                        | <b>2024</b>   | 2023  |
|                        | <b>Percentages</b>  |       |
| - Discount rate        | <b>0.41</b>   | 1.53  |
| - Terminal growth rate | <b>-0.47</b>  | -1.82 |

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|  |       | <b>2024</b>                | 2023                     |
|--|-------|----------------------------|--------------------------|
|  | Note  | ----- Rupees in '000 ----- |                          |
| <b>13. OTHER ASSETS</b>  |       |                            |                          |
| Mark-up / return / interest accrued in local currency                              |       | 14,390,871                 | 23,018,231               |
| Mark-up / return / interest accrued in foreign currencies                          |       | 94,087                     | 155,308                  |
| Advances, deposits, advance rent and other prepayments                             |       | 4,964,160                  | 1,239,908                |
| Acceptances  |       | 3,581,183                  | 2,622,716                |
| Advance taxation (payments less provision)   |       | 1,506,206                  | -                        |
| Stationery and stamps in hand  |       | 18,370                     | 21,290                   |
| Receivable in respect of home remittance   |       | 20,357                     | 30,805                   |
| Due from State Bank of Pakistan  |       | 1,200,456                  | 329,044                  |
| Fair value adjustment on advances  | 9.5.4 | 3,049,801                  | -                        |
| Non-banking assets acquired in satisfaction of claims                              | 13.2  | 5,047,988                  | 4,775,743                |
| Mark to market gain on forward foreign exchange contracts                          |       | 141,651                    | 1,642,158                |
| Mark to market gain on forward government securities transaction                   |       | 26,426                     | -                        |
| Advance against investments in securities  |       | 792,000                    | 1,178,306                |
| Branchless banking fund settlement   |       | 370,945                    | 202,425                  |
| Inter bank fund transfer settlement  |       | 1,025,298                  | 1,079,395                |
| Credit card settlement   |       | 296,903                    | 498,755                  |
| Clearing and settlement accounts   |       | 526,245                    | -                        |
| Insurance claims receivable  |       | 31,111                     | 27,302                   |
| Others   |       | 350,872                    | 155,791                  |
|  |       | <u>37,434,930</u>          | 36,977,177               |
| Less: Credit loss allowance / provision held against other assets - stage 3        | 13.3  | (11,241)                   | (11,241)                 |
| Other assets - net of credit loss allowance / provisions                           |       | <u>37,423,689</u>          | 36,965,936               |
| Surplus on revaluation of non-banking assets<br>acquired in satisfaction of claims | 22.2  | <u>549,933</u>             | 520,513                  |
| <b>Other assets - total</b>  |       | <u><u>37,973,622</u></u>   | <u><u>37,486,449</u></u> |

**13.1** This includes mark up accrued on facilities availed by stage 1 and stage 2 customers amounting to Rs.6,785.577 million and Rs.1,376.243 million respectively.

|   |  | <b>2024</b>                | 2023                    |
|---|--|----------------------------|-------------------------|
|   |  | ----- Rupees in '000 ----- |                         |
| <b>13.2 Market value of Non-banking assets acquired in satisfaction of claims</b> |  | <u><u>5,597,921</u></u>    | <u><u>5,296,256</u></u> |

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuers as at December 31, 2024. The revaluation was carried out by M/s Pakistan Inspection Co. (Private) Limited on the basis of professional assessment of present market values. The revaluation resulted in an increase in revaluation surplus by Rs. 31.272 million (2023: Rs. 413.119 million).

|   |    | <b>2024</b>                | 2023                    |
|---|----|----------------------------|-------------------------|
|   |    | ----- Rupees in '000 ----- |                         |
| <b>13.2.1 Non-banking assets acquired in satisfaction of claims</b> |    | <u><u>5,296,256</u></u>    | <u><u>3,772,225</u></u> |
| Opening balance   |    | 2,300,000                  | 1,795,415               |
| Additions   |    | 31,272                     | 413,119                 |
| Revaluation   |    | -                          | (34,123)                |
| Disposal  |    | (35,612)                   | (33,222)                |
| Depreciation  | 30 | (2,000,000)                | (617,158)               |
| Transfer to property and equipment                                  |    | 6,005                      | -                       |
| Others  |    | <u>5,597,921</u>           | <u>5,296,256</u>        |

**13.2.2** During the year, the Bank has acquired properties of Rs. 2,300.000 million (2023: Rs. 1,795.415 million) against debt swap transactions with borrowers resulting in reversal of provision of Rs. 406.907 million (2023: Nil) against reduction in non-performing loans of Rs. 2,189.151 million (2023: Rs. 2,997.401 million).

|   |  | <b>2024</b>                | 2023           |
|---|--|----------------------------|----------------|
|   |  | ----- Rupees in '000 ----- |                |
| <b>13.2.3 Loss on disposal of non-banking assets acquired in satisfaction of claims</b> |  | -                          | 32,500         |
| Disposal proceeds   |  | -                          | 37,090         |
| less  |  | -                          | (2,967)        |
| - Cost  |  | -                          | 34,123         |
| - Impairment / Depreciation   |  | <u>-(1,623)</u>            | <u>(1,623)</u> |
| <b>Loss</b>   |  |                            |                |

|   |  | <b>2024</b>                | 2023                 |
|---|--|----------------------------|----------------------|
|   |  | ----- Rupees in '000 ----- |                      |
| <b>13.3 Credit loss allowance / provision held against other assets</b> |  | <u><u>10,184</u></u>       | <u><u>10,184</u></u> |
| Advances, deposits, advance rent and other prepayments                  |  | 1,057                      | 1,057                |
| Others  |  | <u>11,241</u>              | <u>11,241</u>        |

|   |  | <b>2024</b>                | 2023                 |
|---|--|----------------------------|----------------------|
|   |  | ----- Rupees in '000 ----- |                      |
| <b>13.3.1 Movement in credit loss allowance / provision held against other assets</b> |  | <u><u>11,241</u></u>       | <u><u>11,241</u></u> |
| Opening balance   |  | -                          | -                    |
| Charge for the year   |  | -                          | -                    |
| Reversal for the year   |  | -                          | -                    |
| Amount written off  |  | -                          | -                    |
| Closing balance   |  | <u>11,241</u>              | <u>11,241</u>        |

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|   |   | 2024                       | 2023             |
|---|---|----------------------------|------------------|
|   |   | ----- Rupees in '000 ----- |                  |
| <b>14. BILLS PAYABLE</b>  | Note  |                            |                  |
| In Pakistan   |   | <b>7,765,203</b>           | 5,269,279        |
| Outside Pakistan  |   | <b>360,638</b>             | 399,442          |
|   |   | <b>8,125,841</b>           | <b>5,668,721</b> |
| <b>15. BORROWINGS</b>   | Note  | 2024                       | 2023             |
|   |   | ----- Rupees in '000 ----- |                  |
| <b>Secured</b>  |   |                            |                  |
| Borrowings from State Bank of Pakistan under:                               |   |                            |                  |
| Export refinancing scheme   | 15.1  | <b>13,713,392</b>          | 13,554,172       |
| Long-term finance facility  | 15.2  | <b>1,489,495</b>           | 2,014,764        |
| Financing facility for storage of agricultural produce                      | 15.3  | <b>133,137</b>             | 133,729          |
| Financing facility for renewable energy projects                            | 15.4  | <b>1,118,670</b>           | 1,157,963        |
| Refinance for women entrepreneurs   | 15.5  | <b>136,486</b>             | 165,296          |
| Refinance facility for modernization of Small and Medium Enterprises (SMEs) | 15.6  | <b>286,107</b>             | 157,968          |
| Refinance facility for combating COVID-19                                   | 15.7  | <b>74,660</b>              | 152,375          |
| Temporary economic refinance facility (TERF)                                | 15.8  | <b>4,007,327</b>           | 4,714,801        |
| Small enterprise financing and credit guarantee scheme for special persons  | 15.9  | <b>770</b>                 | 1,978            |
| Refinance facility for working capital of SMEs                              | 15.10   | <b>75,000</b>              | 193,750          |
| Refinance facility for SME Asaan Finance (SAAF) scheme                      | 15.11   | <b>5,266,032</b>           | 1,438,299        |
|   |   | <b>26,301,076</b>          | 23,685,095       |
| Fair value adjustment on TERF borrowings                                    | 15.12   | <b>(995,713)</b>           | -                |
| Borrowing from financial institutions:                                      |   |                            |                  |
| Refinancing facility for mortgage loans                                     | 15.13   | <b>1,929,971</b>           | 2,987,901        |
| Repurchase agreement borrowings   | 15.14   | <b>384,547</b>             | -                |
| <b>Total secured</b>  |   | <b>27,619,881</b>          | 26,672,996       |
| <b>Unsecured</b>  |   |                            |                  |
| Call borrowings   | 15.15   | <b>700,000</b>             | -                |
| Overdrawn nostro accounts   |   | <b>378,624</b>             | 549,483          |
| <b>Total unsecured</b>  |   | <b>1,078,624</b>           | 549,483          |
|   |   | <b>28,698,505</b>          | 27,222,479       |
| <b>15.1</b>   | The Bank has entered into agreement with the SBP for extending export finance to customers. These borrowings are repayable on a quarterly basis and have maturities upto June 2025. These carry mark-up rates ranging from 1.00% to 16.50% (2023: 1.00% to 18.00%) per annum.   |                            |                  |
| <b>15.2</b>   | 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 have maturities upto February 2033. These carry mark-up rates ranging from 2.00% to 11.00% (2023: 2.00% to 11.00%) per annum.  |                            |                  |
| <b>15.3</b>   | These borrowings have been obtained from the SBP under a scheme to provide financing facilities to encourage private sector to establish silos, warehouses and cold storages to enhance storage capacity and develop agricultural produce marketing. These carry mark-up rates ranging from 2.00% to 2.50% (2023: 2.00% to 2.50%) per annum and have maturities upto December 2028.   |                            |                  |
| <b>15.4</b>   | These borrowings have been obtained from the SBP for providing financing facilities to address challenges of energy shortage and climate change through promotion of renewable energy. These carry mark-up rainging from 2.00% (2023: 2.00%) per annum and have maturities upto December 2031.  |                            |                  |
| <b>15.5</b>   | These borrowings have been obtained from the SBP under a scheme to provide refinance for women entrepreneurs in the underserved areas of the country. These carry mark-up at 0.00% (2023: 0.00%) per annum and have maturities upto September 2029.   |                            |                  |
| <b>15.6</b>   | These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units and financing for import / local purchase of new generators up to a maximum capacity of 500 KVA. These carry mark-up at rates of 2.00% (2023: 0.00%) per annum and have maturities upto March 2029. |                            |                  |
| <b>15.7</b>   | These borrowings have been obtained from the SBP under a scheme to provide the emergency refinance facility to hospitals and medical centre to develop capacity for the treatment of COVID-19 patients. These carry mark-up at 0.00% (2023: 0.00%) per annum and have maturities upto July 2026.  |                            |                  |
| <b>15.8</b>   | These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries post pandemic scenario. These carry mark-up at 1.00% (2023: 1.00%) per annum and have maturities upto August 2032.  |                            |                  |
| <b>15.9</b>   | These borrowings have been obtained from the SBP under a scheme to provide financing facilities to special persons to meet credit needs for setting up of new business enterprises or for expansion of existing ones. These carry mark-up at 0.00% (2023: 0.00%) per annum and have maturities upto June 2026.  |                            |                  |
| <b>15.10</b>  | These borrowings have been obtained from the SBP under a scheme to fulfill the working capital requirements of selective SME sectors. These carry mark-up at 2.00% (2023: 2.00%) per annum and have maturities upto April 2025.   |                            |                  |
| <b>15.11</b>  | These borrowings have been obtained from the SBP under a scheme to fulfill the financing requirements of SMEs. These carry mark-up at rates ranging from 1.00% to 3.00% (2023: 1.00% to 3.00%) per annum on a rollover basis.   |                            |                  |
| <b>15.12</b>  | This represents fair value adjustment on temporary economic relief finance from SBP under note 15.8 as required under IFRS 9.   |                            |                  |
| <b>15.13</b>  | The Bank has entered into an 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 rates ranging from 6.50% to 14.07% (2023: 6.50% to 11.67%) and have maturities upto June 2031.  |                            |                  |
| <b>15.14</b>  | This repurchase agreement borrowing is secured by market treasury bills and carries a markup rate of 13.30% (2023: Nil) per annum, and is due to mature on January 2, 2025.   |                            |                  |
| <b>15.15</b>  | This carries a mark up rate of 12.60% (2023: Nil) per annum and is due to mature on January 2, 2025.  |                            |                  |
| <b>15.16</b>  | <b>Particulars of borrowings with respect to currencies</b>   | 2024                       | 2023             |
|   |   | ----- Rupees in '000 ----- |                  |
| In local currency   |   | <b>28,319,881</b>          | 26,672,996       |
| In foreign currencies   |   | <b>378,624</b>             | 549,483          |
|   |   | <b>28,698,505</b>          | 27,222,479       |

**JS BANK LIMITED**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**16. DEPOSITS AND OTHER ACCOUNTS**

|                                       | 2024                 |                          |             | 2023                 |                          |             |
|---------------------------------------|----------------------|--------------------------|-------------|----------------------|--------------------------|-------------|
|                                       | In Local<br>Currency | In Foreign<br>Currencies | Total       | In Local<br>Currency | In Foreign<br>Currencies | Total       |
| ----- Rupees in '000 -----            |                      |                          |             |                      |                          |             |
| <b>Customers</b>                      |                      |                          |             |                      |                          |             |
| Current deposits                      | 158,211,393          | 11,029,355               | 169,240,748 | 128,237,399          | 11,215,356               | 139,452,755 |
| Savings deposits                      | 153,269,696          | 7,715,268                | 160,984,964 | 119,326,770          | 6,400,278                | 125,727,048 |
| Term deposits                         | 104,815,500          | 47,482,231               | 152,297,731 | 139,870,324          | 45,365,021               | 185,235,345 |
| Margin deposits                       | 24,136,000           | 6,269                    | 24,142,269  | 19,264,764           | 566,321                  | 19,831,085  |
|                                       | 440,432,589          | 66,233,123               | 506,665,712 | 406,699,257          | 63,546,976               | 470,246,233 |
| <b>Financial Institutions</b>         |                      |                          |             |                      |                          |             |
| Current deposits                      | 4,796,717            | 228,865                  | 5,025,582   | 978,840              | 283,096                  | 1,261,936   |
| Savings deposits                      | 11,845,498           | 6,375                    | 11,851,873  | 11,207,875           | 525                      | 11,208,400  |
| Term deposits                         | 1,591,209            | -                        | 1,591,209   | 3,566,209            | -                        | 3,566,209   |
|                                       | 18,233,424           | 235,240                  | 18,468,664  | 15,752,924           | 283,621                  | 16,036,545  |
|                                       | 458,666,013          | 66,468,363               | 525,134,376 | 422,452,181          | 63,830,597               | 486,282,778 |
| ----- Rupees in '000 -----            |                      |                          |             |                      |                          |             |
| <b>16.1 Composition of deposits</b>   |                      |                          |             |                      |                          |             |
| - Individuals                         |                      |                          |             |                      |                          |             |
| - Government (Federal and Provincial) |                      |                          |             |                      |                          |             |
| - Public Sector Entities              |                      |                          |             |                      |                          |             |
| - Banking Companies                   |                      |                          |             |                      |                          |             |
| - Non-Banking Financial Institutions  |                      |                          |             |                      |                          |             |
| - Private Sector                      |                      |                          |             |                      |                          |             |
|                                       | 232,791,600          |                          |             |                      |                          | 168,944,733 |
|                                       | 67,914,291           |                          |             |                      |                          | 70,471,689  |
|                                       | 10,487,118           |                          |             |                      |                          | 33,631,088  |
|                                       | 1,113,325            |                          |             |                      |                          | 2,033,009   |
|                                       | 17,355,339           |                          |             |                      |                          | 14,003,536  |
|                                       | 195,472,703          |                          |             |                      |                          | 197,198,723 |
|                                       | 525,134,376          |                          |             |                      |                          | 486,282,778 |

**16.2** Deposits include eligible deposits of Rs. 159,546.658 million (2023: Rs. 128,244.148 million) protected under Depositors Protection Mechanism introduced by State Bank of Pakistan.

**17. LEASE LIABILITIES**

|                                      |  |  |  |    |           |           |
|--------------------------------------|--|--|--|----|-----------|-----------|
| Outstanding amount as at January 01  |  |  |  |    |           |           |
| Additions during the year            |  |  |  |    |           |           |
| Lease payments including interest    |  |  |  |    |           |           |
| Interest expense                     |  |  |  |    |           |           |
| Terminations                         |  |  |  | 26 |           |           |
| Exchange difference                  |  |  |  |    | 396,228   | 300,981   |
| Others                               |  |  |  |    | (36,842)  | (226,861) |
| Outstanding amount as at December 31 |  |  |  |    | (208)     | 5,516     |
|                                      |  |  |  |    | 31,195    | 12,792    |
|                                      |  |  |  |    | 2,788,429 | 2,234,115 |

**17.1 Contractual maturity of lease liabilities**

|  |           |  |  |  |  |           |
|--|-----------|--|--|--|--|-----------|
| Short-term lease liabilities - within one year |           |  |  |  |  |           |
|  | 134,561   |  |  |  |  | 161,144   |
| <b>Long-term lease liabilities</b>             |           |  |  |  |  |           |
| - 1 to 5 years                                 |           |  |  |  |  |           |
| - 5 to 10 years                                | 1,640,169 |  |  |  |  | 1,116,855 |
| - More than 10 years                           | 1,013,699 |  |  |  |  | 956,116   |
|  | -         |  |  |  |  | -         |
|  | 2,653,868 |  |  |  |  | 2,072,971 |
| <b>Total lease liabilities</b>                 |           |  |  |  |  |           |
|  | 2,788,429 |  |  |  |  | 2,234,115 |

**17.2** This carries average effective rate of 15.73% per annum (2023: 13.23%)

**18. SUBORDINATED DEBT**

|  |           |  |  |  |  |           |
|--|-----------|--|--|--|--|-----------|
| Term Finance Certificates - Fifth Issue  |           |  |  |  |  |           |
| Term Finance Certificates - Fourth Issue |           |  |  |  |  |           |
| Term Finance Certificates - Third Issue  |           |  |  |  |  |           |
|  |           |  |  |  |  |           |
| ----- Note ----- Rupees in '000 -----    |           |  |  |  |  |           |
|  | 18.1      |  |  |  |  |           |
|  | 18.2      |  |  |  |  |           |
|  | 18.3      |  |  |  |  |           |
|  | 3,498,833 |  |  |  |  | 3,499,767 |
|  | 2,497,000 |  |  |  |  | 2,498,000 |
|  | 2,500,000 |  |  |  |  | 2,500,000 |
|  | 8,495,833 |  |  |  |  | 8,497,767 |

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**18.1** In 2023, the Bank issued Rs. 3.5 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates (TFCs or the Issue) as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

|                          |   |
|--------------------------|---|
| Purpose                  | To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum and Articles of Association.   |
| Issue amount             | Rs. 3.5 billion   |
| Issue date               | August 30, 2023   |
| Maturity date            | August 30, 2033   |
| Rating                   | AA- (Double A Minus)  |
| Security                 | The Issue is unsecured  |
| Profit payment frequency | Quarterly   |
| Redemption               | The instrument is structured to redeem 0.24% of the Issue amount during the first nine years after the issue date and the remaining Issue amount of 99.76% in four equal quarterly installments of 24.94% each in the last year.  |
| Profit rate              | Floating rate of return at Base Rate + 2 percent per annum;<br><br>Base rate is defined as the average three 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 three monthly period.  |
| Subordination            | The Issue is subordinated all other indebtedness of the Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital   |
| Call option              | Exercisable in part or in full on or after five years from the issue date, subject to SBP's approval.   |
| Lock-in-clause           | Principal and profit will be payable subject to compliance with MCR or CAR or Leverage Ratio set by SBP.  |
| Loss absorbency clause   | Upon the occurrence of a Point of Non-Viability (PONV) event as defined under SBP BPRD Circular No. 06 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 PONV as declared by SBP, subject to a cap of 924,772,179 shares. |

**18.2** In 2021, the Bank has issued Rs. 2.5 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates (TFCs or the Issue) as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan (SBP) under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

|                          |   |
|--------------------------|---|
| Purpose                  | To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum and Articles of Association.   |
| Issue amount             | Rs. 2.5 billion   |
| Issue date               | December 28, 2021   |
| Maturity date            | December 28, 2028   |
| Rating                   | AA - (Double A Minus)   |
| Security                 | The Issue is unsecured  |
| Profit payment frequency | 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.  |
| Profit rate              | Floating rate of return at Base Rate + 2 percent per annum;<br><br>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.  |
| Subordination            | The Issue is subordinated all other indebtedness of the Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital   |
| Call option              | Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.  |
| Lock-in-clause           | Payment of profit will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.  |
| Loss absorbency clause   | Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular No. 06 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 400,647,739 shares. |

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**18.3** In 2018, the Bank 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 the State Bank of Pakistan (SBP) under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

|                               |  |
|-------------------------------|--|
| Purpose:                      | To contribute towards the Bank's Tier 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 and Articles of Association.   |
| Issue amount                  | Rs. 2.5 billion  |
| Issue date                    | December 31, 2018  |
| Maturity date                 | Perpetual  |
| Rating                        | A + (Single A Plus)  |
| Security                      | The Issue is unsecured   |
| Profit payment frequency      | Semi-annually on a non-cumulative basis  |
| Redemption                    | Not applicable   |
| Profit rate                   | Floating rate of return at Base Rate + 2.25 percent per annum;<br>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.  |
| Subordination                 | The Issue is 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 and / or CAR or LR set by SBP.   |
| Loss absorbency clause:       |  |
| Pre-Specified Trigger (PST)   | Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular No. 06 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:<br><br><ul style="list-style-type: none"> <li>- 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);</li> <li>- 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</li> <li>- 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.</li> </ul>   |
| Point of Non-Viability (PONV) | Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular No. 06 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:<br><br>The PONV trigger event is the earlier of:<br><br><ul style="list-style-type: none"> <li>- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;</li> <li>- 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.</li> <li>- 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.</li> </ul> |

**JS BANK LIMITED**  
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**19. DEFERRED TAX LIABILITIES**

**Deductible Temporary Differences on**

- Credit loss allowance against investments
- Credit loss allowance against advances
- Credit loss allowance - Others
- Fair value adjustment
- Other assets

Note

| <b>2024</b>                |                                    |  |   |                      |                         |  |
|----------------------------|------------------------------------|--|---|----------------------|-------------------------|--|
| At January<br>01, 2024     | Impact of<br>adoption of<br>IFRS 9 | Balance after<br>adoption of<br>IFRS 9 | Recognised<br>in profit and<br>loss account | Recognised<br>in OCI | At December<br>31, 2024 |  |
| ----- Rupees in '000 ----- |                                    |  |   |                      |                         |  |
| (80,009)                   | 69,359                             | (10,650)                               | (19,962)                                    | -                    | (30,612)                |  |
| (734,869)                  | (771,567)                          | (1,506,436)                            | (1,790,132)                                 | -                    | (3,296,568)             |  |
| -                          | (8,620)                            | (8,620)                                | (41,696)                                    | -                    | (50,316)                |  |
| -                          | (191,140)                          | (191,140)                              | 110,543                                     | -                    | (80,597)                |  |
| (30,437)                   | (1,547)                            | (31,984)                               | (19,339)                                    | -                    | (51,323)                |  |
| (845,315)                  | (903,515)                          | (1,748,830)                            | (1,760,586)                                 | -                    | (3,509,416)             |  |
| ----- Rupees in '000 ----- |                                    |  |   |                      |                         |  |
| 333,501                    | -                                  | 333,501                                | (19,233)                                    | 434,357              | 748,625                 |  |
| 22,633                     | -                                  | 22,633                                 | (963)                                       | 17,648               | 39,318                  |  |
| 385,918                    | (71,026)                           | 314,892                                | -   | 1,216,443            | 1,531,335               |  |
| 702,195                    | -                                  | 702,195                                | 397,997                                     | -                    | 1,100,192               |  |
| 717,176                    | -                                  | 717,176                                | 43,908                                      | -                    | 761,084                 |  |
| 2,161,423                  | (71,026)                           | 2,090,397                              | 421,709                                     | 1,668,448            | 4,180,554               |  |
| <b>1,316,108</b>           | <b>(974,541)</b>                   | <b>341,567</b>                         | <b>(1,338,877)</b>                          | <b>1,668,448</b>     | <b>671,138</b>          |  |

**2023**

| At January 01,<br>2023 | Recognised in<br>profit and loss<br>account | Recognised in<br>OCI | At December<br>31, 2023 |
|------------------------|---|----------------------|-------------------------|
|------------------------|---|----------------------|-------------------------|

Note

**Deductible Temporary Differences on**

- Credit loss allowance against investments
- Credit loss allowance against advances
- Other assets

**Taxable Temporary Differences on**

- Surplus on revaluation of property and equipments
- Surplus on revaluation of non-banking assets acquired in satisfaction of claims
- Surplus on revaluation of investments
- Accelerated tax depreciation
- Goodwill

| <b>2023</b>                |   |                      |                         |
|----------------------------|---|----------------------|-------------------------|
| At January 01,<br>2023     | Recognised in<br>profit and loss<br>account | Recognised in<br>OCI | At December<br>31, 2023 |
| ----- Rupees in '000 ----- |   |                      |                         |
| (70,212)                   | (9,797)                                     | -                    | (80,009)                |
| (277,487)                  | (457,382)                                   | -                    | (734,869)               |
| (130,747)                  | 100,310                                     | -                    | (30,437)                |
| (478,446)                  | (366,869)                                   | -                    | (845,315)               |
| ----- Rupees in '000 ----- |   |                      |                         |
| 327,796                    | (18,185)                                    | 23,890               | 333,501                 |
| 343                        | (16)  | 22,306               | 22,633                  |
| (346,859)                  | -   | 732,777              | 385,918                 |
| 187,808                    | 514,387                                     | -                    | 702,195                 |
| 629,358                    | 87,818                                      | -                    | 717,176                 |
| 798,446                    | 584,004                                     | 778,973              | 2,161,423               |
| <b>320,000</b>             | <b>217,135</b>                              | <b>778,973</b>       | <b>1,316,108</b>        |

**20. OTHER LIABILITIES**

|   | Note | 2024              | 2023       |
|---|------|-------------------|------------|
| Mark-up / return / interest payable in local currency       |      | <b>5,343,116</b>  | 5,971,062  |
| Mark-up / return / interest payable in foreign currencies   |      | <b>388,756</b>    | 446,941    |
| Unearned income on guarantees                               |      | <b>487,456</b>    | 398,300    |
| Accrued expenses  |      | <b>1,809,477</b>  | 1,550,139  |
| Current taxation (payments less provision)                  |      | -                 | 34,325     |
| Acceptances   |      | <b>3,581,183</b>  | 2,622,716  |
| Unclaimed dividends   |      | <b>4,214</b>      | 4,214      |
| Mark to market loss on forward foreign exchange contracts   |      | <b>713,482</b>    | 1,609,783  |
| Defined benefit obligation - net                            | 38.5 | <b>270,154</b>    | 133,191    |
| Withholding taxes payable                                   |      | <b>1,856,153</b>  | 1,085,992  |
| Donation payable  |      | <b>120,291</b>    | 169,813    |
| Security deposits against leases, lockers and others        |      | <b>1,525,993</b>  | 1,640,270  |
| Workers' welfare fund                                       | 31   | <b>498,674</b>    | 371,352    |
| Payable in respect of home remittance                       |      | <b>313,579</b>    | 35,659     |
| Retention money payable                                     |      | <b>92,431</b>     | 58,836     |
| Insurance payable   |      | <b>383,072</b>    | 249,979    |
| Payable to vendors against SBS goods                        |      | <b>159,103</b>    | 282,322    |
| Debit card settlement                                       |      | <b>374,348</b>    | 473,999    |
| Clearing and settlement accounts                            |      | -                 | 499,770    |
| Credit loss allowance against off-balance sheet obligations | 20.1 | <b>190,889</b>    | -          |
| Others  |      | <b>374,141</b>    | 249,759    |
|   |      | <b>18,486,512</b> | 17,888,422 |

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**20.1 Credit loss allowance against off-balance sheet obligations**

Opening balance

Impact of adoption of IFRS 9

Balance as at January 01 after adopting IFRS 9

Transfer in

Exchange rate adjustments

Charge for the year

Reversal for the year

33

Closing balance

**16,578**

**16,578**

**2,371**

**(28)**

**186,699**

**(14,731)**

**171,968**

**190,889**

**2024**

**2023**

Rupees in '000 -----

Stage 1

-

Stage 2

-

Stage 3

-

**165,307**

**190,889**

**-**

**20.2.1** Credit loss allowance against off balance sheet obligations include ECL in respect of letter of credit, letter of guarantees and acceptances.

**21. SHARE CAPITAL**

**21.1 Authorised capital**

**21.1.1 Ordinary shares**

| 2024                                | 2023                 | 2024                          | 2023              |
|-------------------------------------|----------------------|-------------------------------|-------------------|
| <b>----- Number of shares -----</b> |                      |                               |                   |
| <b>3,850,000,000</b>                | <b>3,850,000,000</b> | Ordinary shares of Rs.10 each | <b>38,500,000</b> |

**21.1.2 Preference shares**

|                    |                    |   |                  |
|--------------------|--------------------|---|------------------|
| <b>150,000,000</b> | <b>150,000,000</b> | Convertible preference shares of Rs.10 each | <b>1,500,000</b> |
| <b>-----</b>       |                    |   |                  |

**21.2 Issued, subscribed and paid-up capital**

| 2024                                | 2023                 | 2024                                     | 2023              |
|-------------------------------------|----------------------|--|-------------------|
| <b>----- Number of shares -----</b> |                      |  |                   |
| <b>984,127,890</b>                  | <b>984,127,890</b>   | <b>Ordinary shares</b>                   | <b>9,841,279</b>  |
| <b>1,066,534,646</b>                | <b>1,066,534,646</b> | Fully paid in cash                       | <b>9,841,279</b>  |
| <b>2,050,662,536</b>                | <b>2,050,662,536</b> | Issued for consideration other than cash | <b>10,665,346</b> |
| <b>-</b>                            | <b>-</b>             | Less: Discount on issue of shares        | <b>20,506,625</b> |
| <b>2,050,662,536</b>                | <b>2,050,662,536</b> |  | <b>20,506,625</b> |
| <b>-----</b>                        |                      |  |                   |

**21.3** As at December 31, 2024, Jahangir Siddiqui & Co. Ltd. (the parent company) held 1,460,232,712 (2023: 1,460,232,712) ordinary shares of Rs.10 each i.e. 71.21% holding (2023: 71.21%).

**21.4** During the year 2023, the Bank transferred discount on issue of shares amounting to Rs. 2,855.401 million to share premium account in accordance with section 81 of the Companies Act, 2017.

**22. SURPLUS ON REVALUATION OF ASSETS**

Note

**2024** **2023**  
----- Rupees in '000 -----

**Surplus / (deficit) on revaluation of:**

- Securities measured at FVOCI - debt
- Securities measured at FVOCI - equity
- Available-for-sale securities
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

8.1

**1,419,607**

(317,213)

8.1

**1,525,267**

(14,258)

-

22.1

1,119,054

22.2

1,393,824

520,513

**549,933**

**5,697,138**

2,701,920

**Deferred tax on surplus / (deficit) on revaluation of:**

- Securities measured at FVOCI - debt
- Securities measured at FVOCI - equity
- Available-for-sale securities
- Property and equipment
- Non-banking assets acquired in satisfaction of claims

**(738,196)**

155,434

**(793,139)**

6,984

-

(548,336)

**(748,625)**

(333,501)

**(39,318)**

(22,633)

**(2,319,278)**

(742,052)

**3,377,860**

1,959,868

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**22.1 Surplus on revaluation of property and equipment**

|   |                  |           |
|---|------------------|-----------|
| Surplus on revaluation of property and equipment as at January 01                                   | <b>1,393,824</b> | 1,475,525 |
| Recognised during the year  | <b>845,494</b>   | -         |
| Realised on disposal during the year  | -                | (44,568)  |
| Transferred to unappropriated profit in respect of incremental depreciation charged during the year | (36,987)         | (37,133)  |
| Surplus on revaluation of property and equipment as at December 31                                  | <b>2,202,331</b> | 1,393,824 |

**Less: related deferred tax liability on:**

|  |                  |           |
|--|------------------|-----------|
| - revaluation as at January 01                     | <b>(333,501)</b> | (327,796) |
| - effect of change in tax rate                     | <b>(20,418)</b>  | (45,739)  |
| - revaluation recognised during the year           | <b>(413,939)</b> | -         |
| - surplus realised on disposal during the year     | -                | 21,839    |
| - incremental depreciation charged during the year | <b>19,233</b>    | 18,195    |
|  | <b>(748,625)</b> | (333,501) |
|  | <b>1,453,706</b> | 1,060,323 |

**22.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims**

2024 2023  
----- Rupees in '000 -----

|   |                |         |
|---|----------------|---------|
| Surplus on revaluation as at January 01   | <b>520,513</b> | 107,426 |
| Recognised during the year  | <b>31,272</b>  | 413,119 |
| Realised on disposal during the year  | -              | -       |
| Transferred to unappropriated profit in respect of incremental depreciation charged during the year | <b>(1,852)</b> | (32)    |
| Surplus on revaluation as at December 31  | <b>549,933</b> | 520,513 |

**Less: Related deferred tax liability on:**

|  |                 |          |
|--|-----------------|----------|
| - revaluation as at January 01                     | <b>(22,633)</b> | (343)    |
| - revaluation recognised during the year           | <b>(16,261)</b> | (22,291) |
| - surplus realised on disposal during the year     | -               | -        |
| - Effect of change in tax rate                     | <b>(1,387)</b>  | (15)     |
| - Incremental depreciation charged during the year | <b>963</b>      | 16       |
|  | <b>(39,318)</b> | (22,633) |
|  | <b>510,615</b>  | 497,880  |

**23. CONTINGENCIES AND COMMITMENTS**

|                                |      |                    |             |
|--------------------------------|------|--------------------|-------------|
| - Guarantees                   | 23.1 | 96,146,041         | 72,956,594  |
| - Commitments                  | 23.2 | 119,260,187        | 162,815,632 |
| - Other contingent liabilities | 23.3 | 506,904            | 736,214     |
|                                |      | <b>215,913,132</b> | 236,508,440 |

**23.1 Guarantees:**

|                        |                   |            |
|------------------------|-------------------|------------|
| Financial guarantees   | <b>10,328,381</b> | 8,425,132  |
| Performance guarantees | <b>45,337,554</b> | 33,842,832 |
| Other guarantees       | <b>40,480,106</b> | 30,688,630 |
|                        | <b>96,146,041</b> | 72,956,594 |

**23.2 Commitments:**

|  |                   |                    |
|--|-------------------|--------------------|
| <b>Documentary credits and short-term trade-related transactions</b> | <b>39,432,208</b> | 42,357,815         |
| - Letters of credit  |                   |                    |
| <b>Commitments in respect of:</b>                                    |                   |                    |
| - forward foreign exchange contracts                                 | 23.2.1            | 64,279,790         |
| - forward government securities transactions                         | 23.2.2            | 14,991,654         |
| - forward lending  | 23.2.3            | 51,495             |
| <b>Commitments for acquisition of:</b>                               |                   |                    |
| - property and equipment   | 23.2.4            | 453,678            |
| - intangible assets  | 23.2.4            | 51,362             |
|  |                   | <b>119,260,187</b> |
|  |                   | 175,424            |
|  |                   | -                  |

**23.2.1 Commitments in respect of forward foreign exchange contracts**

|          |                   |             |
|----------|-------------------|-------------|
| Purchase | <b>46,997,123</b> | 71,216,019  |
| Sale     | <b>17,282,667</b> | 49,056,374  |
|          | <b>64,279,790</b> | 120,272,393 |

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**23.2.1.1** 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.

|               |   | 2024              | 2023                       |
|---------------|---|-------------------|----------------------------|
|               |   | Note              | ----- Rupees in '000 ----- |
| <b>23.2.2</b> | <b>Commitments in respect of forward government securities transactions</b> |                   |                            |
|               | Purchase  | <b>14,991.654</b> | -                          |

### **23.2.3 Commitments in respect of forward lending**

**Commitments in respect of forward lending**  
Undrawn formal standby facilities, credit lines and other commitments to lend 23.2.3.1 **51,495** 10,000

**23.2.3.1** This represents commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense. Further, the Bank makes commitments to extend credit in the normal course of business but these being revocable commitments do not attract any significant penalty or expense if the facilities are unilaterally withdrawn.

**23.2.4** This represents commitments related to purchase of leasehold improvements, furniture and fixtures, hardware and network equipments and electrical equipment and computer software.

|  |        | 2024           | 2023    |
|--|--------|----------------|---------|
|  | Note   | Rupees in '000 |         |
| <b>23.3 Other contingent liabilities</b> | 23.3.1 | <b>506,904</b> | 736,214 |

### **23.3.1** These mainly represent cour

23.3.1 **506,904** 736,214

**23.3.1** These mainly represent counter claims filed by borrowers for damages, claims by former employees of the Bank and other claims relating to banking transactions.

Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour.

### **23.3.2 Tax related contingencies are disclosed in notes 34.2 to 34.5.**

**JS BANK LIMITED**  
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**24. DERIVATIVE INSTRUMENTS**

Derivative instruments, such as Futures, Cross Currency 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 also enters into Foreign Currency and Commodity Options from its Wholesale Banking Branch Bahrain for market making activities.

The Bank held no derivative instruments as at December 31, 2024 (December 31, 2023: Nil).

**25. MARK-UP / RETURN / INTEREST EARNED**

|  | 2024               | 2023              |
|--|--------------------|-------------------|
| Note   | Rupees in '000     |                   |
| Loans and advances                           | <b>35,683,355</b>  | 38,977,096        |
| Investments                                  | <b>70,800,203</b>  | 49,688,549        |
| Lendings to financial institutions           | <b>385,116</b>     | 247,370           |
| Balances with banks                          | <b>381,673</b>     | 305,339           |
| Securities purchased under resale agreements | <b>1,252,448</b>   | 2,868,858         |
|  | <b>108,502,795</b> | <b>92,087,212</b> |

**25.1 Interest income recognised on:**

|   |                    |          |
|---|--------------------|----------|
| Financial assets measured at amortised cost | 27,754,343         | -        |
| Financial assets measured at FVOCI          | 44,152,898         | -        |
| Financial assets measured at FVPL           | 2,200,328          | -        |
| Financial assets measured at cost           | 34,395,226         | -        |
|   | <b>108,502,795</b> | <b>-</b> |

**26. MARK-UP / RETURN / INTEREST EXPENDED**

|   |                   |                   |
|---|-------------------|-------------------|
| Deposits  | 61,221,952        | 53,704,765        |
| Borrowings  | 14,136,721        | 12,445,885        |
| Subordinated debts  | 1,908,815         | 1,781,945         |
| Cost of foreign currency swaps against foreign currency deposits / borrowings | 3,526,095         | 1,444,598         |
| Finance charges on leased assets  | 396,228           | 300,981           |
|   | <b>81,189,811</b> | <b>69,678,174</b> |

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**27. FEE AND COMMISSION INCOME**

|  |                  |                  |
|--|------------------|------------------|
| Branch banking customer fees                         | 153,067          | 126,370          |
| Finance related fees                                 | 478,015          | 467,131          |
| Card related fees (debit and credit cards)           | 1,197,681        | 653,014          |
| Investment banking fees                              | 21,761           | 81,031           |
| Commission on trade                                  | 1,177,142        | 1,175,300        |
| Commission on guarantees                             | 702,408          | 663,006          |
| Commission on cash management                        | 36,109           | 39,085           |
| Commission on remittances including home remittances | 332,448          | 125,199          |
| Commission on bancassurance                          | 93,770           | 80,884           |
| Commission on distribution of mutual funds           | 6,452            | 2,214            |
| Commission on online services                        | 190,264          | 242,821          |
| Rebate income  | 496,305          | 477,226          |
|  | <b>4,885,422</b> | <b>4,133,281</b> |

**28. GAIN ON SECURITIES - NET**

|                               |      |                |                |
|-------------------------------|------|----------------|----------------|
| Realised                      | 28.1 | 1,193,097      | 113,895        |
| Unrealised - measured at FVPL |      | (438,437)      | (49)           |
|                               |      | <b>754,660</b> | <b>113,846</b> |

**28.1 Realised gain / (loss) on:**

|                               |                  |                |
|-------------------------------|------------------|----------------|
| Federal government securities | 1,350,701        | (3,498)        |
| Shares - Listed companies     | -                | 108,169        |
| Mutual fund units             | 1,078            | 5,996          |
| Foreign securities            | (158,682)        | 3,228          |
|                               | <b>1,193,097</b> | <b>113,895</b> |

**28.2 Net gain / (loss) on financial assets:**

|                                     |         |   |
|-------------------------------------|---------|---|
| measured at FVPL:                   | 415,183 | - |
| Designated upon initial recognition | 1,078   | - |
| Mandatorily measured at FVPL        | 416,261 | - |

measured at amortised cost  
measured at FVOCI

|                |          |
|----------------|----------|
| -              | -        |
| 776,836        | -        |
| <b>776,836</b> | <b>-</b> |

**1,193,097** **-**

**29. OTHER INCOME**

|   |               |                |
|---|---------------|----------------|
| Rent on property  | 30,732        | 21,169         |
| Gain on sale of property and equipment - net                          | 17,815        | 43,461         |
| Loss on sale of non-banking asset - net                               | -             | (1,623)        |
| Gain on termination of leases - net                                   | 4,322         | 49,351         |
| Recoveries against charged off loans                                  | 9,439         | -              |
| Gain on reclassification of AFS equity shares                         | 29.1          | 332,658        |
| Charges recovered on account of internal audit services to subsidiary | 6,400         | 2,500          |
| Scrap sales   | 2,940         | -              |
| Liabilities no longer required written back                           | 1,590         | -              |
| Others  | -             | 139            |
|   | <b>73,238</b> | <b>447,655</b> |

**29.1** In the year 2023, the Bank had opted for "Fair value as deemed cost" approach as per IAS 27 "Separate Financial Statements" to measure the initial interest in BIPL investment i.e 7.79% as investment in subsidiary at the acquisition date in the unconsolidated financial statements. The revaluation surplus related to the said interest was transferred to unconsolidated profit and loss account at the acquisition date.

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| 30. OPERATING EXPENSES                                | Note   | 2024                       | 2023       |
|---|--------|----------------------------|------------|
|   |        | ----- Rupees in '000 ----- |            |
| Total compensation expense                            | 30.1   | <b>10,006,538</b>          | 8,150,566  |
| <b>Property expense</b>                               |        |                            |            |
| Rent and taxes  |        | <b>82,024</b>              | 45,367     |
| Insurance   |        | <b>1,507</b>               | -          |
| Utilities cost  |        | <b>978,721</b>             | 769,553    |
| Security (including guards)                           |        | <b>517,086</b>             | 352,213    |
| Repair and maintenance (including janitorial charges) |        | <b>579,238</b>             | 353,399    |
| Depreciation  |        | <b>348,347</b>             | 304,648    |
| Depreciation on right-of-use assets                   | 11     | <b>1,343,769</b>           | 1,126,808  |
| Depreciation on non banking assets                    | 13.2.1 | <b>35,612</b>              | 33,222     |
|   |        | <b>3,886,304</b>           | 2,985,210  |
| <b>Information technology expenses</b>                |        |                            |            |
| Software maintenance                                  |        | <b>1,764,577</b>           | 1,636,639  |
| Hardware maintenance                                  |        | <b>567,886</b>             | 345,577    |
| Depreciation  |        | <b>535,532</b>             | 472,034    |
| Amortisation  |        | <b>363,634</b>             | 279,575    |
| Network charges                                       |        | <b>270,997</b>             | 262,748    |
|   |        | <b>3,502,626</b>           | 2,996,573  |
| <b>Other operating expenses</b>                       |        |                            |            |
| Directors' fees and allowances                        |        | <b>13,300</b>              | 13,450     |
| Legal and professional charges                        |        | <b>322,026</b>             | 317,360    |
| Insurance   |        | <b>369,496</b>             | 306,593    |
| Outsourced services costs                             |        | <b>386,138</b>             | 317,485    |
| Travelling and conveyance                             |        | <b>283,223</b>             | 235,816    |
| NIIFT clearing charges                                |        | <b>66,315</b>              | 55,657     |
| Depreciation  |        | <b>408,792</b>             | 360,935    |
| Training and development                              |        | <b>62,623</b>              | 76,227     |
| Postage and courier charges                           |        | <b>129,693</b>             | 104,207    |
| Communication   |        | <b>601,281</b>             | 404,577    |
| Stationery and printing                               |        | <b>497,707</b>             | 384,346    |
| Marketing, advertisement and publicity                |        | <b>2,381,845</b>           | 2,420,006  |
| Donations   | 30.3   | <b>127,322</b>             | 170,313    |
| Auditors remuneration                                 | 30.4   | <b>33,574</b>              | 32,140     |
| Staff Auto fuel and maintenance                       |        | <b>642,338</b>             | 625,844    |
| Bank Charges  |        | <b>92,206</b>              | 93,365     |
| Stamp Duty  |        | <b>30,720</b>              | 87,465     |
| Online verification charges                           |        | <b>107,790</b>             | 136,242    |
| Brokerage, fee and commission                         |        | <b>64,081</b>              | 143,955    |
| Card related fees (debit and credit cards)            |        | <b>1,722,918</b>           | 1,303,495  |
| CDC and other charges                                 |        | <b>8,856</b>               | 33,755     |
| Consultancy fee                                       |        | <b>116,570</b>             | 102,889    |
| Deposit protection premium                            |        | <b>205,191</b>             | 189,394    |
| Entertainment expenses                                |        | <b>214,188</b>             | 202,339    |
| Repair and maintenance                                |        | <b>83,468</b>              | 75,609     |
| Cash handling charges                                 |        | <b>409,377</b>             | 256,090    |
| Fee and subscription                                  |        | <b>166,852</b>             | 149,785    |
| Employees social security                             |        | <b>10,899</b>              | 10,068     |
| Generator fuel and maintenance                        |        | <b>216,469</b>             | 214,110    |
| Others  |        | <b>175,511</b>             | 85,689     |
|   |        | <b>9,950,769</b>           | 8,909,206  |
|   |        | <b>27,346,237</b>          | 23,041,555 |

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### 30.1 Total compensation expense

|   |      |                   |           |
|---|------|-------------------|-----------|
| Fees and Allowances etc.                  |      | <b>177,381</b>    | 187,435   |
| Managerial Remuneration                   |      |                   |           |
| i) Fixed                                  |      | <b>6,149,217</b>  | 5,213,907 |
| ii) Variable                              |      |                   |           |
| a) Cash Bonus / Awards etc.               |      | <b>985,383</b>    | 845,019   |
| b) Commission                             |      | <b>442,940</b>    | 325,506   |
| Charge for defined benefit plan           | 38.8 | <b>157,116</b>    | 111,970   |
| Contribution to defined contribution plan | 39   | <b>366,562</b>    | 312,365   |
| Leaving indemnity                         |      | <b>14,877</b>     | 14,075    |
| Medical                                   |      | <b>586,917</b>    | 495,670   |
| Conveyance                                |      | <b>651,634</b>    | 553,698   |
| Insurance staff                           |      | <b>157,179</b>    | 78,803    |
| Others                                    | 30.2 | <b>302,502</b>    | -         |
| Sign-on bonus                             |      | <b>9,991,708</b>  | 8,138,448 |
| Severance allowance                       |      | <b>7,500</b>      | -         |
|   |      | <b>7,330</b>      | 12,118    |
|   |      | <b>10,006,538</b> | 8,150,566 |

**30.2** This represents amortisation of prepaid employee benefit arising from fair valuation of concessional rate on staff loans.

**30.3** This represents amount set aside as donation out of bank's profits in accordance with the bank's approved policy. During the year 2024, the bank paid an amount of Rs. 169.813 million to Future Trust and Rs. 0.5 million to JDC Welfare Foundation of Pakistan, out of the amount set aside for the year 2023.

### **30.4 Auditors' remuneration**

| 2024           |         |        | 2023     |         |        |
|----------------|---------|--------|----------|---------|--------|
| Pakistan       | Bahrain | Total  | Pakistan | Bahrain | Total  |
| Rupees in '000 |         |        |          |         |        |
| 7,619          | 3,888   | 11,507 | 6,625    | 3,737   | 10,362 |
| 1,725          | -       | 1,725  | 1,500    | -       | 1,500  |
| 2,487          | -       | 2,487  | 2,163    | -       | 2,163  |
| 9,394          | 2,259   | 11,653 | 12,175   | 2,213   | 14,388 |
| 5,500          | 702     | 6,202  | 3,057    | 670     | 3,727  |
| 26,725         | 6,849   | 33,574 | 25,520   | 6,620   | 32,140 |

**30.5** The material outsourcing arrangements along with nature of services are as follows:

| Name of Service Provider                   | Type of services                   | 2024           | 2023    |
|--|------------------------------------|----------------|---------|
| ----- Rupees in '000 -----                 |                                    |                |         |
| Mustang HRMs (Pvt.) Ltd.                   | Human Resource Management Services | <b>262,607</b> | 192,541 |
| Dagia Innovative Warehousing               | Record Management Services         | <b>11,033</b>  | 9,101   |
| Constellation Printing Company (Pvt.) Ltd. | Cheque book Printing Services      | <b>55,462</b>  | 48,740  |
| Security Organization System (Pvt.) Ltd.   | Cash Sorting Services              | <b>30,127</b>  | 39,150  |
|  |                                    | <b>359,229</b> | 289,532 |

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**31. WORKERS' WELFARE FUND**

The Bank has made provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

|                          | Note | <b>2024</b>                | 2023          |
|--------------------------|------|----------------------------|---------------|
|                          |      | ----- Rupees in '000 ----- |               |
| <b>32. OTHER CHARGES</b> |      | <b>100,787</b>             | <b>79,275</b> |

Penalties imposed by State Bank of Pakistan

**33. CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET**

|   |       |                  |           |
|---|-------|------------------|-----------|
| Credit loss allowance against lending to financial institutions     | 7.4   | <b>270</b>       | -         |
| Credit loss allowance for diminution in value of investments        | 8.4.3 | <b>165,558</b>   | 105,106   |
| Credit loss allowance against loans and advances                    | 9.5   | <b>4,273,300</b> | 2,688,828 |
| Credit loss allowance against balances with other banks             |       | <b>388</b>       | 29        |
| Credit loss allowance against cash and balances with treasury banks |       | <b>1,043</b>     | -         |
| Credit loss allowance against off balance sheet                     | 20.1  | <b>171,968</b>   | -         |
| Modification loss   |       | <b>51,599</b>    | -         |
| Other provisions and write offs                                     |       | <b>48,423</b>    | 13,330    |
|   |       | <b>4,712,549</b> | 2,807,293 |

**34. TAXATION**

|             |                    |           |
|-------------|--------------------|-----------|
| Current     | <b>4,901,211</b>   | 4,030,309 |
| Prior years | <b>(44,723)</b>    | (67,188)  |
| Deferred    | <b>(1,338,877)</b> | 217,135   |
|             | <b>3,517,611</b>   | 4,180,256 |

**34.1 Relationship between tax expense and accounting profit**

| <b>Profit before taxation</b>   | <b>6,366,077</b> | 8,515,174 |
|---------------------------------|------------------|-----------|
| Tax on income @ 54% (2023: 49%) | <b>3,437,682</b> | 4,172,435 |
| Effect of change in tax rates   | <b>23,695</b>    | (45,754)  |
| Effect of permanent differences | <b>55,302</b>    | (38,845)  |
| Others                          | <b>932</b>       | 92,420    |
| <b>Tax charge for the year</b>  | <b>3,517,611</b> | 4,180,256 |

**34.1.1** The effective tax rate for the year is 55.25% (2023: 49.09%).

**34.1.2** By virtue of the Income Tax (Amendment) Ordinance, 2024 issued on December 29, 2024, the Federal Government has raised the corporate tax rate for banking companies to 44%. The current year overall tax rate is 54% which includes 10% super tax.

**34.2 Income Tax**

The Bank has filed income tax returns under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2007 through 2024. The returns so filed considered as deemed assessment order under Section 120(1) of the Income Tax Ordinance, 2001 (the Ordinance). Later, the return of income for tax years 2008 to 2024 were amended by the Officers of Inland Revenue (OIR) by taking recourse of tax audit or alternatively through amendment the assessment contending that certain matters in the deemed assessments were allegedly not conforming to the law and prejudiced the interest of revenue.

The Bank contested the disallowances before the Commissioner Inland Revenue Appeals [CIR(A)] and the Appellate Tribunal Inland Revenue [ATIR].

For tax year 2008, both the CIR(A) and ATIR annulled the OIR's action of amending the assessment being barred by time limitation following the judgments of Honorable Supreme Court of Pakistan.

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For tax years 2009 to 2017, the appeals were decided by ATIR through combined Appellate Order dated 31-01-2022. Though the AO, except for the levy of surcharge under section 4A, minimum tax under section 113 and deduction of Sindh WWF all of the issues involved in the appeal either decided in Bank's favor (including the issue of goodwill, amortization of which was claimed over the period of 10 years) or set-aside for re-examination by the ATIR.

The Bank as well as the tax department have filed Income Tax Reference Applications before Sindh High Court against above-mentioned order of ATIR, which are pending.

Bank's appeal for tax years 2018 to 2020 and 2022 are pending for adjudication before ATIR.

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. Based on that, the Appellate Tribunal through combined Appellate order dated January 31, 2022 has also annulled the OIR's action of levying WWF on Bank under Worker's Welfare Fund Ordinance, 1971 in tax years 2009, 2012 and 2013.

As a consequence of the 18th amendment to the Constitution, levy for the WWF was introduced by the Government of Sindh, Punjab and Balochistan through the Sindh WWF Act, 2014 (the Act), the Punjab Workers Welfare Fund Act, 2019 and the Balochistan Workers Welfare Fund Act, 2022, respectively. As per these Acts, the Bank is liable to pay WWF in these 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) on grounds that banking companies cannot be considered as industrial establishment and that the Act cannot be applied to trans-provincial entities. The Court has restrained the Sindh Revenue Board to collect / recover Sindh WWF. For TY 2018 to TY 2023 the Court granted stay from recovery of Sindh WWF upon submission of Bank Guarantee to Nazir of Court.
- the Bank has also received notices regarding the recovery of Balochistan WWF for which the Bank is in discussion with legal counsel to challenge in the court of law on same grounds as in case of Sindh WWF.

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 maintain provision on the entire results of the Bank.

The Sindh High Court has dismissed the Bank's petitions for tax years 2016 through 2022 wherein the Bank along with other taxpayers challenged the levy of super tax on constitutional grounds. Based on the opinion of legal counsel, the Bank has file appeal 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.

Through Finance Act 2023, Super tax on high earning persons was levied under section 4C. The Bank has challenged the levy of Super tax for tax year 2023 through the legal counsel before the Islamabad High Court wherein interim stay was granted.

In pursuance of SRO 1588(I)/2023 dated November 21, 2023 banking companies have been designated to the 'sector' for the purpose of section 99D of the Income Tax Ordinance, 2001, for the years 2022 and 2023. Tax authorities issued a recovery notice to the Bank thereby creating a demand. The Bank through its legal council challenged the levy, and the High Court of Sindh, has decided the case against the Bank. However, the Islamabad High Court and Lahore High Court has suspended the operation of section 99D in other similar petitions. The Bank has decided to file petition against the said levy in the Supreme Court of Pakistan along with the stay application.

**34.3 Withholding tax monitoring**

Withholding tax monitoring was initiated against the Bank for tax years 2014 to 2021. Orders in respect of tax years 2014, 2015, 2016, 2018, 2020 and 2021 have been passed against which appeals have been filed before the CIR(A). CIR(A) has remanded back the matters for rectification in respect of tax years 2014 and 2015 against which rectified orders have been passed and demands have been reduced. The ATIR through order dated February 07, 2022 refused Department's appeal and maintained CIR(A)'s order for tax year 2014. Tax demands for tax years 2016, 2018 and 2020 were also set-aside by CIR(A).

**34.4 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.193.44 million (besides Rs. 7.2 million is charged as penalty) against the Bank for alleged 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) for the tax periods July 2011 to December 2013, 2015 to 2017 and 2019 to 2020. Bank has filed appeals before Commissioner (Appeals) Sindh Revenue Board (CA-SRB) against the order of AC-SRB, which is pending.

After year ended December 31, 2023, Punjab Revenue Authority (PRA) passed an Order for tax periods January to December 2017 raising tax demand of Rs. 157.4 million on alleged short withholding of Punjab Sales Tax. Being aggrieved, the Bank has filed an appeal alongwith application for stay against tax demand before Commissioner Appeal, which is pending.

**34.5 Azad Jammu and Kashmir Operations**

The Bank has commenced operations in Azad Jammu and Kashmir from tax year 2009 and has filed returns for the tax years 2009 to 2023 with the tax authorities of AJK region. The amendment proceedings and appeals are at various levels before AJK Tax authorities for the tax year 2011 to 2017 and 2019 to 2023.

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

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|  | Note   | 2024  | 2023                      |
|--|--|---|---------------------------|
|  |  | Rupees in '000                                |                           |
| <b>35. BASIC and DILUTED EARNINGS PER SHARE</b>  |  |   |                           |
| Profit for the year  |  | <u><u>2,848,466</u></u>                       | 4,334,918                 |
| Weighted average number of ordinary shares   |  | <u><u>2,050,662,536</u></u>                   | 1,577,857,341             |
| Basic and diluted earnings per share   | 35.1   | <u><u>1.39</u></u>                            | 2.75                      |
| <b>35.1</b>  | There were no convertible / dilutive potential ordinary shares outstanding as at December 31, 2024 and December 31, 2023, therefore diluted earning per share has not been presented separately. |   |                           |
| <b>36. CASH AND CASH EQUIVALENTS</b>   |  | 2024  | 2023                      |
| Cash and balances with treasury banks  | 5  | <u><u>43,059,175</u></u>                      | 40,895,031                |
| Balances with other banks  | 6  | <u><u>3,620,730</u></u>                       | 3,727,564                 |
| Overdrawn nostro accounts  | 15   | <u><u>(378,624)</u></u>                       | (549,483)                 |
|  |  | <u><u>46,301,281</u></u>                      | 44,073,112                |
| <b>36.1 Reconciliation of movement in liabilities and equity to cash flows arising from financing activities</b> |  |   |                           |
|  |  | 2024  |                           |
|  |  | Liabilities                                   | Equity                    |
|  |  | Subordinated debt                             | Share Capital             |
|  |  | Other liabilities including lease liabilities | Reserves                  |
|  |  | Unappropriated Profit                         |                           |
|  |  | Rupees in '000                                |                           |
| <b>Balance as at January 01</b>  |  | <u><u>8,497,767</u></u>                       | <u><u>20,506,625</u></u>  |
|  |  | <u><u>6,563,243</u></u>                       | <u><u>11,292,332</u></u>  |
| <b>Changes from financing cash flows</b>   |  |   |                           |
| Proceeds from subordinated debt  |  | -   | -                         |
| Repayment of subordinated debt   |  | (1,934)                                       | -                         |
| Payment of lease liability against right-of-use assets   |  | -   | -                         |
| Issuance of share capital (right shares)   |  | -   | -                         |
|  |  | <u><u>(1,934)</u></u>                         | <u><u>(1,656,950)</u></u> |
| <b>Other changes</b>   |  |   |                           |
| <b>Liability related</b>   |  |   |                           |
| Changes in other liabilities   |  | -   | -                         |
| cash based   |  | 865,656                                       | -                         |
| non-cash based   |  | 1,943,698                                     | -                         |
| Transfer of profit to statutory reserve  |  | -   | -                         |
| Total liability related other changes  |  | -   | -                         |
|  |  | <u><u>2,809,354</u></u>                       | <u><u>569,693</u></u>     |
| <b>Equity related</b>  |  |   |                           |
| <b>Balance as at December 31</b>   |  | <u><u>8,495,833</u></u>                       | <u><u>21,274,941</u></u>  |
|  |  | <u><u>20,506,625</u></u>                      | <u><u>7,113,683</u></u>   |
|  |  | <u><u>12,708,466</u></u>                      |                           |
|  |  | 2023  |                           |
|  |  | Liabilities                                   | Equity                    |
|  |  | Subordinated debt                             | Share Capital             |
|  |  | Other liabilities including lease liabilities | Reserves                  |
|  |  | Unappropriated Profit                         |                           |
|  |  | Rupees in '000                                |                           |
| <b>Balance as at January 01</b>  |  | <u><u>6,995,000</u></u>                       | <u><u>10,119,242</u></u>  |
|  |  | <u><u>2,787,201</u></u>                       | <u><u>7,845,155</u></u>   |
| <b>Changes from financing cash flows</b>   |  |   |                           |
| Proceeds from subordinated debt  |  | 3,500,000                                     | -                         |
| Repayment of subordinated debt   |  | (1,997,233)                                   | -                         |
| Payment of lease liability against right-of-use assets   |  | -   | -                         |
| Issuance of share capital (right shares)   |  | -   | -                         |
|  |  | <u><u>1,502,767</u></u>                       | <u><u>(1,551,908)</u></u> |
| <b>Other changes</b>   |  |   |                           |
| <b>Liability related</b>   |  |   |                           |
| Changes in other liabilities   |  | -   | -                         |
| cash based   |  | (1,591,675)                                   | -                         |
| non-cash based   |  | 2,755,327                                     | -                         |
| Transfer of profit to statutory reserve  |  | -   | -                         |
| Total liability related other changes  |  | -   | -                         |
|  |  | <u><u>1,163,652</u></u>                       | <u><u>866,984</u></u>     |
| <b>Equity related</b>  |  |   |                           |
| <b>Balance as at December 31</b>   |  | <u><u>8,497,767</u></u>                       | <u><u>20,122,537</u></u>  |
|  |  | <u><u>20,506,625</u></u>                      | <u><u>6,563,243</u></u>   |
|  |  | <u><u>11,292,332</u></u>                      |                           |

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|   |      | 2024         | 2023   |
|---|------|--------------|--------|
|   | Note | Number       | Number |
| <b>37. STAFF STRENGTH</b>                               |      |              |        |
| Permanent   |      | <b>4,138</b> | 3,956  |
| On Bank's contract                                      |      | <b>540</b>   | 530    |
| Outsourced  |      | <b>464</b>   | 454    |
| <b>Bank's own staff strength at the end of the year</b> | 37.2 | <b>5,142</b> | 4,940  |
| <b>37.1 Geographical segment analysis</b>               |      |              |        |
| Pakistan  |      | <b>5,134</b> | 4,933  |
| Bahrain   |      | <b>8</b>     | 7      |
|   |      | <b>5,142</b> | 4,940  |

**37.2** This excludes employees of outsourcing services companies assigned to the Bank to perform services of security guards and janitorial staff.

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**38. DEFINED BENEFIT PLAN**

**38.1 General description**

The Bank operates a recognised gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007.

Permanent employees are eligible for the gratuity fund after 10 years of continuous service. Gratuity is payable at 65% of the last drawn basic salary per completed year of service.

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 consist of representatives from both the employer and the employees. 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.

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.

**38.2** 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.

**38.3 Number of employees under the schemes**

The number of employees covered under the gratuity scheme are: 4,131 (2023: 4,010).

**38.4 Principal actuarial assumptions**

The actuarial valuations were carried out as at December 31, 2024 using the following significant assumptions:

|  | <b>2024</b>           | 2023          |
|--|-----------------------|---------------|
|  | ----- Per annum ----- |               |
| Discount rate  | per annum             | <b>12.25%</b> |
| Expected rate of return on plan assets                 | per annum             | 16.00%        |
| Expected rate of salary increase                       | per annum             | <b>12.25%</b> |
| The average duration of the defined benefit obligation | years                 | 7             |

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|  | Note | <b>2024</b>                | 2023      |
|--|------|----------------------------|-----------|
|  |      | ----- Rupees in '000 ----- |           |
| <b>38.5 Reconciliation of payable to defined benefit plans</b>                   |      |                            |           |
| Present value of obligations   |      | <b>1,109,561</b>           | 941,231   |
| Fair value of plan assets  |      | <b>(839,407)</b>           | (808,040) |
| (Receivable) / payable   |      | -                          | -         |
|  |      | <b>270,154</b>             | 133,191   |
| <b>38.6 Movement in defined benefit obligations</b>                              |      |                            |           |
| Obligations at the beginning of the year   |      | <b>941,231</b>             | 831,155   |
| Current service cost   |      | <b>147,339</b>             | 129,984   |
| Interest cost  |      | <b>141,220</b>             | 114,375   |
| Benefits paid by the bank  |      | <b>(117,214)</b>           | (84,721)  |
| Re-measurement loss  |      | <b>(3,015)</b>             | (49,562)  |
| <b>Obligations at the end of the year</b>  |      | <b>1,109,561</b>           | 941,231   |
| <b>38.7 Movement in fair value of plan assets</b>                                |      |                            |           |
| Fair value at the beginning of the year  |      | <b>808,040</b>             | 950,678   |
| Interest income on plan assets   |      | <b>131,443</b>             | 132,389   |
| Contribution by the bank - net   |      | <b>15,977</b>              | (84,721)  |
| Re-measurements: Net return on plan assets over<br>interest income gain / (loss) |      | <b>(116,053)</b>           | (190,306) |
| <b>Fair value at the end of the year</b>   |      | <b>839,407</b>             | 808,040   |
| <b>38.8 Movement in (receivable) / payable under defined benefit schemes</b>     |      |                            |           |
| Opening balance  |      | <b>133,191</b>             | (119,523) |
| Charge for the year  |      | <b>157,116</b>             | 111,970   |
| Contribution by the bank - net   |      | <b>(133,191)</b>           | -         |
| Re-measurement loss / (gain) recognised in OCI during the year                   |      | <b>113,038</b>             | 140,744   |
| Closing balance  |      | <b>270,154</b>             | 133,191   |
| <b>38.9 Charge for defined benefit plan</b>                                      |      |                            |           |
| <b>38.9.1 Cost recognised in profit and loss</b>                                 |      |                            |           |
| Current service cost   |      | <b>147,339</b>             | 129,984   |
| Net interest on defined benefit asset / liability                                |      | <b>9,777</b>               | (18,014)  |
|  |      | <b>157,116</b>             | 111,970   |
| <b>38.9.2 Re-measurements recognised in OCI during the year</b>                  |      |                            |           |
| Loss / (gain) on obligation  |      | -                          | -         |
| Demographic assumptions  |      | <b>(8,624)</b>             | (5,116)   |
| Financial assumptions  |      | <b>5,609</b>               | (44,446)  |
| Experience adjustment  |      | <b>116,053</b>             | 190,306   |
| Return on plan assets over interest income                                       |      | <b>113,038</b>             | 140,744   |
| Total re-measurements recognised in OCI  |      | <b>113,038</b>             | 140,744   |
| <b>38.10 Components of plan assets</b>   |      |                            |           |
| Cash and cash equivalents - net  |      | <b>13,761</b>              | 46,862    |
| Government securities  |      | <b>70,788</b>              | -         |
| Ordinary and preference shares   |      | <b>1,049,827</b>           | 1,049,827 |
|  |      | <b>1,134,376</b>           | 1,096,689 |

**38.10.1** Investment in term finance certificates are subject to credit risk and interest rate risks, while equity securities and mutual funds are subject to price risk. Cash and cash equivalents include balances maintained with the Bank which are subject to credit risk. These risks are regularly monitored by Trustees of the fund.

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**38.11 Sensitivity analysis**

**38.11.1** Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analysis below has been determined based on reasonably possible changes in one respective assumption occurring at the end of the reporting period, while holding all other assumptions constant:

|  | <b>2024</b>              |
|--|--------------------------|
|  | ---- Rupees in '000 ---- |
| 1% increase in discount rate   | 1,032,179                |
| 1% decrease in discount rate   | 1,196,757                |
| 1% increase in expected rate of salary increase  | 1,198,381                |
| 1% decrease in expected rate of salary increase  | 1,029,319                |
| <b>38.12 Expected contributions to be paid to the funds in the next financial year</b> | <b>270,154</b>           |
| <b>38.13 Expected charge for the next financial year</b>                               | <b>193,713</b>           |

**38.14 Maturity profile**

The weighted average duration of the obligation (in years): 7

**38.15 Funding policy**

The Bank endeavors to ensure that liabilities under the funded gratuity scheme is covered by the assets of the fund on any valuation date, based on actuarial assumptions.

**38.16** 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.

**39. DEFINED CONTRIBUTION PLAN**

The Bank operates a contributory provident fund for all permanent employees. The employer and employee both contribute 7.1% (2023: 7.1%) of the basic salaries to the funded scheme every month. Number of employees covered under this plan are 3,448 (2023: 3,231). During the year, the Bank has made a contribution of Rs. 366.562 million (2023: Rs. 312.365 million) to the fund. The employees have also made a contribution of equal amount to the fund.

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**40. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL**

**40.1 Total compensation expense**

| Items                                     | 2024      |                |                 |                          |  |
|---|-----------|----------------|-----------------|--------------------------|--|
|   | Directors |                | President / CEO | Key Management Personnel | Other Material Risk Takers / Controllers |
|   | Chairman  | Non-Executives |                 |                          | Rupees in '000                           |
| Fees and Allowances etc.                  | 1,700     | 11,600         | -               | -                        | -  |
| Managerial Remuneration                   |           |                |                 |                          |  |
| i) Fixed                                  | -         | -              | 58,796          | 383,898                  | 561,360                                  |
| ii) Variable                              |           |                |                 |                          |  |
| a) Cash Bonus / Awards                    | -         | -              | 45,000          | 123,730                  | 112,360                                  |
| Charge for defined benefit plan           | -         | -              | 1,706           | 9,984                    | 14,746                                   |
| Contribution to defined contribution plan | -         | -              | 4,283           | 25,188                   | 37,174                                   |
| Medical                                   | -         | -              | 5,880           | 36,494                   | 52,778                                   |
| Conveyance                                | -         | -              | 1,555           | 32,720                   | 86,803                                   |
| Car allowance                             | -         | -              | -               | 52,425                   | 110,898                                  |
| Others                                    | -         | -              | 543             | 4,241                    | 14,996                                   |
| Total                                     | 1,700     | 11,600         | 117,763         | 668,680                  | 991,115                                  |
| <b>Number of persons</b>                  | <b>1</b>  | <b>6</b>       | <b>1</b>        | <b>36</b>                | <b>100</b>                               |

| Items                                     | 2023      |                |                 |                          |  |
|---|-----------|----------------|-----------------|--------------------------|--|
|   | Directors |                | President / CEO | Key Management Personnel | Other Material Risk Takers / Controllers |
|   | Chairman  | Non-Executives |                 |                          | Rupees in '000                           |
| Fees and Allowances etc.                  | 1,950     | 11,500         | -               | -                        | -  |
| Managerial Remuneration                   |           |                |                 |                          |  |
| i) Fixed                                  | -         | -              | 49,706          | 362,159                  | 613,256                                  |
| ii) Variable                              |           |                |                 |                          |  |
| a) Cash Bonus / Awards                    | -         | -              | 8,202           | 27,167                   | 43,807                                   |
| Charge for defined benefit plan           | -         | -              | 1,439           | 7,916                    | 16,450                                   |
| Contribution to defined contribution plan | -         | -              | 3,630           | 19,733                   | 40,768                                   |
| Medical                                   | -         | -              | 4,971           | 29,562                   | 58,026                                   |
| Conveyance                                | -         | -              | 1,248           | 30,850                   | 113,856                                  |
| Car allowance                             | -         | -              | -               | 41,479                   | 117,403                                  |
| Others                                    | -         | -              | 243             | 8,347                    | 13,426                                   |
| Total                                     | 1,950     | 11,500         | 69,439          | 527,213                  | 1,016,992                                |
| <b>Number of persons</b>                  | <b>1</b>  | <b>5</b>       | <b>1</b>        | <b>28</b>                | <b>127</b>                               |

**40.1.1** The CEO and COO are provided with free use of Bank maintained cars in accordance with their entitlement.

**40.1.2** Managerial remuneration includes joining related payments made to certain Executives in line with their terms of employment.

**40.1.3** 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, proportionately through yearly instalments, during the deferral period, in case no malus triggers are applicable. Details of MRTs and MRCs are given below:

| <b>Employees Covered under:</b>  | 2024       |  | 2023       |  |
|----------------------------------|------------|--|------------|--|
|                                  | Numbers    |  |            |  |
| Material Risk Takers (MRTs)      | 80         |  | 78         |  |
| Material Risk Controllers (MRCs) | 56         |  | 52         |  |
|                                  | <b>136</b> |  | <b>130</b> |  |

| <b>Movement of deferred remuneration</b> | 2024           |  | 2023          |  |
|--|----------------|--|---------------|--|
|  | Rupees '000    |  |               |  |
| Opening                                  | 34,158         |  | 35,392        |  |
| Deferred during the year                 | 99,147         |  | 21,379        |  |
| Paid during the year                     | (19,535)       |  | (22,613)      |  |
| Closing                                  | <b>113,770</b> |  | <b>34,158</b> |  |

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**40.2 Remuneration paid to Directors for participation in board and committee meetings**

| Sr.<br>No.               | Name of Director          | For Board<br>Meetings | Meeting Fees and Allowances Paid<br>For Board Committees |   |   |                              |              | Total Amount Paid |
|--------------------------|---------------------------|-----------------------|--|---|---|------------------------------|--------------|-------------------|
|                          |                           |                       | Board Audit<br>Committee<br>(BAC)                        | Board Human<br>Resource,<br>Remuneration<br>and Nomination<br>Committee<br>(BHRRNC) | Board Risk<br>Management<br>Committee<br>(BRMC) | Board IT<br>Committee (BITC) |              |                   |
|                          |                           |                       | Rupees in '000   |   |   |                              |              |                   |
| 1                        | Mr. Adil Matcheswala      | 1,250                 | -  | 450   | -   | -                            | -            | 1,700             |
| 2                        | Mr. Sadiq Ali             | 1,250                 | 900  | -   | 600   | -                            | -            | 2,750             |
| 3                        | Ms. Nargis Ghaloo         | 1,250                 | 900  | -   | -   | 600                          | 600          | 2,750             |
| 4                        | Syed Mumtaz Ali Shah*     | 500                   | -  | 150   | 300   | -                            | -            | 950               |
| 5                        | Mr. Khalilullah Shaikh ** | 1,250                 | 900  | -   | 450   | -                            | -            | 2,600             |
| 6                        | Mr. Saad Ali Bhimjee ***  | 250                   | -  | -   | -   | -                            | -            | 250               |
| 7                        | Mr. Usman Yousaf Mobin    | 1,250                 | -  | 450   | -   | 600                          | 600          | 2,300             |
| <b>Total amount paid</b> |                           | <b>7,000</b>          | <b>2,700</b>   | <b>1,050</b>  | <b>1,350</b>                                    | <b>1,200</b>                 | <b>1,200</b> | <b>13,300</b>     |

\* Mr. Syed Mumtaz Ali Shah resigned with effect from June 14, 2024.

\* Mr. Khalilullah Shaikh was appointed as Non-Executive Director of the Bank on December 12, 2023.

\*\* Mr. Saad Ali Bhimjee was appointed as Non-Executive Director of the Bank on August 27, 2024.

| Sr.<br>No.               | Name of Director              | For Board<br>Meetings | Meeting Fees and Allowances Paid<br>For Board Committees |   |   |                              |              | Total Amount Paid |
|--------------------------|-------------------------------|-----------------------|--|---|---|------------------------------|--------------|-------------------|
|                          |                               |                       | Board Audit<br>Committee (BAC)                           | Board Human<br>Resource,<br>Remuneration<br>and Nomination<br>Committee<br>(BHRRNC) | Board Risk<br>Management<br>Committee<br>(BRMC) | Board IT<br>Committee (BITC) |              |                   |
|                          |                               |                       | Rupees in '000   |   |   |                              |              |                   |
| 1                        | Mr. Adil Matcheswala          | 1,500                 | -  | 450   | -   | -                            | -            | 1,950             |
| 2                        | Mr. Sadiq Ali                 | 1,500                 | 600  | -   | 600   | -                            | -            | 2,700             |
| 3                        | Ms. Nargis Ghaloo             | 1,500                 | 600  | -   | -   | 750                          | 750          | 2,850             |
| 4                        | Syed Mumtaz Ali Shah          | 1,500                 | -  | 600   | 600   | -                            | -            | 2,700             |
| 5                        | Mr. Shahnawaz Haider Nawabi * | 250                   | -  | -   | 150   | -                            | -            | 400               |
| 6                        | Mr. Usman Yousaf Mobin        | 1,500                 | -  | 600   | -   | 750                          | 750          | 2,850             |
| <b>Total amount paid</b> |                               | <b>7,750</b>          | <b>1,200</b>   | <b>1,650</b>  | <b>1,350</b>                                    | <b>1,500</b>                 | <b>1,500</b> | <b>13,450</b>     |

\* Mr. Shahnawaz Haider Nawabi resigned with effect from October 12, 2023.

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**41. FAIR VALUE MEASUREMENTS**

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements. Fair value of unquoted debt securities, 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.

**41.1 Fair value of financial assets**

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

|                |  |
|----------------|--|
| <b>Level 1</b> | Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.  |
| <b>Level 2</b> | Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). |
| <b>Level 3</b> | Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).  |

The table below analyzes financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

| On balance sheet financial instruments                                  | 2024      |             |         | Total       |
|---|-----------|-------------|---------|-------------|
|   | Level 1   | Level 2     | Level 3 |             |
| ----- Rupees in '000 -----  |           |             |         |             |
| <b>Financial assets - measured at fair value</b>                        |           |             |         |             |
| Investments   |           |             |         |             |
| Federal Government Securities   | -         | 138,130,448 | -       | 138,130,448 |
| Shares  | 4,216,316 | -           | -       | 4,216,316   |
| Non Government Debt Securities  | -         | 1,398,905   | -       | 1,398,905   |
| Foreign Securities  | -         | 16,214,890  | -       | 16,214,890  |
| <b>Financial assets - disclosed but not measured at fair value</b>      |           |             |         |             |
| Investments   |           |             |         |             |
| Federal Government Securities   | -         | 121,590,686 | -       | 121,590,686 |
| <b>Off balance sheet financial instruments - measured at fair value</b> |           |             |         |             |
| Forward purchase of foreign exchange                                    | -         | 46,351,027  | -       | 46,351,027  |
| Forward sale of foreign exchange  | -         | 17,208,402  | -       | 17,208,402  |
| Forward agreements for lending  | -         | 15,018,080  | -       | 15,018,080  |

| On balance sheet financial instruments                                  | 2023      |             |         | Total       |
|---|-----------|-------------|---------|-------------|
|   | Level 1   | Level 2     | Level 3 |             |
| ----- Rupees in '000 -----  |           |             |         |             |
| <b>Financial assets - measured at fair value</b>                        |           |             |         |             |
| Investments   |           |             |         |             |
| Federal Government Securities   | -         | 140,905,314 | -       | 140,905,314 |
| Shares  | 3,444,798 | -           | -       | 3,444,798   |
| Non Government Debt Securities  | -         | 424,118     | -       | 424,118     |
| Foreign Securities  | 77,773    | 18,644,141  | -       | 18,721,914  |
| <b>Financial assets - disclosed but not measured at fair value</b>      |           |             |         |             |
| Investments   |           |             |         |             |
| Federal Government Securities   | -         | 100,310,906 | -       | 100,310,906 |
| <b>Off balance sheet financial instruments - measured at fair value</b> |           |             |         |             |
| Forward purchase of foreign exchange                                    | -         | 69,922,737  | -       | 69,922,737  |
| Forward sale of foreign exchange  | -         | 47,730,717  | -       | 47,730,717  |

**Valuation techniques used in determination of fair valuation of fair values within level 2**

| Item   | Valuation approach and input used  |
|--|--|
| Units of mutual funds  | Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.  |
| Market Treasury Bills (MTB), Pakistan Investment Bonds (PIB) and GoP Sukus | Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV, PKFRV and PKISRV rates.   |
| Debt Securities (TFCs) and Sukuk other than Government                     | Investments in debt securities (comprising of Term Finance Certificates, Bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.  |
| Overseas Government Sukus, Overseas and Euro Bonds                         | The fair value of Overseas Government Sukus, 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.  |
| Property and Equipment - Land and buildings                                | Land and buildings 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 10 and 13 of these unconsolidated financial statements. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. |
| Non-banking assets acquired in satisfaction of claims                      |  |

**Financial instruments - Level 3**

Currently, no financial instruments are classified in level 3.

- 41.2** 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.

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**42. SEGMENT INFORMATION**

**42.1 Segment details with respect to business activities:**

|  | Retail Banking | Corporate / Commercial Banking | Treasury | Investment, International and Institutional Banking | Zindigi | Others | Total |
|--|----------------|--------------------------------|----------|---|---------|--------|-------|
|--|----------------|--------------------------------|----------|---|---------|--------|-------|

Rupees in '000

**Profit and Loss**

|  |                   |                  |                  |                  |                    |                    |                   |
|--|-------------------|------------------|------------------|------------------|--------------------|--------------------|-------------------|
| Net mark-up / return / profit              | (25,224,686)      | (3,829,117)      | 56,358,032       | 1,223,352        | (98,233)           | (1,116,364)        | 27,312,984        |
| Inter segment revenue - net                | 43,896,776        | 8,106,564        | (51,070,186)     | 1,236,421        | 521,310            | (2,690,885)        | -                 |
| Non mark-up / return / income              | 2,194,591         | 1,984,603        | 3,772,807        | 1,086,274        | 335,187            | 1,966,526          | 11,339,988        |
| <b>Total income</b>                        | <b>20,866,681</b> | <b>6,262,050</b> | <b>9,060,653</b> | <b>3,546,047</b> | <b>758,264</b>     | <b>(1,840,723)</b> | <b>38,652,972</b> |
| Segment direct expenses                    | 12,958,635        | 743,864          | 226,182          | 1,446,439        | 3,945,674          | 8,253,552          | 27,574,346        |
| Inter segment expense allocation           | 4,335,714         | 1,052,214        | 231,565          | 257,223          | 596,484            | (6,473,200)        | -                 |
| <b>Total expenses</b>                      | <b>17,294,349</b> | <b>1,796,078</b> | <b>457,747</b>   | <b>1,703,662</b> | <b>4,542,158</b>   | <b>1,780,352</b>   | <b>27,574,346</b> |
| Credit loss allowance and write offs - net | 2,449,410         | 1,708,071        | 6,209            | 488,169          | 38,869             | 21,821             | 4,712,549         |
| <b>Profit / (loss) before tax</b>          | <b>1,122,922</b>  | <b>2,757,901</b> | <b>8,596,697</b> | <b>1,354,216</b> | <b>(3,822,763)</b> | <b>(3,642,896)</b> | <b>6,366,077</b>  |

|  | Retail Banking | Corporate / Commercial Banking | Treasury | Investment, International and Institutional Banking | Zindigi | Others | Total |
|--|----------------|--------------------------------|----------|---|---------|--------|-------|
|--|----------------|--------------------------------|----------|---|---------|--------|-------|

Rupees in '000

**Balance sheet**

|                                      |                    |                    |                    |                   |                  |                   |                    |
|--------------------------------------|--------------------|--------------------|--------------------|-------------------|------------------|-------------------|--------------------|
| Cash and bank balances               | 12,044,527         | 421,951            | 32,972,488         | 1,199,620         | 36,839           | -                 | 46,675,425         |
| Investments                          | -                  | -                  | 260,209,051        | 17,803,843        | -                | 24,423,708        | 302,436,602        |
| Net inter segment lending            | 269,135,658        | 64,452,654         | -                  | -                 | 6,666,406        | -                 | 340,254,718        |
| Lendings to financial institutions   | -                  | -                  | 1,999,730          | -                 | -                | -                 | 1,999,730          |
| Advances - performing                | 66,514,103         | 100,980,505        | -                  | 48,229,715        | 12,584           | 3,537,451         | 219,274,358        |
| Advances - non-performing            | 2,943,758          | 3,218,190          | -                  | 630               | 25,914           | 55,777            | 6,244,269          |
| Others                               | -                  | -                  | -                  | 464,920           | -                | 59,011,964        | 59,476,884         |
| <b>Total Assets</b>                  | <b>350,638,046</b> | <b>169,073,300</b> | <b>295,181,269</b> | <b>67,698,728</b> | <b>6,741,743</b> | <b>87,028,900</b> | <b>976,361,986</b> |
| Borrowings                           | 10,160,671         | 17,074,664         | 1,463,170          | -                 | -                | -                 | 28,698,505         |
| Subordinated debt                    | -                  | -                  | -                  | -                 | 8,495,833        | -                 | 8,495,833          |
| Deposits and other accounts          | 331,341,960        | 151,596,312        | -                  | 35,454,361        | 6,741,743        | -                 | 525,134,376        |
| Net inter segment borrowing          | -                  | -                  | 293,718,099        | 30,133,918        | -                | 16,402,701        | 340,254,718        |
| Others                               | 9,135,415          | 402,324            | -                  | 2,110,449         | -                | 18,423,732        | 30,071,920         |
| <b>Total Liabilities</b>             | <b>350,638,046</b> | <b>169,073,300</b> | <b>295,181,269</b> | <b>67,698,728</b> | <b>6,741,743</b> | <b>43,322,266</b> | <b>932,655,352</b> |
| Equity                               | -                  | -                  | -                  | -                 | -                | 43,706,634        | 43,706,634         |
| <b>Total Equity and Liabilities</b>  | <b>350,638,046</b> | <b>169,073,300</b> | <b>295,181,269</b> | <b>67,698,728</b> | <b>6,741,743</b> | <b>87,028,900</b> | <b>976,361,986</b> |
| <b>Contingencies and Commitments</b> | <b>21,531,623</b>  | <b>104,827,389</b> | <b>78,520,444</b>  | <b>9,970,239</b>  | <b>-</b>         | <b>1,063,437</b>  | <b>215,913,132</b> |

|  | Retail Banking | Corporate / Commercial Banking | Treasury | Investment, International and Institutional Banking | Zindigi | Others | Total |
|--|----------------|--------------------------------|----------|---|---------|--------|-------|
|--|----------------|--------------------------------|----------|---|---------|--------|-------|

Rupees in '000

**Profit and Loss**

|   |                   |                  |                  |                  |                    |                    |                   |
|---|-------------------|------------------|------------------|------------------|--------------------|--------------------|-------------------|
| Net mark-up / return / interest / (expense) | (18,147,969)      | 1,366,455        | 40,772,877       | 40,981           | (41,042)           | (1,582,264)        | 22,409,038        |
| Inter segment revenue - net                 | 39,060,261        | 5,351,630        | (43,356,182)     | 2,239,041        | 370,085            | (3,664,835)        | -                 |
| Non mark-up / return / income               | 2,157,752         | 1,769,765        | 5,031,291        | 1,204,117        | 221,674            | 1,819,973          | 12,204,572        |
| <b>Total income / (loss)</b>                | <b>23,070,044</b> | <b>8,487,850</b> | <b>2,447,986</b> | <b>3,484,139</b> | <b>550,717</b>     | <b>(3,427,126)</b> | <b>34,613,610</b> |
| Segment direct expenses                     | 10,773,253        | 709,529          | 204,588          | 1,210,569        | 3,844,032          | 6,549,172          | 23,291,143        |
| Inter segment expense allocation            | 4,366,111         | 748,367          | 216,912          | 168,461          | 527,087            | (6,026,938)        | -                 |
| <b>Total expenses</b>                       | <b>15,139,364</b> | <b>1,457,896</b> | <b>421,500</b>   | <b>1,379,030</b> | <b>4,371,119</b>   | <b>522,234</b>     | <b>23,291,143</b> |
| Provisions and write offs - net             | 586,806           | 2,088,308        | -                | 121,568          | -                  | 10,611             | 2,807,293         |
| <b>Profit / (loss) before tax</b>           | <b>7,343,874</b>  | <b>4,941,646</b> | <b>2,026,486</b> | <b>1,983,541</b> | <b>(3,820,402)</b> | <b>(3,959,971)</b> | <b>8,515,174</b>  |

|  | Retail Banking | Corporate / Commercial Banking | Treasury | Investment, International and Institutional Banking | Zindigi | Others | Total |
|--|----------------|--------------------------------|----------|---|---------|--------|-------|
|--|----------------|--------------------------------|----------|---|---------|--------|-------|

Rupees in '000

**Balance sheet**

|                                      |                    |                    |                    |                   |                  |                   |                    |
|--------------------------------------|--------------------|--------------------|--------------------|-------------------|------------------|-------------------|--------------------|
| Cash and bank balances               | 6,601,476          | 3,633              | 29,255,325         | 1,673,716         | 1,072,267        | 6,016,104         | 44,622,521         |
| Investments                          | -                  | -                  | 241,068,907        | 22,083,317        | -                | 24,804,777        | 287,957,001        |
| Net inter segment lending            | 237,203,119        | 41,050,823         | -                  | 7,114,702         | 2,745,472        | -                 | 288,114,116        |
| Lendings to financial institutions   | -                  | -                  | -                  | -                 | -                | -                 | -                  |
| Advances - performing                | 72,715,650         | 112,007,279        | -                  | 7,246,085         | -                | 5,233,978         | 197,202,992        |
| Advances - non-performing            | 4,034,747          | 2,461,476          | -                  | 27,685            | -                | -                 | 6,523,908          |
| Others                               | -                  | -                  | -                  | -                 | -                | 53,126,036        | 53,126,036         |
| <b>Total Assets</b>                  | <b>320,554,992</b> | <b>155,523,211</b> | <b>270,324,232</b> | <b>38,145,505</b> | <b>3,817,739</b> | <b>89,180,895</b> | <b>877,546,574</b> |
| Borrowings                           | 7,749,336          | 17,572,794         | 1,900,349          | -                 | -                | -                 | 27,222,479         |
| Subordinated debt                    | -                  | -                  | -                  | -                 | -                | 8,497,767         | 8,497,767          |
| Deposits and other accounts          | 305,980,179        | 137,568,824        | -                  | 38,098,734        | 3,817,739        | 817,302           | 486,282,778        |
| Net inter segment borrowing          | -                  | -                  | 268,423,883        | -                 | -                | 19,690,233        | 288,114,116        |
| Others                               | 6,825,477          | 381,593            | -                  | 46,771            | -                | 19,853,525        | 27,107,366         |
| <b>Total Liabilities</b>             | <b>320,554,992</b> | <b>155,523,211</b> | <b>270,324,232</b> | <b>38,145,505</b> | <b>3,817,739</b> | <b>48,858,827</b> | <b>837,224,506</b> |
| Equity                               | -                  | -                  | -                  | -                 | -                | 40,322,068        | 40,322,068         |
| <b>Total Equity and Liabilities</b>  | <b>320,554,992</b> | <b>155,523,211</b> | <b>270,324,232</b> | <b>38,145,505</b> | <b>3,817,739</b> | <b>89,180,895</b> | <b>877,546,574</b> |
| <b>Contingencies and Commitments</b> | <b>77,650,720</b>  | <b>37,673,689</b>  | <b>120,272,393</b> | <b>-</b>          | <b>-</b>         | <b>911,638</b>    | <b>236,508,440</b> |

**JS BANK LIMITED**  
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**42.2 Segment details with respect to geographical locations**

**Geographical segment analysis**

|  | <b>2024</b>        |                   |                    |
|--|--------------------|-------------------|--------------------|
|  | <b>Pakistan</b>    | <b>Bahrain</b>    | <b>Total</b>       |
| ----- Rupees in '000 -----             |                    |                   |                    |
| <b>Profit and loss</b>                 |                    |                   |                    |
| Net mark-up / return / profit          | 26,460,719         | 852,265           | 27,312,984         |
| Inter segment revenue - net            | (676,776)          | 676,776           | -                  |
| Non mark-up / return / interest income | 11,230,269         | 109,719           | 11,339,988         |
| <b>Total Income</b>                    | <b>37,014,212</b>  | <b>1,638,760</b>  | <b>38,652,972</b>  |
| Segment direct expenses                | 27,142,418         | 431,928           | 27,574,346         |
| Inter segment expense allocation       | (59,428)           | 59,428            | -                  |
| <b>Total expenses</b>                  | <b>27,082,990</b>  | <b>491,356</b>    | <b>27,574,346</b>  |
| Credit loss allowance                  | 4,642,181          | 70,368            | 4,712,549          |
| <b>Profit before tax</b>               | <b>5,289,041</b>   | <b>1,077,036</b>  | <b>6,366,077</b>   |
|  | <b>Pakistan</b>    | <b>Bahrain</b>    | <b>Total</b>       |
| ----- Rupees in '000 -----             |                    |                   |                    |
| <b>Balance Sheet</b>                   |                    |                   |                    |
| Cash and bank balances                 | 45,726,752         | 948,673           | 46,675,425         |
| Investments                            | 285,958,494        | 16,478,108        | 302,436,602        |
| Net inter segment lendings             | -                  | -                 | -                  |
| Lendings to financial institutions     | 1,999,730          | -                 | 1,999,730          |
| Advances - performing                  | 215,232,557        | 4,041,801         | 219,274,358        |
| Advances - non-performing              | 6,244,269          | -                 | 6,244,269          |
| Others                                 | 59,229,981         | 246,903           | 59,476,884         |
| <b>Total Assets</b>                    | <b>614,391,783</b> | <b>21,715,485</b> | <b>636,107,268</b> |
| Borrowings                             | 28,698,505         | -                 | 28,698,505         |
| Subordinated debts                     | 8,495,833          | -                 | 8,495,833          |
| Deposits and other accounts            | 506,044,586        | 19,089,790        | 525,134,376        |
| Net inter segment borrowing            | -                  | -                 | -                  |
| Others                                 | 29,911,269         | 160,651           | 30,071,920         |
| <b>Total Liabilities</b>               | <b>573,150,193</b> | <b>19,250,441</b> | <b>592,400,634</b> |
| Equity                                 | 41,241,590         | 2,465,044         | 43,706,634         |
| <b>Total Equity and Liabilities</b>    | <b>614,391,783</b> | <b>21,715,485</b> | <b>636,107,268</b> |
| <b>Contingencies and Commitments</b>   | <b>206,865,107</b> | <b>9,048,025</b>  | <b>215,913,132</b> |
|  | <b>Pakistan</b>    | <b>Bahrain</b>    | <b>Total</b>       |
| ----- Rupees in '000 -----             |                    |                   |                    |
| <b>Profit and Loss</b>                 |                    |                   |                    |
| Net mark-up / return / profit          | 21,683,961         | 725,077           | 22,409,038         |
| Inter segment revenue - net            | (272,747)          | 272,747           | -                  |
| Non mark-up / return / interest income | 11,952,679         | 251,893           | 12,204,572         |
| <b>Total Income</b>                    | <b>33,363,893</b>  | <b>1,249,717</b>  | <b>34,613,610</b>  |
| Segment direct expenses                | 22,936,072         | 355,071           | 23,291,143         |
| Inter segment expense allocation       | (55,701)           | 55,701            | -                  |
| <b>Total expenses</b>                  | <b>22,880,371</b>  | <b>410,772</b>    | <b>23,291,143</b>  |
| Credit loss allowance                  | 2,707,532          | 99,761            | 2,807,293          |
| <b>Profit before tax</b>               | <b>7,775,990</b>   | <b>739,184</b>    | <b>8,515,174</b>   |

**JS BANK LIMITED**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

|                                      | Pakistan           | Bahrain           | Total              |
|--------------------------------------|--------------------|-------------------|--------------------|
| ----- Rupees in '000 -----           |                    |                   |                    |
| <b>Balance Sheet</b>                 |                    |                   |                    |
| Cash and bank balances               | 43,077,212         | 1,545,309         | 44,622,521         |
| Investments                          | 267,737,061        | 20,219,940        | 287,957,001        |
| Net inter segment lending            | -                  | -                 | -                  |
| Lendings to financial institutions   | -                  | -                 | -                  |
| Advances - performing                | 193,914,587        | 3,288,405         | 197,202,992        |
| Advances - non-performing            | 6,523,908          | -                 | 6,523,908          |
| Others                               | 53,116,890         | 9,146             | 53,126,036         |
| <b>Total Assets</b>                  | <b>564,369,658</b> | <b>25,062,800</b> | <b>589,432,458</b> |
| Borrowings                           | 27,222,479         | -                 | 27,222,479         |
| Subordinated debts                   | 8,497,767          | -                 | 8,497,767          |
| Deposits and other accounts          | 463,280,458        | 23,002,320        | 486,282,778        |
| Net inter segment borrowing          | -                  | -                 | -                  |
| Others                               | 26,936,798         | 170,568           | 27,107,366         |
| <b>Total Liabilities</b>             | <b>525,937,502</b> | <b>23,172,888</b> | <b>549,110,390</b> |
| Equity                               | 38,432,156         | 1,889,912         | 40,322,068         |
| <b>Total Equity and Liabilities</b>  | <b>564,369,658</b> | <b>25,062,800</b> | <b>589,432,458</b> |
| <b>Contingencies and Commitments</b> | <b>224,139,056</b> | <b>12,369,384</b> | <b>236,508,440</b> |

#### 43. TRUST ACTIVITIES

The Bank undertakes 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                    | Number of IPS Accounts | 2024                         |                           |                            |                        |                    |
|-----------------------------|------------------------|------------------------------|---------------------------|----------------------------|------------------------|--------------------|
|                             |                        | Securities Held (Face Value) |                           |                            |                        |                    |
|                             |                        | Market Treasury Bills        | Pakistan Investment Bonds | Naya Pakistan Certificates | Government Ijara Sukuk | Total              |
| ----- Rupees in '000 -----  |                        |                              |                           |                            |                        |                    |
| Charitable Institutions     | 4                      | <b>445,000</b>               | -                         | -                          | -                      | <b>445,000</b>     |
| Assets Management Companies | 5                      | <b>6,000,000</b>             | <b>17,387,500</b>         | -                          | -                      | <b>23,387,500</b>  |
| Companies                   | 20                     | <b>25,602,935</b>            | <b>32,730,400</b>         | -                          | -                      | <b>58,333,335</b>  |
| Employees Funds             | 42                     | <b>19,625,515</b>            | <b>36,803,900</b>         | -                          | <b>1,646,840</b>       | <b>58,076,255</b>  |
| Individuals                 | 203                    | <b>14,750,755</b>            | <b>299,600</b>            | <b>2,315,229</b>           | <b>27,600</b>          | <b>17,393,184</b>  |
| Insurance Companies         | 8                      | <b>131,316,925</b>           | <b>79,524,700</b>         | -                          | <b>26,967,600</b>      | <b>237,809,225</b> |
| Others                      | 14                     | <b>8,926,885</b>             | <b>123,682,000</b>        | -                          | <b>168,000</b>         | <b>132,776,885</b> |
| <b>Total</b>                | <b>296</b>             | <b>206,668,015</b>           | <b>290,428,100</b>        | <b>2,315,229</b>           | <b>28,810,040</b>      | <b>528,221,384</b> |

**JS BANK LIMITED**  
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2023

| Category                   | Number of IPS Accounts | Securities Held (Face Value) |                           |                            |                        | Total       |
|----------------------------|------------------------|------------------------------|---------------------------|----------------------------|------------------------|-------------|
|                            |                        | Market Treasury Bills        | Pakistan Investment Bonds | Naya Pakistan Certificates | Government Ijara Sukuk |             |
| ----- Rupees in '000 ----- |                        |                              |                           |                            |                        |             |
| Charitable Institutions    | 7                      | 1,927,200                    | 508,000                   | -                          | 168,000                | 2,603,200   |
| Companies                  | 16                     | 3,947,350                    | 1,881,300                 | -                          | -                      | 5,828,650   |
| Employees Funds            | 45                     | 19,141,120                   | 20,399,700                | -                          | 1,596,840              | 41,137,660  |
| Individuals                | 157                    | 7,026,695                    | 420,600                   | 911,497                    | 27,600                 | 8,386,392   |
| Insurance Companies        | 9                      | 132,870,725                  | 71,372,000                | -                          | 24,131,500             | 228,374,225 |
| Others                     | 8                      | 6,479,975                    | 2,627,100                 | -                          | 20,000                 | 9,127,075   |
| Total                      | 242                    | 171,393,065                  | 97,208,700                | 911,497                    | 25,943,940             | 295,457,202 |

**44. RELATED PARTY TRANSACTIONS**

The Bank has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and Key Management Personnel.

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with persons 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.

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**FOR THE YEAR ENDED DECEMBER 31, 2024**

Details of transactions with related parties during the year are as follows:

|  | 2024         |           |                          |               |            |                       | 2023         |           |                          |               |             |                       |
|--|--------------|-----------|--------------------------|---------------|------------|-----------------------|--------------|-----------|--------------------------|---------------|-------------|-----------------------|
|  | Parent       | Directors | Key management personnel | Subsidiaries  | Associates | Other related parties | Parent       | Directors | Key management personnel | Subsidiaries  | Associates  | Other related parties |
| Rupees in '000   |              |           |                          |               |            |                       |              |           |                          |               |             |                       |
| <b>Lendings to financial institutions</b>                    |              |           |                          |               |            |                       |              |           |                          |               |             |                       |
| Opening balance  | -            | -         | -                        | -             | -          | -                     | -            | -         | -                        | -             | -           | -                     |
| Addition during the year                                     | -            | -         | -                        | 141,000,000   | -          | -                     | -            | -         | 45,459,800               | -             | -           | 116,405,200           |
| Repaid during the year                                       | -            | -         | -                        | (139,000,000) | -          | -                     | -            | -         | (45,459,800)             | -             | -           | (116,405,200)         |
| Transfer in / (out) - net                                    | -            | -         | -                        | -             | -          | -                     | -            | -         | -                        | -             | -           | -                     |
| Closing balance  | -            | -         | -                        | 2,000,000     | -          | -                     | -            | -         | -                        | -             | -           | -                     |
| <b>Investments</b>   |              |           |                          |               |            |                       |              |           |                          |               |             |                       |
| Opening balance  | -            | -         | -                        | 20,887,275    | 269,800    | 2,637,210             | -            | -         | 1,919,121                | 269,800       | 5,067,465   |                       |
| Investment made during the year                              | -            | -         | -                        | -             | -          | 1,986,306             | -            | -         | 17,814,959               | -             | 1,290,000   |                       |
| Investment redeemed / disposed off during the year           | -            | -         | -                        | -             | -          | (1,600,000)           | -            | -         | -                        | -             | (1,790,000) |                       |
| Surplus / (Deficit) on Investments                           | -            | -         | -                        | -             | -          | (450,131)             | -            | -         | -                        | -             | -           | (777,060)             |
| Transfer in / (out) - net                                    | -            | -         | -                        | -             | -          | -                     | -            | -         | 1,153,195                | -             | -           | (1,153,195)           |
| Closing balance  | -            | -         | -                        | 20,887,275    | 269,800    | 2,573,385             | -            | -         | 20,887,275               | 269,800       | 2,637,210   |                       |
| Credit loss allowance for diminution in value of investments | -            | -         | -                        | -             | 89,800     | -                     | -            | -         | -                        | -             | 70,878      | -                     |
| <b>Advances</b>  |              |           |                          |               |            |                       |              |           |                          |               |             |                       |
| Opening balance  | -            | 247       | 482,029                  | -             | 185,733    | 1,922,929             | -            | -         | 498,310                  | -             | 232,166     | 1,342,159             |
| Addition during the year                                     | -            | 2,204     | 448,993                  | 664,841       | -          | 10,981,246            | -            | 1,997     | 174,782                  | -             | -           | 8,810,838             |
| Repaid during the year                                       | -            | (1,885)   | (178,653)                | -             | -          | (10,142,668)          | -            | (2,240)   | (170,324)                | -             | (46,433)    | (8,243,696)           |
| Transfer in / (out) - net                                    | -            | (566)     | (116,910)                | -             | -          | (203,545)             | -            | 490       | (20,739)                 | -             | -           | 13,628                |
| Closing balance  | -            | -         | 635,459                  | 664,841       | 185,733    | 2,557,962             | -            | 247       | 482,029                  | -             | 185,733     | 1,922,929             |
| Credit loss allowance held against advances                  | -            | -         | 138                      | 143           | 185,733    | 4,060                 | -            | -         | -                        | -             | 185,733     | -                     |
| <b>Other Assets</b>  |              |           |                          |               |            |                       |              |           |                          |               |             |                       |
| Interest mark-up accrued                                     | -            | -         | 670                      | 1,024         | 63,427     | 23,168                | -            | -         | 426                      | -             | 12,869      | 32,471                |
| Interest mark-up suspended                                   | -            | -         | -                        | -             | -          | 9,430                 | -            | -         | -                        | -             | -           | 15,358                |
| Receivable against bancassurance                             | -            | -         | -                        | -             | -          | -                     | -            | -         | -                        | -             | -           | 587                   |
| Prepaid insurance  | -            | -         | -                        | -             | -          | 792,000               | -            | -         | -                        | -             | -           | 1,178,306             |
| Advance against investment in securities                     | -            | -         | -                        | -             | 3,417      | -                     | -            | -         | -                        | -             | 142,070     | -                     |
| Mark to market gain on forward foreign exchange contracts    | -            | -         | -                        | -             | -          | -                     | -            | -         | -                        | -             | -           | -                     |
| Other receivable   | -            | -         | -                        | -             | -          | -                     | -            | -         | -                        | -             | -           | -                     |
| Credit loss allowance against other assets                   | -            | -         | -                        | -             | -          | -                     | -            | -         | -                        | -             | -           | -                     |
| <b>Deposits and other accounts</b>                           |              |           |                          |               |            |                       |              |           |                          |               |             |                       |
| Opening balance  | 80,689       | 369       | 41,934                   | 1,004,208     | 16,895     | 5,868,930             | 130,430      | 290       | 47,853                   | 1,374,281     | 2,621       | 12,800,727            |
| Received during the year                                     | 11,025,819   | 20,298    | 871,091                  | 314,043,171   | 445,341    | 213,787,099           | 20,697,001   | 2,406     | 946,674                  | 258,359,484   | 2,167,505   | 181,116,923           |
| Withdrawn during the year                                    | (10,993,672) | (11,221)  | (844,243)                | (312,565,061) | (441,644)  | (214,469,948)         | (20,746,742) | (2,327)   | (946,477)                | (258,729,557) | (2,158,470) | (187,829,237)         |
| Transfer in / (out) - net                                    | -            | -         | (12,534)                 | -             | -          | 82,083                | -            | -         | (6,116)                  | -             | 5,239       | (219,483)             |
| Closing balance  | 112,836      | 9,446     | 56,248                   | 2,482,318     | 20,592     | 5,268,164             | 80,689       | 369       | 41,934                   | 1,004,208     | 16,895      | 5,868,930             |
| <b>Subordinated debt</b>                                     |              |           |                          |               |            |                       |              |           |                          |               |             |                       |
| Opening balance  | -            | -         | -                        | -             | -          | 20,000                | -            | -         | -                        | -             | -           | 124,714               |
| Purchased / Issued during the period / year                  | -            | -         | -                        | -             | -          | 90,000                | -            | -         | -                        | -             | -           | 20,000                |
| Redemption / sold during the year                            | -            | -         | -                        | -             | -          | (24)                  | -            | -         | -                        | -             | -           | (124,714)             |
| Transfer in / (out) - net                                    | -            | -         | -                        | -             | -          | -                     | -            | -         | -                        | -             | -           | -                     |
| Closing balance  | -            | -         | -                        | -             | -          | 109,976               | -            | -         | -                        | -             | -           | 20,000                |
| <b>Other Liabilities</b>                                     |              |           |                          |               |            |                       |              |           |                          |               |             |                       |
| Interest / return / mark-up payable on deposits              | -            | -         | -                        | -             | -          | 1,795                 | -            | -         | -                        | -             | -           | 16,403                |
| Interest / return / mark-up payable on subordinated loans    | -            | -         | -                        | -             | -          | 1,173                 | -            | -         | -                        | -             | -           | 13                    |
| Payable to defined benefit plan                              | -            | -         | -                        | -             | -          | 270,154               | -            | -         | -                        | -             | -           | 133,191               |
| Mark to market loss on forward foreign exchange contracts    | -            | -         | -                        | 54            | -          | -                     | -            | -         | -                        | 4,704         | -           | -                     |
| Others Payable   | -            | -         | -                        | -             | -          | -                     | 400          | -         | -                        | -             | -           | -                     |
| <b>Contingencies and Commitments</b>                         |              |           |                          |               |            |                       |              |           |                          |               |             |                       |
| Letter of Guarantee  | -            | -         | -                        | -             | -          | 15,369                | -            | -         | -                        | -             | -           | 15,141                |
| Letter of Credit   | -            | -         | -                        | -             | -          | 79,352                | -            | -         | -                        | -             | -           | 516,329               |
| Commitment in respect of forward foreign exchange contracts  | -            | -         | -                        | 3,217,123     | -          | -                     | -            | -         | -                        | 7,146,157     | -           | -                     |

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**FOR THE YEAR ENDED DECEMBER 31, 2024**

|  | 2024   |           |                          |              |            |                       | 2023      |           |                          |              |            |                       |
|--|--------|-----------|--------------------------|--------------|------------|-----------------------|-----------|-----------|--------------------------|--------------|------------|-----------------------|
|  | Parent | Directors | Key management personnel | Subsidiaries | Associates | Other related parties | Parent    | Directors | Key management personnel | Subsidiaries | Associates | Other related parties |
| Rupees in '000   |        |           |                          |              |            |                       |           |           |                          |              |            |                       |
| <b>Income</b>  |        |           |                          |              |            |                       |           |           |                          |              |            |                       |
| Mark-up / return / interest earned                       | -      | 93        | 24,943                   | 82,161       | 35,619     | 642,334               | -         | 106       | 23,863                   | 53,081       | 46,918     | 371,065               |
| Fee and commission income                                | -      | 173       | 2,827                    | 7,458        | -          | 102,837               | -         | 35        | 1,106                    | 790          | 10         | 90,338                |
| Dividend income  | -      | -         | -                        | 2,082,030    | -          | 72,401                | -         | -         | -                        | 1,457,421    | -          | 158,718               |
| Gain on sale of securities - net                         | -      | -         | 16                       | -            | -          | 283,964               | -         | -         | -                        | -            | -          | 5,997                 |
| Gain / (loss) on sale of property and equipment          | -      | -         | (239)                    | 8,071        | -          | -                     | -         | -         | -                        | -            | -          | -                     |
| Chargers recovered on account of internal audit services | -      | -         | -                        | 6,400        | -          | -                     | -         | -         | -                        | -            | -          | -                     |
| Gain on reclassification of AFS equity shares            | -      | -         | -                        | -            | -          | -                     | -         | -         | -                        | 332,658      | -          | -                     |
| <b>Credit loss allowance on:</b>                         |        |           |                          |              |            |                       |           |           |                          |              |            |                       |
| Investments  | -      | -         | -                        | -            | 18,922     | -                     | -         | -         | -                        | 22,878       | -          | -                     |
| Advances   | -      | -         | 93                       | 143          | -          | 3,434                 | -         | -         | -                        | -            | 185,733    | -                     |
| <b>Expense</b>   |        |           |                          |              |            |                       |           |           |                          |              |            |                       |
| Mark-up / return / interest expensed                     | 23,254 | -         | 2,940                    | 260,782      | 3,619      | 1,068,038             | 52,143    | -         | 3,366                    | 412,867      | 5,954      | 1,009,748             |
| Commission / charges paid                                | -      | -         | -                        | 2,417        | -          | -                     | -         | -         | -                        | 3,705        | -          | -                     |
| Remuneration paid  | -      | -         | 786,443                  | -            | -          | -                     | -         | -         | 596,652                  | -            | -          | -                     |
| Directors' fee and allowances                            | -      | 13,300    | -                        | -            | -          | -                     | -         | 13,450    | -                        | -            | -          | -                     |
| Net charge for defined contribution plans                | -      | -         | -                        | -            | -          | 366,562               | -         | -         | -                        | -            | -          | 312,365               |
| Net charge for defined benefit plans                     | -      | -         | -                        | -            | -          | 157,116               | -         | -         | -                        | -            | -          | 111,970               |
| Insurance Expense  | -      | -         | -                        | -            | -          | -                     | -         | -         | -                        | -            | -          | 136,765               |
| Advisory fee   | -      | -         | -                        | -            | -          | -                     | -         | -         | -                        | -            | -          | 10,917                |
| Consultancy fee  | -      | -         | -                        | -            | -          | 60,907                | -         | -         | -                        | -            | -          | 56,922                |
| Training and Development                                 | -      | -         | 19,071                   | -            | -          | -                     | -         | -         | -                        | -            | -          | -                     |
| Marketing, Advertisement and Publicity                   | -      | -         | -                        | -            | -          | 21,142                | -         | -         | -                        | -            | -          | -                     |
| Rent   | -      | -         | -                        | -            | -          | 6,032                 | -         | -         | -                        | -            | -          | -                     |
| Other expenses   | 3,053  | -         | -                        | -            | -          | 2,314                 | 1,200     | -         | 150                      | -            | -          | -                     |
| <b>Payments made during the year</b>                     |        |           |                          |              |            |                       |           |           |                          |              |            |                       |
| Insurance premium paid                                   | -      | -         | -                        | -            | -          | 259,062               | -         | -         | -                        | -            | -          | 91,908                |
| Insurance claims settled                                 | -      | -         | -                        | -            | -          | 126,134               | -         | -         | -                        | -            | -          | 95,788                |
| Donation Paid  | -      | -         | -                        | -            | -          | 169,813               | -         | -         | -                        | -            | -          | 170,313               |
| Rent paid  | -      | -         | -                        | 6,591        | -          | -                     | -         | -         | -                        | -            | -          | -                     |
| <b>Other Transactions</b>                                |        |           |                          |              |            |                       |           |           |                          |              |            |                       |
| Sale of Government Securities                            | -      | -         | 13,425                   | -            | -          | 182,570,938           | -         | -         | 175,594                  | -            | -          | 222,995,909           |
| Purchase of Government Securities                        | -      | -         | 3,148                    | 4,943        | -          | 133,385,331           | -         | -         | 309,485                  | 12,298       | -          | 22,146,983            |
| Purchase of shares of Subsidiary                         | -      | -         | -                        | -            | -          | -                     | 5,444,290 | -         | -                        | -            | -          | 3,130,507             |

**JS BANK LIMITED**  
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**45. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS**

**2024** **2023**  
----- Rupees in '000 -----

**Minimum Capital Requirement (MCR):**

Paid-up capital (net of losses)

**20,506,625**

20,506,625

**Capital Adequacy Ratio (CAR):**

Eligible Common Equity Tier 1 (CET 1) Capital

**19,500,976**

17,247,260

Eligible Additional Tier 1 (ADT 1) Capital

**2,500,000**

2,500,000

Total Eligible Tier 1 Capital

**22,000,976**

19,747,260

Eligible Tier 2 Capital

**6,767,800**

5,907,060

Total Eligible Capital (Tier 1 + Tier 2)

**28,768,776**

25,654,320

**Risk Weighted Assets (RWAs):**

Credit Risk

**157,270,277**

158,394,680

Market Risk

**2,333,654**

1,788,170

Operational Risk

**57,613,121**

44,504,940

Total

**217,217,052**

204,687,790

Common Equity Tier 1 Capital Adequacy ratio

**8.98%**

8.43%

Tier 1 Capital Adequacy Ratio

**10.13%**

9.65%

Total Capital Adequacy Ratio

**13.24%**

12.53%

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, 2024 stood at Rs. 20,506.525 million (2023: Rs. 20,506,525 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 7.5% and 9.0%, respectively (inclusive of Capital Conservation Buffer). As at December 31, 2024 the Bank is fully compliant with prescribed ratios, as the Bank's CAR is 13.24% whereas CET 1 and Tier 1 ratios stood at 8.98% and 10.13% 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.

**2024** **2023**  
----- Rupees in '000 -----

**Leverage Ratio (LR):**

Eligible Tier 1 Capital

**22,000,976**

19,747,260

Total Exposures

**728,556,636**

646,271,336

Leverage Ratio

**3.02%**

3.06%

**Liquidity Coverage Ratio (LCR):**

Total High Quality Liquid Assets

**220,358,493**

156,090,413

Total Net Cash Outflow

**85,890,721**

80,778,281

Liquidity Coverage Ratio

**256.56%**

193.23%

**Net Stable Funding Ratio (NSFR):**

Total Available Stable Funding

**483,536,202**

443,311,118

Total Required Stable Funding

**269,567,322**

302,819,828

Net Stable Funding Ratio

**179.37%**

146.39%

**45.1** The link to the full disclosure is available at <https://jsbl.com/knowledge-centre/investor-information/>.

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**46. 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 a Risk Management Committee (RMC), Operational Risk Management Committee (ORMC) as well as Central Credit Committee (CCC). RMC oversees the overall credit risk management at the Bank and provides guidance in setting strategic targets as well as concentration limits and monitors progress related to earnings growth, keeping in view the capital constraints and also adheres to the concentration limits. The RMC monitors the strategic target and aggregate exposure 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. RMC also monitors the advances portfolio, concentrations limits, aggregate limits at business level and various house keeping elements under Credit Administration. Risk Management Committee also 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). 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. 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.

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Giving due consideration to the above, the Bank has put in place the following hierarchy of Risk Management:

- Board Risk Management Committee (BRMC);
- Risk Management Committee (RMC) comprises of the President / Chief Executive Officer (CEO), Chief Risk Officer, Chief Operating Officer, Chief Credit Officer, Chief Financial Officer, Group Head Investment Banking, International & FI, Country Corporate Head, Head Commercial Banking, Country Head SME, Head Products & Analytics & Head Enterprise Risk Management.
- Asset - Liability Committee (ALCO) comprises of the President / CEO, Treasurer, Chief Risk Officer, Chief Credit Officer, Group Head Investment Banking, FIs and International, Chief Financial Officer and attended by Other Business Heads;
- Central Credit Committee (CCC) comprising of the President / CEO, Chief Operating Officer, Chief Credit Officer, Group Head Investment Banking, International & FI, Country Corporate Head, Head Commercial Banking, and Head of Environmental Risk (for environmental risk only);
- Operational Risk Management Committee (ORMC) comprises of the President / CEO, Chief Risk Officer, Chief Compliance Officer, Chief Information Officer, Chief Financial Officer, Head of Distribution Retail Products, Head of Products & Analytics, Head of Centralized Operations, Head Branch Banking Operations, Chief Digital Officer & Head Operational Risk;
- IT Steering Committee (ITSC) comprises of President / CEO, Chief Operating Officer, Chief Risk Officer, Chief Financial Officer, Chief Information Officer, Chief Information Security Officer, Chief Officer-Zindigi, Chief Digital Officer, Chief Compliance Officer & Head Centralized Operations;
- Risk Management Group (RMG), a dedicated and independent set-up headed by Chief Risk Officer (CRO) and comprises of Heads of Market & Liquidity Risks, Operational Risk & BCP and Treasury Middle Office, Consumer & Program Lending Risk, Information Security, Agricultural Credit Risk, Digital Risk & Strategic Projects & Quantitative Analysis, Credit Administration (CAD), Special Assets Management (SAM), and Enterprise Risk Management (ERM);
- Credit Risk Group (CRG) is also an independent function to business and is headed by Chief Credit Officer (CCO). Credit Risk Heads dealing in corporate, Commercial, small & medium enterprises, financial institutions and international operations are reporting into CCO.

**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.

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**46.1 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 minimize 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 Credit Risk Group (CRG), 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 Credit related policies approved by the Board.

**46.1.1 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 (ECAs) whose ratings are being utilised by the Bank with respect to material categories of exposures:

| Exposures                | 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 |

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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**

| <b>SBP Rating Grade</b> | <b>PACRA</b>          | <b>VIS</b>            | <b>Fitch</b>          | <b>Moody's</b>        | <b>S&amp;P</b>        | <b>ECA Scores</b> |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------|
| <b>1</b>                | <b>AAA</b>            | <b>AAA</b>            | <b>AAA</b>            | <b>Aaa</b>            | <b>AAA</b>            | <b>1</b>          |
|                         | <b>AA+</b>            | <b>AA+</b>            | <b>AA+</b>            | <b>Aa1</b>            | <b>AA+</b>            |                   |
|                         | <b>AA</b>             | <b>AA</b>             | <b>AA</b>             | <b>Aa2</b>            | <b>AA</b>             |                   |
|                         | <b>AA-</b>            | <b>AA-</b>            | <b>AA-</b>            | <b>Aa3</b>            | <b>AA-</b>            |                   |
| <b>2</b>                | <b>A+</b>             | <b>A+</b>             | <b>A+</b>             | <b>A1</b>             | <b>A+</b>             | <b>2</b>          |
|                         | <b>A</b>              | <b>A</b>              | <b>A</b>              | <b>A2</b>             | <b>A</b>              |                   |
|                         | <b>A-</b>             | <b>A-</b>             | <b>A-</b>             | <b>A3</b>             | <b>A-</b>             |                   |
| <b>3</b>                | <b>BBB+</b>           | <b>BBB+</b>           | <b>BBB+</b>           | <b>Baa1</b>           | <b>BBB+</b>           | <b>3</b>          |
|                         | <b>BBB</b>            | <b>BBB</b>            | <b>BBB</b>            | <b>Baa2</b>           | <b>BBB</b>            |                   |
|                         | <b>BBB-</b>           | <b>BBB-</b>           | <b>BBB-</b>           | <b>Baa3</b>           | <b>BBB-</b>           |                   |
| <b>4</b>                | <b>BB+</b>            | <b>BB+</b>            | <b>BB+</b>            | <b>Ba1</b>            | <b>BB+</b>            | <b>4</b>          |
|                         | <b>BB</b>             | <b>BB</b>             | <b>BB</b>             | <b>Ba2</b>            | <b>BB</b>             |                   |
|                         | <b>BB-</b>            | <b>BB-</b>            | <b>BB-</b>            | <b>Ba3</b>            | <b>BB-</b>            |                   |
| <b>5</b>                | <b>B+</b>             | <b>B+</b>             | <b>B+</b>             | <b>B1</b>             | <b>B+</b>             | <b>5, 6</b>       |
|                         | <b>B</b>              | <b>B</b>              | <b>B</b>              | <b>B2</b>             | <b>B</b>              |                   |
|                         | <b>B-</b>             | <b>B-</b>             | <b>B-</b>             | <b>B3</b>             | <b>B-</b>             |                   |
| <b>6</b>                | <b>CCC+ and below</b> | <b>CCC+ and below</b> | <b>CCC+ and below</b> | <b>Caa1 and below</b> | <b>CCC+ and below</b> | <b>7</b>          |

**Short - Term Ratings Grades Mapping**

| <b>SBP Rating Grade</b> | <b>PACRA</b>  | <b>VIS</b>    | <b>Fitch</b>  | <b>Moody's</b> | <b>S&amp;P</b>   |
|-------------------------|---------------|---------------|---------------|----------------|------------------|
| <b>S1</b>               | <b>A-1</b>    | <b>A-1</b>    | <b>F1</b>     | <b>P-1</b>     | <b>A-1+, A-1</b> |
| <b>S2</b>               | <b>A-2</b>    | <b>A-2</b>    | <b>F2</b>     | <b>P-2</b>     | <b>A-2</b>       |
| <b>S3</b>               | <b>A-3</b>    | <b>A-3</b>    | <b>F3</b>     | <b>P-3</b>     | <b>A-3</b>       |
| <b>S4</b>               | <b>Others</b> | <b>Others</b> | <b>Others</b> | <b>Others</b>  | <b>Others</b>    |

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**46.1.2 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. 08 dated June 27, 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, Market Treasury Bills and Pakistan Investment Bonds etc. and Shares, Term Finance Certificates (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:

**46.1.3 Lendings to financial institutions**

**Credit risk by public / private sector**

|                     | Gross lendings   |      | Non-performing lendings |      | Credit loss allowance / provision held |         |         | 2023 |
|---------------------|------------------|------|-------------------------|------|--|---------|---------|------|
|                     | 2024             | 2023 | 2024                    | 2023 | Stage 1                                | Stage 2 | Stage 3 |      |
|                     |                  |      |                         |      | Rupees in '000                         |         |         |      |
| Public / Government | -                | -    | -                       | -    | -                                      | -       | -       | -    |
| Private             | <b>2,000,000</b> | -    | -                       | -    | (270)                                  | -       | -       | -    |
|                     | <b>2,000,000</b> | -    | -                       | -    | (270)                                  | -       | -       | -    |

**46.1.4 Investment in debt securities**

**Credit risk by industry sector**

|   | Gross investments        |                                   | Non-performing investments                    |         | Credit loss allowance / provision held |                |                | 2023    |
|---|--------------------------|-----------------------------------|---|---------|--|----------------|----------------|---------|
|   | 2024                     | 2023                              | 2024  | 2023    | Stage 1                                | Stage 2        | Stage 3        |         |
|   |                          |                                   |   |         | Rupees in '000                         |                |                |         |
| Chemical and pharmaceuticals                  | <b>695,647</b>           | 8,331                             | -   | -       | -                                      | -              | -              | -       |
| Financial                                     | <b>274,356,088</b>       | 262,549,801                       | -   | -       | 250                                    | <b>203,415</b> | -              | 313,800 |
| Transport, storage and communication          | <b>143,446</b>           | 593,446                           | <b>143,446</b>                                | 143,446 | -                                      | -              | <b>143,446</b> | 143,446 |
| Others  | <b>1,722,743</b>         | 1,268,814                         | <b>890,408</b>                                | 159,661 | -                                      | -              | <b>415,937</b> | 159,661 |
|   | <b>276,917,924</b>       | 264,420,392                       | <b>1,033,854</b>                              | 303,107 | <b>250</b>                             | <b>203,415</b> | <b>559,383</b> | 616,907 |
| <b>Credit risk by public / private sector</b> | <b>Gross investments</b> | <b>Non-performing investments</b> | <b>Credit loss allowance / provision held</b> |         |  |                |                |         |
|   | 2024                     | 2023                              | 2024  | 2023    | 2024                                   | 2024           | 2023           |         |
|   | Rupees in '000           |                                   |   |         |  |                |                |         |
| Public / Government                           | <b>273,484,252</b>       | 243,523,955                       | -   | -       | -                                      | -              | -              | 124,556 |
| Private                                       | <b>3,433,672</b>         | 20,896,437                        | <b>1,033,854</b>                              | 303,107 | <b>250</b>                             | <b>203,415</b> | <b>559,383</b> | 492,351 |
|   | <b>276,917,924</b>       | 264,420,392                       | <b>1,033,854</b>                              | 303,107 | <b>250</b>                             | <b>203,415</b> | <b>559,383</b> | 616,907 |

**46.1.5 Advances**

**Credit risk by industry sector**

|   | Gross advances        |                                | Non-performing advances                       |            | Credit loss allowance / provision held |                |                   | 2023      |
|---|-----------------------|--------------------------------|---|------------|--|----------------|-------------------|-----------|
|   | 2024                  | 2023                           | 2024  | 2023       | Stage 1                                | Stage 2        | Stage 3           |           |
|   |                       |                                |   |            | Rupees in '000                         |                |                   |           |
| Agriculture, forestry, hunting and fishing    | <b>6,434,413</b>      | 6,111,460                      | <b>581,975</b>                                | 580,651    | <b>4,729</b>                           | <b>550</b>     | <b>314,974</b>    | 1,227,313 |
| Air transport                                 | <b>21,906,163</b>     | 18,570,899                     | -   | -          | -                                      | -              | -                 | 746,854   |
| Chemical and pharmaceuticals                  | <b>6,232,806</b>      | 7,964,370                      | <b>963,069</b>                                | 1,542,879  | <b>1,292</b>                           | <b>1,126</b>   | <b>888,588</b>    | 45,246    |
| Construction                                  | <b>13,760,050</b>     | 16,304,747                     | <b>1,963,179</b>                              | 374,688    | <b>4,383</b>                           | <b>203,842</b> | <b>1,040,510</b>  | 1,299,405 |
| Education and medical                         | <b>1,303,280</b>      | 1,640,927                      | <b>119,556</b>                                | 118,256    | <b>428</b>                             | <b>2,369</b>   | <b>78,855</b>     | -         |
| Electronics and electrical appliances         | <b>372,590</b>        | 446,285                        | -   | -          | <b>343</b>                             | <b>3,500</b>   | -                 | -         |
| Financial                                     | <b>48,073,251</b>     | 6,112,147                      | -   | -          | <b>2,450</b>                           | <b>2,432</b>   | -                 | 1,076,015 |
| Food, tobacco and beverages                   | <b>22,015,562</b>     | 28,423,229                     | <b>3,718,436</b>                              | 2,175,467  | <b>17,544</b>                          | <b>20,134</b>  | <b>3,251,562</b>  | 133,672   |
| Hotel and tourism                             | <b>416,988</b>        | 343,313                        | <b>11,022</b>                                 | 14,307     | <b>771</b>                             | <b>271</b>     | <b>4,400</b>      | 351,022   |
| Individuals                                   | <b>34,296,372</b>     | 31,574,730                     | <b>1,908,292</b>                              | 1,635,364  | <b>176,185</b>                         | <b>122,556</b> | <b>584,853</b>    | 1,300,000 |
| Information and communication                 | <b>18,648,052</b>     | 21,361,145                     | <b>1,000,335</b>                              | 1,149,548  | <b>11,778</b>                          | <b>2,477</b>   | <b>866,295</b>    | 50,418    |
| Leather and related products                  | <b>705,461</b>        | 841,321                        | <b>1,163</b>                                  | -          | <b>177</b>                             | <b>1,710</b>   | <b>638</b>        | 2,072,707 |
| Metal and allied industries                   | <b>10,108,824</b>     | 10,824,676                     | <b>4,535,112</b>                              | 2,518,234  | <b>1,702</b>                           | <b>5,369</b>   | <b>3,164,693</b>  | 105,644   |
| Mining and quarrying                          | <b>828,844</b>        | 1,049,026                      | <b>27,835</b>                                 | 18,500     | <b>22</b>                              | <b>1,111</b>   | <b>27,835</b>     | -         |
| Plastic and Non Metallic Prodcts              | <b>2,318,850</b>      | 3,024,596                      | <b>719,941</b>                                | 722,543    | <b>540</b>                             | <b>16,158</b>  | <b>665,612</b>    | 15,667    |
| Power (electricity), gas, water, sanitary     | <b>845,080</b>        | 2,443,374                      | <b>553,043</b>                                | 557,363    | <b>14</b>                              | <b>1,753</b>   | <b>434,041</b>    | 26,693    |
| Printing and Publication activities           | <b>1,656,837</b>      | 2,239,215                      | <b>19,638</b>                                 | 7,913      | <b>362</b>                             | <b>6,232</b>   | <b>5,364</b>      | 192,282   |
| Services                                      | <b>4,115,758</b>      | 3,892,277                      | <b>33,442</b>                                 | 1,333,482  | <b>898</b>                             | <b>9,465</b>   | <b>26,174</b>     | 44,051    |
| Textile                                       | <b>24,819,202</b>     | 23,122,540                     | <b>1,630,790</b>                              | 680,233    | <b>9,314</b>                           | <b>30,042</b>  | <b>1,404,547</b>  | 269,275   |
| Transport, storage and communication          | <b>6,173,285</b>      | 4,433,605                      | <b>442,647</b>                                | 305,020    | <b>5,076</b>                           | <b>3,027</b>   | <b>436,289</b>    | -         |
| Wholesale and retail trade                    | <b>19,156,939</b>     | 21,449,278                     | <b>2,980,099</b>                              | 2,386,540  | <b>9,792</b>                           | <b>6,907</b>   | <b>1,824,029</b>  | 148,629   |
| Others  | <b>3,525,793</b>      | 1,613,626                      | <b>118,415</b>                                | 63,462     | <b>1,435</b>                           | <b>4,489</b>   | <b>64,461</b>     | 555,649   |
|   | <b>247,714,400</b>    | 213,786,786                    | <b>21,327,989</b>                             | 16,184,450 | <b>249,235</b>                         | <b>445,520</b> | <b>15,083,720</b> | 9,660,542 |
| <b>Credit risk by public / private sector</b> | <b>Gross advances</b> | <b>Non-performing advances</b> | <b>Credit loss allowance / provision held</b> |            |  |                |                   |           |
|   | 2024                  | 2023                           | 2024  | 2023       | 2024                                   | 2024           | 2023              |           |
|   | Rupees in '000        |                                |   |            |  |                |                   |           |
| Public / Government                           | <b>21,906,163</b>     | 18,570,899                     | -   | -          | -                                      | -              | -                 | -         |
| Private                                       | <b>225,808,237</b>    | 195,215,887                    | <b>21,327,989</b>                             | 16,184,450 | <b>249,235</b>                         | <b>445,520</b> | <b>15,083,720</b> | 9,660,542 |
|   | <b>247,714,400</b>    | 213,786,786                    | <b>21,327,989</b>                             | 16,184,450 | <b>249,235</b>                         | <b>445,520</b> | <b>15,083,720</b> | 9,660,542 |

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**46.1.6 Contingencies and commitments**

|   | 2024               | 2023               |
|---|--------------------|--------------------|
|   | Rupees in '000     |                    |
| <b>Credit risk by industry sector</b>         |                    |                    |
| Agriculture, forestry, hunting and fishing    | 8,824,219          | 6,977,254          |
| Chemical and pharmaceuticals                  | 5,452,540          | 2,130,231          |
| Construction                                  | 67,383,615         | 39,812,156         |
| Education and medical                         | 80,948             | 104,839            |
| Electronics and electrical appliances         | 785,658            | 3,959,006          |
| Financial                                     | 72,396,415         | 130,826,946        |
| Food, tobacco and beverages                   | 13,861,170         | 8,170,638          |
| Hotel and tourism                             | 6,673              | 551,246            |
| Individuals                                   | 1,226,205          | 2,039,580          |
| Information and communication                 | 6,845,273          | 6,494,377          |
| Leather and related products                  | 20,246             | -                  |
| Metal and allied industries                   | 5,690,568          | 2,129,149          |
| Oil and Allied                                | 2,470,440          | 3,431,455          |
| Paper and allied                              | 655,800            | 499,728            |
| Power (electricity), gas, water, sanitary     | 82,883             | 2,580,604          |
| Real estate activities                        | 3,473,370          | 4,551,937          |
| Textile                                       | 13,882,265         | 9,937,495          |
| Transport, storage and communication          | 2,319,857          | 2,243,831          |
| Wholesale and retail trade                    | 8,478,413          | 7,978,712          |
| Others  | 1,976,574          | 2,089,256          |
|   | <b>215,913,132</b> | <b>236,508,440</b> |
| <b>Credit risk by public / private sector</b> |                    |                    |
| Public / Government                           | 14,461,819         | 113,051,623        |
| Private                                       | 201,451,313        | 123,456,817        |
|   | <b>215,913,132</b> | <b>236,508,440</b> |

**46.1.7 Concentration of Advances**

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 111,459.037 million (2023: Rs. 68,633.786 million) are as following:

|                | 2024               | 2023              |
|----------------|--------------------|-------------------|
|                | Rupees in '000     |                   |
| Funded         | 75,066,413         | 36,721,558        |
| Non Funded     | 36,392,624         | 31,912,228        |
| Total Exposure | <b>111,459,037</b> | <b>68,633,786</b> |

**46.1.7.1** The sanctioned limits against these top 10 exposures aggregated to Rs. 71,999.525 million (2023: Rs. 70,850.560 million).

|             | 2024           | 2023                       |
|-------------|----------------|----------------------------|
|             | Amount         | Credit loss allowance held |
|             | Rupees in '000 |                            |
| OADM        | -              | -                          |
| Substandard | -              | -                          |
| Doubtful    | -              | -                          |
| Loss        | -              | -                          |
| Total       | -              | -                          |

**46.1.8 Advances - Province / Region-wise Disbursement and Utilization**

| Province / Region        | Disbursements      | 2024 Utilization  |                    |                  |               |                   |                          |                   |
|--------------------------|--------------------|-------------------|--------------------|------------------|---------------|-------------------|--------------------------|-------------------|
|                          |                    | Punjab            | Sindh              | KPK and FATA     | Balochistan   | Islamabad         | AJK and Gilgit-Baltistan | Bahrain           |
| Rupees in '000           |                    |                   |                    |                  |               |                   |                          |                   |
| Punjab                   | 43,515,109         | 43,515,109        | -                  | -                | -             | -                 | -                        | -                 |
| Sindh                    | 116,336,581        | -                 | 116,336,581        | -                | -             | -                 | -                        | -                 |
| KPK and FATA             | 1,342,280          | -                 | -                  | 1,342,280        | -             | -                 | -                        | -                 |
| Balochistan              | 49,216             | -                 | -                  | -                | 49,216        | -                 | -                        | -                 |
| Islamabad                | 58,147,536         | -                 | -                  | -                | -             | 58,147,536        | -                        | -                 |
| AJK and Gilgit-Baltistan | 189,173            | -                 | -                  | -                | -             | -                 | 189,173                  | -                 |
| Bahrain                  | 26,862,279         | -                 | -                  | -                | -             | -                 | -                        | 26,862,279        |
| Total                    | <b>246,442,174</b> | <b>43,515,109</b> | <b>116,336,581</b> | <b>1,342,280</b> | <b>49,216</b> | <b>58,147,536</b> | <b>189,173</b>           | <b>26,862,279</b> |

| Province / Region        | Disbursements      | 2023 Utilization  |                    |                  |                |                   |                          |                   |
|--------------------------|--------------------|-------------------|--------------------|------------------|----------------|-------------------|--------------------------|-------------------|
|                          |                    | Punjab            | Sindh              | KPK and FATA     | Balochistan    | Islamabad         | AJK and Gilgit-Baltistan | Bahrain           |
| Rupees in '000           |                    |                   |                    |                  |                |                   |                          |                   |
| Punjab                   | 90,898,651         | 90,898,651        | -                  | -                | -              | -                 | -                        | -                 |
| Sindh                    | 150,753,568        | -                 | 150,753,568        | -                | -              | -                 | -                        | -                 |
| KPK and FATA             | 3,706,138          | -                 | -                  | 3,706,138        | -              | -                 | -                        | -                 |
| Balochistan              | 990,579            | -                 | -                  | -                | 990,579        | -                 | -                        | -                 |
| Islamabad                | 40,955,191         | -                 | -                  | -                | -              | 40,955,191        | -                        | -                 |
| AJK and Gilgit-Baltistan | 906,809            | -                 | -                  | -                | -              | -                 | 906,809                  | -                 |
| Bahrain                  | 13,859,548         | -                 | -                  | -                | -              | -                 | -                        | 13,859,548        |
| Total                    | <b>302,070,484</b> | <b>90,898,651</b> | <b>150,753,568</b> | <b>3,706,138</b> | <b>990,579</b> | <b>40,955,191</b> | <b>906,809</b>           | <b>13,859,548</b> |

**46.1.9 Sensitivity of ECL to Future Economic Conditions**

The ECL are sensitive to judgements and assumption made regarding formulation of forward-looking scenarios and how much such scenarios are incorporated into calculations. The Bank performs sensitivity analysis on the ECL recognized on each of its segments.

The table below shows the loss allowance on each segment assuming each forward-looking scenario (e.g. improved, base and worst) were weighted 100 percent instead of applying scenario probability across the three scenarios.

|                          | Total ECL as per FS | Improved           |                          | Base               |                          | Worst              |                          |
|--------------------------|---------------------|--------------------|--------------------------|--------------------|--------------------------|--------------------|--------------------------|
|                          |                     | As per sensitivity | Increase / decrease in % | As per sensitivity | Increase / decrease in % | As per sensitivity | Increase / decrease in % |
| Rupees in '000           |                     |                    |                          |                    |                          |                    |                          |
| Corporate and commercial | 10,295,547          | 10,264,354         | -0.30%                   | 10,294,204         | -0.01%                   | 10,332,996         | 0.36%                    |
| Medium enterprise        | 3,102,096           | 3,090,088          | -0.39%                   | 3,101,704          | -0.01%                   | 3,115,931          | 0.45%                    |
| Small enterprise         | 1,043,376           | 1,037,153          | -0.60%                   | 1,042,937          | -0.04%                   | 1,051,649          | 0.79%                    |
| Consumer                 | 659,847             | 634,018            | -3.91%                   | 659,123            | -0.11%                   | 689,059            | 4.43%                    |
| Agriculture              | 265,580             | 264,238            | -0.51%                   | 265,519            | -0.02%                   | 267,202            | 0.61%                    |
| Credit Card              | 218,710             | 188,465            | -13.83%                  | 217,910            | -0.37%                   | 252,687            | 15.54%                   |
| Staff                    | 816                 | 816                | 0.00%                    | 816                | 0.00%                    | 816                | 0.00%                    |
| Overseas Operations      | 192,503             | 155,396            | -19.28%                  | 191,847            | -0.34%                   | 232,674            | 20.87%                   |

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**46.2 Market Risk**

Market Risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. Thus market risk can be further described into Interest Rate Risk, Foreign Exchange Risk and Equity Position Risk.

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.

**46.2.1 Balance sheet split by trading and banking books**

|                                       | 2024               |                  |                    | 2023         |              |             |
|---------------------------------------|--------------------|------------------|--------------------|--------------|--------------|-------------|
|                                       | Banking book       | Trading book     | Total              | Banking book | Trading book | Total       |
| ----- Rupees in '000 -----            |                    |                  |                    |              |              |             |
| Cash and balances with treasury banks | <b>43,058,132</b>  | -                | <b>43,058,132</b>  | 40,895,031   | -            | 40,895,031  |
| Balances with other banks             | <b>3,617,293</b>   | -                | <b>3,617,293</b>   | 3,727,490    | -            | 3,727,490   |
| Lendings to financial institutions    | <b>1,999,730</b>   | -                | <b>1,999,730</b>   | -            | -            | -           |
| Investments                           | <b>296,258,733</b> | <b>6,177,869</b> | <b>302,436,602</b> | 287,430,930  | 47,925       | 287,478,855 |
| Advances                              | <b>225,518,627</b> | -                | <b>225,518,627</b> | 203,726,900  | -            | 203,726,900 |
| Property and equipment                | <b>12,086,893</b>  | -                | <b>12,086,893</b>  | 10,766,680   | -            | 10,766,680  |
| Right-of-use assets                   | <b>2,610,093</b>   | -                | <b>2,610,093</b>   | 10,766,680   | -            | 10,766,680  |
| Intangible assets                     | <b>6,806,276</b>   | -                | <b>6,806,276</b>   | 4,872,907    | -            | 4,872,907   |
| Deferred tax assets                   | -                  | -                | -                  | -            | -            | -           |
| Other assets                          | <b>37,973,622</b>  | -                | <b>37,973,622</b>  | 37,964,595   | -            | 37,964,595  |
|                                       | <b>629,929,399</b> | <b>6,177,869</b> | <b>636,107,268</b> | 600,151,213  | 47,925       | 600,199,138 |

**46.2.2 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 the State Bank of Pakistan (SBP) and in the inter bank 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' limits 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.

|                              | 2024                    |                              |                         |                               | 2023                    |                              |                         |                               |
|------------------------------|-------------------------|------------------------------|-------------------------|-------------------------------|-------------------------|------------------------------|-------------------------|-------------------------------|
|                              | Foreign currency assets | Foreign currency liabilities | Off-balance sheet items | Net foreign currency exposure | Foreign currency assets | Foreign currency liabilities | Off-balance sheet items | Net foreign currency exposure |
| ----- Rupees in '000 -----   |                         |                              |                         |                               |                         |                              |                         |                               |
| United States Dollar         | <b>38,394,601</b>       | <b>62,969,982</b>            | <b>24,890,935</b>       | <b>315,554</b>                | 42,286,252              | 61,141,671                   | 19,394,396              | 538,977                       |
| Great Britain Pound Sterling | <b>512,583</b>          | <b>4,655,040</b>             | <b>4,151,702</b>        | <b>9,245</b>                  | 493,995                 | 4,249,965                    | 3,879,420               | 123,450                       |
| Euro                         | <b>1,481,392</b>        | <b>1,214,198</b>             | <b>(283,030)</b>        | <b>(15,836)</b>               | 1,645,515               | 752,604                      | (855,979)               | 36,932                        |
| Other currencies             | <b>442,961</b>          | <b>697,220</b>               | -                       | <b>(254,259)</b>              | 360,472                 | 808,157                      | -                       | (447,685)                     |
|                              | <b>40,831,537</b>       | <b>69,536,440</b>            | <b>28,759,607</b>       | <b>54,704</b>                 | 44,786,234              | 66,952,397                   | 22,417,837              | 251,674                       |

|                            | 2024         |              | 2023         |              |
|----------------------------|--------------|--------------|--------------|--------------|
|                            | Banking book | Trading book | Banking book | Trading book |
| ----- Rupees in '000 ----- |              |              |              |              |

Impact of 1% change in foreign exchange rates on

- Profit and loss account
- Other comprehensive income

**547** - 2,517

**46.2.3 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 Portfolio level limits and scrip-wise stop loss monitoring

|                            | 2024    |         | 2023    |         |
|----------------------------|---------|---------|---------|---------|
|                            | Banking | Trading | Banking | Trading |
| ----- Rupees in '000 ----- |         |         |         |         |

Impact of 5% change in equity prices on

- Profit and loss account
- Other comprehensive income

**202,779** - 172,240

**46.2.4 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 is given below:

|                            | 2024         |              | 2023         |              |
|----------------------------|--------------|--------------|--------------|--------------|
|                            | Banking book | Trading book | Banking book | Trading book |
| ----- Rupees in '000 ----- |              |              |              |              |

Impact of 1% change in interest rates on

- Profit and loss account
- Other comprehensive income

**309,015** - 174,963

**(284,818)** **(72,650)** **(548,320)** **(2)**

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46.3 Mismatch of interest rate sensitive assets and liabilities

| Effective yield / interest rate                               | Total      | 2024                             |                    |                    |                         |                   |                   |                   |                    |                |               | Non-interest bearing financial instruments |  |  |
|---|------------|----------------------------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|----------------|---------------|--|--|--|
|   |            | Exposed to Yield / Interest risk |                    |                    |                         |                   |                   |                   |                    |                |               |  |  |  |
|   |            | 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 |               |  |  |  |
| <b>On-balance sheet financial instruments</b>                 |            |                                  |                    |                    |                         |                   |                   |                   |                    |                |               |  |  |  |
| <b>Assets</b>   |            |                                  |                    |                    |                         |                   |                   |                   |                    |                |               |  |  |  |
| Cash and balances with treasury banks                         | -          | 43,058,132                       | 4,965,343          | -                  | -                       | -                 | -                 | -                 | -                  | -              | -             | 38,092,789                                 |  |  |
| Balances with other banks                                     | 4.06%      | 3,617,293                        | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -             | 3,617,293                                  |  |  |
| Lendings to financial institutions                            | 10.99%     | 1,999,730                        | 1,999,730          | -                  | -                       | -                 | -                 | -                 | -                  | -              | -             | -  |  |  |
| Investments   | 18.66%     | 302,436,602                      | 46,052,340         | 64,524,330         | 114,453,722             | 42,918,152        | 518,583           | 2,331,173         | 3,632,882          | 1,368,073      | 175,383       | 26,461,964                                 |  |  |
| Advances  | 18.27%     | 225,518,627                      | 102,730,229        | 13,591,876         | 77,090,470              | 7,777,214         | 6,827,728         | 7,424,121         | 6,391,823          | 2,618,335      | 1,066,831     | -  |  |  |
| Other assets  | -          | 32,375,701                       | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -             | 32,375,701                                 |  |  |
|   |            | 609,006,085                      | 155,747,642        | 78,116,206         | 191,544,192             | 50,695,366        | 7,346,311         | 9,755,294         | 10,024,705         | 3,986,408      | 1,242,214     | 100,547,747                                |  |  |
| <b>Liabilities</b>  |            |                                  |                    |                    |                         |                   |                   |                   |                    |                |               |  |  |  |
| Bills payable   | -          | 8,125,841                        | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -             | 8,125,841                                  |  |  |
| Borrowings  | 15.02%     | 28,698,505                       | 2,536,798          | 4,087,991          | 8,880,494               | 1,516,211         | 1,633,554         | 4,241,986         | 1,754,516          | 4,046,955      | -             | -  |  |  |
| Deposits and other accounts                                   | 11.90%     | 525,134,376                      | 222,064,191        | 19,993,163         | 36,288,921              | 47,203,824        | 810,278           | 139,573           | 225,827            | -              | -             | 198,408,599                                |  |  |
| Liabilities against right-of-use assets                       | 15.73%     | 2,788,429                        | 2,580              | 18,182             | 32,361                  | 81,438            | 506,717           | 564,386           | 569,066            | 1,013,699      | -             | -  |  |  |
| Subordinated debt   | 22.46%     | 8,495,833                        | -                  | 3,498,833          | 4,997,000               | -                 | -                 | -                 | -                  | -              | -             | -  |  |  |
| Other liabilities   | -          | 10,133,278                       | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -             | 10,133,278                                 |  |  |
|   |            | 583,376,262                      | 224,603,569        | 27,598,169         | 50,198,776              | 48,801,473        | 2,950,549         | 4,945,945         | 2,549,409          | 5,060,654      | -             | 216,667,718                                |  |  |
| <b>On-balance sheet gap</b>                                   |            |                                  |                    |                    |                         |                   |                   |                   |                    |                |               |  |  |  |
|   |            | 25,629,823                       | (68,855,927)       | 50,518,037         | 141,345,416             | 1,893,893         | 4,395,762         | 4,809,349         | 7,475,296          | (1,074,246)    | 1,242,214     | (116,119,971)                              |  |  |
| <b>Off-balance sheet financial instruments</b>                |            |                                  |                    |                    |                         |                   |                   |                   |                    |                |               |  |  |  |
| Documentary credits and short-term trade-related transactions | -          | -                                | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -             | -  |  |  |
| Commitments in respect of:                                    | -          | -                                | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -             | -  |  |  |
| - forward foreign exchange contracts                          | 29,714,456 | 7,615,827                        | 9,523,393          | 13,162,236         | (587,000)               | -                 | -                 | -                 | -                  | -              | -             | -  |  |  |
| - forward government securities transactions                  | 14,991,654 | 14,991,654                       | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -             | -  |  |  |
| - derivatives   | -          | -                                | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -             | -  |  |  |
| - forward lending   | 51,495     | -                                | -                  | 51,495             | -                       | -                 | -                 | -                 | -                  | -              | -             | -  |  |  |
| <b>Off-balance sheet gap</b>                                  |            |                                  |                    |                    |                         |                   |                   |                   |                    |                |               |  |  |  |
|   |            | 44,757,605                       | 22,607,481         | 9,523,393          | 13,213,731              | (587,000)         | -                 | -                 | -                  | -              | -             | -  |  |  |
| <b>Total yield / interest risk sensitivity gap</b>            |            |                                  |                    |                    |                         |                   |                   |                   |                    |                |               |  |  |  |
|   |            | (46,248,446)                     | 60,041,430         | 154,559,147        | 1,306,893               | 4,395,762         | 4,809,349         | 7,475,296         | (1,074,246)        | 1,242,214      | (116,119,971) |  |  |  |
| <b>Cumulative yield / interest risk sensitivity gap</b>       |            |                                  |                    |                    |                         |                   |                   |                   |                    |                |               |  |  |  |
|   |            | (46,248,446)                     | 13,792,984         | 168,352,131        | 169,659,024             | 174,054,786       | 178,864,135       | 186,339,431       | 185,265,185        | 186,507,399    |               |  |  |  |

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| Effective yield / interest rate                               | Total             | 2023               |                     |                     |                         |                     |                   |                    |                    |                    | Non-interest bearing financial instruments |                     |
|---|-------------------|--------------------|---------------------|---------------------|-------------------------|---------------------|-------------------|--------------------|--------------------|--------------------|--|---------------------|
|   |                   | 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     |  |                     |
| <b>On-balance sheet financial instruments</b>                 |                   |                    |                     |                     |                         |                     |                   |                    |                    |                    | Rupees in '000                             |                     |
| <b>Assets</b>   |                   |                    |                     |                     |                         |                     |                   |                    |                    |                    |  |                     |
| Cash and balances with treasury banks                         | -                 | 40,895,031         | 4,614,459           | -                   | -                       | -                   | -                 | -                  | -                  | -                  | 36,280,572                                 |                     |
| Balances with other banks                                     | 4.76%             | 3,727,490          | -                   | -                   | -                       | -                   | -                 | -                  | -                  | -                  | 3,727,490                                  |                     |
| Lendings to financial institutions                            | -                 | -                  | -                   | -                   | -                       | -                   | -                 | -                  | -                  | -                  | -  |                     |
| Investments   | 18.10%            | 287,957,001        | 116,283,934         | 303,001             | 2,821,117               | 54,510,248          | 12,733,082        | 202,851            | 58,595,713         | 17,887,292         | -  | 24,619,763          |
| Advances  | 18.38%            | 203,726,900        | 132,206,172         | 21,103,025          | 10,169,510              | 9,538,214           | 8,428,469         | 10,627,879         | 5,730,070          | 2,482,326          | 3,441,235                                  | -                   |
| Other assets  | -                 | 32,190,193         | -                   | -                   | -                       | -                   | -                 | -                  | -                  | -                  | 32,190,193                                 |                     |
|   |                   | <b>568,496,615</b> | <b>253,104,565</b>  | <b>21,406,026</b>   | <b>12,990,627</b>       | <b>64,048,462</b>   | <b>21,161,551</b> | <b>10,830,730</b>  | <b>64,325,783</b>  | <b>20,369,618</b>  | <b>3,441,235</b>                           | <b>96,818,018</b>   |
| <b>Liabilities</b>  |                   |                    |                     |                     |                         |                     |                   |                    |                    |                    |  |                     |
| Bills payable   | -                 | 5,668,721          | -                   | -                   | -                       | -                   | -                 | -                  | -                  | -                  | 5,668,721                                  |                     |
| Borrowings  | 15.00%            | 27,222,479         | 784,673             | 14,788,250          | 3,308,234               | 173,587             | 518,069           | 1,530,567          | 2,074,696          | 4,044,403          | -  | -                   |
| Deposits and other accounts                                   | 11.90%            | 486,282,778        | 195,841,094         | 18,380,943          | 35,290,009              | 75,096,979          | 385,844           | 671,683            | 70,450             | -                  | -  | 160,545,776         |
| Liabilities against right-of-use assets                       | 13.23%            | 2,234,115          | 15,267              | 6,184               | 21,616                  | 118,078             | 334,339           | 519,970            | 262,546            | 956,115            | -  | -                   |
| Subordinated debt   | 22.50%            | 8,497,767          | 4,998,000           | 3,499,767           | -                       | -                   | -                 | -                  | -                  | -                  | -  | 11,655,785          |
| Other liabilities   | -                 | 11,655,785         | -                   | -                   | -                       | -                   | -                 | -                  | -                  | -                  | -  | 11,655,785          |
|   |                   | <b>541,561,645</b> | <b>201,639,034</b>  | <b>36,675,144</b>   | <b>38,619,859</b>       | <b>75,388,644</b>   | <b>1,238,252</b>  | <b>2,722,220</b>   | <b>2,407,692</b>   | <b>5,000,518</b>   | <b>-</b>                                   | <b>177,870,282</b>  |
| <b>On-balance sheet gap</b>                                   |                   | <b>26,934,970</b>  | <b>51,465,531</b>   | <b>(15,269,118)</b> | <b>(25,629,232)</b>     | <b>(11,340,182)</b> | <b>19,923,299</b> | <b>8,108,510</b>   | <b>61,918,091</b>  | <b>15,369,100</b>  | <b>3,441,235</b>                           | <b>(81,052,264)</b> |
| <b>Off-balance sheet financial instruments</b>                |                   |                    |                     |                     |                         |                     |                   |                    |                    |                    |  |                     |
| Documentary credits and short-term trade-related transactions | -                 | -                  | -                   | -                   | -                       | -                   | -                 | -                  | -                  | -                  | -  |                     |
| Commitments in respect of:                                    | -                 | -                  | -                   | -                   | -                       | -                   | -                 | -                  | -                  | -                  | -  |                     |
| - forward foreign exchange contracts                          | 22,159,645        | (5,265,939)        | 176,353             | 15,101,246          | 12,147,985              | -                   | -                 | -                  | -                  | -                  | -  |                     |
| - forward government securities transactions                  | -                 | -                  | -                   | -                   | -                       | -                   | -                 | -                  | -                  | -                  | -  |                     |
| - derivatives   | -                 | -                  | -                   | -                   | -                       | -                   | -                 | -                  | -                  | -                  | -  |                     |
| - forward lending   | 10,000            | -                  | -                   | -                   | 10,000                  | -                   | -                 | -                  | -                  | -                  | -  |                     |
|   | <b>22,169,645</b> | <b>(5,265,939)</b> | <b>176,353</b>      | <b>15,101,246</b>   | <b>12,157,985</b>       | <b>-</b>            | <b>-</b>          | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>                                   |                     |
| <b>Off-balance sheet gap</b>                                  |                   | <b>22,169,645</b>  | <b>(5,265,939)</b>  | <b>176,353</b>      | <b>15,101,246</b>       | <b>12,157,985</b>   | <b>-</b>          | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>                                   |                     |
| <b>Total yield / interest risk sensitivity gap</b>            |                   | <b>46,199,592</b>  | <b>(15,092,765)</b> | <b>(10,527,986)</b> | <b>817,803</b>          | <b>19,923,299</b>   | <b>8,108,510</b>  | <b>61,918,091</b>  | <b>15,369,100</b>  | <b>3,441,235</b>   | <b>(81,052,264)</b>                        |                     |
| <b>Cumulative yield / interest risk sensitivity gap</b>       |                   | <b>46,199,592</b>  | <b>31,106,827</b>   | <b>20,578,841</b>   | <b>21,396,644</b>       | <b>41,319,943</b>   | <b>49,428,453</b> | <b>111,346,544</b> | <b>126,715,644</b> | <b>130,156,879</b> |  |                     |

**46.3.1 Reconciliation of Assets and Liabilities exposed to yield / interest rate risk with Total Assets and Liabilities**

| 2024   | 2023               | 2024  | 2023                       |
|--|--------------------|---|----------------------------|
| ----- Rupees in '000 -----                     |                    |   | ----- Rupees in '000 ----- |
| <b>Total financial assets as per note 46.3</b> |                    | <b>Total financial liabilities as per note 46.3</b> |                            |
| <b>609,006,085</b>                             | <b>568,496,615</b> | <b>583,376,262</b>                                  | <b>541,561,645</b>         |
| <b>12,086,893</b>                              | <b>8,627,102</b>   | <b>671,138</b>                                      | <b>1,316,108</b>           |
| <b>6,806,276</b>                               | <b>4,872,907</b>   | <b>8,353,234</b>                                    | <b>6,232,637</b>           |
| <b>2,610,093</b>                               | <b>2,139,578</b>   |   |                            |
| <b>5,597,921</b>                               | <b>5,296,256</b>   |   |                            |
| <b>27,101,183</b>                              | <b>20,935,843</b>  | <b>592,400,634</b>                                  | <b>549,110,390</b>         |
| <b>636,107,268</b>                             | <b>589,432,458</b> |   |                            |

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**46.3.2 OPERATIONAL RISK**

The Bank currently uses Basic Indicator Approach to Operational Risk for regulatory capital calculations. A comprehensive ORM Framework approved by the Board of Directors is in place which addresses all significant aspects of ORM. Operational Risk identification and assessment tools used by the Bank include Risk and Control Self Assessments (RCSAs), Key Risk Indicators (KRIs) and Incident Management and Data Collection. Operational Risk Champions have been nominated from all departments of the Bank and are responsible for implementation of the Framework in coordination with the ORM department. An Operational Risk Management Committee (ORMC) monitors and oversees operational risk issues.

To inculcate the operational risk management culture at the Bank, Operational Risk Management function imparts operational risk awareness to all the new employees of the Bank as part of the induction training along with the mandatory training for all employees of the Bank via the Bank's online learning portal.

The Business Continuity Management (BCM) framework is in place and the plans are regularly tested to provide assurance that key functions of the Bank are able to continue their operations from alternate processing site(s) in case the primary site(s) are not accessible or available.

**46.4 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 for liquidity management is to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet its 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.

The Bank calculates Liquidity Coverage Ratio (LCR) on a monthly basis. Based on December 31, 2024 numbers LCR is 190.5% against SBP minimum requirement of 100%, with Total Stock of High-Quality Liquid Assets (HQLA) of Rs. 198,354.2 million and Net Cash Outflows of Rs. 104,122.5 million. On monthly basis during the year, LCR has remained well over the minimum threshold ranging from 190.5% to 426.01% during the year.

Furthermore, Based on December 31, 2024 numbers the NSFR is 179.37% against SBP minimum requirement of 100%, with Total Available Stable Funding of Rs. 483,536.2 million and Total Required Stable Funding of Rs. 269,567.3 million.

The Bank strategically emphasizes diversification and stability in its funding approach. Its funding base is varied, encompassing stable sources like equity, subordinated loans, retail and small business deposits, and less stable forms such as deposits from larger entities. It is fully compliant with Basel III Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), ensuring an ample supply of high-quality liquidity assets relative to liabilities.

The Bank employs stress testing to assess its balance sheet's vulnerability to hypothetical stress events. Liquidity risk factors undergo significant shocks, and their impact on the balance sheet is quantified. Stress testing encompasses scenarios defined by both regulatory standards and internally identified risks. Results are communicated to senior management, the Board of Directors, and regulators.

A Contingency Funding Plan (CFP) is in place to address liquidity challenges during crises. CFP identifying stress scenarios and corresponding funding plans, incorporating early warning indicators. Three Contingency Levels are defined in CFP with varying action Plans for each.

The Liquidity Coverage Ratio's (LCR) key drivers include High-Quality Liquid Assets (HQLA) and Net Cash Outflow, determined by asset liquidity quality and liability profile volatility. The composition of HQLA as of December 31, 2024, is detailed as below:

Level 1 Assets: Rs. 194,476 billion  
Level 2 Assets: Rs. 3,759.6 billion

**JS BANK LIMITED**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

#### **46.4.1 Assets and Liabilities - based on contractual maturities**

**JS BANK LIMITED**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
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#### **46.4.2 Assets and Liabilities - based on expected maturities**

For assets and liabilities that have a contractual maturity, the expected maturity is considered to be the same as contractual maturity. Assets and liabilities that do not have a contractual maturity have been categorised on the basis of expected maturities as determined by ALCO.

**JS BANK LIMITED**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
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**JS BANK LIMITED**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
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**47. 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 also enters 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.

**48. GENERAL**

- 48.1** Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current year. However, there are no material re-arrangements / re-classifications to report.
- 48.2** The figures in these unconsolidated financial statements have been rounded off to the nearest thousand.

**49. 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 28, 2025.

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**President and  
Chief Executive Officer**

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**Chief Financial  
Officer**

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**Director**

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**Director**

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**Director**

Statement showing written-off loans or any other financial relief of Rupees Five Hundred Thousand or above provided during the year ended December 31, 2024

| 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 written-off | Interest/Mark-up written-off/waived | Other financial | Total         |
|---------------|---|---|--|--|------------------|-----------------------------|---------------|-----------------------|-------------------------------------|-----------------|---------------|
|               |   |   |  | Principal                                    | Interest/Mark-up | Other than interest/Mark-up | Total         |                       |                                     |                 |               |
| <b>1</b>      | GHULAM SARWAR<br>TOBA TEK SINGH   | GHULAM SARWAR<br>33302-5108821-7                                    | KHUSHI MUHAMMAD KHAN   | 725  | 20               | 1                           | 746           | 725                   | 20                                  | 1               | 746           |
| <b>2</b>      | BILAL AHMED ALI RANJHA<br>HOUSE 209 BLOCK U PHASE 2 DHA LAHORE  | BILAL AHMED ALI RANJHA<br>38401-4928568-9                           | CHAUDHARY SAIF ULLAH RANJHA                                    | 650  | 1,355            | -                           | 2,005         | 230                   | 1,355                               | -               | 1,585         |
| <b>3</b>      | AKRAM AND BROTHERS<br>SHOP NO 63 B GHALLA MANDI VEHARI  | HAFIZ MUHAMMAD WASEEM AKRAM<br>36603-2964551-5                      | MUHAMMAD AKRAM   | 2,224  | 1,971            | -                           | 4,195         | -                     | 513                                 | 140             | 653           |
| <b>4</b>      | IMTIAZ ALI NOONARI<br>HOUSE NO 04 42 NASEEM NAGAR PHASE 3 QASIMABAD HYDERABAD                               | IMTIAZ ALI NOONARI<br>41306-6122213-1                               | KAMAL KHAN NOONARI   | 1,000  | 729              | 13                          | 1,742         | -                     | 697                                 | 13              | 710           |
| <b>5</b>      | IRFAN MEHMOOD<br>DERA AHMAD NAZAW PEER ASHAB PO RAZAI SHAH SHUMALI TEHSIL AND BHAKKAR                       | IRFAN MEHMOOD<br>38101-9329113-7                                    | MEHMOOD  | 698  | 489              | 0                           | 1,187         | -                     | 517                                 | 16              | 533           |
| <b>6</b>      | HASSAN MAHMOOD<br>H NO 15 MOHALLA AHMAD BLOCK GARDEN TOWN LAHORE  | HASSAN MAHMOOD<br>35202-0523859-1                                   | SABIR MEHM MOD   | 1,500  | 931              | 0                           | 2,431         | -                     | 780                                 | 30              | 810           |
| <b>7</b>      | GUL HASSAN<br>VILLAGE NASRULLAH DUNB SHAKH USTA MUHAMMAD PO USTA MUHAMMAD                                   | GUL HASSAN<br>53202-5416173-3                                       | HYDER KHAN   | -  | 712              | 0                           | 712           | -                     | 477                                 | 28              | 505           |
| <b>8</b>      | MUHAMMAD SAEED SHAKKIR<br>HOUSE 1126 AZIZABAD FB AREA BLOCK 8 KARACHI                                       | MUHAMMAD SAEED SHAKKIR<br>42101-9639987-7                           | MOHAMMAD SHARIF SHAKKIR  | 6,068  | 957              | -                           | 7,025         | -                     | 953                                 | -               | 953           |
| <b>9</b>      | GUL MUNIR<br>GOTH QABOOL KHAN MAN GS1 PO BULRI SHAH KARIM TEHSIL BULRI SHAH KARIM DISTT TANDO MUHAMMAD KHAN | GUL MUNIR<br>41602-0623661-7  | GHULAM HUSSAIN MAGSI   | 5,000  | 3,360            | 0                           | 8,360         | -                     | 2,295                               | 100             | 2,395         |
| <b>10</b>     | MOHAMMAD IBRAHIM KHAN<br>HOUSE NO3704 70 HASSAN PARWANA COLONY POST OFFICE GPO MULTAN                       | MOHAMMAD IBRAHIM KHAN<br>36302-9148629-3                            | MUHAMMAD HUSSAIN KHAN  | -  | 2,017            | 0                           | 2,017         | -                     | 2,017                               | 173             | 2,190         |
| <b>11</b>     | MUHAMMAD AMJAD KHAN<br>MOH GULSHAN E DILAWAR GT ROAD NEAR GRID STATION KAMOKE DISTT GUJRANWALA              | MUHAMMAD AMJAD KHAN<br>34102-4106239-1                              | ABDUL MAJEED KHAN  | 2,992  | 986              | 0                           | 3,978         | -                     | 605                                 | 22              | 627           |
| <b>12</b>     | SALMAN KHAN<br>BLOCK A 4 HOUSE NO 8 65 ADAM TOWN COMPOUND WALL MIR PURKHAS                                  | SALMAN KHAN<br>44109-0353469-7                                      | ABDUL SALAM  | 900  | 590              | 0                           | 1,490         | -                     | 670                                 | 20              | 690           |
| <b>13</b>     | MOHAMMAD IBRAHIM<br>FLAT NO 402 THE PATEL SUPARI WALA ST GARDEN EAST KARACHI                                | MOHAMMAD IBRAHIM<br>42301-8566182-3                                 | ABDUL SATTAR   | 8,895  | 1,868            | -                           | 10,763        | -                     | 549                                 | 15              | 564           |
| <b>14</b>     | MUHAMMAD ISHAQ<br>HOUSE NO 1653 MANSOOR NAGAR RAIS AMROHI COLONY SEC TOR 11 1 2 ORANGI TOWN KARACHI         | MUHAMMAD ISHAQ<br>34201-0566810-5                                   | MUHAMMAD ASGHAR  | -  | -                | -                           | -             | 505                   | -                                   | -               | 505           |
| <b>15</b>     | SHAH NAWAZ MARI<br>DEH HOOT WASSAN TALU KA JAM NAWAZ ALI DISTT SANGHAR                                      | SHAH NAWAZ MARI<br>44103-0187586-1                                  | ABDUL GHANI MAREE  | 1,399  | 792              | 0                           | 2,191         | -                     | 674                                 | 41              | 715           |
| <b>16</b>     | ASHGAR ALI<br>YOUNAS NAGAR DHANT PURA POST OFFICE CHAK DHANT PURATEHSIL SHEIKHPURA                          | ASHGAR ALI<br>35404-1636181-9                                       | MUHAMMAD AKRAM   | 1,765  | 839              | -                           | 2,604         | -                     | 839                                 | -               | 839           |
| <b>17</b>     | ABDUL HAMEED<br>VILLAGE QABOOL KHAN MAGSI PO BULRI SHAH KARIM TALUKA BULRI SHAH KARIM TANDO MUHAMMAD KHAN   | ABDUL HAMEED<br>41602-0646711-1                                     | MUHAMMAD SULEMAN   | 1,844  | 1,029            | 45                          | 2,918         | -                     | 1,256                               | -               | 1,256         |
| <b>18</b>     | GONDAL CRUSHING PLANT<br>HOUSE NO 1752 BLOCK A SATELLITE TOWN SARGODHA                                      | ASIF NASEER<br>38403-2154694-1                                      | NASEER AHMED   | 8,001  | 1,102            | -                           | 9,103         | -                     | 1,100                               | -               | 1,100         |
| <b>19</b>     | MUHAMMAD AHMAD<br>MORA QALAN DAKHANA MORE KHUNDA NANKANA SAHIB  | MUHAMMAD AHMAD<br>35501-0351066-3                                   | MEHR FALAK SHER  | 600  | 482              | 0                           | 1,082         | -                     | 570                                 | 6               | 576           |
| <b>20</b>     | ZAHOOR AHMAD<br>GALI KHAJOUR WALI MO HALLAH ALI TOWN HAFIZABAD  | ZAHOOR AHMAD<br>34301-2129995-7                                     | MUHAMMAD MANZOOR   | 2,615  | 2,013            | 1                           | 4,629         | -                     | 1,399                               | 1               | 1,400         |
| <b>21</b>     | FARMERS EQUITY (PVT) LTD.<br>1ST FLOOR MALL PLAZA MALL ROAD MULTAN CANTT MULTAN                             | ABDUL REHMAN KHAN MALAZAI<br>MUHAMMAD IBRAHIM KHAN<br>MUHAMMAD SAAD | MUHAMMAD HUSSAIN KHAN<br>MUHAMMAD HUSSAIN KHAN<br>ABDUR REHMAN | -  | 1,757            | 2                           | 1,759         | -                     | 296                                 | 1,652           | 1,948         |
| <b>TOTAL:</b> |   |   |  | <b>46,876</b>                                | <b>23,999</b>    | <b>62</b>                   | <b>70,937</b> | <b>1,460</b>          | <b>17,582</b>                       | <b>2,258</b>    | <b>21,300</b> |

\* Relief includes amounts which would be due to the Bank under contractual arrangements whether or not accrued in the books.

**Details of disposal of Property and equipment to related parties  
For The Year Ended December 31, 2024**

**Annexure - II**

|  | <b>Cost</b>   | <b>Book value</b> | <b>Sale<br/>proceeds</b> | <b>Gain / (loss)</b> | <b>Mode of<br/>disposal</b> | <b>Particulars of Buyer</b>  |
|--|---------------|-------------------|--------------------------|----------------------|-----------------------------|------------------------------|
| ----- Rupees in '000 -----                       |               |                   |                          |                      |                             |                              |
| <b>Electrical, office and computer equipment</b> |               |                   |                          |                      |                             |                              |
| Mobile phone                                     | 50            | -                 | 5                        | 5                    | Buyback                     | Hasan Shahid                 |
| Mobile phone                                     | 40            | 20                | 21                       | 1                    | Buyback                     | Soofi Saif                   |
| Mobile phone                                     | 98            | -                 | 10                       | 10                   | Buyback                     | Tauqeer Haider               |
| Laptop   | 1,021         | 255               | -                        | (255)                | Buyback                     | Imran Haleem Sheikh          |
|  | <b>1,209</b>  | <b>275</b>        | <b>36</b>                | <b>(239)</b>         |                             |                              |
| <b>Vehicle</b>                                   | 20,374        | 16,111            | 24,182                   | 8,071                | Sale                        | Bank Islami Pakistan Limited |
| <b>Total</b>                                     | <b>21,583</b> | <b>16,386</b>     | <b>24,218</b>            | <b>7,832</b>         |                             |                              |



# DIRECTORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

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, 2024.

## Consolidated financial highlights

|   | 2024             | (Restated)<br>2023 |
|---|------------------|--------------------|
|   |                  | (PKR Million)      |
| Profit before taxation                            | <b>30,679</b>    | 18,678             |
| Taxation  | <b>17,319</b>    | 8,301              |
| Profit after taxation                             | <b>13,360</b>    | 10,377             |
| Profit attributable to non-controlling interest   | <b>3,051</b>     | 916                |
| Profit attributable to equity holders of the Bank | <b>10,309</b>    | 9,461              |
| Earnings per share - Basic and Diluted (Rupees)   | <b>5.03</b>      | 6.00               |
| Investments – net                                 | <b>629,466</b>   | 583,123            |
| Advances – net                                    | <b>521,168</b>   | 429,352            |
| Total assets                                      | <b>1,359,043</b> | 1,226,459          |
| Deposits  | <b>1,081,826</b> | 1,007,819          |
| Shareholders' equity                              | <b>76,797</b>    | 59,769             |

## **Subsidiary Companies**

### **BankIslami Pakistan Limited**

Bank Islami Pakistan Limited (BIPL) is a full-service Islamic Bank in Pakistan. It operates in compliance with the principles of Islamic Shariah. As an Islamic bank, BankIslami places a significant emphasis on ensuring that its operations and financial products adhere to Shariah principles. In August 2023, JS Bank acquired the majority of shares, making BIPL its subsidiary with 75.12 percent shareholding.

Summarized results of the Bank are set out below:

| Particulars       | December 31, 2024(Audited) | December 31, 2023 (Audited) |
|-------------------|----------------------------|-----------------------------|
| Profit before tax | 25,530                     | 20,523                      |
| Profit after tax  | 11,834                     | 11,045                      |
| EPS (Rupees)      | 10.6733                    | 9.9622                      |

### **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 92.90 percent ownership of the company.

JS Global has a paid-up capital of PKR 275 million and shareholder equity of PKR 2,945 million as of December 31, 2024. 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

| <b>Particulars</b> | <b>December 31, 2024 (Audited)</b> | <b>December 31, 2023 (Audited)</b> |
|--------------------|------------------------------------|------------------------------------|
| Profit Before Tax  | 518                                | 212                                |
| Profit After Tax   | 455                                | 187                                |
| EPS (Rupees)       | 16.54                              | 6.82                               |

### **JS Investments Limited**

JS Investments Limited (JSIL) has a paid-up capital of PKR 616 million and shareholder equity of PKR 2,112 million as of December 31, 2024. It is listed on the Pakistan Stock Exchange. JS Bank has 84.73 percent ownership of 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 a 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

| <b>Particulars</b> | <b>December 31, 2024 (Audited)</b> | <b>December 31, 2023 (Audited)</b> |
|--------------------|------------------------------------|------------------------------------|
| Profit before tax  | 489                                | 254                                |
| Profit after tax   | 449                                | 310                                |
| EPS (Rupees)       | 7.27                               | 5.02                               |

For and on behalf of the Board,

Basir Shamsie

President & CEO

February 28, 2025

Adil Matcheswala

Chairman

## بچے ایس انویسٹمنٹ لمبید

31 دسمبر 2024ء بچے ایس انویسٹمنٹ لمبید (بچے ایس آئی ایل) کا ادا شدہ سرمایہ 616 ملین روپے جبکہ حصہ نتگان کا سرمایہ 2,112 ملین روپے ہے۔ یہ پاکستان اسٹاک اسٹھیج میں درج ہے۔ بچے ایس بینک کمپنی کی 84.73 فیصد کی ملکیت ہے۔

بچے ایس انویسٹمنٹ لفنس، فتح انویسٹمنٹ اپڈے اور ایسیسٹ مینجنٹ کمپنی ہے جو زن بینکنگ فانس کمپنیز (اٹیبلشمنٹ اینڈ ریگولیشنر) قواعد 2003 (این بی ایف سی تواعد) اور زن بینکنگ فانس کمپنیز اینڈ نو 2008 (اینڈ اینٹریئریز ریگولیشنر 2008) (این بی ایف سی ریگولیشنر) کے تحت کام کرتی ہے۔ اس کے علاوہ بچے ایس آئی ایل کے پس والٹری پنشن سسٹم روز 2005 کے تحت پنشن فنڈ منجر اور سیکیورٹیز اینڈ اسٹھیج کمیشن آف پاکستان سے پاکستانی اینڈ وچر کمپنیل فنڈ مینجنٹ سروز کا بھی لفنس ہے۔

**کمپنی کے تجارتی خلاصہ درج ذیل ہے:**

روپے ملین میں

| تفصیلات          | 31 دسمبر 2024 (پڑال شدہ) | 31 دسمبر 2023 (پڑال شدہ) |
|------------------|--------------------------|--------------------------|
| قبل از ٹکس منافع | 489                      | 254                      |
| بعد از ٹکس منافع | 449                      | 310                      |
| ای پی ایس (روپے) | 7.27                     | 5.02                     |

از طرف بورڈ

عادل ماجس والا

چیئرمین

صرشی

صدر اینڈ سی ای او

28 فروری 2025ء

روپے میں

کمپنی کے نجی کا خلاصہ درج ذیل ہے:

| تفصیلات             | 31 دسمبر 2024 (آڈٹ شدہ) | 31 دسمبر 2023 (آڈٹ شدہ) |
|---------------------|-------------------------|-------------------------|
| قبل از ٹکس منافع    | 25,530                  | 20,523                  |
| بعد از ٹکس منافع    | 11,834                  | 11,045                  |
| نی حصص آمدنی (روپے) | 10.6733                 | 9.9622                  |

بے ایس گلوبل کمپیل لمبیڈ:

بے ایس گلوبل کمپیل لمبیڈ مقامی کمپیل مارکیٹ میں قائم اند پوز کے ساتھ پاکستان کی بڑی سیکیورٹیز۔ وکر تج اور انویسٹمنٹ فرمول میں سے ای فرم ہے جو، کٹی، فکسڈ آمدن، کرنیوں اور کمودیٹیز۔ وکر تج اور انویسٹمنٹ بینکنگ کے کاروبار سے مسلک ہے۔ بے ایس گلوبل کمپیل لمبیڈ 28 جون 2000 کو پاکستان میں قائم کی گئی اور یہ جہانگیر صدیقی اینڈ کمپنی لمبیڈ اور یسرا اسٹر۔ جہانگیر صدیقی لمبیڈ کے سیکیورٹیز کاروبار کا جانشین ہے۔ بے ایس بینک کے پس کمپنی کے 92.90 فیصد کی ملکیت ہے۔

بے ایس گلوبل کے پس 31 دسمبر 2024 ادا شدہ سرمایہ 275 میں روپے ہے اور شیئر ہو لڈ سرمایہ 2,945 میں روپے ہے۔ یہ پاکستان اسٹاک اکسچوچ میں درج ہے۔

پاکستان کریٹ رینگ ایجنٹی (پی اے سی آر اے) بینک کی طویل مدتی ایٹھی رینگ-AA (ڈبل اے مائنس) مختصر مدتی کریٹ رینگ A1+ (اے ون پلس) تفویض کی ہے۔ یہ درجہ بندی مالیاتی وعدوں کی۔ وقت اداگنگی کیلئے انتہائی مضبوط صلاحیت سے پیدا ہونے والے کریٹ رسک کی بہت کم توقع کی ہے۔ ہی کرتی ہے۔

کمپنی کے نجی کا خلاصہ درج ذیل ہے:

روپے میں

| تفصیلات             | 31 دسمبر 2024 (پُتاں شدہ) | 31 دسمبر 2023 (پُتاں شدہ) |
|---------------------|---------------------------|---------------------------|
| قبل از ٹکس منافع    | 518                       | 212                       |
| بعد از ٹکس منافع    | 455                       | 187                       |
| نی حصص آمدنی (روپے) | 16.54                     | 6.82                      |

حتمی مالیاتی، انگریزہ پاکستان لیمیٹڈ  
اے سال ختم ہے 31 دسمبر 2024ء

بورڈ آف ڈائیکٹرز کی جانب سے ہم 31 دسمبر 2024ء کو اختتام پر یہونے والے سال کیلئے جے ایس بینک لیمیٹڈ (دی بینک) اور اس کی ذمہ کمپنیوں کے پہلے شدہ حتمی مالیاتی، انگریزہ اور آڈیٹر زر پورٹ پیش کرنے میں مسٹر محسوس کرتے ہیں۔

حتمی مالیاتی، انگریزہ کا خلاصہ:

|                     | 2023      | 2024                               |  |
|---------------------|-----------|------------------------------------|--|
| (پاکستانی روپے میں) |           |                                    |  |
| 18,678              | 30,679    | قبل از تکمیل منافع                 |  |
| 8,301               | 17,319    | تکمیل کی ادائیگی                   |  |
| 10,377              | 13,360    | بعد از تکمیل منافع                 |  |
| 916                 | 3,051     | ان کنٹرولنگ انٹریس سے منسوب منافع  |  |
| 9,461               | 10,309    | بینک کے ائمی ہولڈرز سے منسوب منافع |  |
| 6.00                | 5.03      | نی حصہ منافع - بی دی (روپے)        |  |
| 583,123             | 629,466   | سرمایہ کاریں - صافی                |  |
| 429,352             | 521,168   | ایڈوا - صافی                       |  |
| 1,226,459           | 1,359,043 | کل اٹھے                            |  |
| 1,007,819           | 1,081,826 | ڈپزٹس                              |  |
| 59,769              | 76,797    | شیئر ہولڈرز ائمی                   |  |

ذی، کمپنیاں:

بینک اسلامی پاکستان لیمیٹڈ:

بینک اسلامی پاکستان لیمیٹڈ (بی آئی پی ایل) پاکستان میں ایک کامل سروں فراہم کنندہ اسلامی بینک ہے۔ یہ اسلامی شریعت کے اصولوں کے مطابق آپریٹ کرتا ہے۔ بطور ایڈوا اسلامی بینک، بینک اسلامی اس بٹ کو یقینی بنانے پر خاص زور دیتا ہے کہ اس کے آئیشنز اور مالیاتی پوڈکش شرعی اصولوں کے مطابق ہوں۔ اگست 2023 میں، جے ایس بینک نے 75.12 فیصد شیئر ہولڈر کے ساتھ بی آئی پی ایل کو اپنا ادارہ بناتے ہوئے حصہ کی اکثریٰ حاصل کی۔



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## INDEPENDENT AUDITOR'S 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 2024, and the consolidated statement of profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of material 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 2024 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.



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Following are the Key Audit Matters:

| S.No. | Key Audit Matters   | How the matter was addressed in our audit  |
|-------|---|--|
| 1     | <p><b>Valuation of Advances:</b><br/>(Refer note 9 &amp; 20 to the consolidated financial statements)</p> <p>As at 31 December 2024, the Bank's Credit loss allowance against advances and off-balance sheet items amounting to Rs. 41,334 million and Rs. 572 million respectively.</p> <p>As per the BPRD Circular No. 07 of 2023, the Bank adopted IFRS 9 in accordance with the Application Instructions issued by State Bank of Pakistan (SBP) for IFRS 09 from 01 January 2024 which requires the Bank to recognize Expected Credit Losses (ECL) on advances including non-funded exposure. The estimation of ECL on advances including non-funded exposure, involves judgement and complexity.</p> <p>The key areas which are subject to management judgement in the estimation of ECL are:</p> <ul style="list-style-type: none"><li>Model estimations – judgmental modelling and assumption are used to estimate ECL which involves determining Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). Respective model assumption is a key driver of complexity and uncertainty and are required in the application of these model for calculation of the ECL estimate.</li><li>Economic scenarios – IFRS 9 requires the Bank to measure ECL on an unbiased forward-looking basis reflecting a range of future</li></ul> | <p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"><li>Performing risk assessment procedures over the credit loss allowance against advances and off-balance sheet exposure within the Bank's consolidated financial statement. As part of these risk assessment procedures, identifying the portfolios associated with a risk of material misstatement including those arising from judgements over the estimation of ECL either due to inputs, methods or assumption.</li><li>Assessing the design, implementation and operating effectiveness of key controls established by the Bank over measurement of ECL and provision calculated as per PR;</li><li>We involved in-house specialist who assisted in the following:<ul style="list-style-type: none"><li>Evaluating the Bank's impairment methodologies for compliance with application instructions as issued by SBP for IFRS 9;</li><li>Assessing the reasonableness of the Bank's methodology and models for determining the economic scenarios used and the probability weightings applied to them by independently validating and challenging the assumption, methodologies, and outputs of the models;</li><li>Assessing the reasonableness of macro-economic variable and</li></ul></li></ul> |



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| S.No. | Key Audit Matters  | How the matter was addressed in our audit  |
|-------|--|--|
|       | <p>economic conditions. Management judgement is applied in determining the forward-looking economic scenarios used as an input to calculate ECL, the associated scenario probability weightings, and the key economic variables that drive the scenarios.</p> <ul style="list-style-type: none"><li>Qualitative criteria – the criteria selected to identify a SICR involves judgment and can lead to unreliable ECL recognized for certain portfolios.</li></ul> <p>In line with the application instructions as issued by SBP for IFRS 9, the Bank must compare the ECL for Stage 3 advances with the provision determined under the Prudential Regulations (PR) issued by the SBP. The PR requires specific provisioning against the advances on the basis of time-based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of provision against advances, therefore, involves use of management's judgement, on a case-to-case basis, taking into account factors such as the economic and business conditions, borrowers' repayment behaviors and realizability of collateral held by the Bank.</p> <p>Because of the high degree of estimation uncertainty and judgement involved in the calculation of ECL we considered the area of ECL provision as a key audit matter.</p> | <p>economic forecasts by comparing these to external sourced data extracted; and</p> <ul style="list-style-type: none"><li>- Performing independent testing of the Expected Credit Loss (ECL) allowance on a sample basis.</li><li>Ensuring completeness of the key inputs into the ECL calculations with their respective sub-ledgers and general ledgers.</li><li>Performing testing on sample basis over key inputs into the ECL calculations with their respective source documents.</li><li>Performing sensitivity analysis on the key assumption, that is probability weighted economic scenarios, to assess reasonableness and the risk of biasness by changing weights assigned to each economic scenario.</li><li>In accordance with the PR, we sampled at least sixty percent of the total advances portfolio and performed credit review through the following substantive procedures:<ul style="list-style-type: none"><li>- verifying repayments of advances/ mark-up installments and checked that non-performing advances have been correctly classified and categorized based on the number of days overdue;</li><li>- examining watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate; and</li></ul></li></ul> |



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| S.No. | Key Audit Matters  | How the matter was addressed in our audit   |
|-------|--|---|
|       |  | <ul style="list-style-type: none"><li>- assessing the accuracy of specific provision made against non-performing advances in accordance with the criteria prescribed under the PRs by performing recalculation.</li><li>• Assessing the appropriateness of SICR criteria applied by the Bank by ensuring that the SICR criteria and staging methodology are consistent with the relevant application instructions as issued by SBP for IFRS 9.</li><li>• Assessing the appropriateness of ECL on advances categorized as Stage 3 by performing a comparison of ECL computed, through the use of methodology and models with the provision required to be computed as required under the PR to ensure that an amount which is higher of the ECL and PR requirements is appropriately recognized for these stage 3 advances pursuant to the requirement of application instructions as issued by SBP for IFRS 9.</li><li>• Evaluating the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.</li></ul> |
| 2     | <b>Impairment testing of goodwill</b><br><br>(Refer Note 12 to the consolidated financial statements)  |   |
|       | <p>As at 31 December 2024, intangible assets include goodwill amounting to Rs. 4,408 million acquired as a result of scheme of amalgamation as disclosed in note 12 to the consolidated financial statements.</p> <p>Goodwill is required to be annually assessed for impairment under IAS-36 "Impairment of Assets". Accordingly,</p> | <p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"><li>• Evaluating the model used in determining the value in use as well as assessing the discount rate used;</li><li>• Comparing the cash flow forecasts to approved budgets and other relevant</li></ul>  |



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| S.No. | Key Audit Matters  | How the matter was addressed in our audit   |
|-------|--|---|
|       | Management has performed an impairment test of the goodwill which is subjective in nature due to assumptions made about future performance. As disclosed in note 12, the Bank uses a discounted cash flow model to determine value in use, on the basis of the certain key assumptions. Due to the significance and impact of the assumptions and judgements involved, the impairment testing of goodwill is considered to be a key audit matter.  | market and economic information, as well as testing the underlying calculations; <ul style="list-style-type: none"><li>• Involving our internal valuation specialists to review and evaluate management's key assumptions used in impairment calculations;</li><li>• Performing sensitivity analyses around the key assumptions used in the models;</li><li>• Assessing the adequacy of the related disclosures in the consolidated financial statements in accordance with the applicable financial reporting framework</li></ul>  |
| 3     | <b>Acquisition of BankIslami Pakistan Limited (BIPL)</b><br><br>(Refer Note 1.4.3 to the consolidated financial statements)  |   |
|       | On August 18, 2023, the Bank obtained control of BIPL by holding 50.24% of the total shareholding of BIPL. 'International Financial Reporting Standard (IFRS) 3, 'Business Combinations', requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognised and carried at fair values. 'IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalize the accounting for business combination, the Bank had recorded the net assets of the Business Combination on provisional values which have been finalised in the current year.<br><br>Due to the impact of the assumptions and judgements involved in the fair | Our audit procedures, amongst others, included the following: <ul style="list-style-type: none"><li>• Assessing the carrying amounts of all net assets acquired by the Group at the acquisition date. This review was conducted to identify any potential adjustments required to reflect the fair value of assets and liabilities.</li><li>• Evaluating the competence, capabilities and objectivity of the Management Expert and evaluating the appropriateness of the work performed;</li><li>• Obtaining the project price allocation report and conducting inquiries with Management's Expert to understand the valuation methodology;</li><li>• Engaging our valuation specialist in assessing the appropriateness of the valuation methodology and key assumptions applied in the valuation;</li></ul> |



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| S.No. | Key Audit Matters   | How the matter was addressed in our audit   |
|-------|---|---|
|       | valuation exercise, the acquisition of BIPL is considered to be a key audit matter. | <ul style="list-style-type: none"><li>Assessing the appropriateness of the bargain purchase gain on acquisition of BIPL and is in line with the guidance of IFRS 3 "Business Combination";</li><li>Evaluating the transaction is recorded in line with the requirements of accounting and reporting standards as applicable in Pakistan; and</li><li>Assessing the appropriateness and adequacy of the disclosure made in the consolidated financial statement.</li></ul> |

#### **Information other than the Consolidated Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The Other Information comprises the Annual Report, but does not include the unconsolidated financial statements, consolidated financial statements and our auditor's reports thereon. We were provided with the Director's Report to the Shareholders and Chairman's Review Report prior to the date of this Auditor's report and the remaining parts of the Annual report are expected to be made available to us after that date.

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 on the other information that we obtained prior to the date of this Auditor's report, 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, 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



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preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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.



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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.

We also provide 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 auditor's report is Muhammad Taufiq.

Date: 07 March 2025

Karachi

UDIN: AR202410106dF0WJehVm

*kml Taseer*  
KPMG Taseer Hadi & Co.  
Chartered Accountants

**JS BANK LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2024**

| 2024                                 | 2023      | Note | (Restated)                 | 2024          | 2023 |  |  |  |
|--------------------------------------|-----------|------|----------------------------|---------------|------|--|--|--|
| ----- USD in '000 -----              |           |      | ----- Rupees in '000 ----- |               |      |  |  |  |
| <b>ASSETS</b>                        |           |      |                            |               |      |  |  |  |
| -----                                |           |      |                            |               |      |  |  |  |
| <b>302,109</b>                       | 295,037   | 5    | <b>84,152,368</b>          | 82,182,460    |      |  |  |  |
| <b>18,222</b>                        | 19,035    | 6    | <b>5,075,835</b>           | 5,302,080     |      |  |  |  |
| <b>15,286</b>                        | 59,243    | 7    | <b>4,257,928</b>           | 16,502,138    |      |  |  |  |
| <b>2,259,796</b>                     | 2,093,424 | 8    | <b>629,466,174</b>         | 583,123,274   |      |  |  |  |
| <b>1,871,004</b>                     | 1,541,382 | 9    | <b>521,168,186</b>         | 429,351,921   |      |  |  |  |
| <b>101,150</b>                       | 79,848    | 10   | <b>28,175,404</b>          | 22,241,601    |      |  |  |  |
| <b>25,412</b>                        | 20,995    | 11   | <b>7,078,577</b>           | 5,848,280     |      |  |  |  |
| <b>44,013</b>                        | 36,117    | 12   | <b>12,259,952</b>          | 10,060,410    |      |  |  |  |
| -                                    | -         | 13   | -                          | -             |      |  |  |  |
| <b>242,000</b>                       | 257,934   |      | <b>67,408,704</b>          | 71,846,826    |      |  |  |  |
| <b>4,878,992</b>                     | 4,403,015 |      | <b>1,359,043,128</b>       | 1,226,458,990 |      |  |  |  |
| <b>Total Assets</b>                  |           |      |                            |               |      |  |  |  |
| -----                                |           |      |                            |               |      |  |  |  |
| <b>LIABILITIES</b>                   |           |      |                            |               |      |  |  |  |
| -----                                |           |      |                            |               |      |  |  |  |
| <b>78,619</b>                        | 38,751    | 14   | <b>21,899,370</b>          | 10,793,898    |      |  |  |  |
| <b>410,557</b>                       | 304,862   | 15   | <b>114,360,666</b>         | 84,919,346    |      |  |  |  |
| <b>3,883,778</b>                     | 3,618,092 | 16   | <b>1,081,826,269</b>       | 1,007,819,494 |      |  |  |  |
| <b>28,164</b>                        | 24,005    | 17   | <b>7,845,190</b>           | 6,686,639     |      |  |  |  |
| <b>41,259</b>                        | 40,728    | 18   | <b>11,492,708</b>          | 11,344,671    |      |  |  |  |
| <b>8,803</b>                         | 2,440     | 19   | <b>2,452,165</b>           | 679,542       |      |  |  |  |
| <b>152,111</b>                       | 159,566   | 20   | <b>42,370,206</b>          | 44,446,530    |      |  |  |  |
| <b>4,603,291</b>                     | 4,188,444 |      | <b>1,282,246,574</b>       | 1,166,690,120 |      |  |  |  |
| <b>275,701</b>                       | 214,571   |      | <b>76,796,554</b>          | 59,768,870    |      |  |  |  |
| <b>NET ASSETS</b>                    |           |      |                            |               |      |  |  |  |
| -----                                |           |      |                            |               |      |  |  |  |
| <b>REPRESENTED BY</b>                |           |      |                            |               |      |  |  |  |
| -----                                |           |      |                            |               |      |  |  |  |
| <b>73,619</b>                        | 73,619    | 21   | <b>20,506,625</b>          | 20,506,625    |      |  |  |  |
| <b>34,530</b>                        | 26,171    |      | <b>9,618,250</b>           | 7,290,037     |      |  |  |  |
| <b>29,203</b>                        | 17,520    | 22   | <b>8,134,496</b>           | 4,880,072     |      |  |  |  |
| <b>93,776</b>                        | 63,655    |      | <b>26,121,333</b>          | 17,731,217    |      |  |  |  |
| <b>231,128</b>                       | 180,965   |      | <b>64,380,704</b>          | 50,407,951    |      |  |  |  |
| <b>44,573</b>                        | 33,606    |      | <b>12,415,850</b>          | 9,360,919     |      |  |  |  |
| <b>275,701</b>                       | 214,571   |      | <b>76,796,554</b>          | 59,768,870    |      |  |  |  |
| <b>CONTINGENCIES AND COMMITMENTS</b> |           |      |                            |               |      |  |  |  |
| -----                                |           |      |                            |               |      |  |  |  |
| 23                                   |           |      |                            |               |      |  |  |  |

The annexed notes 1 to 50 and annexures I and II form an integral part of these consolidated financial statements.

President and  
Chief Executive Officer

Chief Financial Officer

Director

Director

Director

**JS BANK LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

| 2024                                   |         | 2023   |  | Note    | (Restated)         |             |
|--|---------|--|--|---------|--------------------|-------------|
|  |         |  |  |         | Rupees in '000     |             |
| ----- USD in '000 -----                |         |  |  |         | 2024               | 2023        |
| <b>795,021</b>                         | 473,918 | Mark-up / return / interest / profit earned  |  | 25      | <b>221,453,179</b> | 132,009,866 |
| <b>529,486</b>                         | 332,059 | Mark-up / return / interest / profit expensed  |  | 26      | <b>147,488,285</b> | 92,495,085  |
| <b>265,535</b>                         | 141,859 | <b>Net mark-up / interest / profit</b>   |  |         | <b>73,964,894</b>  | 39,514,781  |
| <b>NON MARK-UP / INTEREST INCOME</b>   |         |  |  |         |                    |             |
| <b>32,247</b>                          | 21,280  | Fee and commission income  |  | 27      | <b>8,982,540</b>   | 5,927,547   |
| <b>1,622</b>                           | 1,758   | Dividend income  |  |         | <b>451,838</b>     | 489,582     |
| <b>16,621</b>                          | 21,081  | Foreign exchange income  |  |         | <b>4,629,745</b>   | 5,872,014   |
| <b>90</b>                              | (59)    | Income / (loss) from derivatives   |  |         | <b>24,937</b>      | (16,426)    |
| <b>5,369</b>                           | 1,381   | Gain on securities - net   |  | 28      | <b>1,495,476</b>   | 384,782     |
| -                                      | -       | Net gains / (losses) on derecognition of financial assets measured at amortised cost |  |         | -                  | -           |
| <b>1,470</b>                           | (218)   | Share of profit / (loss) of associates   |  | 29      | <b>409,539</b>     | (60,643)    |
| <b>1,037</b>                           | 2,172   | Other income   |  |         | <b>288,837</b>     | 605,011     |
| <b>58,456</b>                          | 47,395  | <b>Total non mark-up / interest income</b>   |  |         | <b>16,282,912</b>  | 13,201,867  |
| <b>323,991</b>                         | 189,254 | <b>Total Income</b>  |  |         | <b>90,247,806</b>  | 52,716,648  |
| <b>NON MARK-UP / INTEREST EXPENSES</b> |         |  |  |         |                    |             |
| <b>184,348</b>                         | 111,182 | Operating expenses   |  | 30      | <b>51,350,253</b>  | 30,969,655  |
| <b>2,404</b>                           | 1,187   | Workers' welfare fund  |  | 31      | <b>669,542</b>     | 330,734     |
| <b>483</b>                             | 293     | Other charges  |  | 32      | <b>134,606</b>     | 81,477      |
| <b>187,235</b>                         | 112,662 | <b>Total non-mark-up / interest expenses</b>   |  |         | <b>52,154,401</b>  | 31,381,866  |
| <b>136,756</b>                         | 76,592  | <b>Profit before credit loss allowance</b>   |  |         | <b>38,093,405</b>  | 21,334,782  |
| <b>26,617</b>                          | 21,613  | Credit loss allowance and write offs - net   |  | 33      | <b>7,414,240</b>   | 6,020,259   |
| -                                      | 12,076  | Bargain purchase gain on acquisition of subsidiary                                   |  | 1.4.3.7 | -                  | 3,363,805   |
| <b>110,139</b>                         | 67,055  | <b>Profit before taxation</b>  |  |         | <b>30,679,165</b>  | 18,678,328  |
| <b>62,176</b>                          | 29,803  | Taxation   |  | 34      | <b>17,319,093</b>  | 8,301,497   |
| <b>47,963</b>                          | 37,252  | <b>Profit after taxation</b>   |  |         | <b>13,360,072</b>  | 10,376,831  |
| <b>Attributable to:</b>                |         |  |  |         |                    |             |
| <b>37,011</b>                          | 33,964  | Equity holders of the Bank   |  |         | <b>10,309,369</b>  | 9,460,636   |
| <b>10,952</b>                          | 3,288   | Non-controlling interest   |  |         | <b>3,050,703</b>   | 916,195     |
| <b>47,963</b>                          | 37,252  |  |  |         | <b>13,360,072</b>  | 10,376,831  |
| <b>US Dollar -----</b>                 |         |  |  |         |                    |             |
| <b>0.018</b>                           | 0.022   | <b>Earnings per share - basic and diluted</b>  |  | 35      | <b>5.03</b>        | 6.00        |
| <b>Rupees -----</b>                    |         |  |  |         |                    |             |

The annexed notes 1 to 50 and annexures I and II form an integral part of these consolidated financial statements.

**President and  
Chief Executive Officer**

**Chief Financial Officer**

**Director**

**Director**

**Director**

**JS BANK LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

| 2024          | 2023          |  | (Restated)                 | 2024              | 2023              |
|---------------|---------------|--|----------------------------|-------------------|-------------------|
|               |               | ----- USD in '000 -----  | ----- Rupees in '000 ----- |                   |                   |
| <b>47,963</b> | 37,252        | <b>Profit after taxation for the year</b>  |                            | <b>13,360,072</b> | 10,376,831        |
|               |               | <b>Other comprehensive income / (loss)</b>   |                            |                   |                   |
|               |               | <b>Items that may be reclassified to profit and loss account in subsequent periods:</b>      |                            |                   |                   |
| (69)          | 789           | Effect of translation of net investment in foreign branch                                    |                            | (19,253)          | 219,841           |
| <b>13,503</b> | 1,253         | Movement in surplus on revaluation of debt investments through FVOCI - net of tax            |                            | <b>3,761,382</b>  | 348,900           |
| -             | 13,515        | Revaluation of available for sale investments - net of tax (Pakistan Operations)             |                            | -                 | 3,764,669         |
| <b>13,434</b> | 15,557        |  |                            | <b>3,742,129</b>  | 4,333,410         |
|               |               | <b>Items that will not be reclassified to profit and loss account in subsequent periods:</b> |                            |                   |                   |
| (340)         | (378)         | Remeasurement loss on defined benefit obligations - net of tax                               |                            | (94,686)          | (105,239)         |
| <b>596</b>    | 66            | Movement in surplus on revaluation of investments in equity - net of tax                     |                            | <b>166,011</b>    | 18,429            |
| <b>2,471</b>  | (164)         | Movement in surplus on revaluation of property and equipment - net of tax                    |                            | <b>688,289</b>    | (45,739)          |
| 115           | 1,405         | Movement in surplus on revaluation of non-banking assets - net of tax                        |                            | 32,129            | 391,277           |
| <b>2,842</b>  | 929           |  |                            | <b>791,743</b>    | 258,728           |
| <b>64,239</b> | <b>53,738</b> | <b>Total comprehensive income</b>  |                            | <b>17,893,944</b> | <b>14,968,969</b> |
|               |               | <b>Attributable to:</b>  |                            |                   |                   |
| 50,543        | 47,649        | Equity holders of the Bank   |                            | 14,078,728        | 13,272,692        |
| <b>13,696</b> | 6,089         | Non-controlling interest   |                            | <b>3,815,216</b>  | 1,696,277         |
| <b>64,239</b> | <b>53,738</b> |  |                            | <b>17,893,944</b> | <b>14,968,969</b> |

The annexed notes 1 to 50 and annexures I and II form an integral part of these consolidated financial statements.

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|  |                         |          |          |          |
|--|-------------------------|----------|----------|----------|
| President and<br>Chief Executive Officer | Chief Financial Officer | Director | Director | Director |
|--|-------------------------|----------|----------|----------|

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**JS BANK LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED DECEMBER 31, 2024

|  | Attributable to shareholders of the Bank |                             |                  |                              |                   |                                       |                        |                    |                       |                   |                   | Non-controlling interest | Total |
|--|--|-----------------------------|------------------|------------------------------|-------------------|---------------------------------------|------------------------|--------------------|-----------------------|-------------------|-------------------|--------------------------|-------|
|  | Share capital                            |                             | Capital Reserves |                              | Statutory reserve | Surplus / (deficit) on revaluation of |                        |                    | Unappropriated profit | Sub-total         |                   |                          |       |
|  | Issued, subscribed and paid up           | Discount on issue of shares | Share premium    | Exchange translation reserve |                   | Investments                           | Property and Equipment | Non-Banking Assets |                       |                   | Rupees in '000    |                          |       |
| <b>Balance as at January 01, 2023</b>  | 12,974,643                               | (2,855,401)                 | -                | 457,187                      | 2,330,014         | (438,754)                             | 1,674,379              | 107,083            | 8,643,962             | 22,893,113        | 363,274           | 23,256,387               |       |
| Non-controlling interest on acquisition of subsidiaries (note 1.4.3)                           | -  | -                           | -                | -                            | -                 | -                                     | -                      | -                  | -                     | -                 | 15,568,355        | 15,568,355               |       |
| <b>Profit after taxation for the prior year</b>  | -  | -                           | -                | -                            | -                 | -                                     | -                      | -                  | 9,460,636             | 9,460,636         | 916,195           | 10,376,831               |       |
| <b>Other comprehensive income / (loss) - net of tax</b>  |  |                             |                  |                              |                   |                                       |                        |                    |                       |                   |                   |                          |       |
| Effect of translation of net investment in foreign branch                                      | -  | -                           | -                | 219,841                      | -                 | -                                     | -                      | -                  | -                     | 219,841           | -                 | 219,841                  |       |
| Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax | -  | -                           | -                | -                            | -                 | 348,900                               | -                      | -                  | -                     | 348,900           | -                 | 348,900                  |       |
| Movement in surplus/(deficit) on revaluation of investment in equity instruments - net of tax  | -  | -                           | -                | -                            | -                 | 18,429                                | -                      | -                  | -                     | 18,429            | -                 | 18,429                   |       |
| Remeasurement of available for sale investments - net of tax                                   | -  | -                           | -                | -                            | -                 | 2,976,377                             | -                      | -                  | -                     | 2,976,377         | 788,292           | 3,764,669                |       |
| Remeasurement gain / (loss) on defined benefit obligations - net of tax                        | -  | -                           | -                | -                            | -                 | -                                     | -                      | -                  | (96,913)              | (96,913)          | (8,326)           | (105,239)                |       |
| Movement in surplus on revaluation of property and equipment - net of tax                      | -  | -                           | -                | -                            | -                 | (45,739)                              | -                      | -                  | -                     | (45,739)          | -                 | (45,739)                 |       |
| Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax              | -  | -                           | -                | -                            | -                 | -                                     | 391,162                | -                  | -                     | 391,162           | 116               | 391,278                  |       |
| Other comprehensive income - net of tax  | -  | -                           | -                | 219,841                      | -                 | 3,343,706                             | (45,739)               | 391,162            | (96,913)              | 3,812,057         | 780,082           | 4,592,139                |       |
| Transfer to statutory reserve  | -  | -                           | -                | -                            | 1,593,778         | -                                     | -                      | -                  | (1,593,778)           | -                 | -                 | -                        |       |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax           | -  | -                           | -                | -                            | -                 | -                                     | (142,360)              | (66)               | 142,426               | -                 | -                 | -                        |       |
| Gain on disposal of equity investments at FVOCI transferred to unappropriated profit           | -  | -                           | -                | -                            | -                 | (9,339)                               | -                      | -                  | 9,339                 | -                 | -                 | -                        |       |
| <b>Transactions with owners, recorded directly in equity</b>                                   |  |                             |                  |                              |                   |                                       |                        |                    |                       |                   |                   |                          |       |
| Issue of share capital (right shares)  | 2,205,689                                | -                           | -                | -                            | -                 | -                                     | -                      | -                  | -                     | 2,205,689         | -                 | 2,205,689                |       |
| Issue of share capital (further issue of shares)   | 5,326,293                                | -                           | 5,544,618        | -                            | -                 | -                                     | -                      | -                  | -                     | 10,870,911        | -                 | 10,870,911               |       |
| Sale of shares by non-controlling interest   | -  | -                           | -                | -                            | -                 | -                                     | -                      | -                  | 1,165,545             | 1,165,545         | (7,784,177)       | (6,618,632)              |       |
| Discount on issue of shares written off against share premium account - note 21.4              | -  | 2,855,401                   | (2,855,401)      | -                            | -                 | -                                     | -                      | -                  | -                     | -                 | -                 | -                        |       |
| Interim cash dividend to NCI by subsidiary @Rs. 1.75 per share                                 | -  | -                           | -                | -                            | -                 | -                                     | -                      | -                  | -                     | (482,810)         | (482,810)         | (482,810)                |       |
| <b>Balance as at December 31, 2023 (Restated)</b>  | <b>20,506,625</b>                        | -                           | <b>2,689,217</b> | <b>677,028</b>               | <b>3,923,792</b>  | <b>2,895,613</b>                      | <b>1,486,280</b>       | <b>498,179</b>     | <b>17,731,217</b>     | <b>50,407,951</b> | <b>9,360,919</b>  | <b>59,768,870</b>        |       |
| Impact of adoption of IFRS 9 - net of tax (note 4.1.2)   | -  | -                           | -                | -                            | -                 | (418,084)                             | -                      | -                  | 312,109               | (105,975)         | (70,557)          | (176,532)                |       |
| <b>Balance as at January 01, 2024 after adoption of IFRS 9</b>                                 | <b>20,506,625</b>                        | -                           | <b>2,689,217</b> | <b>677,028</b>               | <b>3,923,792</b>  | <b>2,477,529</b>                      | <b>1,486,280</b>       | <b>498,179</b>     | <b>18,043,326</b>     | <b>50,301,976</b> | <b>9,290,362</b>  | <b>59,592,338</b>        |       |
| <b>Profit after taxation</b>   | -  | -                           | -                | -                            | -                 | -                                     | -                      | -                  | <b>10,309,369</b>     | <b>10,309,369</b> | <b>3,050,703</b>  | <b>13,360,072</b>        |       |
| <b>Other comprehensive income / (loss) - net of tax</b>  |  |                             |                  |                              |                   |                                       |                        |                    |                       |                   |                   |                          |       |
| Effect of translation of net investment in foreign branch                                      | -  | -                           | -                | (19,253)                     | -                 | -                                     | -                      | -                  | (19,253)              | -                 | -                 | (19,253)                 |       |
| Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax | -  | -                           | -                | -                            | -                 | 3,060,570                             | -                      | -                  | 3,060,570             | 700,812           | 3,761,382         |                          |       |
| Movement in surplus/(deficit) on revaluation of investment in equity instruments - net of tax  | -  | -                           | -                | -                            | -                 | 165,259                               | -                      | -                  | 165,259               | 752               | 166,011           |                          |       |
| Remeasurement gain / (loss) on defined benefit obligations - net of tax                        | -  | -                           | -                | -                            | -                 | -                                     | -                      | (84,063)           | (84,063)              | (10,623)          | (94,686)          |                          |       |
| Movement in surplus on revaluation of property and equipment - net of tax                      | -  | -                           | -                | -                            | -                 | 619,322                               | -                      | -                  | 619,322               | 68,967            | 688,289           |                          |       |
| Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax              | -  | -                           | -                | -                            | -                 | -                                     | 27,524                 | (84,063)           | 27,524                | 4,605             | 32,129            |                          |       |
| Transfer to statutory reserve  | -  | -                           | -                | (19,253)                     | -                 | 3,225,829                             | 619,322                | 27,524             | (84,063)              | 3,769,359         | 764,513           | 4,533,872                |       |
| Transfer from surplus on revaluation of assets to unappropriated profit - net of tax           | -  | -                           | -                | -                            | 2,347,466         | -                                     | -                      | -                  | (2,347,466)           | -                 | -                 | -                        |       |
| Gain on disposal of equity investments at FVOCI transferred to unappropriated profit           | -  | -                           | -                | -                            | -                 | -                                     | (193,619)              | (1,819)            | 195,438               | -                 | -                 | -                        |       |
| Final Cash dividend to NCI by subsidiary company @ Rs. 1 per share                             | -  | -                           | -                | -                            | -                 | -                                     | -                      | -                  | -                     | -                 | (275,891)         | (275,891)                |       |
| First Interim Cash dividend to NCI by subsidiary company @ Rs. 1.5 per share                   | -  | -                           | -                | -                            | -                 | -                                     | -                      | -                  | -                     | -                 | (413,837)         | (413,837)                |       |
| <b>Balance as at December 31, 2024</b>   | <b>20,506,625</b>                        | -                           | <b>2,689,217</b> | <b>657,775</b>               | <b>6,271,258</b>  | <b>5,698,629</b>                      | <b>1,911,983</b>       | <b>523,884</b>     | <b>26,121,333</b>     | <b>64,380,704</b> | <b>12,415,850</b> | <b>76,796,554</b>        |       |

The annexed notes 1 to 50 and annexures I and II form an integral part of these consolidated financial statements.

**JS BANK LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

| 2024  | 2023             | Note                       | (Restated)           |
|---|------------------|----------------------------|----------------------|
| ----- USD in '000 -----                               |                  | ----- Rupees in '000 ----- |                      |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>            |                  |                            |                      |
| 110,139   | 67,056           |                            | 30,679,165           |
| (1,622)   | (1,758)          |                            | (451,838)            |
| (1,470)   | 218              |                            | (409,539)            |
| <b>107,047</b>  | <b>65,516</b>    |                            | <b>29,817,788</b>    |
| <b>Adjustments:</b>                                   |                  |                            |                      |
| (265,535)   | (141,859)        | 30                         | (73,984,894)         |
| 11,061  | 5,789            | 30                         | 3,080,948            |
| 136   | 122              | 30                         | 37,939               |
| 9,743   | 5,095            | 30                         | 2,713,926            |
| 2,883   | 1,485            | 30                         | 803,164              |
| 26,617  | 21,613           | 33                         | 7,414,240            |
| (221)   | (310)            | 29                         | (61,525)             |
| -   | (1,194)          | 29                         | -                    |
| (18)  | (231)            | 29                         | (4,915)              |
| 4,443   | 3,424            | 26                         | 1,237,692            |
| 1,662   | 682              |                            | 462,822              |
| 1,331   | (303)            | 28                         | 370,816              |
| 2,404   | 1,187            | 31                         | 669,542              |
| -   | (12,076)         | 14.3.7                     | -                    |
| <b>(205,494)</b>                                      | <b>(116,576)</b> |                            | <b>(57,240,245)</b>  |
| <b>(98,447)</b>                                       | <b>(51,060)</b>  |                            | <b>(27,422,457)</b>  |
| <b>(Increase) / decrease in operating assets</b>      |                  |                            |                      |
| 43,969  | 87,191           |                            | 12,247,450           |
| (17,669)  | (1,296)          |                            | (4,921,665)          |
| (369,421)   | (5,742)          |                            | (102,902,213)        |
| (27,122)  | (40,957)         |                            | (7,554,887)          |
| <b>(370,243)</b>                                      | <b>39,196</b>    |                            | <b>(103,131,315)</b> |
| <b>Increase / (decrease) in operating liabilities</b> |                  |                            |                      |
| 39,869  | 4,179            |                            | 11,105,472           |
| 105,125   | (289,919)        |                            | 29,282,478           |
| 265,686   | 388,080          |                            | 74,006,775           |
| 1,178   | 23,338           |                            | 328,013              |
| <b>411,858</b>  | <b>125,678</b>   |                            | <b>114,722,738</b>   |
| <b>(56,832)</b>                                       | <b>113,814</b>   |                            | <b>(15,831,034)</b>  |
| 844,996   | 352,819          |                            | 235,373,654          |
| (534,688)   | (210,960)        |                            | (148,937,271)        |
| (806)   | (539)            |                            | (224,649)            |
| (81,416)  | (27,678)         |                            | (22,678,524)         |
| <b>171,254</b>  | <b>227,456</b>   |                            | <b>47,702,176</b>    |
| <b>Net cash flow from operating activities</b>        |                  |                            |                      |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>            |                  |                            |                      |
| (69,092)  | 169,778          |                            | (19,245,629)         |
| (46,283)  | (246,190)        |                            | (12,892,096)         |
| (3,452)   | -                |                            | (961,433)            |
| 1,631   | 1,738            |                            | 454,208              |
| (22,609)  | (13,137)         |                            | (6,297,867)          |
| (69)  | 789              |                            | (19,253)             |
| 652   | 2,618            |                            | 181,705              |
| -   | 80,345           |                            | -                    |
| (10,849)  | (5,625)          |                            | (3,022,031)          |
| <b>(150,071)</b>                                      | <b>(9,684)</b>   |                            | <b>(41,802,396)</b>  |
| <b>Net cash flow used in investing activities</b>     |                  |                            |                      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>           |                  |                            |                      |
| 539   | 12,565           |                            | 150,000              |
| (7)   | (7,181)          |                            | (1,963)              |
| (14,445)  | (8,189)          |                            | (4,023,523)          |
| -   | 7,918            |                            | -                    |
| (2,476)   | (1,733)          |                            | (689,728)            |
| <b>(16,389)</b>                                       | <b>3,380</b>     |                            | <b>(4,565,214)</b>   |
| 4,794   | 221,152          |                            | 1,334,566            |
| 312,099   | 90,947           |                            | 86,935,131           |
| <b>316,893</b>  | <b>312,099</b>   |                            | <b>88,269,697</b>    |
| <b>Increase in cash and cash equivalents</b>          |                  |                            |                      |
| Cash and cash equivalents at beginning of the year    |                  |                            |                      |
| <b>Cash and cash equivalents at end of the year</b>   |                  |                            |                      |
| 36  |                  |                            | 61,601,822           |
|   |                  |                            | 25,333,309           |
|   |                  |                            | 86,935,131           |

The annexed notes 1 to 50 and annexures I and II form an integral part of these consolidated financial statements.

President and  
Chief Executive Officer

Chief Financial Officer

Director

Director

Director

**JS BANK LIMITED**  
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**1. STATUS AND NATURE OF BUSINESS**

**1.1 The Group consists of:**

**Holding Company: JS Bank Limited**

JS Bank Limited (the Bank) 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 314 (2023: 291) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (2023: 1). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to "AA" (Double A) 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 repayment of financial commitments.

Jahangir Siddiqui Investment Bank Limited (JSIBL), formerly Citicorp Investment Bank Limited, was acquired by Jahangir Siddiqui & Co. Ltd. (JSCL) on February 01, 1999. JSIBL's 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, JS Bank Limited (JSBL) was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

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

The ultimate parent of the Group is Jahangir Siddiqui & Co. Ltd. which holds 71.21% (2023: 71.21%) shares of the Bank.

**1.2 Composition of the Group**

**Subsidiaries**

|                                  | <b>Effective Holding</b> |             |
|----------------------------------|--------------------------|-------------|
|                                  | <b>2024</b>              | <b>2023</b> |
| JS Global Capital Limited        | 92.90%                   | 92.90%      |
| JS Investments Limited           | 84.73%                   | 84.56%      |
| BankIslami Pakistan Limited      | 75.12%                   | 75.12%      |
| My Solutions Corporation Limited | 75.12%                   | 75.12%      |

**1.3 Composition of the Associated Companies**

**Associates of the Bank**

|   |       |       |
|---|-------|-------|
| Omar Jibran Engineering Industries Limited  | 9.60% | 9.60% |
| Veda Transit Solutions (Private) Limited    | 3.92% | 3.92% |
| Intercity Touring Company (Private) Limited | 9.12% | 9.12% |

**1.3.1** In addition to the above, funds managed by JS Investments Limited (JSIL) are also treated as associates of the group by virtue of the controlling interest of the Bank in JSIL. The names and holding percentages are disclosed in note no. 1.4.2 and 8.8.1 respectively of these consolidated financial statements.

**1.3.2** At the time of acquisition, there were investments in associates recorded in BIPL's books. However, since these investments were fully provided for as of the acquisition date, they are not included in this note.

**JS BANK LIMITED**  
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**1.4 Subsidiary Companies**

**1.4.1 JS Global Capital Limited (JSGCL)**

JSGCL is principally owned by the Bank, holding 92.9% of its equity interest. The Bank acquired effective controlling interest in JSGCL on December 21, 2011, April 15, 2016, October 01, 2019 and June 02, 2021 of 51.05%, 16.11%, 16.37% and 9.37% respectively. The ownership interest has increased by 41.85%, without any change in the cost of investment, due to the fact that JSGCL has bought back its 11,993,000 shares on April 15, 2016, 7,450,000 shares on October 02, 2019 and 27,477,297 share on June 02, 2021. JSGCL is a public listed company incorporated in Pakistan under the repealed Companies Ordinance, 1984. The shares of JSGCL are listed on Pakistan Stock Exchange (PSX). Further, JSGCL is a corporate member of PSX and member of Pakistan Mercantile Exchange. The principal business of JSGCL is to carry out share brokerage, money market, forex and commodity brokerage, advisory and consultancy services. Other activities include investment in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions. The registered office of JSGCL is situated at 17th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi, Pakistan. JSGCL has eight branches (2023: eight) in seven cities of Pakistan.

**1.4.2 JS Investments Limited (JSIL)**

JSIL is principally owned by the Bank, holding 84.73% of its equity interest. The Bank acquired effective controlling interest in 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 32.49% without any change in the cost of investment, due to the fact that JSIL has bought back its 38,351,873 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 JSIL are listed on the Pakistan Stock Exchange (PSX), formerly since April 24, 2007. The registered office of JSIL is situated at The Centre, 19th Floor, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi.

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 mutual funds:**

- 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 Money Market Fund
- JS Fixed Term Munafa Fund
- JS Islamic Money Market Fund (Formerly: JS Islamic Daily Dividend Fund)
- JS Momentum Factor Exchange Traded Fund
- JS Microfinance Sector Fund
- JS Islamic Premium Fund
- JS Government Securities Fund

**Closed-end mutual funds:**

- JS Rental REIT Fund

**Private Equity and Venture Capital fund:**

- JS Motion Picture Fund

**Pension funds:**

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund
- JS KPK Pension Fund
- JS KPK Islamic Pension Fund

**JS BANK LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**1.4.3 BankIslami Pakistan Limited (BIPL)**

**1.4.3.1 Business Combination of BIPL**

The shareholders of the Bank in their meeting held on March 30, 2022 approved to acquire, as per the requirements of section 199 of the Companies Act, 2017, 86,316,954 ordinary shares of BankIslami Pakistan Limited (BIPL) (an associated company of JSCL), constituting 7.79% of the paid-up capital of BIPL, from Emirates NBD Bank PJSC at a price of upto Rs. 13.24 per share making the aggregate consideration upto Rs. 1,142 million.

During the year 2023, pursuant to the approvals of the shareholders of the Bank at their General Meetings held on March 29, 2023 and May 19, 2023 and after obtaining all the requisite approvals from regulatory bodies i.e. State Bank of Pakistan ('SBP'), Competition Commission of Pakistan ('CCP'), Securities and Exchange Commission of Pakistan ('SECP') as well as all regulatory and statutory formalities and compliance with all the applicable laws and regulations, the Bank acquired 42.45%, i.e., on August 18, 2023, 470,603,772 ordinary voting shares and control of BankIslami Pakistan Limited (BIPL), from sponsors and other shareholders of BIPL (namely, Ahmed Goolam Mohamed Randeree, Shabir Ahmed Randeree, Sumya Builders and Developers and Jahangir Siddiqui & Co. Ltd., the holding company of the Bank) through agreements against the issuance of 532,629,349 new shares of the Bank by way of other than rights and other than cash consideration, i.e., 1,1318 ordinary shares of the Bank issued as consideration for every 1 ordinary share of BIPL. Accordingly on August 18, 2023, BIPL became a subsidiary of the Bank with 50.24% shareholding by obtaining control.

During the year 2023, the Bank acquired 24.88%, i.e., on August 25, 2023, 275,891,276 ordinary shares of BIPL by way of public offer (published in newspapers on June 28, 2023) made to all public shareholders as required under the Takeover Regulations in cash at the rate of Rs. 23.99 per share. To partly finance the public offer, the Bank, with the approval of the Board of Directors, had issued 220,568,925 ordinary shares by way of 17% Right Shares, i.e., 17 right shares for every 100 shares held, at par value of Rs. 10/- each.

Post-acquisition, the shareholding of the Bank in BIPL had increased to 75.12%.

**1.4.3.2 The Bank acquired the control over BIPL through following phases in the years 2022 and 2023:**

|  | <b>Date of acquisition</b> | <b>Number of shares acquired</b>          | <b>Proportion of voting equity interest acquired</b> |
|--|----------------------------|---|--|
| Acquired through Cash from Emirates ENBD | November 11, 2022          | 86,316,954                                | 7.79%  |
| Acquired through Share SWAP Agreement    | August 18, 2023            | 470,603,772                               | 42.45%   |
| Acquired through Cash from Public Offer  | August 25, 2023            | 556,920,726<br>275,891,276<br>832,812,002 | 50.24%<br>24.88%<br>75.12%                           |

On August 18, 2023, the Bank obtained control of BIPL by holding 50.24% of the total shareholding of BIPL. Therefore, the effective date of business combination is considered to be August 18, 2023.

**1.4.3.3 Consideration transferred**

Fair value per share of the Bank as per the SPA was determined at Rs. 20.4099 per share

|   |            |
|---|------------|
| Total number of shares issued (Number in '000)            | 532,629    |
| Value per share (Rupees)                                  | 20.4099    |
| Total value of consideration transferred (Rupees in '000) | 10,870,912 |

**JS BANK LIMITED**  
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**1.4.3.4 Fair Value of previously held interest**

IFRS 3 requires that in a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition date fair value and recognise the resulting gain or loss in statement of profit and loss.

|  |                  |
|--|------------------|
| Previously held equity interest in BIPL i.e., 7.79% at the date of business combination (Number in '000) | 86,317           |
| Fair value per share (Rupees)  | 17.13            |
| Fair value of previously held interest (Rupees in '000)  | <u>1,478,609</u> |

**1.4.3.5 Fair value of net identifiable assets acquired as at business combination**

International Financial Reporting Standard (IFRS) 3, 'Business Combinations', requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognised and carried at fair values.

IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalize the accounting for business combination. Identified assets acquired, liabilities assumed or incurred have been carried at the fair value as at the acquisition date. The fair valuation exercise will be completed within the period of one year as allowed under IFRS 3. Any adjustment arising at the time of finalization of this exercise will be incorporated with retrospective effect from the date of acquisition. In the financial statements for the year ended 31 December 2023, the Bank had recorded the assets of the Business Segment on provisional values which have been finalised in the current year.

The fair values and carrying amounts of net identifiable assets acquired are as follows:

|  | <b>Carrying<br/>Amounts</b>  | <b>Fair value<br/>adjustments</b> | <b>Fair values</b> |
|--|------------------------------|-----------------------------------|--------------------|
|  | -----<br>Rupees in '000----- |                                   |                    |
| Cash and balances with treasury banks                | 27,815,593                   | -                                 | 27,815,593         |
| Balances with other banks                            | 1,183,041                    | -                                 | 1,183,041          |
| Due from financial institutions - net                | 29,438,101                   | -                                 | 29,438,101         |
| Investments - net                                    | 251,768,739                  | (627,942)                         | 251,140,797        |
| Islamic financing, related assets and advances - net | 206,990,695                  | (5,101,453)                       | 201,889,242        |
| Fixed assets   | 14,083,440                   | -                                 | 14,083,440         |
| Intangible assets                                    | 3,435,083                    | 1,627,160                         | 5,062,243          |
| Deferred tax assets                                  | 2,854,825                    | 485,123                           | 3,339,948          |
| Other assets - net                                   | 29,802,211                   | -                                 | 29,802,211         |
| Non-current assets held for sale                     | 447,523                      | -                                 | 447,523            |
| <b>Total Assets</b>                                  | <b>567,819,251</b>           | <b>(3,617,112)</b>                | <b>564,202,139</b> |
| <br>Bills payable                                    | <br>4,226,945                | <br>-                             | <br>4,226,945      |
| Due to financial institutions                        | 70,999,596                   | (3,112,188)                       | 67,887,408         |
| Deposits and other accounts                          | 436,962,094                  | -                                 | 436,962,094        |
| Subordinated sukuk                                   | 2,850,000                    | -                                 | 2,850,000          |
| Other liabilities                                    | 20,994,011                   | -                                 | 20,994,011         |
| <b>Total Liabilities</b>                             | <b>536,032,646</b>           | <b>(3,112,188)</b>                | <b>532,920,458</b> |
| <b>Net Assets</b>                                    | <b>31,786,605</b>            | <b>(504,924)</b>                  | <b>31,281,681</b>  |
| <br><b>Attributable to:</b>                          |                              |                                   |                    |
| Equity holders of the Bank                           |                              |                                   | 15,713,326         |
| Non-controlling interest                             |                              |                                   | 15,568,355         |
|  |                              |                                   | <b>31,281,681</b>  |

**JS BANK LIMITED**  
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| 1.4.3.6 | <b>Assets acquired</b>   | <b>Valuation technique</b>  |
|---------|--|---|
|         | Fixed assets and non-banking assets acquired in satisfaction of claims | The valuation experts used a market based approach to arrive at the fair value of BIPL's fixed assets and non-banking assets acquired in satisfaction of claims. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar assets.   |
|         | Investment in associates   | Investment in associate other than those fully impaired at the acquisition date are valued using 'Discounted cash flows'. The valuation model considers the present value of expected payments, discounted using a cost of equity.  |
|         | Intangible assets  | The multiple-period excess earnings method considers the present value of net cash flows expected to be generated by the core deposits, by excluding any cash flows related to contributory assets.   |
|         | Subsidised rate financings, Subsidised rate borrowings and staff loan  | These assets are valued using 'Discounted cash flows'. The valuation model considers the present value of expected payments, discounted using a market rate prevailing at the time of business combination.   |
|         | Deferred tax liabilities   | Deferred tax liabilities arising from the assets acquired and liabilities assumed in the acquisition of BIPL have been recognised in accordance with IAS 12 'Income Taxes'. The Bank has accounted for the potential tax effects of temporary differences that exist at the acquisition date or arose as a result of the acquisition in accordance with IAS 12. |

Carrying amounts of all the below mentioned assets and liabilities are equal to its fair value:

- Cash and balances with treasury banks and Balances with other banks fair value are considered equal to its carrying amount due to their highly liquid nature and short-term maturity.
- Investments other than those fully impaired are either valued at "Available for Sales" or "Held to Maturity".
- Carrying amount of advances other than Subsidised rate financings and staff loan, Lendings to financial institutions, deposits, sub-ordinated sukuks and borrowings other than subsidised rate borrowings are considered to be fair value as it carries market interest rates.
- Carrying amounts of other assets other than non-banking assets acquired in satisfaction of claims and mark to market gain on Shariah compliant alternative of forward foreign exchange contracts and other liabilities is considered equal to its fair value due to the realisability of associated economic benefits being short term or equal to its carrying amount.

| 1.4.3.7 | <b>Bargain purchase gain on acquisition</b>                                 | Rupees in '000    |
|---------|---|-------------------|
|         | Consideration transferred   | <b>10,870,912</b> |
|         | Fair Value of previously held interest                                      | <b>1,478,609</b>  |
|         | Non controlling interest (proportionate share in the net assets of BIPL)    | <b>15,568,355</b> |
|         |   | <b>27,917,876</b> |
|         | Less: Fair value of net identifiable assets acquired as at acquisition date | <b>31,281,681</b> |
|         | Bargain purchase gain on acquisition  | <b>3,363,805</b>  |

**1.4.3.8 Effect of retrospective adjustments made due to finalization of fair valuation exercise**

| Statement of Financial Position | <b>2023</b>                   |                   |                    |
|---------------------------------|-------------------------------|-------------------|--------------------|
|                                 | <b>As previously reported</b> | <b>Adjustment</b> | <b>As adjusted</b> |
|                                 | (Rupees in '000)              |                   |                    |
| Advances                        | 434,453,374                   | (5,101,453)       | 429,351,921        |
| Intangible assets               | 8,501,048                     | 1,559,362         | 10,060,410         |
| Borrowings                      | (88,031,534)                  | 3,112,188         | (84,919,346)       |
| Deferred tax liabilities        | (890,194)                     | 210,652           | (679,542)          |
| Unappropriated profit           | (17,808,561)                  | 77,344            | (17,731,217)       |
| Non-controlling interest        | (9,486,564)                   | 125,645           | (9,360,919)        |

**JS BANK LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**Statement of Profit and Loss Account**

|  |            |           |            |
|--|------------|-----------|------------|
| Operating expenses                                 | 30,901,857 | 67,798    | 30,969,655 |
| Bargain purchase gain on acquisition of subsidiary | 3,576,591  | (212,786) | 3,363,805  |
| Taxation   | 7,945,714  | 355,783   | 8,301,497  |

----- Rupees -----

|   |             |             |             |
|---|-------------|-------------|-------------|
| <b>Earnings per share - basic and diluted</b> | <b>5.99</b> | <b>0.01</b> | <b>6.00</b> |
|---|-------------|-------------|-------------|

There is no impact of the above mentioned retrospective adjustments on the Group's total operating, investing or financing cash flows for the year ended December 31, 2023.

**1.4.3.9 Acquisition of NCI**

On August 25, 2023, the Bank acquired aquired 24.88% i.e., 275,891,276 ordinary shares of BIPL by way of public offer made to all public shareholders of BIPL in cash at the rate of Rs. 23.99 per share. This transaction has resulted in decrease in the value of NCI.

|   |            |
|---|------------|
| Fair value of net identifiable assets acquired as at acquisition date | 31,281,681 |
| Additional interest acquired in BIPL                                  | 24.88%     |
| Carrying amount of NCI acquired                                       | 7,784,178  |
| Consideration paid to NCI   | 6,618,632  |
| An increase in equity shareholders of the Bank                        | 1,165,546  |

**1.4.3.10** BankIslami Pakistan Limited (BIPL) was incorporated in Pakistan on October 18, 2004 as a public limited company to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah. BIPL is principally engaged in corporate, commercial, consumer, retail banking and investment activities.

BIPL is operating through 540 branches including 60 sub-branches as at December 31, 2024 (2023: 440 branches including 60 sub-branches). The registered office of the Bank is situated at 11th Floor, Dolmen City Executive Tower, Marine Drive, Block-4, Clifton, Karachi. The shares of the Bank are quoted on the Pakistan Stock Exchange Limited.

**1.5 Associated Companies**

**Omar Jibran Engineering Industries Limited (OJEIL)**

The Bank has invested in the shares of 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 OJEIL is situated at DSU-10, Pakistan Steel Industries Estate Bin Qasim, Karachi. OJEIL is mainly engaged in the manufacture and sale of automotive parts and armouring of vehicles.

**Veda Transit Solutions (Private) Limited (VEDA)**

The Bank has invested in the shares of 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 VEDA is situated at Raaziq Logistics Centre 16 KM, Multan Road, Near Dina Nath Stop, Lahore. VEDA is mainly engaged in the rural / urban, intracity / intercity transportation of passenger and goods.

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**Intercity Touring Company (Private) Limited (ITC)**

The Bank has invested in the shares of 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 ITC is situated at 147-P Gulberg III, Lahore. ITC is mainly engaged in the transportation, touring and logistics related services.

**Funds managed by JS Investments Limited (JSIL)**

In addition to the above, funds managed by JSIL as mentioned in note 1.4.2 are classified as associates of the Group by virtue of the subsidiary status of JSIL. Significant judgement pertaining to associates are disclosed in note 4.4 to these consolidated financial statements.

**2. BASIS OF PRESENTATION**

These consolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated February 09, 2023 with further addition made vide BPRD Circular Letter No. 13 of 2024, dated July 01, 2024 and accounting and financial reporting standards as applicable in Pakistan.

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 Group operates and functional currency of the Group. The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

The US Dollar amounts shown on the consolidated statement of financial position, consolidated statement of profit and loss account, consolidated statement of comprehensive income and consolidated 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. 278.55 to 1 US Dollar has been used for 2023 and 2024 as it was the prevalent rate as on December 31, 2024.

There is no significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

**2.1 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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 State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

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The SBP has deferred the applicability of 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.

International Financial Reporting Standard (IFRS) 10, '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 is not applicable in case of investment by companies in mutual funds established under trust structure.

These consolidated financial statements of the Bank are prepared using generally consistent accounting policies. However, as per SBP IFRS 9 application instructions, overseas branches comply with the local regulations enforced within their respective jurisdictions under IFRS 9.

As per BPRD Circular Letter No. 16 of 2024 dated 29 July 2024, unlisted equity securities are currently carried at the lower of cost or breakup value as per the exemption granted by SBP. Effective from January 01, 2025, as per the requirement of IFRS 9, these will be measured at fair value under IFRS 13.

SBP has allowed extension to banks up to December 31, 2024 for developing the requisite models for calculating EAD for revolving products beyond the contractual date.

The Holding Company and BIPL have both received extensions from the State Bank of Pakistan (SBP) up to December 31, 2025 for application of Effective Interest / Profit Rates (EIR / EPR) in general for all financial assets and liabilities (excluding staff loans / subsidized loans).

SBP through BPRD Circular Letter No. 01 of 2025 dated 22 January 2025 has clarified the followings:

- Islamic Banking Institutions (IBIs) are allowed to follow Islamic Financial Accounting Standards (IFAS) 1 and 2 where applicable and continue the existing accounting methodology on other Islamic products until issuance of further instruction in this regard.
- The treatment of charity should be in line with the existing practices as defined in SBP instructions issued via IBD Circular No. 02 dated March 25, 2008 and should not be recognised as income.

## **2.2 Basis of Consolidation**

### **2.2.1 Subsidiary**

- The consolidated financial statements include the financial statements of the Bank 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 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 Bank 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 Bank.
- Material intra-group balances and transactions are eliminated.

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**2.2.2 Associates**

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

**2.2.3 Acquisition Accounting**

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 consolidated statement of 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 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.

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

As directed by SBP via BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS 9, (Financial Instruments) became effective in Pakistan for period beginning on or after January 01, 2024. In addition, due to the application of IFRS 9, SBP vide BPRD Circular No. 02 dated February 09, 2023, amended the format of the annual financial statements. Details regarding the aforementioned adoption and amendment, including the impact thereof, are discussed in more detail in note 4.1.2 to these consolidated financial statements.

There are certain other amendments to existing accounting and reporting standards that have become applicable to the Group for accounting periods beginning on or after January 01, 2024. These are either considered to not be relevant or do not have any significant impact and accordingly have not been detailed in these consolidated financial statements.

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

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 01, 2024:

**Standards and Amendments**

**Effective date (annual periods beginning on or after)**

Amendments to IAS 21- Lack of Exchangeability  
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

January 01, 2025

Not yet finalised

**IASB effective date (accounting periods beginning on or after)**

IFRS 1 – First-time Adoption of International Financial Reporting Standards

January 01, 2004

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**2.5 Critical accounting estimates and key sources of estimation uncertainty**

The preparation of these consolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis.

- i) Valuation and impairment of financial instruments (notes 4.1.2.12, 8, 9, 42 and 47.1.9).
- ii) Valuation of assets acquired in a business combination (notes 1.4.3).
- iii) Classification of investment in associates (notes 4.4).
- iv) Valuation and depreciation of property and equipment (notes 4.7 and 10).
- v) Valuation of right-of-use assets and related lease liability (notes 4.8, 11 and 17).
- vi) Valuation and amortisation of intangible assets including impairment of goodwill (note 4.9, 4.21 and 12).
- vii) Valuation of non-banking assets acquired in satisfaction of claims (note 4.10 and 13.2).
- viii) Defined benefit plans (notes 4.15.2 and 38).
- ix) Taxation (notes 4.13, 19 and 34).
- x) Fair value of derivatives (note 24).

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

**3. BASIS OF MEASUREMENT**

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

- Certain classes of property and equipment and non-banking assets acquired in satisfaction of claims which are stated at revalued amounts less accumulated depreciation.
- Investments classified under Fair Value through Profit or Loss (FVPL) and Fair Value through Other Comprehensive Income (FVOCI) and derivative financial instruments, which are measured at fair value.
- Certain concessional rate advances and related borrowing (Staff Loans and Financing / Borrowing under SBP TERF Schemes).
- Net obligations in respect of defined benefit schemes which are carried at their present values.
- Lease liability against right-of-use assets that are carried at present value.

**4. MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, except as disclosed in note 4.1 below.

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**4.1 Changes in Accounting Policies**

**4.1.1 Revised format of consolidated financial statements**

SBP through its BPRD Circular No. 02 dated February 09, 2023, and BPRD Circular Letter No. 07 dated April 13, 2023, amended the format of quarterly, half yearly and annual financial statements of banks effective from accounting years starting from January 01, 2024 and onwards. Accordingly, the Group has prepared these consolidated financial statements on the new format prescribed by SBP. The adoption of the new format contains additional disclosures and certain changes in the financial statements' presentation, primarily due to the implementation of IFRS 9 as applicable in Pakistan. However, the corresponding figures continue to be classified and disclosed in accordance with the previous financial accounting and reporting framework.

Adoption of revised financial statements format has also resulted in following material changes (due to which the corresponding presentations have also been changed):

- Right-of-use-assets (Note 11) amounting to Rs. 7,078.577 million (2023: Rs. 5,848.280 million) which were previously shown as part of property and equipment (note 10) are now shown separately on the consolidated statement of financial position.
- Lease liabilities (Note 17) amounting to Rs. 7,845.190 million (2023: Rs. 6,686.639 million) which were previously shown as part of other liabilities (note 20) are now shown separately on the consolidated statement of financial position.

**4.1.2 Impact of IFRS 9 - Financial Instruments**

During the year, as directed by the SBP vide its BPRD Circular No. 07 dated April 13, 2023, International Financial Reporting Standard (IFRS) 9, 'Financial Instruments' became applicable to Banks in Pakistan.

BPRD Circular No. 03 dated July 05, 2022 issued by SBP provides detailed instructions on implementation of IFRS 9 (the Application Instructions) for ensuring smooth and consistent implementation of the standard across banks, which were further clarified from time to time.

IFRS 9 addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

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The Bank has adopted IFRS 9 in accordance with the Application Instructions from January 01, 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at January 01, 2024, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9.

SBP vide its BPRD Circular Letter No. 16 dated July 29, 2024 made amendments and extended the timelines of application instructions. Under the new guidelines, the banks are required to implement modification accounting for financial assets and liabilities in accordance with the Standard. These changes took effect from October 01, 2024, and have been applied retrospectively from January 01, 2024. SBP through its BPRD Circular Letter No. 01 of 2025 dated January 22, 2025, further clarified that modification accounting would be applied to loans modified on or after January 01, 2020.

**4.1.2.1 Impacts on the consolidated statement of financial position:**

| Financial Asset / Liabilities                                | Balances as of December 31, 2023 (Audited) (Restate) | Reclassification under IFRS 9 | Remeasurement under IFRS 9 | Adjustments / Reversals of provision held | ECL Charge         | Gross Impact     | Tax            | Net of Tax Impact | Balances as of January 01, 2024 | Measurement category before IFRS 9 | Measurement category after IFRS 9 |  |
|--|--|-------------------------------|----------------------------|---|--------------------|------------------|----------------|-------------------|---------------------------------|------------------------------------|-----------------------------------|--|
|  | Note   | Rupees in '000                |                            |   |                    |                  |                |                   |                                 |                                    |                                   |  |
| <b>Assets</b>  |  |                               |                            |   |                    |                  |                |                   |                                 |                                    |                                   |  |
| Cash and balances with treasury banks                        | 82,182,460   | -                             | -                          | -   | (299)              | (299)            | -              | (299)             | 82,182,161                      | Loans and receivables              | Amortised Cost                    |  |
| Balances with other banks                                    | 5,302,080  | -                             | -                          | -   | (7,213)            | (7,213)          | -              | (7,213)           | 5,294,867                       | Loans and receivables              | Amortised Cost                    |  |
| Lendings to financial institutions                           | 16,502,138   | -                             | -                          | -   | (20)               | (20)             | -              | (20)              | 16,502,118                      | Loans and receivables              | Amortised Cost                    |  |
| Investments  |  |                               |                            |   |                    |                  |                |                   |                                 |                                    |                                   |  |
| Held for trading   |  |                               |                            |   |                    |                  |                |                   |                                 |                                    |                                   |  |
| Federal government securities                                | 47,925   | 478,146                       | -                          | -   | -                  | 478,146          | -              | 478,146           | 526,071                         | Held for trading                   | FVPL                              |  |
| Non government debt securities                               | 126,688  | 50,000                        | -                          | -   | -                  | 50,000           | -              | 50,000            | 176,688                         | Held for trading                   | FVPL                              |  |
| Shares   | 568,734  | 692,581                       | -                          | -   | -                  | 692,581          | -              | 692,581           | 1,261,315                       | Held for trading                   | FVPL                              |  |
| Open end mutual funds  | 770,006  | 464,670                       | -                          | -   | -                  | 464,670          | -              | 464,670           | 1,234,676                       | Held for trading                   | FVPL                              |  |
| Available for sale   |  |                               |                            |   |                    |                  |                |                   |                                 |                                    |                                   |  |
| Federal government securities                                | 418,724,787  | (478,146)                     | -                          | -   | -                  | (478,146)        | -              | (478,146)         | 418,246,641                     | Available for sale                 | FVOCI                             |  |
| Shares   | 4,170,871  | (692,581)                     | (136,589)                  | 136,589                                   | -                  | (3,337)          | -              | (3,337)           | 3,478,290                       | Available for sale                 | FVOCI - without recycling         |  |
| Non government debt securities                               | 37,156,677   | (50,000)                      | -                          | -   | -                  | (53,337)         | -              | (53,337)          | 37,105,340                      | Available for sale                 | FVOCI                             |  |
| Foreign securities   | 18,728,734   | -                             | -                          | -   | -                  | -                | -              | -                 | 18,728,734                      | Available for sale                 | FVOCI                             |  |
| Open end mutual funds  | 464,670  | (464,670)                     | -                          | -   | -                  | (464,670)        | -              | (464,670)         | -                               | Available for sale                 | FVPL                              |  |
| Held to maturity   |  |                               |                            |   |                    |                  |                |                   |                                 |                                    |                                   |  |
| Federal government securities                                | 102,146,174  | -                             | -                          | -   | -                  | -                | -              | -                 | 102,146,174                     | Held to maturity                   | Amortised Cost                    |  |
| Associates   | 216,008  | -                             | (136,589)                  | 136,589                                   | (3,337)            | (3,337)          | -              | (3,337)           | 216,008                         | Outside the scope of IFRS 9        |                                   |  |
|  | 583,123,274  | -                             | (136,589)                  | 136,589                                   | (3,337)            | (3,337)          | -              | (3,337)           | 583,119,937                     |                                    |                                   |  |
| Advances   |  |                               |                            |   |                    |                  |                |                   |                                 |                                    |                                   |  |
| Temporary Export Refinance Facility (TERF)                   | 9,683,247  | -                             | (113,936)                  | -   | (8,143)            | (122,079)        | -              | (122,079)         | 9,561,168                       | Loans and receivables              | Amortised Cost                    |  |
| Staff loans and overseas operations                          | 8,330,458  | -                             | (1,701,053)                | -   | (574)              | (1,701,627)      | -              | (1,701,627)       | 6,628,831                       | Loans and receivables              | Amortised Cost                    |  |
| Advances other than TERF staff loans and overseas operations | 411,338,216  | -                             | (398,197)                  | -   | (2,011,465)        | (2,409,662)      | -              | (2,409,662)       | 408,928,554                     | Loans and receivables              | Cost                              |  |
|  | 429,351,921  | -                             | (2,213,186)                | -   | (2,020,182)        | (4,233,368)      | -              | (4,233,368)       | 425,118,553                     |                                    |                                   |  |
| Property and equipment                                       | 22,241,601   | -                             | -                          | -   | -                  | -                | -              | -                 | 22,241,601                      | Outside the scope of IFRS 9        |                                   |  |
| Right-of-use assets  | 5,848,280  | -                             | -                          | -   | -                  | -                | -              | -                 | 5,848,280                       | Outside the scope of IFRS 9        |                                   |  |
| Intangible assets  | 10,060,410   | -                             | -                          | -   | -                  | -                | -              | -                 | 10,060,410                      | Outside the scope of IFRS 9        |                                   |  |
| Deferred tax assets  | -  | -                             | -                          | -   | -                  | -                | -              | -                 | -                               | Outside the scope of IFRS 9        |                                   |  |
| Other assets   |  |                               |                            |   |                    |                  |                |                   |                                 |                                    |                                   |  |
| Financial assets   | 56,944,153   | -                             | (86,422)                   | -   | (21,166)           | (107,588)        | -              | (107,588)         | 56,836,565                      | Loans and receivables              | Amortised Cost                    |  |
| Non-financial assets   | 13,260,515   | -                             | 3,763,513                  | -   | -                  | 3,763,513        | -              | 3,763,513         | 17,024,028                      | Outside the scope of IFRS 9        |                                   |  |
| Mark to market gain on forward exchange contracts            | 1,642,158  | -                             | -                          | -   | -                  | -                | -              | -                 | 1,642,158                       | Fair Value                         | FVPL                              |  |
|  | 71,846,826   | -                             | 3,677,091                  | -   | (21,166)           | 3,655,925        | -              | 3,655,925         | 75,502,751                      |                                    |                                   |  |
|  | 1,226,458,990  | -                             | 1,327,316                  | 136,589                                   | (2,052,217)        | (588,312)        | -              | (588,312)         | 1,225,870,678                   |                                    |                                   |  |
| <b>Liabilities</b>   |  |                               |                            |   |                    |                  |                |                   |                                 |                                    |                                   |  |
| Bills payable  | 10,793,898   | -                             | -                          | -   | -                  | -                | -              | -                 | 10,793,898                      | Historical Cost                    | Amortised Cost                    |  |
| Borrowings   | 84,919,346   | -                             | (255,153)                  | -   | (255,153)          | -                | (255,153)      | (255,153)         | 84,664,193                      | Historical Cost                    | Amortised Cost                    |  |
| Deposits and other accounts                                  | 1,007,819,494  | -                             | -                          | -   | -                  | -                | -              | -                 | 1,007,819,494                   | Historical Cost                    | Amortised Cost                    |  |
| Lease liabilities  | 6,686,639  | -                             | -                          | -   | -                  | -                | -              | -                 | 6,686,639                       | Outside the scope of IFRS 9        |                                   |  |
| Subordinated debt  | 11,344,671   | -                             | -                          | -   | -                  | -                | -              | -                 | 11,344,671                      | Historical Cost                    | Amortised Cost                    |  |
| Deferred tax liabilities                                     | 679,542  | -                             | -                          | -   | -                  | -                | (306,504)      | (306,504)         | 373,038                         | Outside the scope of IFRS 9        |                                   |  |
| Other liabilities  |  |                               |                            |   |                    |                  |                |                   |                                 |                                    |                                   |  |
| Financial liabilities  | 37,148,636   | -                             | -                          | -   | 149,877            | 149,877          | -              | 149,877           | 37,298,513                      | Historical Cost                    | Amortised Cost                    |  |
| Non-financial liabilities                                    | 5,374,617  | -                             | -                          | -   | -                  | -                | -              | -                 | 5,374,617                       | Outside the scope of IFRS 9        |                                   |  |
| Mark to market loss on forward exchange contracts            | 1,923,277  | -                             | -                          | -   | -                  | -                | -              | -                 | 1,923,277                       | Fair value                         | FVPL                              |  |
|  | 44,446,530   | -                             | (255,153)                  | -   | 149,877            | 149,877          | (105,276)      | (306,504)         | (411,780)                       | 44,596,407                         |                                   |  |
|  | 1,166,690,120  | -                             | -                          | -   | 149,877            | (105,276)        | (306,504)      | (411,780)         | 1,166,278,340                   |                                    |                                   |  |
| <b>Net Assets</b>  | <b>59,768,870</b>                                    | <b>-</b>                      | <b>1,582,469</b>           | <b>136,589</b>                            | <b>(2,202,094)</b> | <b>(483,036)</b> | <b>306,504</b> | <b>(176,532)</b>  | <b>59,592,338</b>               |                                    |                                   |  |
| <b>REPRESENTED BY</b>  |  |                               |                            |   |                    |                  |                |                   |                                 |                                    |                                   |  |
| Share capital  | 20,506,625   | -                             | -                          | -   | -                  | -                | -              | -                 | 20,506,625                      | Outside the scope of IFRS 9        |                                   |  |
| Reserves   | 7,290,037  | -                             | -                          | -   | -                  | -                | -              | -                 | 7,290,037                       | Outside the scope of IFRS 9        |                                   |  |
| Surplus on revaluation of assets                             | 4,880,072  | (523,653)                     | (136,589)                  | -   | (660,242)          | 242,158          | (418,084)      | 44,461,988        | Outside the scope of IFRS 9     |                                    |                                   |  |
| Unappropriated profit  | 17,731,217   | 523,653                       | 1,694,828                  | 136,589                                   | (2,031,513)        | 323,557          | (11,448)       | 312,109           | 18,043,326                      | Outside the scope of IFRS 9        |                                   |  |
|  | 50,407,951   | -                             | 1,558,239                  | 136,589                                   | (2,031,513)        | (336,685)        | 230,710        | (105,975)         | 50,301,976                      |                                    |                                   |  |
| Non-controlling interest                                     | 9,360,919  | -                             | 24,230                     | -   | (170,581)          | (146,351)        | 75,794         | (70,557)          | 9,290,362                       | Outside the scope of IFRS 9        |                                   |  |
|  | 59,768,870   | -                             | 1,582,469                  | 136,589                                   | (2,202,094)        | (483,036)        | 306,504        | (176,532)         | 59,592,338                      |                                    |                                   |  |

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- 4.1.2.1.1** As per paragraph 3.2 of the Application Instructions, Government securities in local currency are exempted from the application of ECL framework, details are mentioned in note 4.1.2.12 to these consolidated financial statements.
- 4.1.2.1.2** Certain debt securities are held by the Group in separate portfolios to meet everyday liquidity needs. The Group seeks to minimise the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual payments as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. The Group considers that under IFRS 9 these securities are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- 4.1.2.1.3** These financial assets are held by overseas branch. As per paragraph 1.2 of the Application Instruction, in relation to overseas branch, IFRS 9 will be applicable based on their respective host country's regulatory accounting practices. Since IFRS 9 was already applicable to overseas branches as at 01 January 2024, there is no impact of IFRS 9 adoption on these financial assets.
- 4.1.2.1.4** The Group previously classified certain equity investments as Available-for-Sale (AFS). Upon implementing IFRS 9, the Group made an irrevocable election to classify certain equity investments at FVOCI whereas the default category was for FVPL.
- 4.1.2.1.5** Certain debt securities are held by the Group in a separate portfolio for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Group considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows. These assets are classified as amortised cost under IFRS 9.
- 4.1.2.1.6** This includes puttable instrument that can be put back at any time for cash equal to a proportionate share of the net asset value of an entity. These assets are therefore mandatorily classified at FVPL under IFRS 9.
- 4.1.2.1.7** This includes expected credit loss against off-balance sheet items.

**4.1.2.2 Impact on regulatory capital**

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the banks, which has reduced their lending capacity and ability to support their clients. In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP has detailed the transitional arrangement.

The transitional arrangement applies only to provisions for stage 1 and stage 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the transitional adjustment amount) must be partially included (i.e., added back) to CET1 capital over the transition period of five years.

Moreover, SBP has allowed to adjust the amount of stage 1 and stage 2 provisions in Tier 2 Capital that have not been added back to CET 1 and vice versa as per Annexure-A of BPRD Circular No. 16 dated July 29, 2024.

The impact of adoption of IFRS 9 on the capital ratios of the Holding Company and BIPL, as disclosed in the respective financial statements were as follows:

|                              |                                      |
|------------------------------|--------------------------------------|
| JS Bank Limited              | CAR would have been higher by 38 bps |
| Bank Islami Pakistan Limited | CAR would have been higher by 35 bps |

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**4.1.2.3 Classification and measurement**

Under the new standard, classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at fair value through profit or loss (FVPL) regardless of the business model in which they are held.

**4.1.2.3.1 Recognition and initial measurement**

Debt securities issued are initially recorded when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial asset on initial recognition is generally its transaction price. If the Group determines that the fair value on initial recognition differs from the transaction price then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in consolidated statement of profit and loss account on an appropriate basis over the life of the asset but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out. Advances other than staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations are initially measured at transaction price i.e., the amount of loan disbursed at disbursement date.

Staff loans and Temporary Economic Refinance Facility (TERF) loans and advances pertaining to overseas operations are recognised at fair value at the time of disbursement. The fair value is determined by discounting the expected future cash flows using the prevailing market rates for instruments. The difference between the disbursed amount and the fair value at initial recognition is recorded as a prepayment.

**4.1.2.3.2 Classification**

**(a) Financial Assets**

On initial recognition, a financial asset other than advances except for staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations is classified as measured at amortised cost, FVOCI or FVPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets or groups of financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business models for managing financial assets, in which cases all affected financial assets are reclassified on the first day of the first reporting period following changes in the business model.

Advances are carried at cost, net of expected credit loss allowances, excluding staff loans, Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations, which are measured at amortised cost.

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**(b) Financial Liabilities**

Financial liabilities are either classified as fair value through profit or loss (FVPL), when they are held-for-trading purposes, or at amortised cost. Financial liabilities classified as FVPL are measured at fair value and all the fair value changes are recognised in consolidated statement of profit and loss account. Financial liabilities classified at amortised cost are initially recorded at their fair value and subsequently measured using the effective interest rate method. Markup expense and foreign exchange gain and losses are recognised in consolidated statement of profit and loss account. Any gain or loss on derecognition is also recognised in consolidated statement of profit and loss account.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

**4.1.2.4 Business model assessment**

A financial asset is classified as either held-to-collect, held-to-collect and sale and others based on Business Model Assessment. the Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The assessment requires judgement based on facts and circumstances on the date of assessment. The information considered mainly includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual markup revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Transfer of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group continuing recognition of the financial assets.

Financial assets that are held-for-trading or managed and whose performance is evaluated on a fair value basis are measured at FVPL because they are neither held-to-collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

**4.1.2.5 Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as interest margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

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A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and markup on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

the Group holds a portfolio of long-term fixed-rate loan for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the financing at par without penalty. the Group has determined that the contractual cash flows of these loan are SPPI because the option varies the interest rate in a way that is in consideration for the time value of money, credit risk, other basic financing risks and costs associated with the principal amount outstanding.

#### **4.1.2.6 Subsequent measurement**

The following accounting policies apply to the subsequent measurement of financial assets:

|   |  |
|---|--|
| <b>Financial assets at FVPL</b>           | These assets are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in profit and loss account.  |
| <b>Financial assets at amortised cost</b> | These assets are subsequently measured at amortised cost using the effective interest method in case of investments, lendings to financial institutions, cash and balances with treasury banks, balances with other banks, Temporary Economic Refinance Facility (TERF), staff loans, and advances pertaining to overseas operations and other financial assets. The amortised cost is reduced by impairment losses. Markup, foreign exchange gains and losses and impairment are recognised in consolidated statement of profit and loss account. |
| <b>Debt investments at FVOCI</b>          | These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Markup income is calculated using the effective interest method and includes amortisation of premiums and accretion of discount, foreign exchange gains and losses and impairment are recognised in consolidated statement of profit and loss account. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to consolidated statement of profit and loss account. |
| <b>Equity investments at FVOCI</b>        | These assets are subsequently measured at fair value. Dividends are recognised as income in consolidated statement of profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to consolidated statement profit and loss account.   |
| <b>Advances at cost</b>                   | Advances are carried at cost, net of expected credit loss allowances, excluding staff loans, Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations, which are measured at amortised cost, net of expected credit loss allowances.  |

#### **4.1.2.7 Amortised cost and gross carrying amount**

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before January 01, 2024).

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

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**4.1.2.8 Calculation of markup income and expense**

Income from performing advances of the domestic operations is recognised on accrual basis as per the terms of the contract. However, where debt securities, classified as investments in the financial statements, are purchased at premium or discount, such premium / discount including the transaction cost is amortised through the consolidated statement of profit and loss account over the remaining maturity of the debt security using the effective interest rate method. The interest income on staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations is recognised in line with the EIR, while any expected credit losses are assessed and accounted for in accordance with the requirements of IFRS 9. Income from advances except for staff loans and TERF are recognised in consolidated statement of profit and loss account using contractual rate. Similarly, under the local regulatory requirement, income recoverable on classified domestic advances and investments (debt securities), is recognised on a receipt basis.

Income on rescheduled / restructured advances and investments is recognised as permitted by SBP regulations.

In case of overseas operations, income on the financial assets is recognised under the effective interest method or as prescribed by the regulatory authorities of the countries in which the Group operates.

Markup expense on domestic financial liabilities (comprising deposits, subordinated debts, and borrowings) is recognised on an accrual basis in the period in which it is incurred, based on effective interest rate method. In case of overseas operations, such expense is recognised under the effective interest method or as prescribed by the regulatory authorities of the countries in which the Group operates.

In accordance with the BPRD Circular Letter No. 01 of 2025 dated January 22, 2025, Islamic Banking Institutions (IBIs) are allowed to follow Islamic Financial Accounting Standards (IFAS) 1 & 2 where applicable and continue the existing accounting methodology on other Islamic products until issuance of further instruction in this regard. In this respect, income from performing financing is recognized on accrual basis as per the terms of the contract.

If the revenue had been recognized in accordance with IFRS 9 and SBP Application guidelines, the following impact on profit and loss would have resulted:

|                                      | <b>Attributable to:</b>               |                                     |
|--------------------------------------|---------------------------------------|-------------------------------------|
|                                      | <b>Equity holders<br/>of the Bank</b> | <b>Non-controlling<br/>interest</b> |
| ----- Rupees in '000 -----           |                                       |                                     |
| Retained Earning - net of tax        | <b>19,254</b>                         | <b>6,377</b>                        |
| Profit and Loss Account - net of tax | <b>609,842</b>                        | <b>201,982</b>                      |

**4.1.2.9 Derecognition**

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - (a) substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - (b) the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of

On derecognition of a financial asset in its entirety, the difference between:

- the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised); and
- the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in OCI shall be recognised in profit or loss.

From January 01, 2024 any cumulative gain / loss recognised in OCI in respect of equity investment securities designated at FVOCI is not recognised in profit and loss account on derecognition of such securities. Any markup on transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

the Group enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

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When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured loan transaction similar to sale-and repurchase transactions, because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. the Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

**4.1.2.10 Modification**

(a) **Financial Assets**

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to its customers. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in consolidated statement of profit and loss account as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Where derecognition of financial assets is appropriate, the newly recognised residual loans are assessed to determine whether the assets should be classified as purchased or originated credit-impaired assets (POCI).

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognise the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower then the gain or loss is presented together with impairment losses. In other cases, it is presented as markup income calculated using the effective interest rate method.

**4.1.2.11 Reclassification**

Financial liabilities are not reclassified subsequent to initial recognition. Reclassifications of financial assets are made when, and only when, the business model for those assets changes. Such changes are expected to be infrequent and arise as a result of significant external or internal changes such as the termination of a line of business or the purchase of a subsidiary whose business model is to realise the value of pre-existing held for trading financial assets through a hold to collect model.

Financial assets are reclassified at their fair value on the date of reclassification and previously recognised gains and losses are not restated. Moreover, reclassifications of financial assets between financial assets held at amortised cost and financial assets held at FVOCI do not affect effective interest rate or expected credit loss computations.

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**Reclassified from fair value through other comprehensive income**

Where debt securities held at FVOCI are reclassified to financial assets held at FVPL, the cumulative gain or loss previously recognised in comprehensive income is transferred to the profit and loss account.

For debt securities held at FVOCI that are reclassified to financial assets held at amortised cost, the cumulative gain or loss previously recognised in comprehensive income is adjusted against the fair value of the financial asset such that the financial asset is recorded at a value as if it had always been held at amortised cost. In addition, the related cumulative expected credit losses held within comprehensive income are reversed against the gross carrying value of the reclassified assets at the date of reclassification.

**4.1.2.12 Impairment**

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses (ECL) resulting from default events that are possible within the next 12 months (12-month ECL). In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL).

**(a) Measurement of ECL**

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

**(b) Restructured financial assets**

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Financial assets where 12-month ECL is recognised are in 'Stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'Stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'Stage 3'.

**(c) Non-Performing financial assets**

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'non-performing' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Under the IFRS 9 Application instructions, the Group is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. The Group is required to calculate ECL on its non-performing financial assets as higher of provision under Prudential Regulations (PR) and ECL under IFRS 9. Further, the Groups are advised to recognize income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

The Group calculates the ECL against corporate, commercial and SME loan portfolios as higher of PR and ECL under IFRS 9 at borrower / facility level, whereas against the retail borrowers the Group will calculate ECL at higher of PR and ECL under IFRS 9 at segment / product basis as instructed under Annexure-A of BPRD Circular No. 16 dated July 29, 2024.

Based on the requirements of IFRS 9 and Application Instructions, the Group has performed an ECL assessment considering the following key elements:

**(a) Probability of default (PD)**

The probability that a counterparty will default over the next 12 months from the reporting date (12 month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2). PD is estimated using internal rating classes and are based on the Group's internal risk rating. The Group has used Transition Matrix approach for estimation of PD for each internal rating. the Group have used roll-rate method using the days past due (DPD) criteria to estimated PD for its retail portfolio. PD are then adjusted with forward looking information for calculation of ECL.

**(b) Exposure at default (EAD)**

The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant. The Group estimates EAD for financial assets carried at an amortised cost equal to principal plus profit. Each repayment date is assumed to be default point in the model and the ECL is calculated on EAD at each reporting date and discounted at the effective interest rate. Further, cash and cash equivalent collaterals the Group holds against the non-retail facilities are adjusted from the LGD.

**(c) Loss given default (LGD)**

An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Group expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

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**Presentation of allowance for Expected Credit Loss in the Consolidated Statement of Financial Position**

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- For advances measured at cost: as a deduction from the gross carrying amount of the advances.
- Loan commitments and financial guarantee contracts: as a provision in other liabilities.
- Where a financial instrument includes both a drawn and an undrawn component, and the Group does not identify the ECL on the loan commitment component separately from those on the drawn component and instead presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognised in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in OCI.

**4.1.2.13 Significant increase in credit risk (SICR)**

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Group used several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or profit payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of PR issued by SBP. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 6 months from initial downgrade is required before any facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective Prudential Regulations for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular No. 03 dated July 05, 2022. However, banks are free to choose more stringent days past due criteria. The Group aligns its policy with Annexure-C of BPRD Circular No. 3 of 2022; hence, SICR is considered if credit exposure exceeds 60 days past due.

**4.1.2.14 Write-offs**

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the profit and loss account and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

**4.1.2.15 Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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**4.1.2.16 Undrawn loan commitments and guarantees:**

'Financial guarantees' are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market profit rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

When estimating lifetime ECL for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the loans are drawn down, based on a probability-weighting of the three scenarios.

**4.1.2.17 Governance, ownership and responsibilities**

The Group has adopted a governance framework requiring the Risk, Finance, Operations, Internal Audit and IT functions to effectively work together to ensure input from all business lines. IFRS 9 requires robust credit risk models that can predict Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The Group's Credit Division performs credit risk assessment, monitors Significant Increase in Credit Risk of the borrowers, reviews Credit Ratings and obligor attributes.

The IT Division extracts the data required for ECL calculations. IT Division also provide support for system development and upgrades.

The Group's Finance Division takes ownership of ECL models and methodologies used in calculation of ECL. Finance Division assess the financial impact, meet the financial reporting requirements and presents quarterly results to Board of Directors (BOD) / its Board Sub Committee.

The Risk Management Division calculates impact of ECL on bank's capital adequacy, leverage ratio and Liquidity requirements.

As per the Group's policy, the Group's Internal Audit function carries out periodic review of IFRS 9 methodology and impacts calculated by the Management.

**4.2 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.

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**4.3 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) Sale under repurchase obligation**

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the consolidated statement of financial position and are measured in accordance with accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is amortised as expense over the term of the repo agreement. These are initially recognised at amount of funds received and subsequently reported as payable under the contractual terms.

**(b) Purchase under resale obligation**

Securities purchased with a corresponding commitment to resale at a specified future date (reverse repos) are not recognised as investments in the consolidated statement of financial position. Amounts paid under these arrangements are included in repurchase agreement lendings. The difference between purchase and resale price is accrued as income over the term of the reverse repo agreement. These are initially recognised at amount of funds disbursed and subsequently reported as receivable under the contractual terms.

**(c) 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.

**4.3.1 Due to / from financial and other institutions**

**4.3.1.1 Bai Muajjal**

In Bai Muajjal transactions, the Group sells sukuk on deferred payment basis to financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the credit period.

**4.3.1.2 Musharakah**

In Musharakah, the Group invests / accepts in the Shariah compliant business pools of / from the financial institutions as per the Shariah principles of profit and loss sharing.

**4.3.1.3 Musharakah from State Bank of Pakistan under Islamic Export Refinance Scheme (IERS)**

Under IERS, the Group accepts funds from the SBP under Shirkat-ul-Aqd to constitute a pool for investment in export refinance portfolio of the Group under the Shariah guidelines issued by the SBP. The profit of the pool is shared as per the agreed PSR between the partners.

**4.3.1.4 Acceptances from State Bank of Pakistan for financial assistance**

The Group has recorded Acceptances from State Bank of Pakistan for financial assistance at its fair value which is amortised over its agreed term.

**4.3.1.5 Commodity Murabahah**

In Commodity Murabahah, the Group sells commodities on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

**4.3.1.6 Wakalah**

In Wakalah, the Group accepts / places funds from / with financial institutions by entering into Investment Agency for the funds to be invested in profitable avenues as Wakeel / on behalf of the Muwakkil.

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**4.4 Investments**

**Associates**

Associates are entities over which the Group has significant influence but not control. This influence is assessed based on the Group's potential voting rights that are currently exercisable in the entity that allow the bank to participate in but not control decision-making. Investment in associates 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 recognise 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.

In addition to above, certain mutual funds are managed by JS Investments Limited (JSIL), the subsidiary company of the Bank. As stipulated under Regulation 38 of Non-Banking Finance Regulation, 2008, the Asset Management Company (AMC) is entrusted with fiduciary duties towards the unit holders of the funds. This fiduciary obligation requires AMC to act in the best interests of its unit holders, refraining from exploiting opportunities for its own benefit or that of its related parties, group companies, or employees, to the detriment of the unit holders. Therefore, the Bank has significant influence over such mutual funds due to participation in the investee's policy-making processes via the JSIL and investment in such mutual funds is considered as investment in associates even if the holding is less than 20%.

These mutual funds are not considered subsidiary due to the legal trust structure of the entity, the Bank does not have the ability to affect returns through its power over the investee. Further, under this trust structure, the trusteeship is separate from the management, and the independent trustees play a key role in overseeing the activities of the AMC.

**4.5 Financial instruments**

**4.5.1 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. In case of equity Shariah compliant futures, the fair value is calculated with reference to quoted market price. 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 consolidated statement of profit and loss account.

**4.6 Advances**

**4.6.1 Loan and advances**

These are stated at cost less expected credit loss allowances except for staff loans, Temporary Economic Refinance Facility (TERF), and advances pertaining to overseas operations which are stated at amortised cost less credit loss allowances.

**4.6.2 Finance lease**

Leases, where the Group 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.

**4.6.3 Islamic financing, related assets and advances**

Islamic financing and related assets are financial products originated by the Bank and principally comprise of Murabahah, Istisna, Ijarah, Salam, Muswamah, Diminishing Musharakah, Running Musharakah (Shirkat-ul-Aqd) and other Islamic modes of financing and the related assets.

As a general rule, funds disbursed under financing arrangements for purchase of goods / assets are recorded as advance. On culmination, financings are recorded at the deferred sale price net of profit. Goods purchased that remain unsold at the consolidated statement of financial position reporting date are recorded as inventories.

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**4.6.4 Ijarah Financing {Ijarah contracts where the Bank acts as Mujir (lessor)}**

Ijarah financing executed on or before December 31, 2008 have been accounted for under finance method, thereafter all Ijarah financing are accounted for under IFAS-2.

- Under finance method, the present value of minimum Ijarah payments have been recognised and shown under Islamic financing and related assets. The unearned income (the excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility) is deferred and then amortised over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognised as income on a receipt basis. Income on Ijarah is recognised from the date of delivery of the respective assets to the Mustajir (lessee).
- Under IFAS-2 method, assets underlying Ijarah financing have been carried at cost less accumulated depreciation and impairment, if any, and are shown under Islamic financing and related assets. Rentals accrued from Ijarah financing net of depreciation charge are recognised in the consolidated statement of profit and loss account. Depreciation on Ijarah assets is charged by applying the straight line method over the Ijarah period which is from the date of delivery of respective assets to Mustajir up to the date of maturity / termination of Ijarah agreement.

**4.6.5 Murabahah**

Murabahah is a sale transaction with the purchase ordered wherein the first party sells to the client / customer Shariah compliant assets / goods for cost plus a pre-agreed profit after getting title and possession of the same. In principle, on the basis of an undertaking (Promise-to-Purchase) from the client (the purchase ordered), the Group purchases the assets / goods subject of the Murabahah from a third party and takes the possession thereof. However, the Group can appoint the client as its agent to purchase and take possession of the assets / goods on its behalf. Thereafter, it sells it to the client at cost plus the profit agreed upon in the promise.

**4.6.6 Istisna**

Istisna is a contract where the buyer orders the client (seller / manufacturer) to manufacture and deliver specified goods at an agreed contract price upon completion. Istisna is used with Wakalah agreement to provide financing mainly to manufacturers. Thus the transaction consists of two stages:

- (i) Bai Istisna whereby the Group purchases goods from the client and
- (ii) Wakalah whereby the Group after receipt / possession of goods, appoints the client its agent to sell the goods in the market.

**4.6.7 Diminishing Musharakah**

Diminishing Musharakah represents an asset in joint ownership whereby a partner promises to buy the equity share of the other partner until the ownership of the asset is totally transferred to him. The partner using the asset pays the proportionate rental of such asset to the other partner (the Group).

**4.6.8 Import Murabahah**

Import Murabahahh is a product, used to finance a commercial transaction which consists of purchase by the Group (generally through an undisclosed agent) the goods from the foreign supplier and selling them to the client after getting the title and possession of the goods. Murabahah financing is extended to all types of trade transactions i.e., under Documentary Credits (LCs), Documentary Collections and Open Accounts.

**4.6.9 Salam**

Salam is a sale transaction where the seller undertakes to supply some specific goods to the buyer at a future date against an advance price fully paid on spot. In Salam financing, the transaction consists of two stages:

- (i) Bai Salam whereby the Group purchases goods from the client and
- (ii) Wakalah whereby the Group after receipt / possession of goods, appoints the client its agent to sell the goods in the market.

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**4.6.10 Musawamah**

Under this product the Group purchases identified goods from client at an agreed purchase price on the basis of Musawamah. The Group then sells the goods in the market through an agent (Client) at a higher price to earn its desired profit.

**4.6.11 Musharakah**

Musharakah are different types of partnerships in business with distribution of profit in agreed ratio and distribution of loss in the ratio of capital invested.

**4.6.12 Wakalah-tul-Istismar (Investment Agency Wakalah)**

Wakalah-tul-Istismar means appointing another person to invest and grow one's wealth, with or without a fee. It covers contract for acquisition of services of a person or institution (Wakeel) for making investments of Wakalah Funds, and accomplishment of certain task on behalf of another person or institution (Muwakkil).

**4.6.13 Running Musharakah**

In Running Musharakah financing, the Group enters into financing with the customer based on Shirkat-ul-Aqd (Business Partnership) in customer's operating business. Under this mechanism the customer can withdraw and return funds to the Group subject to its Running Musharakah Financing limit during the Musharakah period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual accounts of the customer and unclaimed profit above ceiling (if any).

**4.6.14 Ijarah**

Ijarah is a contract where the owner of an asset transfers its usufruct (i.e. the usage right) to another person for an agreed period, at an agreed consideration. The rentals received / receivable on Ijarah are recorded as income / revenue. Depreciation on Ijarah assets is charged by applying the straight line method over the Ijarah period which is from the date of delivery of respective assets to Mustajir up to the date of maturity / termination of Ijarah agreement.

**4.7 Property and equipment, and depreciation**

**4.7.1 Property and equipment**

Property and equipment except land and buildings 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. Leasehold land and buildings on leasehold land are stated at revalued amount less accumulated depreciation and impairment loss, if any.

Depreciation on property and equipment (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 10.2 to these consolidated financial statements after taking into account residual value. The asset's residual values and useful lives are reviewed and adjusted, if required, at each reporting date.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. In case of buildings relevant portion of the revaluation reserve is transferred to retained earnings as the asset is depreciated on or its disposal. Valuation techniques and input used are disclosed in note 42 of these consolidated financial statements.

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 derecognised. All other repairs and maintenance are charged to the consolidated statement of profit and loss account during the period in which they are incurred.

An item of property and equipment is derecognised 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 consolidated statement of profit and loss account in the year the asset is derecognised.

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**4.7.2 Surplus / deficit on revaluation of Property and Equipment**

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 the consolidated statement of 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 Property and equipment Account" to unappropriated profit through Statement of Changes in Equity to record realisation of surplus to the extent of the incremental depreciation charge for the year.

Gains or losses on disposal of assets are included in the consolidated statement of profit and loss account currently, except for the related surplus on revaluation of Property and equipment (net of deferred tax) which 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 Lease liability and right-of-use assets**

The Group enters into leasing arrangements for its office premises, branches, ATMs and warehouses. Rental contracts are typically for a fixed period and may have extension options as described below. At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The SBP, vide its BPRD Circular Letter No. 8 dated April 30, 2019 and BPRD Circular No. BPRD/RPD/2019/17 dated July 26, 2019 has directed all Islamic Banks to apply IFRS 16 - 'Leases' in all Ijarah (lease) contracts where the Islamic Banks acts in capacity of Mustajir (lessee).

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not be terminated).

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the respective entity's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Group under residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification.

The lease liability is remeasured when the Group reassesses the reasonable certainty of exercise of extension or termination option upon occurrence of either a significant event or a significant change in circumstance, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

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On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

**4.9 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.

**4.10 Non-banking assets acquired in satisfaction of claims**

Non-banking assets acquired in satisfaction of claims are initially measured at settlement amount and upon revaluation, are carried at revalued amounts less accumulated depreciation and impairment losses, if any. The useful lives and depreciation method are reviewed annually and adjusted, if appropriate. As per SBP's requirement desktop valuation is carried out on annual basis and full-scope valuation after every three years by independent professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of assets is credited to the 'surplus on revaluation of Non-banking assets acquired in satisfaction of claims' account and any deficit arising on revaluation is taken to consolidated statement of profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title of assets is charged to consolidated statement of profit and loss account and not capitalised. The policy for depreciation is stated in note 4.7.1 of these consolidated financial statements.

**4.10.1 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 the State Bank of Pakistan (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 4.7.2.

Furthermore, revaluation surplus on such assets shall not be admissible for calculating Group's Capital Adequacy Ratio. However, the surplus can be adjusted upon realisation of sale proceeds.

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**4.11 Borrowings / deposits and their cost**

Borrowings / deposits are initially recorded at the amount of proceeds received. Costs of borrowings / deposits are recognised separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

**4.12 Subordinated debt**

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

**4.13 Taxation**

**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.

**Deferred**

Deferred tax is recognised using the balance sheet approach on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in these consolidated financial statements. Deferred tax liability is recognised 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 wherein 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 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 profit and loss account net of expected recovery.

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**4.15 Staff retirement benefits**

**4.15.1 Defined contribution plan**

The Group has established a provident fund scheme for all its permanent employees effective from January 01, 2007 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.

|  | <b>Contribution<br/>basic salary</b> |
|--|--------------------------------------|
| - JS Bank Limited (the Bank)               | 7.10%                                |
| - JS Global Capital Limited (Subsidiary)   | 7.33%                                |
| - JS Investment Limited (Subsidiary)       | 7.33%                                |
| - BankIslami Pakistan Limited (Subsidiary) | 6.66%                                |

**4.15.2 Defined benefit plan**

**JS Bank Limited (the Bank)**

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, 2024, 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 consolidated statement of profit and loss account and actuarial gains and losses are recognised immediately in other comprehensive income.

**BankIslami Pakistan Limited (BIPL)**

BIPL operates an approved funded gratuity scheme for its permanent employees. The liability recognised in the consolidated statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. The last valuation was conducted as on December 31, 2024.

Amounts arising as a result of remeasurements, representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the consolidated statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

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**4.16 Revenue recognition**

**4.16.1** Revenue is recognised to the extent that economic benefits will flow to the Group and the revenue can be reliably measured. These are recognised as follows:

- Mark-up income / interest on performing advances and returns on debt securities are recognised on accrual basis except in case of classified advances where mark-up income is recognised on receipt basis. Mark-up / return / interest on rescheduled / restructured loans and advances and investments is recognised as permitted by the regulations of SBP.
- Where debt securities are purchased at premium or discount, such premium / discount is amortised through the profit and loss account over the remaining period of maturity.
- Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (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. Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognised as income when these are realised.
- The Group earns fee and commission income from a banking service to retail and corporate customer. Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.
- Dividend income is recognised when the Group's right to receive dividend is established.
- Gain / loss on sale of investments is credited / charged to profit and loss account.
- Profit on Murabahah and Commodity Murabahah is recognised over the financing stage of Murabahah on an accrual basis. Profit on Murabahah transactions for the period from the date of disbursement to the date of culmination of Murabahah is recognised immediately on the culmination date.
- Profit from Istisna, Salam and Muswammah / Tijarah are recorded on an accrual basis commencing from the time of sale of goods till the realisation of proceeds by the Bank. Profit from Diminishing Musharakah are recognised on a time proportionate basis in the form of rentals.
- Finance method is used in accounting for income from Ijarah contracts written up to December 31, 2008. Under this method the unearned income i.e. excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility is deferred and then amortised over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognised as income on a receipt basis. Income on Ijarah is recognised from the date of delivery of the respective assets to the Mustajir (lessee).
- Rental from Ijarah contracts entered on or after January 01, 2009 is recognised in the consolidated profit and loss account over the term of the contract net of depreciation expense relating to the Ijarah assets.
- Provisional profit of Musharakah financing is recognised on an accrual basis. Actual profit / loss on Musharakah financing is adjusted after declaration of profit by Musharakah partner or on liquidation of Musharakah.
- Profit on Wakalah-tul-Istismar financings is booked on an accrual basis and is adjusted upon declaration of profit by the Wakeel.
- Profit on Running Musharakah financings is booked on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- Profit on classified financing is recognised on a receipt basis.

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- Profit on Sukuks is recognised on an accrual basis. Where Sukuks (excluding held for trading securities) are purchased at a premium or discount, the premiums / discounts are amortised through the consolidated profit and loss account over the remaining life of Sukuk, using the effective yield method.
- Remuneration for management services and asset investment advisory services are recognised on an accrual basis by applying pre-defined remuneration percentage on daily net asset value of the respective funds. The fee so charged does not exceed the limit prescribed in the NBFC Regulations / Voluntary Pension System Rules, 2005.
- Return on bank deposits, mark-up on term finance certificate, mark-up on letter of placements and mark-up on commercial papers are recognised on time proportionate basis by using effective rate of interest.
- Commission income from open end funds is recognised at the time of sale of units.
- Commission income and share of profit from management of discretionary and non discretionary client portfolios is recognised as services are rendered.
- Brokerage, consultancy, advisory fee, underwriting, book running fee, commission on foreign exchange dealings and debt securities etc. are recognised as and when such services are provided.
- Income from reverse repurchase transactions, debt securities and bank deposits is recognised at effective yield on time proportionate basis.
- Interest income on financial assets (including margin financing) is recognised on time proportionate basis taking into account effective / agreed rate of the instrument.
- Unrealised capital gains / losses arising from mark to market of investments classified as 'financial assets at fair value through profit or loss' are included in statement of profit or loss in the period in which they arise.
- Unrealised gains / losses arising from mark to market of investments classified as 'fair value through other comprehensive income' are taken directly to statement of comprehensive income in the period in which they arise.
- Gains / losses arising on revaluation of derivatives to fair value are taken to statement of profit or loss under other income / other expense in the period in which they arise.

**4.17 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. The revaluation surplus related to Property and equipment and non-banking assets is not available for distribution of dividend.

**4.18 Foreign currencies**

**4.18.1 Functional and presentation currency**

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pakistani Rupees, which is the Group'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 consolidated statement of 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 / sale contracts relating to foreign currency deposits are realised / charged directly to consolidated statement of profit and loss account.

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**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 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 balance sheet date.

**4.19 Clients' assets**

The Group provides services that result in the holding of assets on behalf of its clients. Such assets are not reported in the consolidated financial statements, as they are not the assets of the Group.

**4.20 Acceptances**

Acceptances comprise of undertakings by the Group to pay bill of exchange drawn on customers. Acceptances are recognised as financial liability in the consolidated statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

**4.21 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 Group'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 Group'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.

**4.22 Earnings per share**

The Group presents basic and diluted earnings per share (EPS). Basis EPS is calculated by dividing the profit or loss attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

**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 six operating segments based on products and services, as follows:

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**4.23.1 Business segments**

**Retail Banking**

Retail banking includes branch banking, small and medium enterprises, direct sales, private banking, product management, branch distribution network and tele sales.

**Corporate / Commercial Banking**

This includes corporate banking, commercial banking and institutional sales related loans, deposits and other transactions.

**Treasury**

This segment is responsible for asset / liability management and includes all treasury related products such as fixed income money market, FX and derivatives.

**Investment, International and Institutional Banking**

This segment includes international branch, financial institutions business, home remittances, cash management, employee banking, venture capital and green banking.

**Zindigi**

It is a digital platform catering branchless banking customers.

**Islamic Banking**

This segment includes Islamic Banking operations of the Group.

**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.

**Others**

This includes the head office related activities and other functions which cannot be classified in any of the above segments.

**4.23.2 Geographical segment**

The Group operates in two geographic regions being:

- Pakistan
- Bahrain

**4.24 Pool Management**

The Islamic Banking Subsidiary of the Group - BankIslami Pakistan Limited (BIPL) operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudarabah, Musharakah and Wakalah modes.

Under the general deposit pools, BIPL accepts funds on Mudarabah basis from depositors (Rab-ul-Maal) where BIPL acts as Manager (Mudarib) and invests the funds in the Shariah compliant modes of financings, investments and placements. When utilizing investing funds, BIPL prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

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Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan, high net worth customers and other banks for Islamic Export Refinance Scheme to BIPL's customers and liquidity management respectively under the Musharakah / Mudarabah modes. The profit of each deposit pool is calculated on all the remunerative assets booked by utilizing the funds from the pool after deduction of expenses directly incurred in earning the income of such pool. The directly related costs comprise of depreciation on ijarah assets and takaful premium. No expense of general or administrative nature of expense is charged to the pools. No provisions against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharakah at gross level (before charging of mudarib share) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib share.

The risk characteristic of each pool mainly depends on the asset and liability profile of each pool. As per BIPL's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors' pool of PKR, USD, GBP and Euro. BIPL maintains General Pools, FI Pools, IERS pool and Equity pool. The general pools are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved.

**4.24.1 General Pool**

For General Pools, BIPL allocates PKR financing to Corporate, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business. Investments in Sovereign Guarantee Sukuk, Bai Muajjal with State Bank of Pakistan and Bai Muajjal with Government of Pakistan and other financial institutions are also done through General Pools. All remunerative deposits are tagged to these general pools and their funds generated from the depositors are invested on priority basis. Due to limited investment options in USD, GBP and Euro pools, funds from FCY pools are invested in available International Sukuk, Shariah Complaint Nostro accounts and remaining funds are taken out and invested in PKR general pool as part of equity. In such cases return from PKR General Pool is given back to FCY pools, so that returns can be passed on to FCY pool customers accordingly.

**4.24.2 Special Mudarabah Pool**

Special Mudarabah Pools are created to manage returns of High Net Worth depositors and Government institutions. The funds received against these deposits are invested in various Shariah compliant assets.

**4.24.3 Specific Musharakah Pool**

**Islamic Export Refinance Scheme (IERS) Pool**

The IERS pool assets comprise of Sovereign Guarantee Sukuks, and financings to / Sukuks of blue chip companies and exporters as allowed under the applicable laws and regulations, and are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

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**Other Specific Musharakah Pool**

The Other Specific Musharakah Pool assets comprise of consumer housing finance portfolio, Sukuk and the related liability of the pool comprises of Musharakah Acceptance from a financial institution. This pool is created to fund the housing finance portfolio.

**Financial Institution (FI) Pools**

The FI pools assets generally comprise of Sovereign Guarantee Sukus only and the related liability of the FI pools comprise of Musharakah / Mudarabah / Wakalah Acceptance from other banks and financial institutions. These pools are created to meet the liquidity requirements of BIPL.

|   | Note | <b>2024</b>                | 2023              |
|---|------|----------------------------|-------------------|
|   |      | ----- Rupees in '000 ----- |                   |
| <b>5. CASH AND BALANCES WITH TREASURY BANKS</b>                             |      |                            |                   |
| <b>In hand:</b>   |      |                            |                   |
| Local currency  |      | <b>23,331,748</b>          | 19,834,818        |
| Foreign currencies  |      | <b>2,228,158</b>           | 3,479,237         |
|   |      | <b>25,559,906</b>          | 23,314,055        |
| <b>With State Bank of Pakistan in:</b>                                      |      |                            |                   |
| Local currency current accounts   | 5.1  | <b>46,532,559</b>          | 41,887,252        |
| Foreign currency current accounts   | 5.2  | <b>2,395,530</b>           | 2,071,676         |
| Foreign currency deposit accounts   | 5.3  | <b>8,020,479</b>           | 6,789,860         |
| US dollar clearing account  |      | <b>10,999</b>              | 38,902            |
|   |      | <b>56,959,567</b>          | 50,787,690        |
| <b>With National Bank of Pakistan in local currency current accounts</b>    |      | <b>1,622,507</b>           | 8,059,788         |
| <b>Prize Bonds</b>  |      | <b>11,620</b>              | 20,927            |
| <b>Less: Credit loss allowance held (Stage 1)</b>                           |      | <b>(1,232)</b>             | -                 |
| <b>Cash and balances with treasury banks - net of credit loss allowance</b> |      | <b>84,152,368</b>          | <b>82,182,460</b> |

- 5.1** This represents local currency current account maintained under the Cash Reserve Requirement (CRR) of the SBP.
- 5.2** This represents foreign currency current account maintained with SBP under the CRR of the SBP.
- 5.3** This includes :
  - a foreign currency deposit account maintained under the Special Cash Reserve Requirement (SCRR) of the SBP which carried mark-up at rates ranging from 3.53% to 4.35% per annum (2023: 3.39% to 4.34% per annum); and
  - a foreign currency settlement account which carried mark-up at a rate of 0.00% per annum (2023: 0.00% per annum).

|   | Note | <b>2024</b>                | 2023      |
|---|------|----------------------------|-----------|
|   |      | ----- Rupees in '000 ----- |           |
| <b>6. BALANCES WITH OTHER BANKS</b>                             |      |                            |           |
| <b>In Pakistan</b>  |      |                            |           |
| In current accounts   |      | <b>6,275</b>               | 40,691    |
| In deposit accounts   | 6.1  | <b>475,539</b>             | 165,785   |
|   |      | <b>481,814</b>             | 206,476   |
| <b>Outside Pakistan</b>   |      |                            |           |
| In current accounts   | 6.2  | <b>4,282,102</b>           | 4,908,757 |
| In deposit accounts   | 6.3  | <b>315,659</b>             | 186,921   |
|   |      | <b>5,079,575</b>           | 5,302,154 |
| <b>Less: Credit loss allowance held (stage 1)</b>               |      | <b>(3,740)</b>             | (74)      |
| <b>Balances with other banks - net of credit loss allowance</b> |      | <b>5,075,835</b>           | 5,302,080 |

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- 6.1** These include deposits with various Islamic banks under Musharakah and Mudarabah arrangements. The profit rate on these arrangements range between 10.41% to 11.13% (2023: 6.75% to 12.13%) per annum.
- 6.2** This includes amount held in Automated Investment Plans. The Group is entitled to earn interest from the foreign correspondent banks at agreed upon rates when the balance exceeds a specified amount which ranges between 3.58% to 4.08% per annum (2023: 4.50% to 5.00% per annum).
- 6.3** These represent deposit placement outside Pakistan with an Islamic banking division of a foreign bank under Wakala arrangement. The profit rate on these arrangements is 3% to 3.5% (2023: 2.25% to 3%) per annum.

|  | Note | <b>2024</b>      |            | <b>2023</b>    |
|--|------|------------------|------------|----------------|
|  |      |                  |            | Rupees in '000 |
| <b>7. LENDINGS TO FINANCIAL INSTITUTIONS</b> |      |                  |            |                |
| <b>Unsecured</b>                             |      |                  |            |                |
| Bai Muajjal Receivable                       |      |                  |            |                |
| - with other Financial Institutions          | 7.2  | <b>4,257,928</b> | 16,502,138 |                |
| Other placements                             |      | <b>14,580</b>    | 17,820     |                |
|  |      | <b>4,272,508</b> | 16,519,958 |                |
| Less: provision held against lendings        | 7.3  | <b>(14,580)</b>  | (17,820)   |                |
|  |      | <b>4,257,928</b> | 16,502,138 |                |

**7.1 Particulars of lendings - gross**

|                       |                  |            |
|-----------------------|------------------|------------|
| In local currency     | <b>4,272,508</b> | 16,519,958 |
| In foreign currencies | -                | -          |
|                       | <b>4,272,508</b> | 16,519,958 |

- 7.2** The average return on this product is 19.6% (2023: 22.05% to 22.35%) per annum. The balance has maturity in 24 days (2023: 6 days to 110 days).

| <b>7.3 Lending to FIs - Particulars of credit loss allowance</b> | <b>2024</b>                 |                                   | <b>2023</b>    |                                   |
|--|-----------------------------|-----------------------------------|----------------|-----------------------------------|
|  | <b>Lending</b>              | <b>Credit loss allowance held</b> | <b>Lending</b> | <b>Credit loss allowance held</b> |
|  |                             |                                   | Rupees in '000 |                                   |
| <b>Domestic</b>  |                             |                                   |                |                                   |
| Performing   | Stage 1<br><b>4,257,928</b> | -                                 | 16,502,138     | -                                 |
| Under-performing   | Stage 2<br>-                | -                                 | -              | -                                 |
| Non-performing   | Stage 3<br>-                | -                                 | -              | -                                 |
| Substandard  | -                           | -                                 | -              | -                                 |
| Doubtful   | -                           | -                                 | -              | -                                 |
| Loss   | <b>14,580</b>               | <b>(14,580)</b>                   | 17,820         | (17,820)                          |
| <b>Total</b>   | <b>4,272,508</b>            | <b>(14,580)</b>                   | 16,519,958     | (17,820)                          |

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|   | <b>2024</b>    |                |                |                |
|---|----------------|----------------|----------------|----------------|
|   | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>Total</b>   |
| -----<br>Rupees in '000 -----                     |                |                |                |                |
| <b>Balance at the start of the year</b>           | -              | -              | <b>17,820</b>  | <b>17,820</b>  |
| Impact of adoption of IFRS 9                      | <b>20</b>      | -              | -              | <b>20</b>      |
| Transfer to stage 1                               | -              | -              | -              | -              |
| Transfer to stage 2                               | -              | -              | -              | -              |
| Transfer to stage 3                               | -              | -              | -              | -              |
| <b>Net remeasurement of credit loss allowance</b> | <b>20</b>      | -              | <b>17,820</b>  | <b>17,840</b>  |
| New financial assets originated or purchased      | -              | -              | -              | -              |
| Financial assets that have been derecognised      | <b>(20)</b>    | -              | <b>(3,240)</b> | <b>(3,260)</b> |
| Write offs  | -              | -              | -              | -              |
| Unwinding of discount                             | -              | -              | -              | -              |
| Changes in risk parameters (PDs/LGDs/EADs)        | -              | -              | -              | -              |
| <b>Balance at the end of the year</b>             | <b>-</b>       | <b>-</b>       | <b>14,580</b>  | <b>14,580</b>  |

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| 8. INVESTMENTS   | 8.1 Investments by type | Note | 2024                  |                                   |                     |                |  |  |  |  |  |  |
|--|-------------------------|------|-----------------------|-----------------------------------|---------------------|----------------|--|--|--|--|--|--|
|  |                         |      | Cost / Amortised cost | Credit loss allowance / Provision | Surplus / (Deficit) | Carrying value |  |  |  |  |  |  |
|  |                         |      | Rupees in '000        |                                   |                     |                |  |  |  |  |  |  |
| <b>Debt Instruments</b>                                      |                         |      |                       |                                   |                     |                |  |  |  |  |  |  |
| <b>Classified / Measured at amortised cost</b>               |                         |      |                       |                                   |                     |                |  |  |  |  |  |  |
| Federal Government securities                                |                         |      | 121,391,803           | -                                 | -                   | 121,391,803    |  |  |  |  |  |  |
| <b>Classified / Measured at FVOCI</b>                        |                         |      |                       |                                   |                     |                |  |  |  |  |  |  |
| Federal Government securities                                | 8.5.1                   |      | 131,780,766           | (25,316)                          | 1,362,316           | 133,117,766    |  |  |  |  |  |  |
| Federal Government Shariah Compliant Securities              | 8.5.1                   |      | 299,226,475           | -                                 | 11,799,026          | 311,025,501    |  |  |  |  |  |  |
| Non-Government Shariah Compliant Securities                  |                         |      | 32,808,817            | (35,883)                          | 357,473             | 33,130,407     |  |  |  |  |  |  |
| Non Government debt securities                               |                         |      | 2,072,382             | (922,926)                         | (28,810)            | 1,120,646      |  |  |  |  |  |  |
| Foreign securities   |                         |      | 15,420,105            | (178,244)                         | 86,101              | 15,327,962     |  |  |  |  |  |  |
|  |                         |      | 481,308,545           | (1,162,369)                       | 13,576,106          | 493,722,282    |  |  |  |  |  |  |
| <b>Classified / Measured at FVPL</b>                         |                         |      |                       |                                   |                     |                |  |  |  |  |  |  |
| Federal Government securities                                | 8.6.1                   |      | 5,005,240             | -                                 | 7,442               | 5,012,682      |  |  |  |  |  |  |
| Non-Government Shariah Compliant Securities                  |                         |      | 50,000                | -                                 | -                   | 50,000         |  |  |  |  |  |  |
| Non Government debt securities                               |                         |      | 126,688               | -                                 | -                   | 126,688        |  |  |  |  |  |  |
| Foreign securities   |                         |      | 915,419               | -                                 | (28,491)            | 886,928        |  |  |  |  |  |  |
|  |                         |      | 6,097,347             | -                                 | (21,049)            | 6,076,298      |  |  |  |  |  |  |
| <b>Instruments mandatorily classified / measured at FVPL</b> |                         |      |                       |                                   |                     |                |  |  |  |  |  |  |
| Unlisted Preference Shares                                   |                         |      | 695,647               | -                                 | (417,388)           | 278,259        |  |  |  |  |  |  |
| <b>Equity instruments</b>                                    |                         |      |                       |                                   |                     |                |  |  |  |  |  |  |
| <b>Classified / Measured at FVPL</b>                         |                         |      |                       |                                   |                     |                |  |  |  |  |  |  |
| <b>Shares</b>  |                         |      |                       |                                   |                     |                |  |  |  |  |  |  |
| <b>Listed companies</b>                                      |                         |      |                       |                                   |                     |                |  |  |  |  |  |  |
| ( Ordinary shares  |                         |      | 167,845               | -                                 | 67,621              | 235,466        |  |  |  |  |  |  |
| Preference shares  |                         |      | -                     | -                                 | -                   | -              |  |  |  |  |  |  |
| <b>Unlisted companies</b>                                    |                         |      |                       |                                   |                     |                |  |  |  |  |  |  |
| ( Ordinary shares  |                         |      | -                     | -                                 | -                   | -              |  |  |  |  |  |  |
| Foreign securities   |                         |      | -                     | -                                 | -                   | -              |  |  |  |  |  |  |
| Preference shares  |                         |      | -                     | -                                 | -                   | -              |  |  |  |  |  |  |
|  |                         |      | 167,845               | -                                 | 67,621              | 235,466        |  |  |  |  |  |  |
| <b>Classified / Measured at FVOCI (Non-Reclassifiable)</b>   |                         |      |                       |                                   |                     |                |  |  |  |  |  |  |
| <b>Shares</b>  |                         |      |                       |                                   |                     |                |  |  |  |  |  |  |
| <b>Listed companies</b>                                      |                         |      |                       |                                   |                     |                |  |  |  |  |  |  |
| ( Ordinary shares  |                         |      | 2,876,959             | -                                 | 1,953,491           | 4,830,450      |  |  |  |  |  |  |
| Preference shares  |                         |      | 136,589               | -                                 | 24,151              | 160,740        |  |  |  |  |  |  |
| Foreign securities   |                         |      | -                     | -                                 | -                   | -              |  |  |  |  |  |  |
| <b>Unlisted companies</b>                                    |                         |      |                       |                                   |                     |                |  |  |  |  |  |  |
| ( Ordinary shares  |                         |      | 11,265                | -                                 | -                   | 11,265         |  |  |  |  |  |  |
| Preference shares  |                         |      | 386,306               | -                                 | (386,306)           | -              |  |  |  |  |  |  |
| Foreign securities   |                         |      | 12,785                | -                                 | -                   | 12,785         |  |  |  |  |  |  |
|  |                         |      | 3,423,904             | -                                 | 1,591,336           | 5,015,240      |  |  |  |  |  |  |

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**Associates**

|  |           |             |   |           |
|--|-----------|-------------|---|-----------|
| Omar Jibran Engineering Industries Limited         | 184,354   | -           | - | 184,354   |
| Shakarganj Food Products Limited                   | 627,942   | (627,942)   | - | -         |
| KASB Capital Limited                               | 41,867    | (41,867)    | - | -         |
| KASB Funds Limited                                 | 432,302   | (432,302)   | - | -         |
| JS Motion Picture Fund                             | 81,920    | -           | - | 81,920    |
| JS KPK Islamic Pension Fund - Equity Sub Fund      | 500       | -           | - | 500       |
| JS KPK Islamic Pension Fund -Equity Index Sub Fund | 500       | -           | - | 500       |
| JS KPK Pension Fund - Equity Sub Fund              | 500       | -           | - | 500       |
| JS KPK Pension Fund -Equity Index Sub Fund         | 500       | -           | - | 500       |
| JS Cash Fund                                       | 1,550,942 | -           | - | 1,550,942 |
| JS KPK Islamic Pension Fund - MM Sub Fund          | 37,124    | -           | - | 37,124    |
| JS KPK Pension Fund - MM Sub Fund                  | 37,274    | -           | - | 37,274    |
| JS KPK Islamic Pension Fund - Debt Sub Fund        | 500       | -           | - | 500       |
| JS KPK Pension Fund - Debt Sub Fund                | 500       | -           | - | 500       |
| JS Fund of Funds                                   | 423,005   | -           | - | 423,005   |
| Js Growth Fund                                     | 127,317   | -           | - | 127,317   |
| JS Fixed Term Munafa Plan-10                       | 301,890   | -           | - | 301,890   |
|  | 3,848,937 | (1,102,111) | - | 2,746,826 |

**Total Investments**

**616,934,028**      **(2,264,480)**      **14,796,626**      **629,466,174**

2023

| Cost / Amortised cost | Provision for diminution | Surplus / (deficit) | Carrying value |
|-----------------------|--------------------------|---------------------|----------------|
|-----------------------|--------------------------|---------------------|----------------|

Rupees in '000

**Held-for-trading securities**

**Federal Government Securities**

|  |           |   |        |           |
|--|-----------|---|--------|-----------|
| Market Treasury Bills                        | 47,974    | - | (49)   | 47,925    |
| <b>Non Government Debt Securities Listed</b> |           |   |        |           |
| Term Finance Certificates                    | 126,688   | - | -      | 126,688   |
| <b>Shares</b>                                |           |   |        |           |
| <b>Listed Companies</b>                      |           |   |        |           |
| Ordinary shares                              | 550,760   | - | 17,974 | 568,734   |
| <b>Open End Mutual Funds</b>                 |           |   |        |           |
|  | 703,597   | - | 66,409 | 770,006   |
|  | 1,429,019 | - | 84,334 | 1,513,353 |

**Available-for-sale securities**

**Federal Government Securities**

|                                      |             |           |             |             |
|--------------------------------------|-------------|-----------|-------------|-------------|
| Market Treasury Bills                | 427,432     | -         | 25          | 427,457     |
| Pakistan Investment Bonds - Fixed    | 28,540,271  | -         | (1,124,212) | 27,416,059  |
| Pakistan Investment Bonds - Floater  | 110,030,211 | -         | 1,001,079   | 111,031,290 |
| Islamic Naya Pakistan Certificate    | 478,146     | -         | -           | 478,146     |
| Government of Pakistan Eurobonds     | 1,853,745   | (124,556) | (224,752)   | 1,504,437   |
| Government of Pakistan Ijarah Sukuks | 272,237,369 | -         | 5,630,029   | 277,867,398 |

**Shares**

|                           |           |           |           |           |
|---------------------------|-----------|-----------|-----------|-----------|
| <b>Listed Companies</b>   |           |           |           |           |
| Ordinary shares           | 2,545,088 | -         | 1,614,519 | 4,159,607 |
| Preference shares         | 136,589   | (136,589) | -         | -         |
| <b>Unlisted Companies</b> |           |           |           |           |
| Ordinary shares           | 602,944   | (591,680) | -         | 11,264    |

**Non Government Debt Securities Listed**

|                           |            |           |          |            |
|---------------------------|------------|-----------|----------|------------|
| Term Finance Certificates | 468,053    | (218,053) | (15,412) | 234,588    |
| Sukuk Certificates        | 30,737,251 | -         | 303,558  | 31,040,809 |
| <b>Unlisted</b>           |            |           |          |            |
| Term Finance Certificates | 683,150    | (583,150) | -        | 100,000    |
| Sukuk Certificates        | 5,823,697  | (35,880)  | (4,537)  | 5,783,280  |
| Preference shares         | 27,733     | (27,733)  | -        | -          |

**Foreign Securities**

|                                |            |             |          |            |
|--------------------------------|------------|-------------|----------|------------|
| Government Debt Securities     | 18,554,551 | (189,192)   | (95,171) | 18,270,188 |
| Non Government Debt Securities | 371,295    | (52)        | 2,710    | 373,953    |
| Ordinary shares                | 1,254,201  | (1,155,350) | (14,258) | 84,593     |

**Open End Mutual Funds**

|  |             |             |           |             |
|--|-------------|-------------|-----------|-------------|
|  | 153,920     | -           | 310,750   | 464,670     |
|  | 474,925,646 | (3,062,235) | 7,384,328 | 479,247,739 |

**Held-to-maturity securities**

**JS BANK LIMITED**  
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**Federal Government Securities**

Market Treasury Bills  
 Pakistan Investment Bonds - Fixed  
 Pakistan Investment Bonds - Floater

|            |   |   |            |
|------------|---|---|------------|
| 29,887,607 | - | - | 29,887,607 |
| 10,461,059 | - | - | 10,461,059 |
| 61,797,508 | - | - | 61,797,508 |

**Non Government Debt Securities  
Unlisted**

Term Finance Certificates

|             |          |   |             |
|-------------|----------|---|-------------|
| 92,145      | (92,145) | - | -           |
| 102,238,319 | (92,145) | - | 102,146,174 |

**Associates**

Omar Jibran Engineering Industries Limited  
 Veda Transit Solutions (Private) Limited  
 Shakarganj Food Products Limited  
 KASB Capital Limited  
 KASB Funds Limited

|           |             |   |         |
|-----------|-------------|---|---------|
| 204,619   | -           | - | 204,619 |
| 11,389    | -           | - | 11,389  |
| 627,942   | (627,942)   | - | -       |
| 41,867    | (41,867)    | - | -       |
| 432,302   | (432,302)   | - | -       |
| 1,318,119 | (1,102,111) | - | 216,008 |

**Total Investments**

|                    |                    |                  |                    |
|--------------------|--------------------|------------------|--------------------|
| <b>579,911,103</b> | <b>(4,256,491)</b> | <b>7,468,662</b> | <b>583,123,274</b> |
|--------------------|--------------------|------------------|--------------------|

**JS BANK LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**8.1.1** 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.

|  | 2024                  |                                   |                     |                    | 2023                  |                          |                     |                    |
|--|-----------------------|-----------------------------------|---------------------|--------------------|-----------------------|--------------------------|---------------------|--------------------|
|  | Cost / Amortised cost | Credit loss allowance / Provision | Surplus / (Deficit) | Carrying value     | Cost / Amortised cost | Provision for diminution | Surplus / (Deficit) | Carrying Value     |
| <b>8.2 Investments by segment</b>                  | Rupees in '000        |                                   |                     |                    |                       |                          |                     |                    |
| <b>Federal Government Securities</b>               |                       |                                   |                     |                    |                       |                          |                     |                    |
| Market Treasury Bills                              | 84,886,152            | -                                 | 916,467             | 85,802,619         | 30,363,013            | -                        | (24)                | 30,362,989         |
| Pakistan Investment Bonds                          | 172,107,830           | -                                 | 465,437             | 172,573,267        | 210,829,049           | -                        | (123,133)           | 210,705,916        |
| Islamic Naya Pakistan Certificates                 | 883,141               | -                                 | -                   | 883,141            | 478,146               | -                        | -                   | 478,146            |
| Government of Pakistan Eurobonds                   | 300,686               | (25,316)                          | (12,146)            | 263,224            | 1,853,745             | (124,556)                | (224,752)           | 1,504,437          |
| Federal Government Shariah Compliant Securities    | 299,226,475           | -                                 | 11,799,026          | 311,025,501        | 272,237,369           | -                        | 5,630,029           | 277,867,398        |
|  | 557,404,284           | (25,316)                          | 13,168,784          | 570,547,752        | 515,761,322           | (124,556)                | 5,282,120           | 520,918,886        |
| <b>Shares</b>                                      |                       |                                   |                     |                    |                       |                          |                     |                    |
| Listed Companies                                   | 3,181,393             | -                                 | 2,045,263           | 5,226,656          | 3,232,437             | (136,589)                | 1,632,493           | 4,728,341          |
| Unlisted Companies                                 | 397,571               | -                                 | (386,306)           | 11,265             | 602,944               | (591,680)                | -                   | 11,264             |
|  | 3,578,964             | -                                 | 1,658,957           | 5,237,921          | 3,835,381             | (728,269)                | 1,632,493           | 4,739,605          |
| <b>Mutual Funds</b>                                | -                     | -                                 | -                   | -                  | 857,517               | -                        | 377,159             | 1,234,676          |
| <b>Non Government Debt Securities</b>              |                       |                                   |                     |                    |                       |                          |                     |                    |
| Listed Companies                                   | 922,957               | (218,131)                         | (24,988)            | 679,838            | 31,331,992            | (218,053)                | 288,146             | 31,402,085         |
| Unlisted Companies                                 | 1,974,886             | (704,795)                         | (421,186)           | 848,905            | -                     | -                        | -                   | -                  |
| Listed Companies - Shariah compliant               | 30,532,621            | -                                 | 346,979             | 30,879,600         | -                     | -                        | -                   | -                  |
| Unlisted Companies - Shariah compliant             | 2,323,070             | (35,883)                          | 10,470              | 2,297,657          | 6,626,725             | (738,908)                | (4,537)             | 5,883,280          |
|  | 35,753,534            | (958,809)                         | (88,725)            | 34,706,000         | 37,958,717            | (956,961)                | 283,609             | 37,285,365         |
| <b>Foreign Securities</b>                          |                       |                                   |                     |                    |                       |                          |                     |                    |
| Government Debt Securities                         | 14,113,358            | (178,122)                         | 72,691              | 14,007,927         | 18,554,551            | (189,192)                | (95,171)            | 18,270,188         |
| Non Government Debt Securities                     | 2,222,166             | (122)                             | (15,081)            | 2,206,963          | 371,295               | (52)                     | 2,710               | 373,953            |
| Equity securities                                  | 12,785                | -                                 | -                   | 12,785             | 1,254,201             | (1,155,350)              | (14,258)            | 84,593             |
|  | 16,348,309            | (178,244)                         | 57,610              | 16,227,675         | 20,180,047            | (1,344,594)              | (106,719)           | 18,728,734         |
| <b>Associates</b>                                  |                       |                                   |                     |                    |                       |                          |                     |                    |
| Omar Jibran Engineering Industries Limited         | 184,354               | -                                 | -                   | 184,354            | 204,619               | -                        | -                   | 204,619            |
| Veda Transit Solutions (Private) Limited           | -                     | -                                 | -                   | -                  | 11,389                | -                        | -                   | 11,389             |
| Shakarganj Food Products Limited                   | 627,942               | (627,942)                         | -                   | -                  | 627,942               | (627,942)                | -                   | -                  |
| KASB Capital Limited                               | 41,867                | (41,867)                          | -                   | -                  | 41,867                | (41,867)                 | -                   | -                  |
| KASB Funds Limited                                 | 432,302               | (432,302)                         | -                   | -                  | 432,302               | (432,302)                | -                   | -                  |
| JS Motion Picture Fund                             | 81,920                | -                                 | -                   | 81,920             | -                     | -                        | -                   | -                  |
| JS KPK Islamic Pension Fund - Equity Sub Fund      | 500                   | -                                 | -                   | 500                | -                     | -                        | -                   | -                  |
| JS KPK Islamic Pension Fund -Equity Index Sub Fund | 500                   | -                                 | -                   | 500                | -                     | -                        | -                   | -                  |
| JS KPK Pension Fund - Equity Sub Fund              | 500                   | -                                 | -                   | 500                | -                     | -                        | -                   | -                  |
| JS KPK Pension Fund -Equity Index Sub Fund         | 500                   | -                                 | -                   | 500                | -                     | -                        | -                   | -                  |
| JS Cash Fund                                       | 1,550,942             | -                                 | -                   | 1,550,942          | -                     | -                        | -                   | -                  |
| JS KPK Islamic Pension Fund - MM Sub Fund          | 37,124                | -                                 | -                   | 37,124             | -                     | -                        | -                   | -                  |
| JS KPK Pension Fund - MM Sub Fund                  | 37,274                | -                                 | -                   | 37,274             | -                     | -                        | -                   | -                  |
| JS KPK Islamic Pension Fund - Debt Sub Fund        | 500                   | -                                 | -                   | 500                | -                     | -                        | -                   | -                  |
| JS KPK Pension Fund - Debt Sub Fund                | 500                   | -                                 | -                   | 500                | -                     | -                        | -                   | -                  |
| JS Fund of Funds                                   | 423,005               | -                                 | -                   | 423,005            | -                     | -                        | -                   | -                  |
| Js Growth Fund                                     | 127,317               | -                                 | -                   | 127,317            | -                     | -                        | -                   | -                  |
| JS Fixed Term Munafa Plan-10                       | 301,890               | -                                 | -                   | 301,890            | -                     | -                        | -                   | -                  |
|  | 3,848,937             | (1,102,111)                       | -                   | 2,746,826          | 1,318,119             | (1,102,111)              | -                   | 216,008            |
| <b>Total Investments</b>                           | <b>616,934,028</b>    | <b>(2,264,480)</b>                | <b>14,796,626</b>   | <b>629,466,174</b> | <b>579,911,103</b>    | <b>(4,256,491)</b>       | <b>7,468,662</b>    | <b>583,123,274</b> |

**JS BANK LIMITED**  
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|  |   | 2024              |                   | 2023                 |                    |
|--|---|-------------------|-------------------|----------------------|--------------------|
|  |   | Cost              | Market value      | Cost                 | Market value       |
|  |   | Rupees in '000    |                   |                      |                    |
| <b>8.2.1</b>   | <b>Investments given as collateral</b>  |                   |                   |                      |                    |
| <b>Available-for-sale securities</b>                             |   |                   |                   |                      |                    |
| <b>Federal Government Securities:</b>                            |   |                   |                   |                      |                    |
| Market Treasury Bills  | 375,757   | 384,678           | -                 | -                    | -                  |
| Government of Pakistan Ijarah Sukus                              | 57,565,700  | 57,565,700        | 35,314,000        | 36,278,840           |                    |
|  | <b>57,941,457</b>   | <b>57,950,378</b> | <b>35,314,000</b> | <b>36,278,840</b>    |                    |
| <b>8.3</b>   | <b>Particulars of credit loss allowance</b>                                     |                   |                   |                      |                    |
| <b>2024</b>  |   |                   |                   |                      |                    |
|  | Stage 1   | Stage 2           | Stage 3           | Outstanding amount   | Total              |
| Rupees in '000   |   |                   |                   |                      |                    |
| <b>8.3.1</b>   | <b>Investments - exposure</b>   |                   |                   |                      |                    |
| <b>Opening balance</b>   |   |                   |                   |                      |                    |
| Impact of adoption of IFRS 9                                     | 327,198,311   | 1,853,745         | 1,495,571         | 330,684,216          | 330,684,216        |
| <b>Balance as at January 01 after adopting IFRS 9</b>            | <b>327,198,311</b>  | <b>1,853,745</b>  | <b>1,495,571</b>  | <b>(330,684,216)</b> | <b>(136,589)</b>   |
| New investments  | 175,893,176   | 472,628           | -                 | 176,365,804          |                    |
| Investments derecognised or repaid                               | (154,507,206)   | (977,186)         | (937,654)         | (156,422,046)        |                    |
| Transfer to stage 1  | -   | -                 | -                 | -                    | -                  |
| Transfer to stage 2  | -   | -                 | -                 | -                    | -                  |
| Transfer to stage 3  | (862,675)   | -                 | 862,675           | -                    | -                  |
|  | 20,523,295  | (504,558)         | (74,979)          | -                    | 19,943,758         |
| Amounts written off / charged Off                                | -   | -                 | -                 | -                    | -                  |
| Changes in risk parameters (PDs/LGDs/EADs)                       | (325,878)   | (575,873)         | -                 | -                    | (901,751)          |
| <b>Closing balance</b>   | <b>347,395,728</b>  | <b>773,314</b>    | <b>1,420,592</b>  | <b>-</b>             | <b>349,589,634</b> |
| <b>8.3.2</b>   | <b>Investments - Credit loss allowance</b>                                      |                   |                   |                      |                    |
| <b>2024</b>  |   |                   |                   |                      |                    |
|  | Stage 1   | Stage 2           | Stage 3           | Provision held       | Total              |
| Rupees in '000   |   |                   |                   |                      |                    |
| <b>Opening Balance</b>   |   |                   |                   |                      |                    |
| Impact of adoption of IFRS 9                                     | 3,395   | 124,557           | 1,146,146         | 3,154,380            | 3,154,380          |
| <b>Balance as at January 01 after adopting IFRS 9</b>            | <b>3,395</b>  | <b>124,557</b>    | <b>1,146,146</b>  | <b>(3,154,380)</b>   | <b>(1,880,282)</b> |
| New investments  | 148   | 178,063           | -                 | 178,211              |                    |
| Investments derecognised or repaid                               | (8)   | (42,411)          | (560,870)         | (603,289)            |                    |
| Transfer to stage 1  | -   | -                 | -                 | -                    | -                  |
| Transfer to stage 2  | -   | -                 | -                 | -                    | -                  |
| Transfer to stage 3  | (3,119)   | -                 | 3,119             | -                    | -                  |
|  | (2,979)   | 135,652           | (557,751)         | -                    | (425,078)          |
| Charge for the year against provision for diminution             | -   | -                 | -                 | -                    | -                  |
| Reversal for the year against provision for diminution           | -   | -                 | -                 | -                    | -                  |
| Amounts written off / charged off                                | -   | -                 | -                 | -                    | -                  |
| Changes in risk parameters (PDs/LGDs/EADs)                       | (152)   | (55,352)          | 372,554           | -                    | 317,050            |
| Exchange rate adjustments  | (1)   | (1,452)           | (2,248)           | -                    | (3,701)            |
| <b>Closing balance</b>   | <b>263</b>  | <b>203,405</b>    | <b>958,701</b>    | <b>-</b>             | <b>1,162,369</b>   |
| (Restated)   |   |                   |                   |                      |                    |
|  | 2024  |                   |                   | 2023                 |                    |
|  |   |                   |                   |                      |                    |
| <b>8.4</b>   | <b>Credit loss allowance / provision for diminution in value of investments</b> |                   |                   |                      |                    |
| Opening balance - provision for diminution other than associates |   |                   |                   | 4,256,491            | 953,410            |
| Additional impact upon acquisition of Subsidiary                 |   |                   |                   | -                    | 3,201,634          |
| Opening balance - provision for diminution on associates         |   |                   |                   | -                    | -                  |
| Impact of adoption of IFRS 9                                     |   |                   |                   | (1,880,282)          | -                  |
| Exchange rate adjustments  |   |                   |                   | (3,701)              | 44,314             |
| Charge for the year other than associates                        |   |                   |                   | 375,673              | 90,432             |
| Reversals for the year   |   |                   |                   | (483,701)            | (33,299)           |
|  |   |                   |                   | (108,028)            | 57,133             |
| <b>Closing balance</b>   |   |                   |                   | <b>2,264,480</b>     | <b>4,256,491</b>   |

**JS BANK LIMITED**  
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**8.4.1 Particulars of credit loss allowance / provision against debt securities**

| Category of classification | 2024               |                            | 2023               |                |
|----------------------------|--------------------|----------------------------|--------------------|----------------|
|                            | Outstanding amount | Credit loss allowance held | Outstanding amount | Provision held |
| ----- Rupees in '000 ----- |                    |                            |                    |                |
| <b>Domestic</b>            |                    |                            |                    |                |
| Performing                 | Stage 1            | <b>332,448,251</b>         | <b>108</b>         | 308,836,186    |
| Under-performing           | Stage 2            | -                          | -                  | -              |
| Non-performing             | Stage 3            | -                          | -                  | -              |
| Substandard                |                    | -                          | -                  | -              |
| Doubtful                   |                    | <b>862,675</b>             | <b>388,204</b>     | -              |
| Loss                       |                    | <b>557,917</b>             | <b>570,497</b>     | 1,233,212      |
|                            |                    | <b>1,420,592</b>           | <b>958,701</b>     | 956,961        |
| <b>Total</b>               |                    | <b>333,868,843</b>         | <b>958,809</b>     | 310,069,398    |
|                            |                    |                            |                    | 956,961        |

|                            | 2024               |                            | 2023               |                            |
|----------------------------|--------------------|----------------------------|--------------------|----------------------------|
|                            | Outstanding amount | Credit loss allowance held | Outstanding amount | Credit loss allowance held |
| ----- Rupees in '000 ----- |                    |                            |                    |                            |
| <b>Overseas</b>            |                    |                            |                    |                            |
| Performing                 | Stage 1            | <b>14,947,477</b>          | <b>155</b>         | 18,362,125                 |
| Under-performing           | Stage 2            | <b>773,314</b>             | <b>203,405</b>     | 1,853,745                  |
| Non-performing             | Stage 3            | -                          | -                  | 124,556                    |
| Substandard                |                    | -                          | -                  | -                          |
| Doubtful                   |                    | -                          | -                  | -                          |
| Loss                       |                    | -                          | -                  | 563,721                    |
|                            |                    | -                          | -                  | 189,186                    |
| <b>Total</b>               |                    | <b>15,720,791</b>          | <b>203,560</b>     | 20,779,591                 |
|                            |                    |                            |                    | 313,800                    |

**8.4.2** Debt securities amounting to Rs. 430,706.555 million relate to government securities that are exempt from the calculation of ECL by the SBP.

**8.5 Quality of securities**

**Details regarding quality of securities held under "Held to Collect and Sell" model**

|  | Cost               |             |
|--|--------------------|-------------|
|  | 2024               | 2023        |
| ----- Rupees in '000 -----   |                    |             |
| <b>8.5.1 Federal Government Securities - Government guaranteed</b> |                    |             |
| Market Treasury Bills  | <b>33,742,130</b>  | 427,432     |
| Pakistan Investment Bonds  | <b>97,737,950</b>  | 138,570,482 |
| Government of Pakistan Eurobonds                                   | <b>300,686</b>     | 1,853,745   |
| Islamia Naya Pakistan Certificate                                  | -                  | 478,146     |
| Government of Pakistan Ijarah Sukus                                | <b>299,226,475</b> | 272,237,369 |
|  | <b>431,007,241</b> | 413,567,174 |
| <b>8.5.2 Shares</b>  |                    |             |
| <b>Listed Companies</b>  |                    |             |
| <b>Ordinary Shares</b>   |                    |             |
| Paper, Board and Packaging   | <b>70,493</b>      | 25,053      |
| Oil and gas exploration companies                                  | <b>453,006</b>     | 399,824     |
| Leather and allied products  | <b>46,470</b>      | -           |
| Technology and Communication                                       | <b>567,564</b>     | 575,475     |
| Power Generation and Distribution                                  | <b>68,397</b>      | -           |
| Insurance  | <b>897,864</b>     | 897,864     |
| Fertilizer   | <b>521,077</b>     | 287,377     |
| Financial  | <b>203,622</b>     | 329,813     |
| Pharmaceutical   | <b>48,466</b>      | 29,682      |
|  | <b>2,876,959</b>   | 2,545,088   |
| <b>Preference Shares</b>   |                    |             |
| Chemical   | <b>48,236</b>      | 48,236      |
| Textile composite  | <b>88,353</b>      | 88,353      |
|  | <b>136,589</b>     | 136,589     |

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|   | Break up<br>value as at | 2024           |               | 2023           |                |
|---|-------------------------|----------------|---------------|----------------|----------------|
|   |                         | Cost           | Breakup Value | Cost           | Breakup Value  |
| <hr/>   |                         |                |               |                |                |
| <b>Unlisted companies - Ordinary shares</b>       |                         |                |               |                |                |
| ISE Towers REIT Management Limited                | Sept 30, 2024           | 11,000         | 25,956        | 11,000         | 22,404         |
| Pakistan Export Finance                           |                         |                |               |                |                |
| Guarantee Agency Limited                          | June 30, 2010           | -              | -             | 5,680          | -              |
| Riverstone Consultancy Private Limited            | June 30, 2021           | -              | -             | 28,000         | 32,567         |
| Mutual Funds Association of Pakistan              | N/A                     | 265            | -             | 264            | -              |
| New Horizon Exploration<br>and Production Limited | Dec 31, 2014            | -              | -             | 558,000        | 464,751        |
| Apothecare Pvt. Limited                           | N/A                     | 74,724         | -             | -              | -              |
| Augmentcare Pvt. Limited                          | N/A                     | 74,724         | -             | -              | -              |
| Innovage Technologies Pvt. Limited                | N/A                     | 236,858        | -             | -              | -              |
|   |                         | <b>397,571</b> | <b>25,956</b> | <b>602,944</b> | <b>519,722</b> |
| <hr/>   |                         |                |               |                |                |
| <b>Cost</b>                                       |                         |                |               |                |                |
|   |                         | <b>2024</b>    |               | 2023           |                |
| <hr/>   |                         |                |               |                |                |

**8.5.3 Non Government Debt Securities**

|                 | Cost              |                   |
|-----------------|-------------------|-------------------|
|                 | 2024              | 2023              |
| <hr/>           |                   |                   |
| <b>Listed</b>   |                   |                   |
| AAA             | 200,090           | -                 |
| AA-             | 375,000           | 450,000           |
| Unrated         | 30,679,193        | 30,755,304        |
|                 | 31,254,283        | 31,205,304        |
| <b>Unlisted</b> |                   |                   |
| AAA             | 1,383,439         | 2,408,996         |
| AA-             | 179,166           | 160,500           |
| A+, A           | 440,000           | 595,000           |
| BB              | 862,675           | 1,109,153         |
| Unrated         | 761,636           | 2,260,931         |
|                 | 3,626,916         | 6,534,580         |
|                 | <b>34,881,199</b> | <b>37,739,884</b> |
| <hr/>           |                   |                   |

**JS BANK LIMITED**  
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**8.5.4 Foreign Securities**

**Government debt securities**

|                            | 2024              | 2023   |                   |        |
|----------------------------|-------------------|--------|-------------------|--------|
|                            | Cost              | Rating | Cost              | Rating |
| ----- Rupees in '000 ----- |                   |        |                   |        |
| Republic of Sri Lanka      | 472,628           | CCC+   | 563,721           | C      |
| State of Qatar             | 410,474           | AA     | -                 | -      |
| United Arab Emirates       | 278,550           | AA-    | -                 | -      |
| United States of America   | <u>12,951,706</u> | AA+    | 17,990,830        | AA+    |
|                            | <u>14,113,358</u> |        | <u>18,554,551</u> |        |

**Non Government debt securities**

|                            | 2024             | 2023    |
|----------------------------|------------------|---------|
|                            | Cost             | Cost    |
| ----- Rupees in '000 ----- |                  |         |
| AA                         | 833,455          | 230,296 |
| A                          | 417,881          | -       |
| A-                         | <u>55,411</u>    | 140,999 |
|                            | <u>1,306,747</u> | 371,295 |

**Equity securities**

|   | 2024          | 2023      |
|---|---------------|-----------|
|   | Cost          | Cost      |
| ----- Rupees in '000 -----  |               |           |
| Listed  | -             | 85,625    |
| Bank of America   | -             | -         |
| Foreign securities  | 12,785        | 13,226    |
| Society for Worldwide Interbank Financial Telecommunication (SWIFT) | -             | 1,155,350 |
| Evolence Capital Limited  | <u>12,785</u> | 1,168,576 |

**8.6 Particulars relating to securities classified Under "Held to Collect" model**

Details regarding quality of securities classified Under "Held to Collect" model are as follows:

**8.6.1 Federal Government Securities - Government guaranteed**

|                            | 2024               | 2023        |
|----------------------------|--------------------|-------------|
|                            | Cost               | Cost        |
| ----- Rupees in '000 ----- |                    |             |
| Market Treasury Bills      | 48,740,508         | 29,887,607  |
| Pakistan Investment Bonds  | <u>72,651,295</u>  | 72,258,567  |
|                            | <u>121,391,803</u> | 102,146,174 |

**8.7** The market value of securities classified under HTC as at December 31, 2024 amounted to Rs. 121,590,686 million (December 31, 2023: Rs. 100,310,906 million).

**8.8 Investment in associates**

**8.8.1 Movement of investment in associates**

| Country of incorporation | Holding (%) | Investment at the beginning of the year | Reclassified during the year | Investment / (redemption) during the year | Share of loss | Dividend received | Share of other comprehensive income | Investment at the end of the year | 2024                       |  |
|--------------------------|-------------|---|------------------------------|---|---------------|-------------------|-------------------------------------|-----------------------------------|----------------------------|--|
|                          |             |   |                              |   |               |                   |                                     |                                   | ----- Rupees in '000 ----- |  |

|   |          |                |                  |                |                |                 |          |   |                  |
|---|----------|----------------|------------------|----------------|----------------|-----------------|----------|---|------------------|
| Omar Jibran Engineering Industries Limited          | Pakistan | 9.60%          | 204,619          | -              | -              | (20,265)        | -        | - | 184,354          |
| Veda Transit Solutions Private Limited              | Pakistan | 3.92%          | 11,389           | -              | -              | (11,389)        | -        | - | -                |
| JS Motion Picture Fund                              | Pakistan | 100.00%        | -                | 74,830         | -              | 20,370          | (13,280) | - | 81,920           |
| JS KPK Islamic Pension Fund - Equity Sub Fund       | Pakistan | 100.00%        | -                | 500            | -              | -               | -        | - | 500              |
| JS KPK Islamic Pension Fund - Equity Index Sub Fund | Pakistan | 100.00%        | -                | 500            | -              | -               | -        | - | 500              |
| JS KPK Pension Fund - Equity Sub Fund               | Pakistan | 100.00%        | -                | 500            | -              | -               | -        | - | 500              |
| JS KPK Pension Fund - Equity Index Sub Fund         | Pakistan | 100.00%        | -                | 500            | -              | -               | -        | - | 500              |
| JS Islamic Income Fund                              | Pakistan | 0.00%          | -                | 190,833        | (191,323)      | 490             | -        | - | -                |
| JS MicroFinance Sector Fund                         | Pakistan | 0.00%          | -                | 15,303         | (16,327)       | 1,024           | -        | - | -                |
| JS Government Securities Fund                       | Pakistan | 0.00%          | -                | 78,285         | (82,114)       | 3,886           | (57)     | - | -                |
| JS Money Market Fund                                | Pakistan | 0.00%          | -                | 275,578        | (277,495)      | 1,917           | -        | - | -                |
| JS Cash Fund  | Pakistan | 6.83%          | -                | 135,177        | 1,397,723      | 18,071          | (29)     | - | 1,550,942        |
| JS KPK Islamic Pension Fund - MM Sub Fund           | Pakistan | 41.76%         | -                | 30,819         | -              | 6,305           | -        | - | 37,124           |
| JS KPK Pension Fund - MM Sub Fund                   | Pakistan | 74.97%         | -                | 30,819         | -              | 6,455           | -        | - | 37,274           |
| JS KPK Islamic Pension Fund - Debt Sub Fund         | Pakistan | 100.00%        | -                | 500            | -              | -               | -        | - | 500              |
| JS KPK Pension Fund - Debt Sub Fund                 | Pakistan | 100.00%        | -                | 500            | -              | -               | -        | - | 500              |
| JS Islamic Pension Savings Fund Debt                | Pakistan | 0.00%          | -                | 7,494          | (7,983)        | 489             | -        | - | -                |
| JS Islamic Pension Savings Fund MM                  | Pakistan | 0.00%          | -                | 603            | (644)          | 41              | -        | - | -                |
| JS Pension Savings Fund Debt                        | Pakistan | 0.00%          | -                | 366            | (415)          | 29              | -        | - | -                |
| JS Pension Savings Fund MM                          | Pakistan | 0.00%          | -                | 4,180          | (4,491)        | 311             | -        | - | -                |
| JS Fund of Funds                                    | Pakistan | 92.76%         | -                | 387,369        | (255,500)      | 291,136         | -        | - | 423,005          |
| Js Growth Fund                                      | Pakistan | 3.53%          | -                | -              | 121,481        | 5,836           | -        | - | 127,317          |
| Unit Trust of Pakistan                              | Pakistan | 0.00%          | -                | -              | (8,184)        | 8,184           | -        | - | -                |
| Js Income Fund                                      | Pakistan | 0.00%          | -                | -              | (73,551)       | 74,759          | (1,208)  | - | -                |
| JS Fixed Term Munafa Plan-10                        | Pakistan | 2.06%          | -                | 300,000        | 1,890          | -               | -        | - | 301,890          |
|   |          | <u>216,008</u> | <u>1,234,676</u> | <u>901,177</u> | <u>409,539</u> | <u>(14,574)</u> | -        | - | <u>2,746,826</u> |

| Country of incorporation                   | Holding (%) | Investment at the beginning of the year | Investment / (redemption) during the year | Share of loss   | Dividend received | Share of other comprehensive income | Investment at the end of the year | 2023                       |  |
|--|-------------|---|---|-----------------|-------------------|-------------------------------------|-----------------------------------|----------------------------|--|
|  |             |   |   |                 |                   |                                     |                                   | ----- Rupees in '000 ----- |  |
| Omar Jibran Engineering Industries Limited | Pakistan    | 9.60%                                   | 236,194                                   | -               | (31,575)          | -                                   | -                                 | 204,619                    |  |
| Veda Transit Solutions Private Limited     | Pakistan    | 3.92%                                   | 40,457                                    | -               | (29,068)          | -                                   | -                                 | 11,389                     |  |
|  |             | <u>276,651</u>                          | <u>-</u>                                  | <u>(60,643)</u> | <u>-</u>          | <u>-</u>                            | <u>-</u>                          | <u>216,008</u>             |  |

**8.8.2** The investments in Funds under management of JSIL are classified as associates.

**8.8.3 Summary of financial position and performance of associates**

| As at   | Assets       | Liabilities | Revenue   | Profit / (loss) | 2024                       |            | 2023                       |            |
|---|--------------|-------------|-----------|-----------------|----------------------------|------------|----------------------------|------------|
|   |              |             |           |                 | ----- Rupees in '000 ----- |            | ----- Rupees in '000 ----- |            |
| Omar Jibran Engineering Industries Limited          | Jun 30, 2023 | 5,372,772   | 2,430,640 | 2,345,882       | (145,624)                  | 5,372,772  | 2,430,640                  | 2,345,882  |
| Veda Transit Solutions (Private) Limited            | Jun 30, 2022 | 4,242,630   | 3,236,774 | 2,468,979       | (80,262)                   | 4,242,630  | 3,236,774                  | 2,468,979  |
| Shakarganj Food Products Limited                    | Sep 30, 2023 | 10,335,484  | 6,782,556 | 15,068,704      | 166,682                    | 10,335,484 | 6,782,556                  | 15,068,704 |
| KASB Funds Limited                                  | Dec 31, 2015 | 46,465      | 32,465    | 23,640          | (66,241)                   | 46,465     | 32,465                     | 23,640     |
| JS Motion Picture Fund                              | Dec 31, 2024 | 81,920      | -         | -               | -                          | -          | -                          | -          |
| JS KPK Islamic Pension Fund - Equity Sub Fund       | Dec 31, 2024 | 635         | 135       | -               | -                          | -          | -                          | -          |
| JS KPK Islamic Pension Fund - Equity Index Sub Fund | Dec 31, 2024 | 635         | 135       | -               | -                          | -          | -                          | -          |
| JS KPK Pension Fund - Equity Sub Fund               | Dec 31, 2024 | 635         | 135       | -               | -                          | -          | -                          | -          |
| JS KPK Pension Fund - Equity Index Sub Fund         | Dec 31, 2024 | 635         | 135       | -               | -                          | -          | -                          | -          |
| JS Islamic Income Fund                              | Dec 31, 2024 | 22,760,510  | 52,689    | 1,857,180       | 1,720,809                  | -          | -                          | -          |
| JS KPK Islamic Pension Fund - MM Sub Fund           | Dec 31, 2024 | 89,317      | 416       | 6,439           | 6,361                      | -          | -                          | -          |
| JS KPK Islamic Pension Fund - MM Sub Fund           | Dec 31, 2024 | 50,124      | 407       | 4,059           | 4,004                      | -          | -                          | -          |
| JS KPK Islamic Pension Fund - Debt Sub Fund         | Dec 31, 2024 | 635         | 135       | -               | -                          | -          | -                          | -          |
| JS KPK Islamic Pension Fund - Debt Sub Fund         | Dec 31, 2024 | 635         | 135       | -               | -                          | -          | -                          | -          |
| JS Fund of Funds                                    | Dec 31, 2024 | 458,909     | 2,902     | 208,7           |                            |            |                            |            |

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| 9.   | ADVANCES   | Note             | Performing              |   | Non-Performing      |                | Total                   |   |
|--|--|------------------|-------------------------|---|---------------------|----------------|-------------------------|---|
|  |  |                  | 2024                    | 2023                                    | 2024                | 2023           | 2024                    | 2023                                    |
|  |  |                  | Rupees in '000          |   |                     |                |                         |   |
| 9.1  | Loans, cash credits, running finances, etc.  | 9.1              | <b>217,306,072</b>      | 187,280,380                             | <b>25,872,505</b>   | 21,170,983     | <b>243,178,577</b>      | 208,451,363                             |
|  | Bills discounted and purchased   |                  | <b>9,946,392</b>        | 11,025,154                              | <b>684,295</b>      | 684,295        | <b>10,630,687</b>       | 11,709,449                              |
|  | Islamic financing and related assets   | 9.2              | <b>301,683,052</b>      | 230,973,261                             | <b>19,037,947</b>   | 17,219,814     | <b>320,720,999</b>      | 248,193,075                             |
|  | Advances - gross   |                  | <b>528,935,516</b>      | 429,278,795                             | <b>45,594,747</b>   | 39,075,092     | <b>574,530,263</b>      | 468,353,887                             |
|  | Credit loss allowance / provision against advances                                     |                  |                         |   |                     |                |                         |   |
|  | - Stage 1  |                  | (3,042,692)             | -                                       | -                   | -              | (3,042,692)             | -                                       |
|  | - Stage 2  |                  | (960,812)               | -                                       | -                   | -              | (960,812)               | -                                       |
|  | - Stage 3  | 9.5              | -                       | -                                       | (37,330,232)        | -              | (37,330,232)            | -                                       |
|  | - Specific   |                  | -                       | -                                       | -                   | (29,109,710)   | -                       | (29,109,710)                            |
|  | - General  |                  | -                       | (4,768,909)                             | -                   | -              | (4,768,909)             |   |
|  | - Provision under IFRS 9 - Overseas  |                  | -                       | (21,894)                                | -                   | -              | -                       | (21,894)                                |
|  |  |                  | <b>(4,003,504)</b>      | (4,790,803)                             | <b>(37,330,232)</b> | (29,109,710)   | <b>(41,333,736)</b>     | (33,900,513)                            |
|  | Fair value adjustment  | 9.6.4 and 9.6.5  | <b>(12,028,341)</b>     | -                                       | -                   | -              | <b>(12,028,341)</b>     | -                                       |
|  | Fair value adjustment upon acquisition   | 1.4.3.5          | -                       | (5,101,453)                             | -                   | -              | -                       | (5,101,453)                             |
|  | Advances - net of credit loss allowance / provision                                    |                  | <b>512,903,671</b>      | 419,386,539                             | <b>8,264,515</b>    | 9,965,382      | <b>521,168,186</b>      | 429,351,921                             |
| 9.1  | <b>This includes particulars of net investment in finance lease as disclosed below</b> |                  |                         |   |                     |                |                         |   |
|  |  |                  | 2024                    |   | 2023                |                |                         |   |
|  |  |                  | 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 |
|  |  |                  |                         |   |                     | Rupees in '000 |                         | Over five years                         |
|  |  |                  |                         |   |                     |                |                         | Total                                   |
| Lease rentals receivable                                     | <b>2,558,332</b>   | <b>1,716,467</b> | -                       | <b>4,274,799</b>                        | 2,817,529           | 1,935,201      | 17,321                  | 4,770,051                               |
| Residual value   | <b>579,035</b>   | <b>960,140</b>   | -                       | <b>1,539,175</b>                        | 650,172             | 993,678        | 17,305                  | 1,661,155                               |
| Minimum lease payments                                       | <b>3,137,367</b>   | <b>2,676,607</b> | -                       | <b>5,813,974</b>                        | 3,467,701           | 2,928,879      | 34,626                  | 6,431,206                               |
| Finance charges for future periods                           | <b>(423,663)</b>   | <b>(238,982)</b> | -                       | <b>(662,645)</b>                        | (536,150)           | (487,044)      | (3,926)                 | (1,027,120)                             |
| Present value of minimum lease payments                      | <b>2,713,704</b>   | <b>2,437,625</b> | -                       | <b>5,151,329</b>                        | 2,931,551           | 2,441,835      | 30,700                  | 5,404,086                               |
| 9.2  | <b>Islamic financing and related assets</b>  |                  |                         |   |                     |                |                         |   |
|  |  |                  | 2024                    |   | 2023                |                | Total                   |   |
|  |  |                  | 2024                    | 2023                                    | 2024                | 2023           | 2024                    | 2023                                    |
|  |  |                  | Rupees in '000          |   |                     |                |                         |   |
| Running Musharakah   | <b>77,460,146</b>  | 100,625,553      | <b>1,444,955</b>        | 1,444,955                               | <b>78,905,101</b>   | 102,070,508    |                         |   |
| Diminishing Musharakah financing and related assets - Others | <b>57,762,978</b>  | 45,889,901       | <b>5,863,442</b>        | 3,529,814                               | <b>63,626,420</b>   | 49,419,715     |                         |   |
| Diminishing Musharakah - Housing                             | <b>20,731,082</b>  | 23,553,066       | <b>2,120,603</b>        | 2,019,821                               | <b>22,851,685</b>   | 25,572,887     |                         |   |
| Istisna financing and related assets                         | <b>27,767,369</b>  | 20,455,759       | <b>3,663,174</b>        | 3,630,366                               | <b>31,430,543</b>   | 24,086,125     |                         |   |
| Diminishing Musharakah financing and related assets - Auto   | <b>16,734,243</b>  | 16,380,932       | <b>642,621</b>          | 538,620                                 | <b>17,376,864</b>   | 16,919,552     |                         |   |
| Murabahah financing and related assets                       | <b>85,092,279</b>  | 16,073,181       | <b>753,869</b>          | 397,002                                 | <b>85,846,148</b>   | 16,470,183     |                         |   |
| Musawamah financing and related assets / Tijarah             | <b>7,894,372</b>   | 3,781,236        | <b>3,945,758</b>        | 5,024,205                               | <b>11,840,130</b>   | 8,805,441      |                         |   |
| Investment Agency Wakalah                                    | <b>4,273,450</b>   | 2,730,590        | -                       | -                                       | <b>4,273,450</b>    | 2,730,590      |                         |   |
| Murabahah against Bills                                      | <b>285,574</b>   | 671,556          | <b>192,062</b>          | 192,048                                 | <b>477,636</b>      | 863,604        |                         |   |
| Ijarah financing under IFRAS 2 and related assets            | <b>590,135</b>   | 288,755          | <b>53,902</b>           | 161,958                                 | <b>644,037</b>      | 450,713        |                         |   |
| Financing against Bills                                      | <b>2,694,138</b>   | 209,100          | -                       | -                                       | <b>2,694,138</b>    | 209,100        |                         |   |
| Qardh-e-Hasana   | <b>27,577</b>  | 48,226           | <b>123,378</b>          | 121,025                                 | <b>150,955</b>      | 169,251        |                         |   |
| Musharakah financing   | -  | -                | <b>160,000</b>          | 160,000                                 | <b>160,000</b>      | 160,000        |                         |   |
| Past Due Acceptance  | <b>164,607</b>   | 155,972          | <b>27,128</b>           | -                                       | <b>191,735</b>      | 155,972        |                         |   |
| Net investment in Ijarah financing in Pakistan               | <b>28,055</b>  | 85,343           | <b>39,969</b>           | -                                       | <b>68,024</b>       | 85,343         |                         |   |
| Housing finance portfolio - others                           | -  | 24,091           | <b>7,086</b>            | -                                       | <b>7,086</b>        | 24,091         |                         |   |
| Salam  | <b>177,047</b>   | -                | -                       | -                                       | <b>177,047</b>      | -              |                         |   |
| Islamic financing and related assets - gross                 | <b>301,683,052</b>   | 230,973,261      | <b>19,037,947</b>       | 17,219,814                              | <b>320,720,999</b>  | 248,193,075    |                         |   |

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Provision against islamic financing and related assets

|          |             |             |              |              |              |              |
|----------|-------------|-------------|--------------|--------------|--------------|--------------|
| Stage 1  | (2,793,600) | -           | -            | -            | (2,793,600)  | -            |
| Stage 2  | (515,292)   | -           | -            | -            | (515,292)    | -            |
| Stage 3  | -           | -           | (17,076,658) | -            | (17,076,658) | -            |
| Specific | -           | -           | -            | (13,837,297) | -            | (13,837,297) |
| General  | -           | (4,391,404) | (17,076,658) | -            | -            | (4,391,404)  |
|          | (3,308,892) | (4,391,404) | (17,076,658) | (13,837,297) | (20,385,550) | (18,228,701) |

Islamic financing and related assets - net of provision

|             |             |           |           |             |             |
|-------------|-------------|-----------|-----------|-------------|-------------|
| 298,374,160 | 226,581,857 | 1,961,289 | 3,382,517 | 300,335,449 | 229,964,374 |
|-------------|-------------|-----------|-----------|-------------|-------------|

**9.3 Particulars of advances (gross)**

In local currency

In foreign currencies

| 2024                       | 2023 |
|----------------------------|------|
| ----- Rupees in '000 ----- |      |

|                    |             |
|--------------------|-------------|
| <b>558,426,848</b> | 454,582,565 |
| <b>16,103,415</b>  | 13,771,322  |
| <b>574,530,263</b> | 468,353,887 |

**9.3.1 Advances to Women, Women-owned and Managed Enterprises (Gross)**

Women

Women Owned and Managed Enterprises

| 2024                       | 2023 |
|----------------------------|------|
| ----- Rupees in '000 ----- |      |

|                   |         |
|-------------------|---------|
| <b>9,234,583</b>  | 238,658 |
| <b>6,695,432</b>  | 43,031  |
| <b>15,930,015</b> | 281,689 |

**9.3.2 Gross loans disbursed to women, women-owned and managed enterprises during the current and previous financial years**

Women

Women Owned and Managed Enterprises

|                  |           |
|------------------|-----------|
| <b>558,796</b>   | 665,495   |
| <b>9,423,393</b> | 3,298,663 |
| <b>9,982,189</b> | 3,964,158 |

**9.4 Particulars of credit loss allowance**

**9.4.1 Advances - Exposure**

| 2024                       | Stage 1 | Stage 2 | Stage 3 | Total |
|----------------------------|---------|---------|---------|-------|
| ----- Rupees in '000 ----- |         |         |         |       |

Gross carrying amount - opening

|             |            |            |             |
|-------------|------------|------------|-------------|
| 377,803,746 | 51,475,049 | 39,075,092 | 468,353,887 |
|-------------|------------|------------|-------------|

New advances

Advances derecognised or repaid

Transfer to stage 1

Transfer to stage 2

Transfer to stage 3

|               |              |             |               |
|---------------|--------------|-------------|---------------|
| 265,741,574   | 13,611,930   | 2,148,754   | 281,502,258   |
| (151,590,979) | (11,031,269) | (5,561,955) | (168,184,203) |
| 16,933,204    | (16,744,943) | (188,261)   | -             |
| (9,973,674)   | 12,579,651   | (2,605,977) | -             |
| (3,646,333)   | (8,525,595)  | 12,171,928  | -             |
| 117,463,792   | (10,110,226) | 5,964,489   | 113,318,055   |

Amounts written off / charged off

Changes in risk parameters (PDs/LGDs/EADs)

Exchange adjustments

Gross carrying amount - closing

|                    |                   |                   |                    |
|--------------------|-------------------|-------------------|--------------------|
| -                  | -                 | (183,699)         | (183,699)          |
| (5,822,617)        | (1,835,481)       | 738,865           | (6,919,233)        |
| (37,882)           | (865)             | -                 | (38,747)           |
| <b>489,407,039</b> | <b>39,528,477</b> | <b>45,594,747</b> | <b>574,530,263</b> |

**9.4.2 Advances - credit loss allowance**

2024

| Stage 1                    | Stage 2 | Stage 3 | General Provision | Specific Provision | Total |
|----------------------------|---------|---------|-------------------|--------------------|-------|
| ----- Rupees in '000 ----- |         |         |                   |                    |       |

Opening balance

Impact of adoption of IFRS 9

Balance as at January 01 after adopting IFRS 9

|           |           |            |             |              |            |
|-----------|-----------|------------|-------------|--------------|------------|
| -         | -         | -          | 4,790,803   | 29,109,710   | 33,900,513 |
| 2,067,969 | 1,660,345 | 32,192,381 | (4,790,803) | (29,109,710) | 2,020,182  |
| 2,067,969 | 1,660,345 | 32,192,381 | -           | -            | 35,920,695 |

New Advances

Advances derecognised or repaid

Transfer to stage 1

Transfer to stage 2

Transfer to stage 3

|           |             |             |   |   |             |
|-----------|-------------|-------------|---|---|-------------|
| 1,164,078 | 75,882      | 1,069,606   | - | - | 2,309,566   |
| (988,268) | (877,405)   | (5,126,397) | - | - | (6,992,070) |
| 495,506   | (487,852)   | (7,654)     | - | - | -           |
| (290,488) | 1,631,542   | (1,341,054) | - | - | -           |
| (939,419) | (2,116,328) | 3,055,747   | - | - | -           |
| (558,591) | (1,774,161) | (2,349,752) | - | - | (4,682,504) |

Amounts written off / charged off

Transfer in / (out)

Changes in risk parameters (PDs/LGDs/EADs)

Exchange adjustments

Closing balance

|                  |                |                   |          |                   |
|------------------|----------------|-------------------|----------|-------------------|
| -                | -              | (183,699)         | -        | (183,699)         |
| (2,371)          | -              | 147,781           | -        | 145,410           |
| 1,535,912        | 1,074,605      | 7,523,521         | -        | 10,134,038        |
| (227)            | 23             | -                 | -        | (204)             |
| <b>3,042,692</b> | <b>960,812</b> | <b>37,330,232</b> | <b>-</b> | <b>41,333,736</b> |

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**9.5** Advances include Rs. 45,594.747 million (2023: Rs. 39,075.092 million) which have been placed under non-performing / stage 3 status as detailed below:

| Category of classification                | 2024                        |                   | 2023                    |                   |
|---|-----------------------------|-------------------|-------------------------|-------------------|
|   | Non-<br>Performing<br>Loans | Provision         | Non-Performing<br>Loans | Provision         |
| ----- Rupees in '000 -----                |                             |                   |                         |                   |
| <b>Domestic</b>                           |                             |                   |                         |                   |
| Other Assets Especially Mentioned (OAEM)* | 633,357                     | 71,555            | 757,584                 | 2,154             |
| Substandard                               | 4,061,864                   | 1,837,633         | 2,345,892               | 352,882           |
| Doubtful                                  | 5,161,315                   | 2,396,965         | 4,680,410               | 1,092,320         |
| Loss                                      |                             |                   |                         |                   |
| <b>Total</b>                              | <b>35,738,211</b>           | <b>33,024,079</b> | <b>31,291,206</b>       | <b>27,662,354</b> |
|   | <b>45,594,747</b>           | <b>37,330,232</b> | <b>39,075,092</b>       | <b>29,109,710</b> |
| <b>Overseas</b>                           |                             |                   |                         |                   |

\* The Other Assets Especially Mentioned category pertains to agriculture, housing and small enterprises financing.

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**9.6 Particulars of credit loss allowance against advances**

| Note   | 2024             |                        |                          |             |                                   |                          | 2023                   |                       |                                   |                    |           |
|--|------------------|------------------------|--------------------------|-------------|-----------------------------------|--------------------------|------------------------|-----------------------|-----------------------------------|--------------------|-----------|
|  | Stage 1 and 2    | Stage 3                | Specific                 | General     | Provision under IFRS 9 (Overseas) | Total                    | Specific               | General               | Provision under IFRS 9 (Overseas) | Total              |           |
|  | Rupees in '000   |                        |                          |             |                                   |                          |                        |                       |                                   |                    |           |
| Opening balance                                  | -                | -                      | 29,109,710               | 4,768,909   | 21,894                            | 33,900,513               | 7,210,740              | 200,614               | 11,500                            | 7,422,854          |           |
| Additional impact upon acquisition of subsidiary | -                | -                      | -                        | -           | -                                 | -                        | 17,593,812             | 3,242,903             | -                                 | 20,836,715         |           |
| Impact of adoption of IFRS 9                     | 3,728,314        | 32,192,381             | (29,109,710)             | (4,768,909) | (21,894)                          | 2,020,182                | -                      | -                     | -                                 | -                  |           |
| Balance as at January 01 after adopting IFRS 9   | 3,728,314        | 32,192,381             | -                        | -           | -                                 | 35,920,695               | 24,804,552             | 3,443,517             | 11,500                            | 28,259,569         |           |
| Exchange adjustments                             | (204)            | -                      | -                        | -           | -                                 | (204)                    | -                      | -                     | 2,856                             | 2,856              |           |
| Charge for the year                              | 2,139,147        | 8,288,055              | -                        | -           | -                                 | 10,427,202               | 5,189,705              | 1,376,836             | 7,538                             | 6,574,079          |           |
| Reversal for the year                            | 9.6.2<br>33      | (1,861,382)<br>277,765 | (3,114,286)<br>5,173,769 | -           | -                                 | (4,975,668)<br>5,451,534 | (829,895)<br>4,359,810 | (51,444)<br>1,325,392 | -                                 | (881,339)<br>7,538 | 5,692,740 |
| Transfer in / (out)                              | (2,371)          | 147,781                | -                        | -           | -                                 | 145,410                  | -                      | -                     | -                                 | -                  |           |
| Amounts written off                              | 9.7              | -                      | (90,400)                 | -           | -                                 | (90,400)                 | (54,652)               | -                     | -                                 | (54,652)           |           |
| Amounts charged off - agricultural financing     | 9.7              | -                      | (93,299)                 | -           | -                                 | (93,299)                 | -                      | -                     | -                                 | -                  |           |
| <b>Closing balance</b>                           | <b>4,003,504</b> | <b>37,330,232</b>      | <b>-</b>                 | <b>-</b>    | <b>-</b>                          | <b>41,333,736</b>        | <b>29,109,710</b>      | <b>4,768,909</b>      | <b>21,894</b>                     | <b>33,900,513</b>  |           |

**9.6.1 Particulars of credit loss allowance / provision against non-performing advances**

| Note                  | 2024             |                   |                   |                   |                  |                        | 2023     |          |                   |        |
|-----------------------|------------------|-------------------|-------------------|-------------------|------------------|------------------------|----------|----------|-------------------|--------|
|                       | Stage 3          | Stage 1 & Stage 2 | Total             | Specific          | General          | Provision under IFRS 9 | Total    |          |                   |        |
|                       | Rupees in '000   |                   |                   |                   |                  |                        |          |          |                   |        |
| In local currency     | 3,811,001        | 37,330,232        | 41,141,233        | 29,109,710        | 4,768,909        | -                      | -        | -        | 33,878,619        |        |
| In foreign currencies | 9.6.5<br>192,503 | -                 | 192,503           | -                 | -                | 21,894                 | -        | -        | 21,894            | 21,894 |
|                       | <b>4,003,504</b> | <b>37,330,232</b> | <b>41,333,736</b> | <b>29,109,710</b> | <b>4,768,909</b> | <b>21,894</b>          | <b>-</b> | <b>-</b> | <b>33,900,513</b> |        |

**9.6.2** This includes reversal of provision of Rs. 406.907 million (2023: Nil) against reduction in non-performing loans of Rs. 2,189.151 million (2023: Rs. 2,997.401 million) of certain borrowers under 'Debt Property Swap' transactions.

**9.6.3** 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, 2024, the Group has availed cumulative FSV benefit under the directives of the State Bank of Pakistan (SBP) of Rs. 2,841,257 million (2023: Rs. 4,857.792 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 1,306.978 million (2023: Rs 1,968.675 million). The additional impact on profitability arising from availing the benefit of FSV shall not be available for payment of cash or stock dividend to shareholders or bonus to employees under the requirement of Regulation R-8 of Corporate / Commercial Banking of the SBP.

**9.6.4** This includes deferred fair value loss arising from the restructuring of Pakistan International Airlines Corporation Limited (PIACL). SBP through its letter dated August 01, 2024 has allowed staggering of such fair value impact over the period of 6 years at rates of 5%, 10%, 15%, 20%, 25%, and 25% from year 1 to year 6. Further, SBP vide BPRD Circular Letter No.16 of 2024 dated July 29, 2024 has allowed to take such fair value adjustment with effect from October 01, 2024.

**9.6.5** This also includes fair valuation adjustment on modified loans and concessional rate loans (staff loans and TERF loans) considered in accordance with the requirements of IFRS 9.

| 9.7   | 2024           |  |  |  |  |  | 2023           |        |
|---|----------------|--|--|--|--|--|----------------|--------|
|   | Rupees in '000 |  |  |  |  |  |                |        |
| <b>9.7.1</b> Against credit loss allowance      |                |  |  |  |  |  | <b>183,699</b> | 54,652 |
| Directly charged to profit and loss account     |                |  |  |  |  |  | <b>183,699</b> | 54,652 |
| <b>9.7.2</b> Write offs of Rs.500,000 and above |                |  |  |  |  |  | <b>1,460</b>   | 6,947  |
| - Domestic                                      |                |  |  |  |  |  | -              | -      |
| - Overseas                                      |                |  |  |  |  |  | <b>182,239</b> | 47,705 |
| Write offs of below Rs.500,000                  |                |  |  |  |  |  | <b>183,699</b> | 54,652 |

**9.8 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 and above allowed to a person(s) during the year ended is given in Annexure-I to these consolidated financial statements. However, these write-offs do not affect the Group's right to recover debts from these customers.

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|  | Note   | 2024             |                            | 2023                   |                        |   |                |                   |
|--|--------|------------------|----------------------------|------------------------|------------------------|---|----------------|-------------------|
|  |        | Rupees in '000   |                            |                        |                        |   |                |                   |
| <b>10. PROPERTY AND EQUIPMENT</b>                            |        |                  |                            |                        |                        |   |                |                   |
| Capital work-in-progress                                     | 10.1   |                  | <b>2,288,894</b>           |                        | 1,990,955              |   |                |                   |
| Property and equipment                                       | 10.2   |                  | <b>25,886,510</b>          |                        | 20,250,646             |   |                |                   |
|  |        |                  | <b>28,175,404</b>          |                        | 22,241,601             |   |                |                   |
| <b>10.1 Capital work-in-progress</b>                         |        |                  |                            |                        |                        |   |                |                   |
| Civil works  |        |                  | <b>367,513</b>             |                        | 326,636                |   |                |                   |
| Advance to supplier  |        |                  | <b>502,884</b>             |                        | 311,448                |   |                |                   |
| Advance for acquiring properties and office premises         |        |                  | <b>1,190,723</b>           |                        | 1,190,723              |   |                |                   |
| Equipment  |        |                  | <b>227,774</b>             |                        | 162,148                |   |                |                   |
|  |        |                  | <b>2,288,894</b>           |                        | 1,990,955              |   |                |                   |
| <b>10.2 Property and equipment</b>                           |        |                  |                            |                        |                        |   |                |                   |
|  | Note   | 2024             |                            |                        |                        |   |                |                   |
|  |        | Leasehold land   | Building on leasehold land | Leasehold improvements | Furniture and fixtures | Electrical, office and computer equipment | Vehicles       | Total             |
| <b>At January 01, 2024</b>                                   |        |                  |                            |                        | Rupees in '000         |   |                |                   |
| Cost / Revalued amount                                       |        | <b>4,601,622</b> | <b>8,273,484</b>           | <b>2,727,159</b>       | <b>5,601,098</b>       | <b>11,373,193</b>                         | <b>502,680</b> | <b>33,079,236</b> |
| Accumulated depreciation                                     |        | -                | (1,109,961)                | (1,201,537)            | (2,828,624)            | (7,532,698)                               | (155,770)      | (12,828,590)      |
| Net book value   |        | <b>4,601,622</b> | <b>7,163,523</b>           | <b>1,525,622</b>       | <b>2,772,474</b>       | <b>3,840,495</b>                          | <b>346,910</b> | <b>20,250,646</b> |
| <b>Year ended December 2024</b>                              |        |                  |                            |                        |                        |   |                |                   |
| Opening net book value                                       |        | <b>4,601,622</b> | <b>7,163,523</b>           | <b>1,525,622</b>       | <b>2,772,474</b>       | <b>3,840,495</b>                          | <b>346,910</b> | <b>20,250,646</b> |
| Additions  | 10.2.1 | -                | 2,090,750                  | 723,730                | 2,268,670              | 2,577,960                                 | 338,818        | 7,999,928         |
| Movement in surplus on assets revalued during the year - net |        | <b>49,457</b>    | <b>158,617</b>             | -                      | -                      | -   | -              | <b>208,074</b>    |
| Reversal of depreciation on revaluation                      |        | -                | <b>637,420</b>             | -                      | -                      | -   | -              | <b>637,420</b>    |
| Disposals  |        | -                | -                          | (16,314)               | (25,492)               | (33,053)                                  | (45,321)       | (120,180)         |
| Depreciation charge  | 30     | -                | (492,338)                  | (267,014)              | (570,546)              | (1,671,578)                               | (79,472)       | (3,080,948)       |
| Exchange rate adjustments                                    |        | -                | -                          | (144)                  | (15)                   | 9   | (39)           | (189)             |
| Other adjustments / transfers                                |        | -                | 68                         | 358                    | (44)                   | (255)                                     | (8,368)        | (8,241)           |
| Closing net book value                                       |        | <b>4,651,079</b> | <b>9,558,040</b>           | <b>1,966,238</b>       | <b>4,445,047</b>       | <b>4,713,578</b>                          | <b>552,528</b> | <b>25,886,510</b> |
| <b>At December 31, 2024</b>                                  |        |                  |                            |                        |                        |   |                |                   |
| Cost / Revalued amount                                       |        | <b>4,651,079</b> | <b>10,522,920</b>          | <b>3,389,519</b>       | <b>7,686,414</b>       | <b>13,648,348</b>                         | <b>770,520</b> | <b>40,668,800</b> |
| Accumulated depreciation                                     |        | -                | (964,880)                  | (1,423,281)            | (3,241,367)            | (8,934,770)                               | (217,992)      | (14,782,290)      |
| Net book value   |        | <b>4,651,079</b> | <b>9,558,040</b>           | <b>1,966,238</b>       | <b>4,445,047</b>       | <b>4,713,578</b>                          | <b>552,528</b> | <b>25,886,510</b> |
| Rate of depreciation (%)                                     |        | -                | <b>1 - 5</b>               | <b>10</b>              | <b>5 - 20</b>          | <b>12.5 - 33.3</b>                        | <b>20</b>      |                   |
|  |        | 2023             |                            |                        |                        |   |                | Total             |
|  |        | Leasehold land   | Building on leasehold land | Leasehold improvements | Furniture and fixtures | Electrical, office and computer equipment | Vehicles       | Total             |
| <b>At January 01, 2023</b>                                   |        |                  |                            |                        | Rupees in '000         |   |                |                   |
| Cost / Revalued amount                                       |        | 1,728,122        | 3,305,685                  | 2,351,631              | 1,114,238              | 4,717,951                                 | 209,883        | 13,427,510        |
| Accumulated depreciation                                     |        | -                | (563,092)                  | (1,041,611)            | (568,942)              | (3,241,736)                               | (118,057)      | (5,533,438)       |
| Net book value   |        | <b>1,728,122</b> | <b>2,742,593</b>           | <b>1,310,020</b>       | <b>545,296</b>         | <b>1,476,215</b>                          | <b>91,826</b>  | <b>7,894,072</b>  |
| <b>Year ended December 2023</b>                              |        |                  |                            |                        |                        |   |                |                   |
| Opening net book value                                       |        | 1,728,122        | 2,742,593                  | 1,310,020              | 545,296                | 1,476,215                                 | 91,826         | 7,894,072         |
| Acquisition through business combination                     |        | 3,278,500        | 4,056,191                  | -                      | 1,540,376              | 1,271,011                                 | 50,058         | 10,196,136        |
| Additions  |        | -                | 617,158                    | 278,036                | 1,160,625              | 2,097,362                                 | 257,983        | 4,411,164         |
| Movement in surplus on assets revalued during the year - net |        | -                | -                          | -                      | -                      | -   | -              | -                 |
| Disposals  |        | (405,000)        | (103,688)                  | (11,384)               | (76,743)               | (27,869)                                  | (18,266)       | (642,950)         |
| Depreciation charge  |        | -                | (149,255)                  | (235,297)              | (216,189)              | (976,402)                                 | (35,347)       | (1,612,490)       |
| Exchange rate adjustments                                    |        | -                | -                          | 3,352                  | 625                    | 507                                       | 677            | 5,161             |
| Other adjustments / transfers                                |        | -                | 524                        | 180,895                | (181,516)              | (329)                                     | (21)           | (447)             |
| Closing net book value                                       |        | <b>4,601,622</b> | <b>7,163,523</b>           | <b>1,525,622</b>       | <b>2,772,474</b>       | <b>3,840,495</b>                          | <b>346,910</b> | <b>20,250,646</b> |
| <b>At December 31, 2023</b>                                  |        |                  |                            |                        |                        |   |                |                   |
| Cost / Revalued amount                                       |        | <b>4,601,622</b> | <b>8,273,484</b>           | <b>2,727,159</b>       | <b>5,601,098</b>       | <b>11,373,193</b>                         | <b>502,680</b> | <b>33,079,236</b> |
| Accumulated depreciation                                     |        | -                | (1,109,961)                | (1,201,537)            | (2,828,624)            | (7,532,698)                               | (155,770)      | (12,828,590)      |
| Net book value   |        | <b>4,601,622</b> | <b>7,163,523</b>           | <b>1,525,622</b>       | <b>2,772,474</b>       | <b>3,840,495</b>                          | <b>346,910</b> | <b>20,250,646</b> |
| Rate of depreciation (%)                                     |        | -                | <b>1 - 5</b>               | <b>10</b>              | <b>5 - 20</b>          | <b>12.5 - 33.3</b>                        | <b>20</b>      |                   |

- 10.2.1** This includes transfer from capital work-in-progress during the year amounting to Rs. 885.895 million (2023: Rs. 1,217.585 million) and transfers from non-banking assets acquired in satisfaction of claim amounting to Rs. 2,000.000 million (2023: Nil).
- 10.2.2** Cost of fully depreciated properties and equipment that are still in the Bank's use, as at December 31, 2024, amounted to Rs.10,489.007 million (2023: Rs.6,396.524 million).
- 10.2.3** The details of disposals of assets to related parties are given in Annexure-II to these consolidated financial statements.

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**10.2.4** The properties of Holding company were revalued by independent professional valuers as at December 31, 2024. The revaluation was carried out by M/s. Pakistan Inspection Co. (Pvt) Ltd. on the basis of professional assessment of present market values which resulted in increase in surplus by Rs. 845.494 million. The total surplus against revaluation of Property and equipment as at December 31, 2024 amounts to Rs. 2,202.331 million (2023: Rs. 1,393.824 million).

The total surplus against revaluation of property and equipment as at December 31, 2024 amounts to Rs. 2,232.350 million.

Had there been no revaluation, the carrying amount of revalued assets of the Group at December 31, would have been as follows:

|                            | Note | <b>2024</b>                | 2023       |
|----------------------------|------|----------------------------|------------|
|                            |      | ----- Rupees in '000 ----- |            |
| Leasehold land             |      | <b>3,654,223</b>           | 3,888,412  |
| Building on leasehold land |      | <b>5,617,759</b>           | 6,181,110  |
|                            |      | <b>9,271,982</b>           | 10,069,522 |

**11. RIGHT-OF-USE ASSETS**

|  |    |                    |             |
|--|----|--------------------|-------------|
| At January 1                                     |    |                    |             |
| Cost   |    | <b>14,799,906</b>  | 6,196,821   |
| Accumulated Depreciation                         |    | <b>(8,951,626)</b> | (3,739,577) |
| Net Carrying amount at January 1, 2024           |    | <b>5,848,280</b>   | 2,457,244   |
| Additional impact upon acquisition of subsidiary |    | -                  | 2,449,059   |
| Additions during the year                        |    | <b>4,216,562</b>   | 2,554,992   |
| Deletions during the year                        |    | <b>(298,252)</b>   | (203,293)   |
| Depreciation charge for the year                 | 30 | <b>(2,713,926)</b> | (1,419,084) |
| Exchange rate adjustments                        |    | <b>(216)</b>       | 5,685       |
| Other adjustments                                |    | <b>26,129</b>      | 3,677       |
| Net Carrying amount at December 31,              |    | <b>7,078,577</b>   | 5,848,280   |

**12. INTANGIBLE ASSETS**

|  |                     |                   |            |
|--|---------------------|-------------------|------------|
| Capital work-in-progress - Computer software |                     | <b>2,153,190</b>  | 815,848    |
| Computer software                            | 12.1                | <b>4,236,584</b>  | 3,213,292  |
| Goodwill                                     | 12.1, 12.3 and 12.4 | <b>4,407,921</b>  | 4,407,921  |
| Core Deposits Intangible on Acquisition      |                     | <b>1,396,646</b>  | 1,559,362  |
| Others                                       |                     | <b>65,611</b>     | 63,987     |
|  |                     | <b>12,259,952</b> | 10,060,410 |

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|  | Note   | 2024              |                                     |  |               |                   |
|--|--------|-------------------|-------------------------------------|--|---------------|-------------------|
|  |        | Computer software | Goodwill<br>(note 12.3 and<br>12.4) | Core Deposits                              | Others        | Total             |
|  |        |                   |                                     | Intangible on acquisition<br>(note 12.5)   |               |                   |
| <b>12.1 Intangible Assets</b>                    |        |                   |                                     | Rupees in '000                             |               |                   |
| <b>At January 01, 2024</b>                       |        |                   |                                     |  |               |                   |
| Cost   |        | 5,227,415         | 4,407,921                           | 1,627,160                                  | 94,851        | 11,357,347        |
| Accumulated amortisation                         |        | (2,014,123)       | -                                   | (67,798)                                   | (30,864)      | (2,112,785)       |
| Net book value                                   |        | <u>3,213,292</u>  | <u>4,407,921</u>                    | <u>1,559,362</u>                           | <u>63,987</u> | <u>9,244,562</u>  |
| <b>Year ended December 2024</b>                  |        |                   |                                     |  |               |                   |
| Opening net book value                           |        | 3,213,292         | 4,407,921                           | 1,559,362                                  | 63,987        | 9,244,562         |
| Additional impact upon acquisition of subsidiary |        | -                 | -                                   | -  | -             | -                 |
| Additions - directly purchased                   | 12.1.1 | 1,651,089         | -                                   | -  | 33,600        | 1,684,689         |
| Disposals  |        | -                 | -                                   | -  | (17,574)      | (17,574)          |
| Amortisation charge                              |        | (626,046)         | -                                   | (162,716)                                  | (14,402)      | (803,164)         |
| Exchange rate adjustments                        |        | (35)              | -                                   | -  | -             | (35)              |
| Other adjustments / transfers                    |        | (1,716)           | -                                   | -  | -             | (1,716)           |
| Closing net book value                           |        | <u>4,236,584</u>  | <u>4,407,921</u>                    | <u>1,396,646</u>                           | <u>65,611</u> | <u>10,106,762</u> |
| <b>At December 31, 2024</b>                      |        |                   |                                     |  |               |                   |
| Cost   |        | 6,878,634         | 4,407,921                           | 1,627,160                                  | 110,877       | 13,024,592        |
| Accumulated amortisation and impairment          |        | (2,642,050)       | -                                   | (230,514)                                  | (45,266)      | (2,917,830)       |
| Net book value                                   |        | <u>4,236,584</u>  | <u>4,407,921</u>                    | <u>1,396,646</u>                           | <u>65,611</u> | <u>10,106,762</u> |
| Rate of amortisation (%)                         |        | <u>10 - 20</u>    |                                     | <u>10</u>                                  |               |                   |
| Useful life (years)                              |        | <u>10 - 20</u>    |                                     | <u>10</u>                                  |               |                   |
| 2023 (Restated)                                  |        |                   |                                     |  |               |                   |
|  |        | Computer software | Goodwill                            | Core Deposits<br>Intangible on acquisition | Others        | Total             |
|  |        |                   |                                     | Rupees in '000                             |               |                   |
| <b>At January 1, 2023</b>                        |        |                   |                                     |  |               |                   |
| Cost   |        | 2,530,575         | 1,463,624                           | -  | 8,227         | 4,002,426         |
| Accumulated amortisation                         |        | (931,294)         | -                                   | -  | (3,227)       | (934,521)         |
| Net book value                                   |        | <u>1,599,281</u>  | <u>1,463,624</u>                    | <u>-</u>                                   | <u>5,000</u>  | <u>3,067,905</u>  |
| <b>Year ended December 2023</b>                  |        |                   |                                     |  |               |                   |
| Opening net book value                           |        | 1,599,281         | 1,463,624                           | -  | 5,000         | 3,067,905         |
| Additional impact upon acquisition of subsidiary |        | 429,399           | 2,944,297                           | -  | 61,387        | 3,435,083         |
| Core Deposit Intangible on acquisition date      |        | -                 | -                                   | 1,627,160                                  | -             | 1,627,160         |
| Additions - directly purchased                   |        | 1,529,174         | -                                   | -  | (151)         | 1,529,023         |
| Disposals  |        | -                 | -                                   | -  | -             | -                 |
| Amortisation charge                              |        | (343,525)         | -                                   | (67,798)                                   | (2,249)       | (413,572)         |
| Exchange rate adjustments                        |        | 866               | -                                   | -  | -             | 866               |
| Other adjustments / transfers                    |        | (1,903)           | -                                   | -  | -             | (1,903)           |
| Closing net book value                           |        | <u>3,213,292</u>  | <u>4,407,921</u>                    | <u>1,559,362</u>                           | <u>63,987</u> | <u>9,244,562</u>  |
| <b>At December 31, 2023</b>                      |        |                   |                                     |  |               |                   |
| Cost   |        | 5,227,415         | 4,407,921                           | 1,627,160                                  | 94,851        | 11,357,347        |
| Accumulated amortisation                         |        | (2,014,123)       | -                                   | (67,798)                                   | (30,864)      | (2,112,785)       |
| Net book value                                   |        | <u>3,213,292</u>  | <u>4,407,921</u>                    | <u>1,559,362</u>                           | <u>63,987</u> | <u>9,244,562</u>  |
| Rate of amortisation (%)                         |        | <u>10 - 20</u>    |                                     | <u>10</u>                                  |               |                   |
| Useful life (years)                              |        | <u>10 - 20</u>    |                                     | <u>10</u>                                  |               |                   |

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- 12.1.1** This includes transfer from capital work in progress during the year of Rs. 1,651.089 million (2023: Rs. 1,163.641 million).
- 12.2** The cost of fully amortised intangible assets that are still in the Group's use amounted to Rs. 1,025.103 million (2023: Rs. 940.543 million)
- 12.3** Goodwill is recorded by the Group upon the event fully disclosed in note 1.1. For impairment testing, goodwill has been allocated to 'Trading and Sales' Segment as a Cash Generating Unit (CGU), which is also a reportable segment.

**Key assumptions used in calculation of value-in-use**

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, duly adjusted for changes based on latest forecasts. The discount rates applied to cash flows beyond five years are extrapolated using a terminal growth rate. The following rates are used by the Group:

|                        | <b>2024</b>             | 2023  |
|------------------------|-------------------------|-------|
|                        | ----- Percentages ----- |       |
| - Discount rate        | <b>14.97</b>            | 18.04 |
| - Terminal growth rate | <b>12.00</b>            | 15.00 |

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

**a) Interest margin**

Interest margin is based on prevailing industry trends and anticipated market conditions.

**b) Discount rate**

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

**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. 6,563 million (2023: Rs. 15,841 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.

|                        | <b>Changes required for carrying amount to equal recoverable amount</b> |       |
|------------------------|---|-------|
|                        | <b>2024</b>   | 2023  |
|                        | ----- Percentages -----   |       |
| - Discount rate        | <b>0.41</b>   | 1.53  |
| - Terminal growth rate | <b>-0.47</b>  | -1.82 |

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- 12.4** This includes goodwill recognised upon acquisition of defunct KASB Bank Limited Undertakings by BankIslami Pakistan Limited (BIPL) based on fair values of assets and liabilities. BIPL carried out Goodwill impairment testing as at December 31, 2024.

**Key assumptions used in calculation of value-in-use**

The recoverable amount of Goodwill has been determined based on value-in-use calculation, using cash flow projections based on financial projections approved by the management of BIPL 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 BIPL.

|                        | <b>2024</b>       | 2023  |
|------------------------|-------------------|-------|
|                        | Percentages ----- |       |
| - Discount rate        | <b>15.82</b>      | 20.66 |
| - Terminal growth rate | <b>5.00</b>       | 5.00  |

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

**a) Profit margins**

Profit 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 BIPL.

**c) Key business assumptions**

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

Management believes that any significant change in key assumptions, on which Goodwill's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value-in-use calculation of Goodwill are sensitive to changes in assumptions for profit rate spreads, Non-Funded Income (NFI), long term growth rates and discount rates.

**d) Sensitivity to changes in assumption**

The estimated recoverable amount of Goodwill exceeds its carrying amount by approximately Rs. 11,032.794 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.

|                        | <b>Changes required for carrying amount to equal recoverable amount</b> |        |
|------------------------|---|--------|
|                        | <b>2024</b>   | 2023   |
|                        | Percentages -----   |        |
| - Discount rate        | <b>5.18</b>   | 5.18   |
| - Terminal growth rate | <b>-11.79</b>   | -11.79 |

- 12.5** This represents core deposit intangible considered on acquisition of BIPL on August 18, 2023, as more detailed in note 1.4.3 to these consolidated financial statements.

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| 13. OTHER ASSETS   | Note | 2024                       | 2023              |
|--|------|----------------------------|-------------------|
|  |      | ----- Rupees in '000 ----- |                   |
| Mark-up / return / interest / profit accrued in local currency                     |      | <b>32,044,168</b>          | 45,926,699        |
| Mark-up / return / interest / profit accrued in foreign currencies                 |      | <b>125,569</b>             | 163,513           |
| Advances, deposits, advance rent and other prepayments                             |      | <b>10,915,600</b>          | 5,224,714         |
| Acceptances  |      | <b>5,229,956</b>           | 6,589,632         |
| Advance taxation (payments less provision)   |      | <b>92,185</b>              | -                 |
| Dividend receivable  |      | <b>3,182</b>               | 5,552             |
| Receivable against bancassurance / bancatakaful                                    |      | <b>-</b>                   | 332,672           |
| Stationery and stamps on hand  |      | <b>18,370</b>              | 21,290            |
| Receivable in respect of home remittance   |      | <b>20,357</b>              | 30,805            |
| Due from State Bank of Pakistan  |      | <b>1,200,456</b>           | 329,044           |
| Fair value adjustment on advances  |      | <b>3,049,801</b>           | -                 |
| Non-banking assets acquired in satisfaction of claims                              | 13.1 | <b>6,565,986</b>           | 6,296,068         |
| Mark to market gain on derivative instruments                                      | 24.2 | <b>26,426</b>              | -                 |
| Mark to market gain on forward foreign exchange contracts                          |      | <b>181,485</b>             | 1,642,158         |
| Advance against investments in securities  |      | <b>792,000</b>             | 1,178,306         |
| Branchless banking fund settlement   |      | <b>370,945</b>             | 202,425           |
| Inter bank fund transfer settlement  |      | <b>1,025,298</b>           | 1,079,395         |
| Credit card settlement   |      | <b>296,903</b>             | 498,755           |
| Clearing and settlement accounts   |      | <b>1,715,925</b>           | -                 |
| Insurance claims receivable  |      | <b>66,416</b>              | 27,302            |
| Trade receivable from brokerage and<br>advisory business - net                     |      | <b>2,442,753</b>           | 1,817,314         |
| Balances due from funds under management   |      | <b>251,204</b>             | 125,531           |
| Others   |      | <b>1,914,871</b>           | 1,197,153         |
| Less: Credit loss allowance / provision held against other assets - stage 3        | 13.2 | <b>68,349,856</b>          | 72,688,328        |
| Other assets - net of credit loss allowance / provisions                           |      | <b>(1,493,507)</b>         | (1,362,792)       |
| Surplus on revaluation of non-banking assets<br>acquired in satisfaction of claims | 22.2 | <b>552,355</b>             | 521,290           |
| <b>Other assets - total</b>  |      | <b>67,408,704</b>          | <b>71,846,826</b> |

**13.1 Non banking assets acquired in satisfaction of claims**

|  |  |                  |           |
|--|--|------------------|-----------|
| Market value of non-banking assets<br>acquired in satisfaction of claims |  | <b>6,812,579</b> | 6,511,596 |
|--|--|------------------|-----------|

**13.1.1 Non-banking assets acquired in satisfaction of  
claims at market value**

|  |        |                    |                  |
|--|--------|--------------------|------------------|
| Opening balance                                  |        | <b>6,511,596</b>   | 3,772,225        |
| Additional impact upon acquisition of subsidiary |        | <b>-</b>           | 1,215,414        |
| Additions  | 13.1.2 | <b>2,300,000</b>   | 1,795,415        |
| Revaluation                                      |        | <b>33,182</b>      | 414,025          |
| Disposal   |        | <b>-</b>           | (34,123)         |
| Depreciation                                     | 30     | <b>(37,939)</b>    | (34,202)         |
| Transfer to property and equipment               |        | <b>(2,000,000)</b> | (617,158)        |
| Others   |        | <b>5,740</b>       | -                |
|  |        | <b>6,812,579</b>   | <b>6,511,596</b> |

**13.1.2** During the year, the Bank has acquired properties of Rs. 2,300.000 million (2023: Rs. 1,795.415 million) against debt swap transactions with borrowers resulting in reversal of provision of Rs. 406.907 million (2023: Nil ) against reduction in non-performing loans of Rs. 2,189.151 million (2023: Rs. 2,997.401 million).

**13.1.3** Non-banking assets acquired in satisfaction of claims of the Holding Company have been revalued by independent professional valuers as at December 31, 2024. The revaluation was carried out by M/s Pakistan Inspection Co. Private Limited. on the basis of professional assessment of present market values. The revaluation resulted in increase in revaluation surplus by Rs.31.272 million (2023: Rs. 413.119 million).

The properties of BIPL have been revalued by independent professional values as at December 31, 2024. The revaluation was carried out by Gandhara Consultants (Private) Limited, Harvester Services (Private) Limited and Sadruddin Associates (Private) Limited on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 1.910 million.

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|   |       | Note | <b>2024</b>                | 2023                     |
|---|-------|------|----------------------------|--------------------------|
|   |       |      | ----- Rupees in '000 ----- |                          |
| <b>13.2 Credit loss allowance / provision held against other assets</b>               |       |      |                            |                          |
| Advances, deposits, advance rent and other prepayments                                |       |      | <b>61,026</b>              | 64,555                   |
| Trade receivable from brokerage and advisory business - net                           |       |      | <b>444,288</b>             | 430,225                  |
| Non-banking assets acquired in satisfaction of claims                                 |       |      | <b>305,762</b>             | 305,762                  |
| Others  |       |      | <b>682,431</b>             | 562,250                  |
|   |       |      | <b><u>1,493,507</u></b>    | <b><u>1,362,792</u></b>  |
| <b>13.2.1 Movement in credit loss allowance / provision held against other assets</b> |       |      |                            |                          |
| Opening balance   |       |      | <b>1,362,792</b>           | 430,569                  |
| Additional impact upon acquisition of subsidiary                                      |       |      | -                          | 768,745                  |
| Impact of adoption of IFRS 9  |       |      | <b>21,166</b>              | -                        |
| Charge for the year   |       |      | <b>177,716</b>             | 163,478                  |
| Reversal for the year   |       |      | <b>(67,667)</b>            | -                        |
| Amount written off  |       |      | <b>110,049</b>             | 163,478                  |
| Closing balance   |       |      | <b>(500)</b>               | -                        |
|   |       |      | <b><u>1,493,507</u></b>    | <b><u>1,362,792</u></b>  |
| <b>14. BILLS PAYABLE</b>  |       |      |                            |                          |
| In Pakistan   |       |      | <b>21,538,732</b>          | 10,394,456               |
| Outside Pakistan  |       |      | <b>360,638</b>             | 399,442                  |
|   |       |      | <b><u>21,899,370</u></b>   | <b><u>10,793,898</u></b> |
| <b>15. BORROWINGS</b>   |       |      |                            |                          |
| <b>Secured</b>  |       |      |                            |                          |
| Borrowings from State Bank of Pakistan under:   |       |      |                            |                          |
| Export refinancing scheme   | 15.1  |      | <b>13,713,392</b>          | 13,554,172               |
| Long-term finance facility  | 15.2  |      | <b>2,391,966</b>           | 2,972,509                |
| Financing facility for storage of agricultural produce                                | 15.3  |      | <b>209,921</b>             | 176,993                  |
| Financing facility for renewable energy projects                                      | 15.4  |      | <b>1,674,570</b>           | 1,797,675                |
| Refinance for women entrepreneurs   | 15.5  |      | <b>248,243</b>             | 179,462                  |
| Refinance facility for modernization of Small and Medium Enterprises (SMEs)           | 15.6  |      | <b>349,293</b>             | 218,239                  |
| Refinance facility for combating COVID-19   | 15.7  |      | <b>191,327</b>             | 232,749                  |
| Temporary economic refinance facility (TERF)  | 15.8  |      | <b>10,922,250</b>          | 12,461,501               |
| Small enterprise financing and credit guarantee scheme for special persons            | 15.9  |      | <b>770</b>                 | 1,978                    |
| Refinance facility for working capital of SMEs  | 15.10 |      | <b>75,000</b>              | 193,750                  |
| Refinance facility for SME Asaan Finance (SAAF) scheme                                | 15.11 |      | <b>5,266,032</b>           | 1,438,299                |
| Acceptances from SBP under Mudaraba   | 15.12 |      | <b>21,096,917</b>          | 30,694,154               |
| Islamic Export Finance Scheme - Rupee based discounting                               | 15.13 |      | <b>5,210,889</b>           | 4,600,946                |
| Acceptances under Islamic Export Refinance Scheme                                     | 15.14 |      | <b>1,053,000</b>           | 3,554,100                |
| Acceptances for financial assistance  | 15.15 |      | <b>4,827,290</b>           | 4,413,497                |
| Repurchase agreement borrowings   |       |      | <b>-</b>                   | -                        |
|   |       |      | <b><u>67,230,860</u></b>   | <b><u>76,490,024</u></b> |
| Fair value adjustment on TERF borrowings  |       |      | <b>(2,639,656)</b>         | -                        |
| Borrowing from financial institutions:  |       |      |                            |                          |
| Repurchase agreement borrowings   | 15.16 |      | <b>384,547</b>             | -                        |
| Musharakah Acceptance   | 15.17 |      | <b>31,085,000</b>          | 2,649,999                |
| Refinancing facility for mortgage loans   | 15.18 |      | <b>1,929,971</b>           | 2,987,901                |
| Refinance facility for Islamic Mortgage   | 15.19 |      | <b>3,340,466</b>           | 3,354,127                |
| Running finance   |       |      | <b>-</b>                   | -                        |
|   |       |      | <b><u>36,739,984</u></b>   | <b><u>8,992,027</u></b>  |
| <b>Total secured</b>  |       |      | <b><u>101,331,188</u></b>  | <b><u>85,482,051</u></b> |

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**Unsecured**

|  |       |                    |                   |
|--|-------|--------------------|-------------------|
| Call borrowings                        | 15.20 | 700,000            | -                 |
| Overdrawn nostro accounts              |       | 963,478            | 549,483           |
| Others                                 |       | 16,000             | -                 |
| Wakalah                                |       | -                  | -                 |
| Musharakah Acceptance                  | 15.17 | 11,350,000         | 2,000,000         |
| <b>Total unsecured</b>                 |       | <b>13,029,478</b>  | <b>2,549,483</b>  |
| Fair value adjustment upon acquisition | 1.4.3 | -                  | (3,112,188)       |
|  |       | <b>114,360,666</b> | <b>84,919,346</b> |

- 15.1** The Holding Company has entered into agreement with the SBP for extending export finance to customers. These borrowings are repayable on a quarterly basis and have maturities upto June 2025. These carry mark-up rates ranging from 1.00% to 16.50% (2023: 1.00% to 18.00%) per annum.
- 15.2** 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 have maturities upto February 2033. These carry mark-up rates ranging from 2.00% to 11.00% (2023: 2.00% to 11.00%) per annum.
- 15.3** These borrowings have been obtained from the SBP under a scheme to provide financing facilities to encourage private sector to establish silos, warehouses and cold storages to enhance storage capacity and develop agricultural produce marketing. These carry mark-up rates ranging from 2.00% to 2.50% (2023: 2.00% to 2.50%) per annum and have maturities upto December 2028.
- 15.4** These borrowings have been obtained from the SBP for providing financing facilities to address challenges of energy shortage and climate change through promotion of renewable energy. These carry mark-up rainging from 2.00% (2023: 2.00%) per annum and have maturities upto December 2031.
- 15.5** These borrowings have been obtained from the SBP under a scheme to provide refinance for women entrepreneurs in the underserved areas of the country. These carry mark-up at 0.00% (2023: 0.00%) per annum and have maturities upto September 2029.
- 15.6** These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units and financing for import / local purchase of new generators up to a maximum capacity of 500 KVA. These carry mark-up at rates of 2.00% (2023: 0.00%) per annum and have maturities upto March 2029.
- 15.7** These borrowings have been obtained from the SBP under a scheme to provide the emergency refinance facility to hospitals and medical centre to develop capacity for the treatment of COVID-19 patients. These carry mark-up at 0.00% (2023: 0.00%) per annum and have maturities upto July 2026.
- 15.8** These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries post pandemic scenario. These carry mark-up at 1.00% (2023: 1.00%) per annum and have maturities upto August 2032.
- 15.9** These borrowings have been obtained from the SBP under a scheme to provide financing facilities to special persons to meet credit needs for setting up of new business enterprises or for expansion of existing ones. These carry mark-up at 0.00% (2023: 0.00%) per annum and have maturities upto June 2026.
- 15.10** These borrowings have been obtained from the SBP under a scheme to fulfill the working capital requirements of selective SME sectors. These carry mark-up at 2.00% (2023: 2.00%) per annum and have maturities upto April 2025.

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- 15.11** These borrowings have been obtained from the SBP under a scheme to fulfill the financing requirements of SMEs. These carry mark-up at rates ranging from 1.00% to 3.00% (2023: 1.00% to 3.00%) per annum on a rollover basis.
- 15.12** This represents acceptance of funds by the Group on Mudarabah basis which has been invested in special pools of the Bank and are secured against lien of the Bank's investment in Federal Government securities. The expected average return is 13.12% (2023: 22.14%) per annum.
- 15.13** These acceptances are on a profit and loss sharing basis and are secured against demand promissory notes executed in favor of SBP. A limit of Rs. 5,234 million (2023: 5,234 million) was allocated to the Bank by the SBP under Islamic Export Refinance Scheme - Rupee Based Discounting for the financial year ended December 31, 2024.
- 15.14** These acceptances are on a profit and loss sharing basis and are secured against demand promissory notes executed in favor of SBP. A limit of Rs. 3,952 million (2023: Rs. 3,952 million) was allocated to the Bank by the SBP under Islamic Export Refinance Scheme for the financial year ended December 31, 2024.
- 15.15** This represents Amortised cost of a 10 year financing facility of Rs. 5,000 million extended by SBP. The facility is secured against Federal Government securities. The 10 year facility was provided on the basis of Mudarabah to be remunerated at profit sharing ratio declared by the Bank on its remunerative current accounts on monthly basis. Accordingly, the profit amortization rate applied by the Bank in this respect is 0.01% per annum.
- 15.16** This repurchase agreement borrowing is secured by market treasury bills and carries a markup rate of 13.30% (2023: Nil) per annum, and is due to mature on January 2, 2025.
- 15.17** The expected profit rate on this agreement is 12.50% to 13.25% (2023: 21.25% to 21.75%) per annum and has maturity of 1 to 15 Days (2023: 4 to 14 Days).
- 15.18** The holding company has entered into an 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 rates ranging from 6.50% to 14.07% (2023: 6.50% to 11.67%) and have maturities upto June 2031.
- 15.19** The agreements are on a profit and loss sharing basis and are secured against housing finance portfolio. The profit rate on these agreements is ranging from 8.50% to 13.97% (2023: 8.5% to 13.97%) per annum.
- 15.20** This carries a mark up rate of 12.60% (2023: Nil) per annum and is due to mature on January 02, 2025.
- 15.21** Islamic finance facilities included above are mostly on profit and loss sharing basis and have been invested in general pool by BIPL and are secured against demand promissory notes executed in favor of State Bank of Pakistan (SBP).

|   | <b>2024</b>                | 2023              |
|---|----------------------------|-------------------|
|   | ----- Rupees in '000 ----- |                   |
| <b>15.22 Particulars of borrowings (with respect to currencies)</b> |                            |                   |
| In local currency   | 113,397,188                | 84,369,863        |
| In foreign currencies   | 963,478                    | 549,483           |
|   | <b>114,360,666</b>         | <b>84,919,346</b> |

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**16. DEPOSITS AND OTHER ACCOUNTS**

|                                       | 2024              |                       |               | 2023              |                       |               |
|---------------------------------------|-------------------|-----------------------|---------------|-------------------|-----------------------|---------------|
|                                       | In Local Currency | In Foreign Currencies | Total         | In Local Currency | In Foreign Currencies | Total         |
| Rupees in '000                        |                   |                       |               |                   |                       |               |
| <b>Customers</b>                      |                   |                       |               |                   |                       |               |
| Current deposits                      | 356,712,911       | 19,668,955            | 376,381,866   | 301,477,172       | 19,188,611            | 320,665,783   |
| Savings deposits                      | 300,536,324       | 11,461,574            | 311,997,898   | 239,067,032       | 10,197,248            | 249,264,280   |
| Term deposits                         | 280,672,496       | 62,827,696            | 343,500,192   | 328,171,818       | 53,754,279            | 381,926,097   |
| Margin deposits                       | 29,340,744        | 101,259               | 29,442,003    | 32,213,341        | 677,539               | 32,890,880    |
|                                       | 967,262,475       | 94,059,484            | 1,061,321,959 | 900,929,363       | 83,817,677            | 984,747,040   |
| <b>Financial Institutions</b>         |                   |                       |               |                   |                       |               |
| Current deposits                      | 4,235,504         | 242,644               | 4,478,148     | 1,692,578         | 294,647               | 1,987,225     |
| Savings deposits                      | 13,791,990        | 6,375                 | 13,798,365    | 16,619,049        | 525                   | 16,619,574    |
| Term deposits                         | 2,227,651         | -                     | 2,227,651     | 4,465,509         | -                     | 4,465,509     |
| Margin deposits                       | 146               | -                     | 146           | 146               | -                     | 146           |
|                                       | 20,255,291        | 249,019               | 20,504,310    | 22,777,282        | 295,172               | 23,072,454    |
|                                       | 987,517,766       | 94,308,503            | 1,081,826,269 | 923,706,645       | 84,112,849            | 1,007,819,494 |
| 2024                                  |                   |                       |               |                   |                       |               |
|                                       |                   |                       |               |                   |                       |               |
| Rupees in '000                        |                   |                       |               |                   |                       |               |
| - Individuals                         |                   |                       |               |                   |                       |               |
| - Government (Federal and Provincial) |                   |                       |               |                   |                       |               |
| - Public Sector Entities              |                   |                       |               |                   |                       |               |
| - Banking Companies                   |                   |                       |               |                   |                       |               |
| - Non-Banking Financial Institutions  |                   |                       |               |                   |                       |               |
| - Private Sector                      |                   |                       |               |                   |                       |               |
|                                       | 404,948,917       | 82,454,852            | 423,717,101   | 1,118,235         | 19,386,075            | 550,201,089   |
|                                       | 311,214,372       | 92,443,660            | 51,089,647    | 2,452,622         | 20,619,832            | 529,999,361   |
|                                       | 23,072,454        | 1,007,819,494         |               |                   |                       |               |
|                                       | 1,081,826,269     |                       |               |                   |                       |               |

**16.2** Deposits include eligible deposits of Rs. 391,670,016 million (2023: Rs. 332,595.277 million) protected under Depositors Protection Mechanism introduced by State Bank of Pakistan.

**17. LEASE LIABILITIES**

|  | Note | 2024        | 2023        |
|--|------|-------------|-------------|
| Outstanding amount as at January 01              |      | 6,686,639   | 2,795,197   |
| Additional impact upon acquisition of subsidiary |      | -           | 2,917,378   |
| Additions during the year                        |      | 4,216,562   | 2,554,992   |
| Lease payments including interest                |      | (4,023,522) | (2,280,921) |
| Interest expense                                 | 26   | 1,237,692   | 953,739     |
| Terminations                                     |      | (303,168)   | (267,772)   |
| Exchange difference                              |      | (208)       | 5,516       |
| Others   |      | 31,195      | 8,510       |
| Outstanding amount as at December 31             |      | 7,845,190   | 6,686,639   |

**17.1 Contractual maturity of lease liabilities**

|  |  |           |           |
|--|--|-----------|-----------|
| Short-term lease liabilities - within one year |  | 525,631   | 235,890   |
| Long-term lease liabilities                    |  |           |           |
| - 1 to 5 years                                 |  | 6,305,860 | 2,106,014 |
| - 5 to 10 years                                |  | 1,013,699 | 4,344,735 |
| - More than 10 years                           |  | -         | -         |
| Total lease liabilities                        |  | 7,319,559 | 6,450,749 |
|  |  | 7,845,190 | 6,686,639 |

**18. SUBORDINATED DEBT**

|  | Note   | 2024       | 2023       |
|--|--------|------------|------------|
| Term Finance Certificates - Fifth Issue  | 18.1   | 3,498,833  | 3,499,767  |
| Term Finance Certificates - Fourth Issue | 18.2   | 2,497,000  | 2,498,000  |
| Term Finance Certificates - Third Issue  | 18.3   | 2,500,000  | 2,500,000  |
| ADT-1 Sukuk Issue I                      | 18.4.1 | 1,998,904  | 1,998,904  |
| ADT-1 Sukuk Issue II                     | 18.4.2 | 997,971    | 848,000    |
|  |        | 11,492,708 | 11,344,671 |

**18.1** In 2023, the Holding Company issued Rs. 3.5 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates (TFCs or the Issue) as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

|                          |   |
|--------------------------|---|
| Purpose:                 | To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum and Articles of Association.   |
| Issue amount             | Rs. 3.5 billion   |
| Issue date               | August 30, 2023   |
| Maturity date            | August 30, 2033   |
| Rating                   | AA- (Double A Minus)  |
| Security                 | The Issue is unsecured  |
| Profit payment frequency | Quarterly   |
| Redemption               | The instrument is structured to redeem 0.24% of the Issue amount during the first nine years after the issue date and the remaining Issue amount of 99.76% in four equal quarterly installments of 24.94% each in the last year.  |
| Profit rate:             | Floating rate of return at Base Rate + 2 percent per annum;   |
|                          | Base rate is defined as the average three 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 three monthly period.   |
| Subordination:           | The Issue is subordinated all other indebtedness of the Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital   |
| Call option:             | Exercisable in part or in full on or after five years from the issue date, subject to SBP's approval.   |
| Lock-in-clause:          | Principal and profit will be payable subject to compliance with MCR or CAR or Leverage Ratio set by SBP.  |
| Loss absorbency clause:  | Upon the occurrence of a Point of Non-Viability (PONV) event as defined under SBP BPRD Circular No. 06 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 PONV as declared by SBP, subject to a cap of 924,772,179 shares. |

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**18.2** In 2021, the Holding Company issued Rs. 2.5 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates (TFCs or the Issue) as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan (SBP) under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

|                        |   |
|------------------------|---|
| Purpose:               | To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum and Articles of Association.   |
| Issue amount           | Rs. 2.5 billion   |
| Issue date             | December 28, 2021   |
| Maturity date          | December 28, 2028   |
| Rating                 | AA - (Double A Minus)   |
| Security               | The Issue is unsecured  |
| 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.  |
| Profit rate            | Floating rate of return at Base Rate + 2 percent per annum;<br><br>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.  |
| Subordination          | The Issue is subordinated all other indebtedness of the Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital   |
| Call option            | Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.  |
| Lock-in-clause         | Payment of profit will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.  |
| Loss absorbency clause | Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular No. 06 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 400,647,739 shares. |

**18.3** In 2018, the Holding Company 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 the State Bank of Pakistan (SBP) under the BPRD Circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

|                               |  |
|-------------------------------|--|
| Purpose:                      | To contribute towards the Bank's Tier 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 and Articles of Association.   |
| Issue amount                  | Rs. 2.5 billion  |
| Issue date:                   | December 31, 2018  |
| Maturity date:                | Perpetual  |
| Rating:                       | A + (Single A Plus)  |
| Security:                     | The Issue is unsecured   |
| Profit payment:               | Semi-annually on a non-cumulative basis  |
| Redemption:                   | Not applicable   |
| Profit rate:                  | Floating rate of return at Base Rate + 2.25 percent per annum;<br><br>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.  |
| Subordination:                | The Issue is 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 and / or CAR or LR set by SBP.   |
| Loss absorbency clause:       | Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular No. 06 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:<br><br>- 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);<br><br>- 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<br><br>- 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 No. 06 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:<br><br>The PONV trigger event is the earlier of:<br><br>- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;<br><br>- 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.<br><br>- 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. |

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**18.4** BIPL has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of sukuks under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

**18.4.1 Salient features of the ADT-1 sukuk issue I are as follows:**

|                         |  |
|-------------------------|--|
| Amount                  | Rs. 2,000 million.   |
| Issue date              | April 21, 2020   |
| Tenure                  | Perpetual (i.e. no fixed or final redemption date)   |
| Rating                  | PACRA has rated this Sukuk at 'A'  |
| Expected Profit Rate    | The Sukuk carries a profit at the rate of 3 Months KIBOR + 2.75%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank inline with SBP's guidelines of pool management.  |
| Profit payment          | Profit shall be payable monthly in arrears, on a non-cumulative basis  |
| Security                | The Issue is unsecured   |
| Call option             | BIPL may, at its sole discretion, call the Sukuks, at any time after five years from the Issue Date subject to the prior approval of the SBP.  |
| Lock-in-clause:         | In the event where payment of profit results in breach of regulatory MCR/CAR requirements or SBP determines a bar on profit distribution, the monthly profit weightage of the Sukuk holders will be reduced to a minimum level e.g. 0.005, till the month in which such condition is withdrawn by SBP. |
| Loss absorbency clause: | The Sukuks shall, at the discretion of the SBP, be permanently converted into ordinary shares pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.                               |

**18.4.2 Salient features of the ADT-1 sukuk issue II are as follows:**

|                          |  |
|--------------------------|--|
| Issued Amount            | Rs. 1,000 million.   |
| Issue Date               | February 21, 2024  |
| Tenor                    | Perpetual (i.e. no fixed or final redemption date)   |
| Instrument Rating        | PACRA has rated this Sukuk at 'A'  |
| Security                 | Unsecured  |
| Profit payment frequency | Profit shall be payable monthly in arrears, on a non-cumulative basis  |
| Expected Profit Rate     | The Sukuk carries a profit at the rate of 1 Month KIBOR + 2.5%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank inline with SBP's guidelines of pool management.  |
| Call option              | BIPL may, at its sole discretion, call the Sukuks, at any time after five years from the Issue Date subject to the prior approval of the SBP.  |
| Lock-in clause           | In the event where payment of profit results in breach of regulatory MCR/CAR requirements or SBP determines a bar on profit distribution, the monthly profit weightage of the Sukuk holders will be reduced to a minimum level e.g. 0.005, till the month in which such condition is withdrawn by SBP. |
| Loss absorbency clause   | The Sukuks shall, at the discretion of the SBP, be permanently converted into ordinary shares pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.                               |

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**19. DEFERRED TAX LIABILITIES**

| Note  | 2024                   |   |   |   |                         | At December<br>31, 2024 |
|---|------------------------|---|---|---|-------------------------|-------------------------|
|   | At January<br>01, 2024 | Impact of<br>adoption of<br>IFRS 9                        | Balance after<br>adoption of<br>IFRS 9      | Recognised<br>in profit and<br>loss account | Recognised<br>in OCI    |                         |
|   | Rupees in '000         |   |   |   |                         |                         |
| <b>Deductible Temporary Differences on:</b>       |                        |   |   |   |                         |                         |
| Credit loss allowance against investments         | (48,192)               | 69,290  | 21,098                                      | (29,798)                                    | -                       | (8,700)                 |
| Credit loss allowance against advances            | (1,542,762)            | (1,050,495)   | (2,593,257)                                 | (1,256,209)                                 | -                       | (3,849,466)             |
| Credit loss allowance - Others                    | -                      | (83,998)  | (83,998)                                    | (829,690)                                   | -                       | (913,688)               |
| Fair value adjustment                             | -                      | (140,507)   | (140,507)                                   | 42,222                                      | -                       | (98,285)                |
| Other assets                                      | (230,253)              | (4,508)   | (234,761)                                   | (630,679)                                   | (2,834)                 | (868,274)               |
| Accumulated tax losses                            | (45,805)               | -   | (45,805)                                    | (62,055)                                    | -                       | (107,860)               |
|   | (1,867,012)            | (1,210,218)   | (3,077,230)                                 | (2,766,209)                                 | (2,834)                 | (5,846,273)             |
| <b>Taxable Temporary Differences on:</b>          |                        |   |   |   |                         |                         |
| Surplus on revaluation of property and equipments | 22                     | 234,884   | -   | 234,884                                     | (153,254)               | 245,755                 |
| Surplus on revaluation of non-banking             |                        | 23,015  | -   | 23,015                                      | (1,106)                 | 2,170                   |
| assets acquired in satisfaction of claims         | 22                     | 23,015  | -   | 23,015                                      | (1,106)                 | 2,170                   |
| Surplus on revaluation of investments classified  |                        | 3,286,120   | (251,626)                                   | 3,034,494                                   | 4,652,434               | 7,689,567               |
| as measure at FVOCI                               | 22                     | 17,639  | 180,600                                     | 198,239                                     | (143,530)               | -                       |
| Surplus on revaluation of investments             |                        | 1,362,699   | -   | 1,362,699                                   | 346,761                 | 54,709                  |
| classified as measured at FVTPL                   | 22                     | 717,176   | -   | 717,176                                     | 43,908                  | 1,709,460               |
| Accelerated tax depreciation                      |                        | (29,502)  | -   | (29,502)                                    | (106,521)               | -                       |
| Goodwill  |                        | (3,065,477)   | 974,740                                     | (2,090,737)                                 | (41,086)                | (136,023)               |
| Fair value adjustment on amalgamation             |                        | 2,546,554   | 903,714                                     | 3,450,268                                   | (52,189)                | (2,131,823)             |
| Fair value adjustment upon acquisition            |                        | 679,542   | (306,504)                                   | 373,038                                     | (2,818,398)             | 4,897,525               |
|   |                        |   |   |   |                         | 2,452,165               |
| 2023 (Restated)                                   |                        |   |   |   |                         |                         |
|   | At January 01,<br>2023 | Additional<br>impact upon<br>acquisition of<br>subsidiary | Recognised<br>in profit and<br>loss account | Recognised<br>in OCI                        | At December<br>31, 2023 |                         |
|   | Rupees in '000         |   |   |   |                         |                         |
| <b>Deductible Temporary Differences on:</b>       |                        |   |   |   |                         |                         |
| Provision against investments                     | (70,212)               | -   | 22,020                                      | -   | (48,192)                |                         |
| Provision against advances                        | (396,175)              | -   | (1,146,587)                                 | -   | (1,542,762)             |                         |
| Other assets                                      | (244,327)              | -   | 46,220                                      | (32,146)                                    | (230,253)               |                         |
| Fair value adjustment upon acquisition            | -                      | (3,339,948)   | 274,471                                     | -   | (3,065,477)             |                         |
| Fair value adjustment on amalgamation             | -                      | -   | (29,502)                                    | -   | (29,502)                |                         |
| Surplus on revaluation of investments             |                        | 130,722   | -   | (155,035)                                   | -                       | -                       |
| classified as held-for-trading                    |                        | -   | -   | -   | (24,313)                |                         |
| Accumulated tax losses                            | -                      | (579,992)   | (3,339,948)                                 | (1,034,218)                                 | (32,146)                | (4,986,304)             |
| <b>Taxable Temporary Differences on:</b>          |                        |   |   |   |                         |                         |
| Accelerated tax depreciation                      | 22                     | 182,284   | -   | 1,180,415                                   | -                       | 1,362,699               |
| Goodwill  |                        | 629,358   | -   | 87,818                                      | -                       | 717,176                 |
| Surplus on revaluation of property and equipment  |                        | 327,796   | -   | (116,802)                                   | 23,890                  | 234,884                 |
| Surplus on revaluation of non-banking             | 22                     | 343   | -   | (77)  | 22,749                  | -                       |
| assets acquired in satisfaction of claims         | 22                     | 343   | -   | (77)  | 22,749                  | 23,015                  |
| Surplus on revaluation of investments             |                        | (347,462)   | -   | -   | 3,675,534               | 3,328,072               |
| classified as available-for-sale                  | 22                     | 792,319   | -   | 1,151,354                                   | 3,722,173               | 5,665,846               |
|   | 212,327                | (3,339,948)   | 117,136                                     | 3,690,027                                   | 679,542                 |                         |

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|  | Note | 2024                 | 2023              |
|--|------|----------------------|-------------------|
|  |      | Rupees in '000 ----- |                   |
| <b>20. OTHER LIABILITIES</b>                                       |      |                      |                   |
| Mark-up / return / interest / profit payable in local currency     |      | <b>12,964,140</b>    | 14,380,731        |
| Mark-up / return / interest / profit payable in foreign currencies |      | <b>685,994</b>       | 718,389           |
| Unearned income on guarantees                                      |      | <b>487,456</b>       | 398,300           |
| Accrued expenses   |      | <b>5,361,419</b>     | 3,913,117         |
| Current taxation (payments less provision)                         |      | <b>-</b>             | 2,448,848         |
| Acceptances  |      | <b>5,229,956</b>     | 6,589,632         |
| Unclaimed dividends  |      | <b>12,446</b>        | 7,576             |
| Mark to market loss on derivative instruments                      |      | <b>1,489</b>         | 16,437            |
| Mark to market loss on forward foreign exchange contracts          |      | <b>713,428</b>       | 1,923,277         |
| Defined benefit obligation - net                                   |      | <b>800,305</b>       | 562,132           |
| Payable to defined contribution plan                               |      | <b>54,371</b>        | 44,798            |
| Withholding taxes payable  |      | <b>2,312,036</b>     | 1,199,621         |
| Donation payable   |      | <b>238,977</b>       | 209,514           |
| Security deposits against leases, lockers and others               |      | <b>1,989,062</b>     | 2,061,856         |
| Workers' Welfare Fund  | 31   | <b>1,879,900</b>     | 1,210,355         |
| Payable in respect of home remittance                              |      | <b>313,579</b>       | 35,659            |
| Retention money payable  |      | <b>176,421</b>       | 121,883           |
| Insurance payable  |      | <b>383,072</b>       | 249,979           |
| Payable to vendors against SBS goods                               |      | <b>159,103</b>       | 282,322           |
| Debit card settlement  |      | <b>374,348</b>       | 473,999           |
| Clearing and settlement accounts                                   |      | <b>-</b>             | 539,857           |
| Trade payable from brokerage and advisory business - net           |      | <b>4,512,756</b>     | 2,899,893         |
| Dividend payable   |      | <b>33,979</b>        | 206,472           |
| Deferred Murabaha income financing and IERS                        |      | <b>643,923</b>       | 1,111,958         |
| Sundry Creditors   |      | <b>903,578</b>       | 1,595,515         |
| Credit loss allowance against off-balance sheet obligations        | 20.1 | <b>571,959</b>       | 85,975            |
| Others   |      | <b>1,566,509</b>     | 1,158,435         |
|  |      | <b>42,370,206</b>    | <b>44,446,530</b> |

**20.1 Credit loss allowance against off-balance sheet obligations**

|  |  |                 |               |
|--|--|-----------------|---------------|
| Opening balance                                |  | <b>85,975</b>   | 85,975        |
| Impact of adoption of IFRS 9                   |  | <b>149,877</b>  | -             |
| Balance as at January 01 after adopting IFRS 9 |  | <b>235,852</b>  | 85,975        |
| Transfer in                                    |  | <b>2,371</b>    | -             |
| Exchange rate adjustments                      |  | <b>(28)</b>     | -             |
| Charge for the period / year                   |  | <b>348,495</b>  | -             |
| Reversals for the period / year                |  | <b>(14,731)</b> | -             |
|  |  | <b>333,764</b>  | -             |
| <b>Closing balance</b>                         |  | <b>571,959</b>  | <b>85,975</b> |

**20.1.1** Credit loss allowance against off-balance sheet obligations include ECL in respect of letter of credit, letter of guarantees and acceptances.

**21. SHARE CAPITAL**

**21.1 Authorised capital**

**21.1.1 Ordinary shares**

|  |  | 2024                   | 2023          |
|--|--|------------------------|---------------|
|  |  | Number of shares ----- |               |
|  |  | <b>3,850,000,000</b>   | 3,850,000,000 |

Ordinary shares of Rs.10 each

|                      |               |                               |                   |            |
|----------------------|---------------|-------------------------------|-------------------|------------|
| <b>3,850,000,000</b> | 3,850,000,000 | Ordinary shares of Rs.10 each | <b>38,500,000</b> | 38,500,000 |
|----------------------|---------------|-------------------------------|-------------------|------------|

**21.1.2 Preference shares**

|                    |             |   |                  |           |
|--------------------|-------------|---|------------------|-----------|
| <b>150,000,000</b> | 150,000,000 | Convertible preference shares of Rs.10 each | <b>1,500,000</b> | 1,500,000 |
|--------------------|-------------|---|------------------|-----------|

**21.2 Issued, subscribed and paid-up capital**

|  |  | <b>Ordinary shares</b>                   |                   |
|--|--|--|-------------------|
|  |  | Fully paid in cash                       | 9,841,279         |
|  |  | Issued for consideration other than cash | 10,665,346        |
|  |  |  | <b>20,506,625</b> |
|  |  | Less: Discount on issue of shares        | -                 |
|  |  |  | <b>20,506,625</b> |
|  |  | 2,050,662,536                            | 2,050,662,536     |

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- 21.3** As at December 31, 2024, Jahangir Siddiqui & Co. Ltd. (the parent company) held 1,460,232,712 (2023: 1,460,232,712) ordinary shares of Rs.10 each i.e. 71.21% holding (2023: 71.21%).
- 21.4** During the year 2023, the Holding Company transferred discount on issue of shares amounting to Rs. 2,855.401 million to share premium account in accordance with section 81 of the Companies Act, 2017.

**22. SURPLUS ON REVALUATION OF ASSETS**

| Note  | 2024            |                            |                    | 2023               |                            |           |
|---|-----------------|----------------------------|--------------------|--------------------|----------------------------|-----------|
|   | Attributable to |                            | Total              | Attributable to    |                            | Total     |
|   | Equity Holders  | Non - Controlling Interest |                    | Equity Holders     | Non - Controlling Interest |           |
| ----- Rupees in '000 -----                                    |                 |                            |                    |                    |                            |           |
| <b>Surplus / (deficit) on revaluation of:</b>                 |                 |                            |                    |                    |                            |           |
| - Securities measured at FVOCI - debt                         | 8.1             | <b>10,656,704</b>          | <b>3,025,036</b>   | <b>13,681,740</b>  | -                          | -         |
| - Securities measured at FVOCI - equity                       | 8.1             | <b>1,199,538</b>           | <b>(81,917)</b>    | <b>1,117,621</b>   | -                          | -         |
| - Available-for-sale securities                               |                 |                            |                    | -                  | 5,495,518                  | 1,520,755 |
| - Property and equipment                                      | 22.1            | <b>2,344,190</b>           | <b>(111,840)</b>   | <b>2,232,350</b>   | 1,745,704                  | (50,081)  |
| - Non-banking assets acquired in satisfaction of claims       | 22.2            | <b>551,755</b>             | <b>600</b>         | <b>552,355</b>     | 521,097                    | 193       |
|   |                 | <b>14,752,187</b>          | <b>2,831,879</b>   | <b>17,584,066</b>  | 7,762,319                  | 1,470,867 |
|   |                 |                            |                    |                    |                            | 9,233,186 |
| <b>Deferred tax on surplus / (deficit) on revaluation of:</b> |                 |                            |                    |                    |                            |           |
| - Securities measured at FVOCI - debt                         |                 | <b>(5,406,027)</b>         | <b>(1,528,143)</b> | <b>(6,934,170)</b> | -                          | -         |
| - Securities measured at FVOCI - equity                       |                 | <b>(751,586)</b>           | <b>(3,811)</b>     | <b>(755,397)</b>   | -                          | -         |
| - Available-for-sale securities                               |                 | <b>(432,206)</b>           | <b>104,821</b>     | <b>-</b>           | (2,599,905)                | (728,167) |
| - Property and equipment                                      |                 | <b>(27,872)</b>            | <b>3,793</b>       | <b>(327,385)</b>   | (259,424)                  | 24,540    |
| - Non-banking assets acquired in satisfaction of claims       |                 | <b>(6,617,691)</b>         | <b>(1,423,340)</b> | <b>(8,041,031)</b> | (22,918)                   | (97)      |
|   |                 | <b>8,134,496</b>           | <b>1,408,539</b>   | <b>9,543,035</b>   | (2,882,247)                | (703,724) |
|   |                 |                            |                    |                    |                            | 5,647,215 |

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|             |   | Note | 2024                       | 2023             |
|-------------|---|------|----------------------------|------------------|
|             |   |      | ----- Rupees in '000 ----- |                  |
| <b>22.1</b> | <b>Surplus on revaluation of property and equipment</b>   |      |                            |                  |
|             | Surplus on revaluation of property and equipment as at January 01                                   |      | <b>1,695,623</b>           | 2,002,175        |
|             | Recognised during the year  |      | <b>845,494</b>             | -                |
|             | Realised on disposal during the year  |      | -                          | (107,428)        |
|             | Transferred to unappropriated profit in respect of incremental depreciation charged during the year |      | <b>(308,767)</b>           | (199,124)        |
|             | Surplus on revaluation of property and equipment as at December 31                                  |      | <b>2,232,350</b>           | 1,695,623        |
|             | <b>Less: related deferred tax liability on:</b>   |      |                            |                  |
|             | - revaluation as at January 01  |      | <b>(234,885)</b>           | (327,796)        |
|             | - effect of change in tax rate  |      | <b>(108,967)</b>           | (45,739)         |
|             | - revaluation recognised during the year  |      | <b>(413,939)</b>           | -                |
|             | - deferred tax liability derecognized during the year   |      | <b>277,152</b>             | -                |
|             | - surplus realised on disposal during the year  |      | -                          | 52,641           |
|             | - incremental depreciation charged during the year  |      | <b>153,254</b>             | 86,010           |
|             |   |      | <b>(327,385)</b>           | (234,884)        |
|             |   |      | <b>1,904,965</b>           | <b>1,460,739</b> |
| <b>22.2</b> | <b>Surplus on revaluation of non-banking assets acquired in satisfaction of claims</b>              |      |                            |                  |
|             | Surplus on revaluation as at January 01   |      | <b>521,290</b>             | 107,426          |
|             | Recognised during the year  |      | <b>33,182</b>              | 414,025          |
|             | Transferred to unappropriated profit in respect of incremental depreciation charged during the year |      | <b>(2,117)</b>             | (161)            |
|             | Surplus on revaluation as at December 31  |      | <b>552,355</b>             | 521,290          |
|             | <b>Less: Related deferred tax liability on:</b>   |      |                            |                  |
|             | - revaluation as at January 01  |      | <b>(23,015)</b>            | (343)            |
|             | - revaluation recognised during the year  |      | <b>(17,292)</b>            | (22,735)         |
|             | - deferred tax liability derecognized during the year   |      | <b>18,505</b>              | (15)             |
|             | - Effect of change in tax rate  |      | <b>(3,383)</b>             | -                |
|             | - Incremental depreciation charged during the year  |      | <b>1,106</b>               | 78               |
|             |   |      | <b>(24,079)</b>            | (23,015)         |
|             |   |      | <b>528,276</b>             | <b>498,275</b>   |
| <b>23.</b>  | <b>CONTINGENCIES AND COMMITMENTS</b>  |      |                            |                  |
|             | Guarantees  | 23.1 | <b>112,329,055</b>         | 78,331,902       |
|             | Commitments   | 23.2 | <b>598,559,028</b>         | 415,060,508      |
|             | Other contingent liabilities  | 23.3 | <b>508,708</b>             | 738,018          |
|             |   |      | <b>711,396,791</b>         | 494,130,428      |
| <b>23.1</b> | <b>Guarantees:</b>  |      |                            |                  |
|             | Financial guarantees  |      | <b>10,328,381</b>          | 8,025,132        |
|             | Performance guarantees  |      | <b>55,460,190</b>          | 37,928,885       |
|             | Other guarantees  |      | <b>46,540,484</b>          | 31,977,885       |
|             |   |      | <b>112,329,055</b>         | 77,931,902       |

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|  | Note   | <b>2024</b>                | 2023        |
|--|--------|----------------------------|-------------|
|  |        | ----- Rupees in '000 ----- |             |
| <b>23.2 Commitments:</b>   |        |                            |             |
| <b>Documentary credits and short-term trade-related transactions</b> |        |                            |             |
| - Letters of credit  |        | <b>63,186,812</b>          | 66,757,307  |
| <b>Commitments in respect of:</b>                                    |        |                            |             |
| - Forward foreign exchange contracts                                 | 23.2.1 | <b>238,740,942</b>         | 221,244,084 |
| - Derivative instruments   | 23.2.2 | <b>42,185</b>              | 553,782     |
| - Forward government securities transactions                         | 23.2.3 | <b>14,991,654</b>          | -           |
| - Forward lending  | 23.2.4 | <b>280,305,359</b>         | 124,976,341 |
| <b>Commitments for acquisition of:</b>                               |        |                            |             |
| - Property and equipment   | 23.2.5 | <b>1,162,105</b>           | 1,281,398   |
| - Intangible assets  | 23.2.5 | <b>129,971</b>             | 65,782      |
|  |        | <b>598,559,028</b>         | 414,878,694 |

**23.2.1 Commitments in respect of forward foreign exchange contracts**

|          |                    |             |
|----------|--------------------|-------------|
| Purchase | <b>142,022,681</b> | 125,569,086 |
| Sale     | <b>96,718,261</b>  | 95,674,998  |
|          | <b>238,740,942</b> | 221,244,084 |

**23.2.1.1** The Group 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 ended, all foreign exchange contracts have a remaining maturity of less than one year.

|  | Note | <b>2024</b>                | 2023    |
|--|------|----------------------------|---------|
|  |      | ----- Rupees in '000 ----- |         |
| <b>23.2.2 Commitments in respect of derivative instruments</b>                     |      |                            |         |
| <b>Commitments in respect of forward securities</b>                                |      |                            |         |
| Purchase   |      | -                          | -       |
| Sale   |      | <b>42,185</b>              | 553,782 |
|  |      | <b>42,185</b>              | 553,782 |
| <b>23.2.3 Commitments in respect of forward government securities transactions</b> |      |                            |         |
| Purchase   |      | <b>14,991,654</b>          | -       |
|  |      | <b>14,991,654</b>          | -       |
| <b>23.2.4 Commitments in respect of forward lending</b>                            |      |                            |         |

|   |          |                    |             |
|---|----------|--------------------|-------------|
| Undrawn formal standby facilities, credit lines and other commitments to lend | 23.2.4.1 | <b>280,305,359</b> | 124,976,341 |
|---|----------|--------------------|-------------|

**23.2.4.1** This represents commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.

This includes commitments to extend shariah compliant islamic financing in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

**23.2.5** This represents commitments related to purchase of leasehold improvements, furniture and fixtures, hardware & network equipments and electrical equipments and computer software.

|  | Note   | <b>2024</b>                | 2023    |
|--|--------|----------------------------|---------|
|  |        | ----- Rupees in '000 ----- |         |
| <b>23.3 Other contingent liabilities</b> | 23.3.1 | <b>508,708</b>             | 738,018 |

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**23.3.1** These mainly represent counter claims filed by borrowers for damages, claims by former employees of the Bank and other claims relating to banking transactions.

Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Group's favour.

**23.3.2** Tax related contingencies are disclosed in notes 34.2 to 34.5.

**24. DERIVATIVE INSTRUMENTS**

Derivative instruments, such as Forward Exchange Contracts, Cross Currency 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 (SBP). Policies in line with SBP instructions have been formulated and are operative.

|                      | 2024                 |                |                          |                |                    |                |                    |                |
|----------------------|----------------------|----------------|--------------------------|----------------|--------------------|----------------|--------------------|----------------|
|                      | Cross currency swaps |                | Options and Accumulators |                | Forward securities |                | Total              |                |
|                      | Notional principal   | Mark to market | Notional principal       | Mark to market | Notional principal | Mark to market | Notional principal | Mark to market |
| Rupees in '000 ----- |                      |                |                          |                |                    |                |                    |                |

**24.1 Product Analysis**

**With Banks for**

Hedging  
Market making

|   |   |   |   |   |        |       |        |       |
|---|---|---|---|---|--------|-------|--------|-------|
| - | - | - | - | - | 42,185 | 1,489 | 42,185 | 1,489 |
| - | - | - | - | - | 42,185 | 1,489 | 42,185 | 1,489 |

**With FIs other than banks**

Hedging  
Market making

|   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |

**Total**

Hedging  
Market making

|   |   |   |   |   |        |       |        |       |
|---|---|---|---|---|--------|-------|--------|-------|
| - | - | - | - | - | 42,185 | 1,489 | 42,185 | 1,489 |
| - | - | - | - | - | 42,185 | 1,489 | 42,185 | 1,489 |

2023

| Cross currency swaps |                | Options and Accumulators |                | Forward securities |                | Total              |                |
|----------------------|----------------|--------------------------|----------------|--------------------|----------------|--------------------|----------------|
| Notional principal   | Mark to market | Notional principal       | Mark to market | Notional principal | Mark to market | Notional principal | Mark to market |
| Rupees in '000 ----- |                |                          |                |                    |                |                    |                |

**With Banks for**

Hedging  
Market making

|   |   |   |   |   |         |          |         |          |
|---|---|---|---|---|---------|----------|---------|----------|
| - | - | - | - | - | 553,782 | (16,437) | 553,782 | (16,437) |
| - | - | - | - | - | 553,782 | (16,437) | 553,782 | (16,437) |

**With FIs other than banks**

Hedging  
Market making

|   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |

**Total**

Hedging  
Market making

|   |   |   |   |   |         |          |         |          |
|---|---|---|---|---|---------|----------|---------|----------|
| - | - | - | - | - | 553,782 | (16,437) | 553,782 | (16,437) |
| - | - | - | - | - | 553,782 | (16,437) | 553,782 | (16,437) |

**24.2 Maturity Analysis**

**Remaining maturity of contracts**

| Number of contracts  | Notional principal | Mark to market |          |     |
|----------------------|--------------------|----------------|----------|-----|
|                      |                    | Positive       | Negative | Net |
| Rupees in '000 ----- |                    |                |          |     |

Upto 1 month

20 42,185 - 1,489 1,489

1 to 3 months

- - - - -

3 to 6 months

- - - - -

6 months to 1 year

- - - - -

1 to 2 years

- - - - -

20 42,185 - 1,489 1,489

**Remaining maturity of contracts**

| Number of contracts  | Notional principal | Mark to market |          |     |
|----------------------|--------------------|----------------|----------|-----|
|                      |                    | Positive       | Negative | Net |
| Rupees in '000 ----- |                    |                |          |     |

Upto 1 month

35 553,782 - (16,437) (16,437)

1 to 3 months

- - - - -

3 to 6 months

- - - - -

6 months to 1 year

- - - - -

1 to 2 years

- - - - -

35 553,782 - (16,437) (16,437)

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|   |      | 2024                       | 2023               |
|---|------|----------------------------|--------------------|
|   | Note | ----- Rupees in '000 ----- |                    |
| <b>25. MARK-UP / RETURN / INTEREST / PROFIT EARNED</b>                        |      |                            |                    |
| Loans and advances  |      | <b>76,609,982</b>          | 55,043,314         |
| Investments   |      | <b>137,968,261</b>         | 72,233,626         |
| Lendings to financial institutions  |      | <b>4,748,414</b>           | 1,413,772          |
| Balances with banks   |      | <b>1,744,849</b>           | 450,296            |
| Securities purchased under resale agreements                                  |      | <b>381,673</b>             | 2,868,858          |
|   |      | <b>221,453,179</b>         | <b>132,009,866</b> |
| <b>25.1. Interest income recognised on:</b>                                   |      |                            |                    |
| Financial assets measured at amortised cost                                   |      | <b>33,488,190</b>          | -                  |
| Financial assets measured at FVOCI  |      | <b>111,311,676</b>         | -                  |
| Financial assets measured at FVTPL  |      | <b>2,209,608</b>           | -                  |
| Financial assets measured at cost   |      | <b>74,443,705</b>          | -                  |
|   |      | <b>221,453,179</b>         | <b>-</b>           |
| <b>26. MARK-UP / RETURN / INTEREST / PROFIT EXPENDED</b>                      |      |                            |                    |
| Deposits  |      | <b>114,029,959</b>         | 72,022,709         |
| Borrowings  |      | <b>24,951,126</b>          | 15,537,680         |
| Subordinated debt   |      | <b>2,587,954</b>           | 2,049,005          |
| Cost of foreign currency swaps against foreign currency deposits / borrowings |      | <b>4,681,554</b>           | 1,931,952          |
| Finance charges on leased assets  | 17   | <b>1,237,692</b>           | 953,739            |
|   |      | <b>147,488,285</b>         | <b>92,495,085</b>  |
| <b>27. FEE AND COMMISSION INCOME</b>  |      |                            |                    |
| Branch banking customer fees  |      | <b>252,248</b>             | 152,606            |
| Finance related fees  |      | <b>623,006</b>             | 525,566            |
| Card related fees (debit and credit cards)                                    |      | <b>2,512,600</b>           | 979,726            |
| Investment banking fees   |      | <b>166,037</b>             | 138,916            |
| Commission on trade   |      | <b>1,624,910</b>           | 1,413,438          |
| Commission on guarantees  |      | <b>746,407</b>             | 683,184            |
| Commission on cash management   |      | <b>63,514</b>              | 48,597             |
| Commission on remittances including home remittances                          |      | <b>383,605</b>             | 136,637            |
| Commission on bancassurance   |      | <b>146,927</b>             | 91,953             |
| Commission on distribution of mutual funds                                    |      | <b>6,452</b>               | 2,214              |
| Commission on online services   |      | <b>190,264</b>             | 242,821            |
| Rebate income   |      | <b>496,305</b>             | 477,226            |
| Brokerage income  |      | <b>1,235,834</b>           | 737,847            |
| Management fee  |      | <b>534,431</b>             | 296,816            |
|   |      | <b>8,982,540</b>           | <b>5,927,547</b>   |
| <b>28. GAIN / (LOSS) ON SECURITIES - NET</b>                                  |      |                            |                    |
| Realised  | 28.1 | <b>1,866,292</b>           | 300,448            |
| Unrealised - measured at FVPL   |      | <b>(370,816)</b>           | 84,334             |
|   |      | <b>1,495,476</b>           | <b>384,782</b>     |
| <b>28.1 Realised gain / (loss) on:</b>  |      |                            |                    |
| <b>Federal government securities</b>  |      | <b>1,699,870</b>           | 188,584            |
| <b>Shares</b>   |      | <b>268,042</b>             | 122,200            |
| Listed companies  |      |                            |                    |
| <b>Non Government Debt Securities</b>   |      | <b>52,442</b>              | 9,636              |
| Term finance certificates   |      |                            |                    |
| <b>Mutual fund units</b>  |      | <b>4,620</b>               | (23,200)           |
| <b>Foreign securities</b>   |      | <b>(158,682)</b>           | 3,228              |
|   |      | <b>1,866,292</b>           | <b>300,448</b>     |
| <b>29. OTHER INCOME</b>   |      |                            |                    |
| Rent on property  |      | <b>36,762</b>              | 27,648             |
| Gain on sale of property and equipment - net                                  |      | <b>61,525</b>              | 86,241             |
| Gain on termination of leases - net   |      | <b>4,915</b>               | 64,479             |
| Gain on termination of islamic financing                                      |      | <b>100,897</b>             | 72,487             |
| Recoveries against charge off loans   |      | <b>27,275</b>              | -                  |
| Gain on reclassification of AFS equity shares                                 |      | <b>-</b>                   | 332,658            |
| Scrap sales   |      | <b>2,940</b>               | -                  |
| Liabilities no longer required written back                                   |      | <b>1,590</b>               | -                  |
| Others  |      | <b>52,933</b>              | 21,498             |
|   |      | <b>288,837</b>             | <b>605,011</b>     |

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**30. OPERATING EXPENSES**

Total compensation expense

Note 30.1 **2024** Rupees in '000 **2023**

**Property expense**

Rent and taxes  
 Insurance  
 Utilities cost  
 Security (including guards)  
 Repair and maintenance (including janitorial charges)  
 Depreciation  
 Depreciation on right-of-use assets  
 Depreciation on non-banking assets

|                  |           |
|------------------|-----------|
| <b>119,657</b>   | 97,558    |
| <b>6,924</b>     | 1,553     |
| <b>2,335,723</b> | 1,230,693 |
| <b>1,490,295</b> | 655,860   |
| <b>1,132,917</b> | 529,414   |
| <b>1,120,163</b> | 496,019   |
| <b>2,713,926</b> | 1,419,084 |
| <b>37,939</b>    | 34,074    |
| <b>8,957,544</b> | 4,464,255 |

**Information technology expenses**

Software maintenance  
 Hardware maintenance  
 Depreciation  
 Amortisation  
 Network charges

|                  |           |
|------------------|-----------|
| <b>2,552,146</b> | 1,961,838 |
| <b>859,806</b>   | 417,243   |
| <b>1,021,639</b> | 608,161   |
| <b>626,046</b>   | 411,323   |
| <b>718,368</b>   | 382,830   |
| <b>5,778,005</b> | 3,781,395 |

**Other operating expenses**

Directors' fees and allowances  
 Fees and allowances to Shariah Board  
 Legal and professional charges  
 Insurance  
 Outsourced services costs  
 Travelling and conveyance  
 NIFT clearing charges  
 Depreciation  
 Amortisation  
 Training and development  
 Postage and courier charges  
 Communication  
 Stationery and printing  
 Marketing, advertisement and publicity  
 Donations  
 Auditors' remuneration  
 Staff auto fuel and maintenance  
 Bank charges  
 Stamp duty  
 Online verification charges  
 Brokerage, fee and commission  
 Card related fees (debit and credit cards)  
 CDC and other charges  
 Consultancy fee  
 Deposit protection premium  
 Entertainment expenses  
 Repair and maintenance  
 Cash handling charges  
 Fee and subscription  
 Employees social security  
 Generator fuel and maintenance  
 Royalty  
 Others

|                   |                   |
|-------------------|-------------------|
| <b>13,300</b>     | 13,450            |
| <b>34,292</b>     | 11,148            |
| <b>610,303</b>    | 433,892           |
| <b>889,577</b>    | 417,253           |
| <b>403,143</b>    | 331,337           |
| <b>630,364</b>    | 388,931           |
| <b>129,827</b>    | 72,744            |
| <b>939,146</b>    | 508,310           |
| <b>177,118</b>    | 2,249             |
| <b>118,808</b>    | 89,345            |
| <b>212,664</b>    | 127,658           |
| <b>992,030</b>    | 541,092           |
| <b>942,378</b>    | 610,129           |
| <b>2,967,791</b>  | 2,526,444         |
| <b>331,875</b>    | 180,742           |
| <b>74,565</b>     | 49,900            |
| <b>1,223,598</b>  | 626,363           |
| <b>92,370</b>     | 93,886            |
| <b>97,335</b>     | 112,087           |
| <b>107,790</b>    | 136,242           |
| <b>90,580</b>     | 163,651           |
| <b>1,722,918</b>  | 1,303,495         |
| <b>93,834</b>     | 73,301            |
| <b>122,270</b>    | 108,589           |
| <b>205,191</b>    | 189,394           |
| <b>440,373</b>    | 247,142           |
| <b>388,656</b>    | 356,548           |
| <b>409,377</b>    | 256,090           |
| <b>1,018,408</b>  | 500,596           |
| <b>13,035</b>     | 11,601            |
| <b>216,518</b>    | 214,148           |
| <b>43,000</b>     | 35,000            |
| <b>291,206</b>    | 136,107           |
| <b>16,043,640</b> | 10,868,864        |
| <b>51,647,371</b> | 31,148,569        |
| <b>(297,118)</b>  | <b>(178,914)</b>  |
| <b>51,350,253</b> | <b>30,969,655</b> |

Less: Reimbursement of selling and distribution expenses

30.5 **2024** **2023**

**30.1 Total compensation expense**

Fees and Allowances etc.

Managerial Remuneration:

- i) Fixed
- ii) Variable of which:
  - a) Cash Bonus / Awards etc.
  - b) Commission

Charge for defined benefit plan - Holding Company

Charge for defined benefit plan - Others

Contribution to defined contribution plan

Rent & house maintenance allowance

Utilities allowance

Leaving indemnity

Medical

Conveyance

Insurance Staff

Contract staff cost

Fair value adjustment due to IFRS 9

Others

|                   |            |
|-------------------|------------|
| <b>226,017</b>    | 228,420    |
| <b>11,293,088</b> | 6,681,462  |
| <b>1,914,946</b>  | 1,710,300  |
| <b>881,458</b>    | 464,941    |
| <b>157,116</b>    | 111,970    |
| <b>305,706</b>    | 78,037     |
| <b>685,788</b>    | 418,068    |
| <b>1,443,082</b>  | 524,340    |
| <b>320,679</b>    | 116,524    |
| <b>14,877</b>     | 14,075     |
| <b>1,018,067</b>  | 615,935    |
| <b>1,253,412</b>  | 744,556    |
| <b>362,113</b>    | 147,702    |
| <b>409,499</b>    | 130,317    |
| <b>543,956</b>    | -          |
| <b>23,548</b>     | 35,290     |
| <b>20,853,352</b> | 12,021,937 |

Sign-on bonus

Severance allowance

|                   |                   |
|-------------------|-------------------|
| <b>7,500</b>      | -                 |
| <b>7,330</b>      | 12,118            |
| <b>20,868,182</b> | <b>12,034,055</b> |

**No. of Persons**

**2024** **2023**

**1** **-**

**28** **23**

Sign-on bonus

Severance allowance

**30.2** This represents amount set aside as donation out of Group's profits in accordance with the respective approved policies. During the year 2024, the Holding Company paid an amount of Rs. 169.813 million to Future Trust and Rs. 0.5 million to JDC Welfare Foundation of Pakistan, out of the amount set aside for the year 2023.

**30.3 Auditors' remuneration**

| <b>Pakistan</b> | <b>Bahrain</b> | <b>Total</b> | <b>Pakistan</b> | <b>Bahrain</b> | <b>Total</b> |
|-----------------|----------------|--------------|-----------------|----------------|--------------|
|-----------------|----------------|--------------|-----------------|----------------|--------------|

|               |              |               |               |              |               |
|---------------|--------------|---------------|---------------|--------------|---------------|
| <b>22,649</b> | <b>3,888</b> | <b>26,537</b> | <b>7,985</b>  | <b>3,737</b> | <b>11,722</b> |
| <b>5,989</b>  | -            | <b>5,989</b>  | <b>3,190</b>  | -            | <b>3,190</b>  |
| <b>6,433</b>  | -            | <b>6,433</b>  | <b>5,079</b>  | -            | <b>5,079</b>  |
| <b>23,074</b> | <b>2,259</b> | <b>25,333</b> | <b>21,720</b> | <b>2,213</b> | <b>23,933</b> |
| <b>9,571</b>  | <b>702</b>   | <b>10,273</b> | <b>5,306</b>  | <b>670</b>   | <b>5,976</b>  |
| <b>67,716</b> | <b>6,849</b> | <b>74,565</b> | <b>43,280</b> | <b>6,620</b> | <b>49,900</b> |

**30.4** Royalty represents amounts payable to Mr. Jahangir Siddiqui on account of use of name in the subsidiary of the Bank.

**30.5** As per circular 11/2019 dated July 05, 2019 of SECP, that superseded Circular No. 40 of 2016, Circular No. 05, of 2017 and Circular No. 05, of 2018. In this circular, selling and marketing expenses are allowed to be charged on all categories of open ended mutual funds managed by the asset management company except for Fund of Funds.

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**30.6** The material outsourcing arrangements by the Holding Company along with nature of services are as follows:

| <b>Name of Service Provider</b>               | <b>Type of services</b>            | <b>2024</b>    | <b>2023</b>    |
|---|------------------------------------|----------------|----------------|
| ----- (Rupees in '000) -----                  |                                    |                |                |
| Mustang HRMs (Private) Ltd.                   | Human Resource Management Services | <b>262,607</b> | 192,541        |
| Dagia Innovative Warehousing                  | Record Management Services         | <b>11,033</b>  | 9,101          |
| Constellation Printing Company (Private) Ltd. | Cheque book Printing Services      | <b>55,462</b>  | 48,740         |
| Security Organization System (Private) Ltd.   | Cash Sorting Services              | <b>30,127</b>  | 39,150         |
|   |                                    | <b>359,229</b> | <b>289,532</b> |

**31. WORKERS' WELFARE FUND**

The Group has made provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

| <b>32. OTHER CHARGES</b>                    | <b>Note</b> | <b>2024</b>    | <b>2023</b>   |
|---|-------------|----------------|---------------|
| ----- (Rupees in '000) -----                |             |                |               |
| Penalties imposed by State Bank of Pakistan |             | <b>134,606</b> | <b>81,477</b> |

**33. CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET**

|   |      |                  |                  |
|---|------|------------------|------------------|
| Credit loss allowance / (reversal of provision) against lending to financial institutions |      | <b>(3,260)</b>   | (1,620)          |
| (Reversal of credit loss allowance) / provision<br>for diminution in value of investments | 8.4  | <b>(108,028)</b> | 57,133           |
| Credit loss allowance / provision against loans and advances                              | 9.6  | <b>5,451,534</b> | 5,692,740        |
| (Reversal) / credit loss allowance against balances with other banks                      |      | <b>(3,658)</b>   | 29               |
| Credit loss allowance against cash and balances with treasury banks                       |      | <b>1,043</b>     | -                |
| Credit loss allowance against off balance sheet obligations                               | 20.1 | <b>333,764</b>   | -                |
| Modification loss   |      | <b>85,614</b>    | -                |
| Fair value loss recognized  |      | <b>1,488,388</b> | 90,988           |
| Other provisions and write offs   |      | <b>168,843</b>   | 180,989          |
|   |      | <b>7,414,240</b> | <b>6,020,259</b> |

**34. TAXATION**

|             |  |                    |                  |
|-------------|--|--------------------|------------------|
| Current     |  | <b>18,845,867</b>  | 8,262,300        |
| Prior years |  | <b>1,291,624</b>   | (77,939)         |
| Deferred    |  | <b>(2,818,398)</b> | 117,136          |
|             |  | <b>17,319,093</b>  | <b>8,301,497</b> |

**34.1 Relationship between income tax expense and accounting profit**

| <b>Profit before taxation</b>        |  | <b>30,679,165</b>  | 18,678,328       |
|--------------------------------------|--|--------------------|------------------|
| Tax at applicable rates in the Group |  | <b>17,370,188</b>  | 8,353,562        |
| Effect of change in tax rates        |  | <b>(260,949)</b>   | 64,396           |
| Prior year charge                    |  | <b>1,291,624</b>   | -                |
| Deferred tax on disallowances        |  | <b>(1,215,900)</b> | -                |
| Effect of permanent differences      |  | <b>156,105</b>     | (89,190)         |
| Additional charge                    |  | <b>18,238</b>      | -                |
| Others                               |  | <b>(40,213)</b>    | (27,271)         |
| <b>Tax charge for the year</b>       |  | <b>17,319,093</b>  | <b>8,301,497</b> |

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**34.2 JS Bank Limited (the Bank)**

**34.2.1 Income Tax**

The Bank has filed income tax returns under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2007 through 2024. The returns so filed considered as deemed assessment order under Section 120(1) of the Income Tax Ordinance, 2001 (the Ordinance). Later, the return of income for tax years 2008 to 2024 were amended by the Officers of Inland Revenue (OIR) by taking recourse of tax audit or alternatively through amendment the assessment contending that certain matters in the deemed assessments were allegedly not conforming to the law and prejudiced the interest of revenue.

The Bank contested the disallowances before the Commissioner Inland Revenue Appeals [CIR(A)] and the Appellate Tribunal Inland Revenue [ATIR].

For tax year 2008, both the CIR(A) and ATIR annulled the OIR's action of amending the assessment being barred by time limitation following the judgments of Honorable Supreme Court of Pakistan.

For tax years 2009 to 2017, the appeals were decided by ATIR through combined Appellate Order dated 31-01-2022. Though the AO, except for the levy of surcharge under section 4A, minimum tax under section 113 and deduction of Sindh WWF all of the issues involved in the appeal either decided in Bank's favor (including the issue of goodwill, amortization of which was claimed over the period of 10 years) or set-aside for re-examination by the ATIR.

The Bank as well as the tax department have filed Income Tax Reference Applications before Sindh High Court against above-mentioned order of ATIR, which are pending.

Bank's appeal for tax years 2018 to 2020 and 2022 are pending for adjudication before ATIR.

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. Based on that, the Appellate Tribunal through combined Appellate order dated January 31, 2022 has also annulled the OIR's action of levying WWF on Bank under Worker's Welfare Fund Ordinance, 1971 in tax years 2009, 2012 and 2013.

As a consequence of the 18th amendment to the Constitution, levy for the WWF was introduced by the Government of Sindh, Punjab and Balochistan through the Sindh WWF Act, 2014 (the Act), the Punjab Workers Welfare Fund Act, 2019 and the Balochistan Workers Welfare Fund Act, 2022, respectively. As per these Acts, the Bank is liable to pay WWF in these 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) on grounds that banking companies cannot be considered as industrial establishment and that the Act cannot be applied to trans-provincial entities. The Court has restrained the Sindh Revenue Board to collect / recover Sindh WWF. For TY 2018 to TY 2023 the Court granted stay from recovery of Sindh WWF upon submission of Bank Guarantee to Nazir of Court.
- the Bank has also received notices regarding the recovery of Balochistan WWF for which the Bank is in discussion with legal counsel to challenge in the court of law on same grounds as in case of Sindh WWF.

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 maintain provision on the entire results of the Bank.

The Sindh High Court has dismissed the Bank's petitions for tax years 2016 through 2022 wherein the Bank along with other taxpayers challenged the levy of super tax on constitutional grounds. Based on the opinion of legal counsel, the Bank has file appeal 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.

Through Finance Act 2023, Super tax on high earning persons was levied under section 4C. The Bank has challenged the levy of Super tax for tax year 2023 through the legal counsel before the Islamabad High Court wherein interim stay was granted.

In pursuance of SRO 1588(I)/2023 dated November 21, 2023 banking companies have been designated to the 'sector' for the purpose of section 99D of the Income Tax Ordinance, 2001, for the years 2022 and 2023. Tax authorities issued a recovery notice to the Bank thereby creating a demand. The Bank through its legal council challenged the levy, and the High Court of Sindh, has decided the case against the Bank. However, the Islamabad High Court and Lahore High Court has suspended the operation of section 99D in other similar petitions. The Bank has decided to file petition against the said levy in the Supreme Court of Pakistan along with the stay application.

**34.2.2 Withholding tax monitoring**

Withholding tax monitoring was initiated against the Bank for tax years 2014 to 2021. Orders in respect of tax years 2014, 2015, 2016, 2018, 2020 and 2021 have been passed against which appeals have been filed before the CIR(A). CIR(A) has remanded back the matters for rectification in respect of tax years 2014 and 2015 against which rectified orders have been passed and demands have been reduced. The ATIR through order dated February 07, 2022 refused Department's appeal and maintained CIR(A)'s order for tax year 2014. Tax demands for tax years 2016, 2018 and 2020 were also set-aside by CIR(A).

**34.2.3 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.193.44 million (besides Rs. 7.2 million is charged as penalty) against the Bank for alleged 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' for the tax periods July 2011 to December 2013, 2015 to 2017 and 2019 to 2020. Bank has filed appeals before Commissioner (Appeals) Sindh Revenue Board (CA-SRB) against the order of AC-SRB, which is pending.

After year ended December 31, 2023, Punjab Revenue Authority (PRA) passed an Order for tax periods January to December 2017 raising tax demand of Rs. 157.4 million on alleged short withholding of Punjab Sales Tax. Being aggrieved, the Bank has filed an appeal alongwith application for stay against tax demand before Commissioner Appeal, which is pending.

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**34.2.4 Azad Jammu & Kashmir Operations**

The Bank has commenced operations in Azad Jammu and Kashmir from tax year 2009 and has filed returns for the tax years 2009 to 2023 with the tax authorities of AJK region. The amendment proceedings and appeals are at various levels before AJK Tax authorities for the tax year 2011 to 2017 and 2019 to 2023.

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

**34.3 JS Global Capital Limited (JSGCL)**

**34.3.1 Income tax**

Except for tax year 2009, 2014, 2015, 2016, 2017, 2018, 2020 - and 2021 - 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 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 for 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 an appeal before ATIR along with an application for a stay against recovery of demand. The appeal before ATIR has been heard and the order is reserved whilst ATIR vide order dated July 18, 2017, has granted a 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 aforementioned C.P and has declared the super tax for TY 2015 to be constitutionally 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, the Company filed appeals which CIR-A rejected vide its order dated October 12, 2018 for both years. As a result, the Company has filed appeals before the 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 the judgment of Hon'ble 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 the appeal. During the year the appeal has been heard before ATIR and is reserved in 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 in '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 CIR-A's action on confirming disallowances made in the order passed by ACIR dated November 02, 2017, with directions to CIR-A to pass speaking and reasoned order after providing due opportunity of being heard. As a result, the likely assessment position after the 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, tax demand under section 5A would be reduced to Rs. 7.523 million. The Hon'ble Sindh High Court vide an interim order dated May 21, 2021, granted relief against the said notice.

The Company has been selected for an income tax audit under section 214C. as per the amendment order passed on June 28, 2023, via letter AT 238 dated July 17, 2023 a reduction in the refund amount has been imposed due to certain expense adjustments. However, the organization has duly filed an appeal with CIR-A and is currently awaiting a decision.

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**34.3.2 Sales Tax**

In 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 the 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 Sindh Sales Tax (SST) issue 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, a rectification application has also been filed with the department. The Company and other stock brokers have also filed a petition with the SHC and have been granted an 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 the Commissioner (Appeals), SRB which has been partly heard. However, the recovery of the aforesaid tax demand has been stayed by the Hon'ble SHC in Suit no 767 of 2018 vide order dated April 13, 2018.

**34.3.3 Federal Excise Duty (FED)**

The tax department issued a show cause notice dated June 08, 2015, confronting (alleged) non-payment of Federal Excise Duty (FED) on the Company's services under the Federal Excise Act, 2005 and subsequently issued an order raising a demand amounting to Rs.78.003 million for the tax year 2010 for the tax year 2013. The Company filed a rectification appeal, in addition, to filing an appeal to the SHC, through the Stockbroker Association (of which the Company is also the member) against the aforementioned order because after the 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 the 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 an 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 the 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 the amendment era. For the 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.

**34.4 JS Investments Limited (JSIL)**

**34.4.1 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 Rs. 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 above said order of CIR (Appeals) for tax years 2006 and 2009, the Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenses. The ATIR vide order dated April 20, 2017 deleted the additions on proration of expenses for tax year 2006 however, confirmed the CIR(A)'s order whereby CIR(A) remanded back / set-aside the issue of apportionment of expenses.

The Appellate Tribunal Inland Revenue vide order dated May 21, 2016 deleted the additions of tax amortization of management rights and remanded 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 years 2006 and 2009 whereby demands for these tax years were reduced to Rs. 77.33 million and Rs. 59.93 million respectively. As the allocation of expenditure in the said appeal effect orders was 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 years 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 the 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 the 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 is 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.

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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 the Company has filed an appeal before the CIR(A). The DCIR considered 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 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). Based on the tax advisors opinion, the management of the Company is confident that the matter will be decided favourably and hence, no provision has been made.

The DCIR passed order under section 122(1)(5) of the Income Tax Ordinance, 2001 dated June 23, 2014 and reduced the refund claim 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 confirmed the ACIR's order and held that the appeal was not entertainable being barred by time limitation for the tax year 2012. The Company submitted appeal before the ATIR against the order of the CIR(A). Based on the tax advisors opinion, the management of the Company is confident that the matter will be decided favourably and hence, no provision has been made.

**34.4.2 Federal Excise Duty (FED)**

This represents amount payable against Federal Excise Duty (FED) on management fees received / receivable from the Funds under management. The amount is being held for payment to Federal Board of Revenue on the basis of stay order of the Honorable High Court of Sindh dated September 04, 2013. The stay order was granted as a result of petition filed by asset management companies on the forum of MUFAP against the amendment in Finance Act, 2013 which levied FED on the fees received by asset management companies from funds under management.

The Honorable Sindh High Court in its decision dated July 16, 2016 maintained the previous order passed against other constitutional petition whereby levy of FED is declared to be 'Ultra Vires' the Constitution. On September 23, 2016, the Federal Government has filed an appeal against the said order in the Honorable Supreme Court of Pakistan (SCP) and thus, the previous balance of FED has not been reversed.

Further, the Federal Government vide Finance Act, 2016 has excluded asset management companies and other non-banking finance companies from charge of FED on their services. Accordingly, no provision for FED is made from July 01, 2016 onwards.

In view of promulgation of Sindh Workers Welfare Fund Act, 2014, wherein the financial institutions have also been brought into definition of Industrial establishments, the Company has maintained an aggregated provision against Sindh Workers Welfare Fund as the year end amounting to Rs. 26.13 million (2023: Rs. 16.36 million). The Company is under litigation with Sindh Revenue Board vide Constitution Petition No. 1005 dated February 13, 2019, filed before the Honorable Sindh High Court, which is a pending adjudication.

**34.5 BankIslami Pakistan Limited (BIPL)**

**34.5.1 Income Tax**

The income tax returns of the Bank have been filed up to tax year 2023 and 2024 whereas the tax assessments have been made by the tax authorities. The Bank has paid the demand under protest for these years, however appeals before ATIR have been preferred for these years and are pending adjudication.

During the year 2014 (relating to defunct KASB Bank Limited), appellate order passed by the Commissioner Inland Revenue Authority (CIRA) [in respect of Income tax assessments of International Housing Finance Limited, amalgamated into the defunct KASB Bank Limited during the year ended 31 December 2007] for tax year 2005 maintained the order of the Taxation Officer to the extent of disallowances relating to income from carry over transactions and gain on sale of property having an aggregate tax impact of Rs. 12.997 million. The defunct KASB Bank Limited has preferred appeals before the Appellate Tribunal Inland Revenue (ATIR) for tax year 2005 which are pending finalization.

For tax years 2003 (relating to defunct KASB Bank Limited), the CIRA has passed appellate orders on account of certain disallowances in respect of income from carry over transactions, provision against non performing advances, bad debts and certain other items having an aggregate tax impact of Rs. 33.748 million. The defunct KASB Bank Limited had preferred an appeal before the ATIR against the above referred orders of the CIRA where ATIR has decided the case in favour of the Bank. Therefore no demand is payable in this case.

For tax years 2010 (relating to defunct KASB Bank Limited), the ACIR had passed an order under section 122 creating as demand of Rs 51.636 million the order was subsequently upheld by the CIRA .The defunct KASB Bank Limited had preferred an appeal before the ATIR against the above referred order of the CIRA where ATIR has decided the case in favour of the Bank. Therefore no demand is payable in this case.

In respect of various tax periods for the Bank and defunct KASB Bank, Sindh Revenue Board (SRB) has passed various orders and raised demand totaling to Rs. 102.199 million in relation to levy of Sindh sales tax on certain services. The Bank has filed appeals before Commissioner Appeal, SRB which are pending adjudication. Furthermore, the Bank is contesting the issuance of certain showcase notices issued by SRB for the period covering from January 2012 till December 2013 before the Honorable Supreme Court of Pakistan based on the ground that these notices are time barred. The subject matter is also pending adjudication.

In respect of Tax Year 2019 and 2020, the ACIR under section 122(5A) of the Income Tax Ordinance, 2001 amended the return submitted by the Bank by adding / disallowing certain expenses thereby creating a Tax demand of Rs 1.247 billion. The Bank filed appeal against the orders before Commissioner Appeal. The Commissioner Appeal while passing order for Tax Year 2019 and Tax Year 2020 has remanded back / deleted significant amount of disallowances and confirmed disallowance amounting to Rs. 191.420 million. The Bank has filed appeal against the confirmed disallowances before the Appellate Tribunal (ATIR) where the matter is pending adjudication.

In respect of Tax Year 2022 the ACIR under section 122(5A) of the Income Tax Ordinance, 2001 amended the return submitted by the Bank by adding / disallowing certain expenses thereby creating a Tax demand of Rs 522.794 million. The Bank has filed appeal against the orders before Commissioner Appeal which is pending adjudication.

In pursuance of SRO 1588(I)/2023 dated November 21, 2023 banking companies have been designated to be the 'sector' for the purpose of section 99D of the Income Tax Ordinance, 2001, for the tax years 2022 and 2023. Tax authorities issued a recovery notice to the Bank thereby creating a demand. The Bank through its legal council has challenged the levy, and the High Court of Sindh, has decided the case against the Bank. However, the Islamabad High Court and Lahore High Court has suspended the operation of section 99D in other similar petitions. The Bank has decided to file petition against the said levy in the Supreme Court of Pakistan along with the stay application thereon.

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The defunct KASB Bank has been in receipt of two notices pertaining to tax year 2006 and tax year 2008 from FBR where FBR demanded unpaid tax liabilities on profit on debt paid amounting Rs 121.7 million and Rs 308 million respectively in FY 2013. The Bank challenged the issuance of such notice in High Court of Sindh vide CP D-371 of 2013 where the case was decided on the grounds that the notice has been issued beyond the time limit and therefore stands void. FBR being aggrieved to such decision challenged it in the Supreme Court of Pakistan where the case was remanded back by the Court to the concerned Commissioner for starting denovo proceedings. Subsequently, the notice was re-issued in 2020 again by the department under denovo proceedings which was subsequently challenged before Commissioner Appeals and Appellate Tribunal where the latter remanded back the matter to the FBR. The FBR has re-issued notices in the subject case in October 2024 under denovo proceedings. The Bank in its best interest has submitted records in the subject case on the recommendation of the tax consultant and subsequently received orders against these proceedings for Rs 6,138,408/- for tax year 2006 and Rs 10,057,474/- for tax year 2008 on December 31, 2024.

BankIslami received income tax monitoring notices for the periods from tax year 2017 through tax year 2023, covering a total of seven tax years which were received since 2019. The notices required a reconciliation of tax on financial statement components comprising of administrative expenses, fixed assets and profit on debt paid with the taxes paid with FBR. The Bank has submitted the necessary records to FBR including reconciliation of such expenses with the taxes reported in FBR. Subsequently the Bank received showcause notices and orders for the tax years 2017 to Tax year 2021 for Rs 70,429,491 inclusive of penalty and default surcharge. The Bank has preferred appeals before CIRA for tax year 2019 to tax year 2021.

The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.

|  |      | (Restated)                                    |                              |
|--|------|---|------------------------------|
|  |      | 2024  | 2023                         |
|  |      | -----   | -----                        |
| <b>35. BASIC AND DILUTED EARNINGS PER SHARE</b>  |      | Note  | ----- (Rupees in '000) ----- |
| Profit after taxation for the year - attributable to ordinary equity holders of the Bank   |      | <b>10,309,369</b>                             | 9,460,636                    |
| Weighted average number of basic outstanding ordinary shares during the year   |      | <b>2,050,662,536</b>                          | 1,577,857,341                |
| Basic and diluted earnings per share   | 35.1 | <b>5.03</b>                                   | 6.00                         |
| <b>35.1</b> There were no convertible / dilutive potential ordinary shares outstanding as at December 31, 2024 and December 31, 2023, therefore, diluted earnings per share has not been presented separately. |      |   |                              |
| <b>36. CASH AND CASH EQUIVALENTS</b>   |      | Note  | ----- (Rupees in '000) ----- |
| Cash and balances with treasury banks  |      | 5   | <b>84,153,600</b>            |
| Balances with other banks  |      | 6   | <b>5,079,575</b>             |
| Overdrawn nostro accounts  |      | 15  | <b>(963,478)</b>             |
|  |      |   | <b>88,269,697</b>            |
|  |      |   | 86,935,131                   |
| <b>36.1 Reconciliation of movement in liabilities and equity to cash flows arising from financing activities</b>   |      |   |                              |
|  |      | 2024  |                              |
|  |      | Liabilities                                   | Equity                       |
|  |      | Subordinated debt                             | Share Capital                |
|  |      | Other liabilities including lease liabilities | Reserves                     |
|  |      | Unappropriated Profit                         | Non-controlling interest     |
|  |      | ----- Rupees in '000 -----                    |                              |
| <b>Balance as at January 01</b>  |      | <b>11,344,671</b>                             | <b>55,791,201</b>            |
| <b>Changes from financing cash flows</b>   |      | <b>20,506,625</b>                             | <b>7,290,037</b>             |
| Proceeds from subordinated debt  |      | 150,000                                       | -                            |
| Repayment of subordinated debt   |      | (1,963)                                       | -                            |
| Payment of lease liability against right-of-use assets   |      | -   | -                            |
| Dividend paid to NCI   |      | -   | -                            |
|  |      | <b>148,037</b>                                | <b>(4,023,523)</b>           |
| <b>Other changes</b>   |      | -   | -                            |
| <b>Liability related</b>   |      | 328,013                                       | -                            |
| Changes in other liabilities cash based  |      | (1,880,295)                                   | -                            |
| non-cash based   |      | -   | -                            |
| Transfer of profit to statutory reserve  |      | -   | 2,347,466                    |
| Total liability related other changes  |      | -   | (2,347,466)                  |
| <b>Equity related</b>  |      | -   | -                            |
| <b>Balance as at December 31</b>   |      | <b>11,492,708</b>                             | <b>50,215,396</b>            |
|  |      | <b>20,506,625</b>                             | <b>9,618,250</b>             |
|  |      | <b>(19,253)</b>                               | <b>10,737,582</b>            |
|  |      | <b>26,121,333</b>                             | <b>3,744,659</b>             |
|  |      | <b>-----</b>                                  | <b>12,415,850</b>            |

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|  | 2023              |   |                  |                  |                       |                          |
|--|-------------------|---|------------------|------------------|-----------------------|--------------------------|
|  | Liabilities       |   | Equity           |                  |                       | Non-controlling interest |
|  | Subordinated debt | Other liabilities including lease liabilities | Share Capital    | Reserves         | Unappropriated Profit |                          |
| ----- Rupees in '000 -----                             |                   |   |                  |                  |                       |                          |
| <b>Balance as at January 01,</b>                       | 6,995,000         | 23,374,566                                    | 10,119,242       | 2,787,201        | 8,643,962             | 363,274                  |
| <b>Changes from financing cash flows</b>               |                   |   |                  |                  |                       |                          |
| Proceeds from subordinated debt                        | 3,500,000         | -   | -                | -                | -                     | -                        |
| Repayment of subordinated debt                         | (2,000,329)       | -   | -                | -                | -                     | -                        |
| Payment of lease liability against right-of-use assets | -                 | (2,280,921)                                   | -                | -                | -                     | -                        |
| Issuance of share capital (right shares)               | -                 | -   | 2,205,689        | -                | -                     | -                        |
| Dividend paid to NCI                                   | -                 | -   | -                | -                | -                     | (482,810)                |
|  | 1,499,671         | (2,280,921)                                   | 2,205,689        | -                | -                     | (482,810)                |
| <b>Other changes</b>                                   |                   |   |                  |                  |                       |                          |
| <b>Liability related</b>                               |                   |   |                  |                  |                       |                          |
| Changes in other liabilities                           |                   |   |                  |                  |                       |                          |
| cash based   | -                 | 6,500,806                                     | -                | -                | -                     | -                        |
| non-cash based   | 2,850,000         | 28,196,750                                    | -                | -                | -                     | -                        |
| Transfer of profit to statutory reserve                | -                 | -   | 1,593,778        | -                | (1,593,778)           | -                        |
| Total liability related other changes                  | 2,850,000         | 34,697,556                                    | -                | 1,593,778        | (1,593,778)           | -                        |
| <b>Equity related</b>                                  |                   |   |                  |                  |                       |                          |
| <b>Balance as at December 31,</b>                      | <b>11,344,671</b> | <b>55,791,201</b>                             | <b>8,181,694</b> | <b>2,909,058</b> | <b>10,681,033</b>     | <b>9,480,455</b>         |
|  |                   |   |                  |                  |                       |                          |
|  |                   |   |                  |                  | <b>2024</b>           | <b>2023</b>              |
|  |                   |   |                  |                  | Numbers -----         |                          |

**37 STAFF STRENGTH**

|  |             |               |
|--|-------------|---------------|
| Permanent  | 9,119       | 7,944         |
| On Group's contract                                      | 2,442       | 2,694         |
| Outsourced   | 1,211       | 454           |
| <b>Group's own staff strength at the end of the year</b> | <b>37.2</b> | <b>11,092</b> |
|  |             |               |

**37.1 Geographical segment analysis**

|          |               |               |
|----------|---------------|---------------|
| Pakistan | 12,764        | 11,085        |
| Bahrain  | 8             | 7             |
|          | <b>12,772</b> | <b>11,092</b> |

**37.2** This excludes employees of outsourcing services companies assigned to the Group to perform services of security guards and janitorial staff.

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**38 DEFINED BENEFIT PLAN**

**38.1 General description**

The Holding Company operates a recognised gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007.

Permanent employees are eligible for the gratuity fund after 10 years of continuous service. Gratuity is payable at 65% of the last drawn basic salary per completed year of service.

The defined benefit is administered by a separate fund that is legally separate from the Holding Company. 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.

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 consolidated statement of financial position.

**38.2** 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.

**38.3 Number of employees under the scheme**

The number of employees covered under the gratuity scheme are: 4,131 (2023: 4,010).

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**38.4 Principal actuarial assumptions**

The actuarial valuations were carried out as at December 31, 2024, using Projected Unit Credit Method. The following significant assumptions were used for the valuation:

|  |  | <b>2024</b> | 2023      |
|--|--|-------------|-----------|
|  |  | per annum   | per annum |
|  |  | years       | years     |
| Discount rate  |  | 12.25%      | 16.00%    |
| Expected rate of return on plan assets                 |  | 16.00%      | 14.50%    |
| Expected rate of salary increase                       |  | 12.25%      | 16.00%    |
| The average duration of the defined benefit obligation |  | 7           | 7         |

**38.5 Reconciliation of payable to defined benefit plans**

|                              | Note | 2024      | 2023      |
|------------------------------|------|-----------|-----------|
| Present value of obligations | 38.6 | 1,109,561 | 941,231   |
| Fair value of plan assets    | 38.7 | (839,407) | (808,040) |
| Payable / (receivable)       |      | 270,154   | 133,191   |

**38.6 Movement in defined benefit obligations**

|   |                  |                |
|---|------------------|----------------|
| Obligations at the beginning of the year  | 941,231          | 831,155        |
| Current service cost                      | 147,339          | 129,984        |
| Interest cost                             | 141,220          | 114,375        |
| Benefits paid by the bank                 | (117,214)        | (84,721)       |
| Re-measurement loss                       | (3,015)          | (49,562)       |
| <b>Obligations at the end of the year</b> | <b>1,109,561</b> | <b>941,231</b> |

**38.7 Movement in fair value of plan assets**

|   |                |                |
|---|----------------|----------------|
| Fair value at the beginning of the year                                       | 808,040        | 950,678        |
| Interest income on plan assets  | 131,443        | 132,389        |
| Contribution by the bank - net  | 15,977         | (84,721)       |
| Re-measurements: Net return on plan assets over interest income gain / (loss) | (116,053)      | (190,306)      |
| <b>Fair value at the end of the year</b>                                      | <b>839,407</b> | <b>808,040</b> |
|   | <b>2024</b>    | <b>2023</b>    |

**38.8 Movement in (receivable) / payable under defined benefit schemes**

|  |                |                |
|--|----------------|----------------|
| Opening balance  | 133,191        | (119,523)      |
| Charge for the year  | 157,116        | 111,970        |
| Contribution by the bank - net                                 | (133,191)      | -              |
| Re-measurement loss / (gain) recognised in OCI during the year | 113,038        | 140,744        |
| Closing balance  | <b>270,154</b> | <b>133,191</b> |

**38.9 Charge for defined benefit plan**

**38.9.1 Cost recognised in profit and loss**

|   |                |                |
|---|----------------|----------------|
| Current service cost                              | 147,339        | 129,984        |
| Net interest on defined benefit asset / liability | 9,777          | (18,014)       |
|   | <b>157,116</b> | <b>111,970</b> |

**38.9.2 Re-measurements recognised in OCI during the year**

|  |                |                |
|--|----------------|----------------|
| Loss / (gain) on obligation                | -              | -              |
| Demographic assumptions                    | (8,624)        | (5,116)        |
| Financial assumptions                      | 5,609          | (44,446)       |
| Experience adjustment                      | 116,053        | 190,306        |
| Return on plan assets over interest income | 113,038        | 140,744        |
| Total re-measurements recognised in OCI    | <b>113,038</b> | <b>140,744</b> |

**38.9.3 Components of plan assets**

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Cash and cash equivalents - net | 13,761           | 46,862           |
| Government securities           | 70,788           | -                |
| Ordinary and preference shares  | 1,049,827        | 1,049,827        |
|                                 | <b>1,134,376</b> | <b>1,096,689</b> |

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**38.10** Investment in term finance certificates are subject to credit risk and interest rate risks, while equity securities and mutual funds are subject to price risk. Cash and cash equivalents include balances maintained with the Bank which are subject to credit risk. These risks are regularly monitored by Trustees of the fund.

**38.11 Sensitivity analysis**

**38.11.1** Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analysis below has been determined based on reasonably possible changes in one respective assumption occurring at the end of the reporting period, while holding all other assumptions constant:

|   | <b>2024</b>      |
|---|------------------|
|   | Rupees in '000   |
| 1% increase in discount rate                    | <b>1,032,179</b> |
| 1% decrease in discount rate                    | 1,196,757        |
| 1% increase in expected rate of salary increase | 1,198,381        |
| 1% decrease in expected rate of salary increase | 1,029,319        |

**38.12 Expected contributions to be paid to the funds in the next financial year**

**38.13 Expected charge for the next financial year**

**38.14 Maturity profile**

The weighted average duration of the obligation (in years): 7

**38.15 Funding policy**

The Bank endeavors to ensure that liabilities under the funded gratuity scheme is covered by the assets of the fund on any valuation date, based on actuarial assumptions.

**38.16** 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.

**39. DEFINED BENEFIT PLAN OF SUBSIDIARY**

**39.1 Bank Islami Pakistan Limited (BIPL)**

Bank Islami Private Limited (BIPL) operates a gratuity fund for its employees (members of the fund). The fund entitles the members to lump sum payment at the time of retirement, resignation or death. Permanent staff are eligible for such benefits after three years of service.

The number of eligible employees covered under the defined scheme are 4,688 (2023: 3,727).

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**40. 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:

|                             | Bank                           | Basic salary | Contribution        |         | Contribution made during the year |                      |
|-----------------------------|--------------------------------|--------------|---------------------|---------|-----------------------------------|----------------------|
|                             |                                |              | Number of employees |         | 2024                              | 2023                 |
|                             |                                |              | 2024                | 2023    |                                   |                      |
|                             |                                | Percentages  | -----               | Numbers | -----                             | Rupees in '000 ----- |
| <b>Bank</b>                 | - JS Bank Limited              | <b>7.1%</b>  | <b>3,231</b>        | 3,231   | <b>366,562</b>                    | 312,365              |
| <b>Subsidiary companies</b> | - JS Global Capital Limited    | <b>7.33%</b> | <b>206</b>          | 177     | <b>19,275</b>                     | 17,061               |
|                             | - JS Investments Limited       | <b>7.33%</b> | <b>77</b>           | 84      | <b>8,640</b>                      | 11,198               |
|                             | - Bank Islami Pakistan Limited | <b>6.66%</b> | <b>4,688</b>        | 3,727   | <b>285,907</b>                    | 208,559              |

**41. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL**

**41.1** 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:

| Items                                     | 2024         |                |                 |                          |  |
|---|--------------|----------------|-----------------|--------------------------|--|
|   | Directors    |                | President / CEO | Key Management Personnel | Other Material Risk Takers / Controllers |
|   | Chairman     | Non-Executives |                 |                          |  |
|   | -----        | -----          | -----           | Rupees in '000           | -----                                    |
| Fees and Allowances etc.                  | <b>1,700</b> | <b>11,600</b>  | -               | -                        | -  |
| Managerial Remuneration                   |              |                |                 |                          |  |
| i) Fixed                                  | -            | -              | <b>58,796</b>   | <b>674,168</b>           | <b>698,731</b>                           |
| ii) Total Variable - Cash Bonus / Awards  | -            | -              | <b>45,000</b>   | <b>222,544</b>           | <b>151,239</b>                           |
| Charge for defined benefit plan           | -            | -              | <b>1,706</b>    | <b>14,909</b>            | <b>14,746</b>                            |
| Contribution to defined contribution plan | -            | -              | <b>4,283</b>    | <b>29,471</b>            | <b>37,174</b>                            |
| Medical                                   | -            | -              | <b>5,880</b>    | <b>65,520</b>            | <b>66,515</b>                            |
| Utilities                                 | -            | -              | -               | <b>14,587</b>            | <b>11,931</b>                            |
| House rent allowance                      | -            | -              | -               | <b>65,640</b>            | <b>53,691</b>                            |
| Conveyance                                | -            | -              | <b>1,555</b>    | <b>66,497</b>            | <b>116,167</b>                           |
| Car allowance                             | -            | -              | -               | <b>52,930</b>            | <b>110,898</b>                           |
| Others                                    | -            | -              | <b>543</b>      | <b>40,312</b>            | <b>39,000</b>                            |
| Total                                     | <b>1,700</b> | <b>11,600</b>  | <b>117,763</b>  | <b>1,246,578</b>         | <b>1,300,092</b>                         |
| Number of persons                         | <b>1</b>     | <b>6</b>       | <b>1</b>        | <b>55</b>                | <b>123</b>                               |
| 2023                                      |              |                |                 |                          |  |
| Items                                     | Directors    |                | President / CEO | Key Management Personnel | Other Material Risk Takers / Controllers |
|   | Chairman     | Non-Executives | -----           | -----                    | -----                                    |
|   | -----        | -----          | -----           | Rupees in '000           | -----                                    |
| Fees and Allowances etc.                  | <b>1,950</b> | <b>11,500</b>  | -               | -                        | -  |
| Managerial Remuneration                   |              |                |                 |                          |  |
| i) Fixed                                  | -            | -              | <b>49,706</b>   | <b>553,885</b>           | <b>719,449</b>                           |
| ii) Total Variable - Cash Bonus / Awards  | -            | -              | <b>8,202</b>    | <b>170,131</b>           | <b>84,824</b>                            |
| Charge for defined benefit plan           | -            | -              | <b>1,439</b>    | <b>7,916</b>             | <b>16,450</b>                            |
| Contribution to defined contribution plan | -            | -              | <b>3,630</b>    | <b>19,733</b>            | <b>40,768</b>                            |
| Medical                                   | -            | -              | <b>4,971</b>    | <b>49,219</b>            | <b>68,645</b>                            |
| Utilities                                 | -            | -              | -               | <b>11,409</b>            | <b>10,619</b>                            |
| House rent allowance                      | -            | -              | -               | <b>21,072</b>            | <b>47,787</b>                            |
| Conveyance                                | -            | -              | <b>1,248</b>    | <b>51,922</b>            | <b>136,038</b>                           |
| Car allowance                             | -            | -              | -               | <b>41,479</b>            | <b>117,403</b>                           |
| Others                                    | -            | -              | <b>243</b>      | <b>34,896</b>            | <b>18,350</b>                            |
| Total                                     | <b>1,950</b> | <b>11,500</b>  | <b>69,439</b>   | <b>961,662</b>           | <b>1,260,333</b>                         |
| Number of persons                         | <b>1</b>     | <b>5</b>       | <b>1</b>        | <b>46</b>                | <b>150</b>                               |

**41.1.1** The CEO and COO are provided with free use of Bank maintained cars in accordance with their entitlement.

**41.1.2** Managerial remuneration includes joining related payments made to certain Executives in line with their terms of employment.

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**41.1.3** 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:          | 2024       | 2023       |
|-----------------------------------|------------|------------|
|                                   | Numbers    | Numbers    |
| Marterial Risk Takers (MRTs)      | 80         | 78         |
| Marterial Risk Controllers (MRCs) | 56         | 52         |
|                                   | <u>136</u> | <u>130</u> |

| Movement of deferred remuneration | 2024           | 2023          |
|-----------------------------------|----------------|---------------|
|                                   | Rupees '000    | Rupees '000   |
| Opening                           | 34,158         | 35,392        |
| Deferred during the year          | 99,147         | 21,379        |
| Paid during the year              | (19,535)       | (22,613)      |
| Closing                           | <u>113,770</u> | <u>34,158</u> |

**41.2 Remuneration paid to Directors for participation in Board and Committee Meetings**

| Sr.<br>No.               | Name of Director          | 2024   |                                   |   |   |                                 |                      |
|--------------------------|---------------------------|--|-----------------------------------|---|---|---------------------------------|----------------------|
|                          |                           | Meeting Fees and Allowances Paid<br>For Board Committees |                                   |   |   |                                 |                      |
|                          |                           | For Board<br>Meetings                                    | Board Audit<br>Committee<br>(BAC) | Board Human<br>Resource,<br>Remuneration<br>& Nomination<br>Committee<br>(BHRRNC) | Board Risk<br>Management<br>Committee<br>(BRMC) | Board IT<br>Committee<br>(BITC) | Total<br>Amount Paid |
| Rupees in '000           |                           |  |                                   |   |   |                                 |                      |
| 1                        | Mr. Adil Matcheswala      | 1,250  | -                                 | 450   | -   | -                               | 1,700                |
| 2                        | Mr. Sadiq Ali             | 1,250  | 900                               | -   | 600   | -                               | 2,750                |
| 3                        | Ms. Nargis Ghaloo         | 1,250  | 900                               | -   | -   | 600                             | 2,750                |
| 4                        | Syed Mumtaz Ali Shah*     | 500  | -                                 | 150   | 300   | -                               | 950                  |
| 5                        | Mr. Khalilullah Shaikh ** | 1,250  | 900                               | -   | 450   | -                               | 2,600                |
| 6                        | Mr. Saad Ali Bhimjee ***  | 250  | -                                 | -   | -   | -                               | 250                  |
| 7                        | Mr. Usman Yousaf Mobin    | 1,250  | -                                 | 450   | -   | 600                             | 2,300                |
| <b>Total amount paid</b> |                           | <b>7,000</b>   | <b>2,700</b>                      | <b>1,050</b>  | <b>1,350</b>                                    | <b>1,200</b>                    | <b>13,300</b>        |

\* Mr. Syed Mumtaz Ali Shah resigned with effect from June 14, 2024.

\*\* Mr. Khalilullah Shaikh was appointed as Non-Executive Director of the Bank on December 12, 2023.

\*\*\* Mr. Saad Ali Bhimjee was appointed as Non-Executive Director of the Bank on August 27, 2024.

| Sr.<br>No.               | Name of Director            | 2023   |                                   |   |   |                                 |                         |
|--------------------------|-----------------------------|--|-----------------------------------|---|---|---------------------------------|-------------------------|
|                          |                             | Meeting Fees and Allowances Paid<br>For Board Committees |                                   |   |   |                                 |                         |
|                          |                             | For Board<br>Meetings                                    | Board Audit<br>Committee<br>(BAC) | Board Human<br>Resource,<br>Remuneration<br>& Nomination<br>Committee<br>(BHRRNC) | Board Risk<br>Management<br>Committee<br>(BRMC) | Board IT<br>Committee<br>(BITC) | Total<br>Amount<br>Paid |
| Rupees in '000           |                             |  |                                   |   |   |                                 |                         |
| 1                        | Mr. Adil Matcheswala        | 1,500  | -                                 | 450   | -   | -                               | 1,950                   |
| 2                        | Mr. Sadiq Ali               | 1,500  | 600                               | -   | 600   | -                               | 2,700                   |
| 3                        | Ms. Nargis Ghaloo           | 1,500  | 600                               | -   | -   | 750                             | 2,850                   |
| 4                        | Syed Mumtaz Ali Shah        | 1,500  | -                                 | 600   | 600   | -                               | 2,700                   |
| 5                        | Mr. Shahnawaz Haider Nawabi | 250  | -                                 | -   | 150   | -                               | 400                     |
| 6                        | Mr. Usman Yousaf Mobin      | 1,500  | -                                 | 600   | -   | 750                             | 2,850                   |
| <b>Total amount paid</b> |                             | <b>7,750</b>   | <b>1,200</b>                      | <b>1,650</b>  | <b>1,350</b>                                    | <b>1,500</b>                    | <b>13,450</b>           |

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**42. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements. Fair value of unquoted debt securities, 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.

**42.1 Fair value of financial assets**

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

**Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

**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 (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyzes financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

|  | 2024             |                    |         |                    |
|--|------------------|--------------------|---------|--------------------|
|  | Level 1          | Level 2            | Level 3 | Total              |
| <b>On balance sheet financial instruments</b>                      | Rupees in '000   |                    |         |                    |
| <b>Financial assets - measured at fair value</b>                   |                  |                    |         |                    |
| Investments  |                  |                    |         |                    |
| Federal Government Securities                                      | -                | <b>138,130,448</b> | -       | <b>138,130,448</b> |
| Federal Government Shariah Compliant Securities                    | -                | <b>311,025,501</b> | -       | <b>311,025,501</b> |
| Shares   | <b>5,226,656</b> | -                  | -       | <b>5,226,656</b>   |
| Non Government Debt Securities                                     | -                | <b>1,525,593</b>   | -       | <b>1,525,593</b>   |
| Non-Government Shariah Compliant Securities                        | -                | <b>33,180,407</b>  | -       | <b>33,180,407</b>  |
| Foreign securities   | -                | <b>16,214,890</b>  | -       | <b>16,214,890</b>  |
|  | <b>5,226,656</b> | <b>500,076,839</b> | -       | <b>505,303,495</b> |
| <b>Financial assets - disclosed but not measured at fair value</b> |                  |                    |         |                    |
| Investments  |                  |                    |         |                    |
| Federal Government Securities                                      | -                | <b>121,590,686</b> | -       | <b>121,590,686</b> |
|  | <b>5,226,656</b> | <b>621,667,525</b> | -       | <b>626,894,181</b> |
| <b>Off balance sheet financial instruments</b>                     |                  |                    |         |                    |
| Forward purchase of foreign exchange                               | -                | <b>142,967,019</b> | -       | <b>142,967,019</b> |
| Forward sale of foreign exchange                                   | -                | <b>95,241,980</b>  | -       | <b>95,241,980</b>  |
| Forward agreements for lending                                     | -                | <b>15,018,080</b>  | -       | <b>15,018,080</b>  |
| Forward sale of securities contract                                | -                | <b>43,674</b>      | -       | <b>43,674</b>      |

|  | 2023      |             |         |             |
|--|-----------|-------------|---------|-------------|
|  | Level 1   | Level 2     | Level 3 | Total       |
| <b>On balance sheet financial instruments</b>                      |           |             |         |             |
| <b>Financial assets - measured at fair value</b>                   |           |             |         |             |
| Investments  |           |             |         |             |
| Federal Government Securities                                      | -         | 418,294,566 | -       | 418,294,566 |
| Shares   | 4,728,341 | -           | -       | 4,728,341   |
| Non Government Debt Securities                                     | -         | 37,285,365  | -       | 37,285,365  |
| Foreign Securities   | 71,367    | 19,414,147  | -       | 19,485,514  |
| Open end mutual funds  | -         | 464,670     | -       | 464,670     |
|  | 4,799,708 | 475,458,748 | -       | 480,258,456 |
| <b>Financial assets - disclosed but not measured at fair value</b> |           |             |         |             |
| Investments  |           |             |         |             |
| Federal Government Securities                                      | -         | 100,310,906 | -       | 100,310,906 |
|  | 4,799,708 | 575,769,654 | -       | 580,569,362 |
| <b>Off balance sheet financial instruments</b>                     |           |             |         |             |
| Forward purchase of foreign exchange                               | -         | 127,211,243 | -       | 127,211,243 |
| Forward sale of foreign exchange                                   | -         | 93,751,722  | -       | 93,751,722  |
| Forward sale of securities contract                                | -         | 719,159     | -       | 719,159     |

### Valuation techniques used in determination of fair valuation of fair values within level 2

| Item   | Valuation approach and input used  |
|--|--|
| Units of mutual funds  | Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.  |
| Market Treasury Bills (MTB), Pakistan Investment Bonds (PIB) and GoP Sukus | Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV, PKFRV and PKISRV rates.   |
| Debt Securities (TFCs) and Sukuk other than Government                     | Investments in debt securities (comprising of Term Finance Certificates, Bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.  |
| Overseas Government Sukuks 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.  |
| Property and Equipment - Land and buildings                                | Land and buildings 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 10 and 13 of these consolidated financial statements. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. |
| Non-banking assets acquired in satisfaction of claims                      |  |

### Financial instruments - Level 3

Currently, no financial instruments are classified in level 3.

- 42.2** 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.

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**43. SEGMENT INFORMATION**

**43.1 Segment Details with respect to Business Activities:**

| 2024   |                                |                    |   |                   |                    |                    |                  |                  |                                  |
|--|--------------------------------|--------------------|---|-------------------|--------------------|--------------------|------------------|------------------|----------------------------------|
| Retail Banking                                       | Corporate / Commercial Banking | Treasury           | Investment, International & Institutional Banking | Zindigi           | Islamic Banking    | Brokerage          | Asset Management | Others           | Total                            |
| <b>Profit and Loss</b>                               |                                |                    |   |                   |                    |                    |                  |                  |                                  |
| Rupees in '000                                       |                                |                    |   |                   |                    |                    |                  |                  |                                  |
| Net mark-up / return / profit / interest / (expense) | (25,209,470)                   | (3,829,117)        | 56,358,032  | 1,223,352         | (98,233)           | 46,408,758         | 227,934          | 2                | (1,116,364) 73,964,894           |
| Inter segment revenue - net                          | 43,896,776                     | 8,106,564          | (51,070,186)                                      | 1,236,421         | 521,310            | -                  | -                | -                | (2,690,885) -                    |
| Non mark-up / return / income                        | 2,194,591                      | 1,982,860          | 3,772,807   | 1,086,274         | 335,187            | 4,589,961          | 1,501,342        | 982,138          | (162,248) 16,282,912             |
| <b>Total Income / (Loss)</b>                         | <b>20,881,897</b>              | <b>6,260,307</b>   | <b>9,060,653</b>                                  | <b>3,546,047</b>  | <b>758,264</b>     | <b>50,998,719</b>  | <b>1,729,276</b> | <b>982,140</b>   | <b>(3,969,497) 90,247,806</b>    |
| Segment direct expenses                              | 12,958,635                     | 741,554            | 226,182   | 1,446,439         | 3,945,674          | 22,874,218         | 1,225,307        | 482,840          | 8,253,552 52,154,401             |
| Inter segment expense allocation                     | 4,355,714                      | 1,052,214          | 231,565   | 257,223           | 596,484            | -                  | -                | -                | (6,473,200) -                    |
| <b>Total expenses</b>                                | <b>17,294,349</b>              | <b>1,793,768</b>   | <b>457,747</b>                                    | <b>1,703,662</b>  | <b>4,542,158</b>   | <b>22,874,218</b>  | <b>1,225,307</b> | <b>482,840</b>   | <b>1,780,352 52,154,401</b>      |
| Credit loss allowances and write offs - net          | 2,449,410                      | 1,708,071          | 6,209   | 487,756           | 38,869             | 2,733,556          | (12,530)         | -                | 2,899 7,414,240                  |
| <b>Profit / (loss) before tax</b>                    | <b>1,138,138</b>               | <b>2,758,468</b>   | <b>8,596,697</b>                                  | <b>1,354,629</b>  | <b>(3,822,763)</b> | <b>25,390,945</b>  | <b>516,499</b>   | <b>499,300</b>   | <b>(5,752,748) 30,679,165</b>    |
| 2023   |                                |                    |   |                   |                    |                    |                  |                  |                                  |
| Retail Banking                                       | Corporate / Commercial Banking | Treasury           | Investment, International & Institutional Banking | Zindigi           | Islamic Banking    | Brokerage          | Asset Management | Others           | Total                            |
| <b>Profit and Loss</b>                               |                                |                    |   |                   |                    |                    |                  |                  |                                  |
| Rupees in '000                                       |                                |                    |   |                   |                    |                    |                  |                  |                                  |
| Net mark-up / return / interest / profit / (expense) | (18,105,926)                   | 1,366,455          | 40,772,877  | 40,981            | (41,042)           | 16,885,221         | 176,928          | 1,551            | (1,582,264) 39,514,781           |
| Inter segment revenue - net                          | 39,060,261                     | 5,351,630          | (43,356,182)                                      | 2,239,041         | 370,085            | -                  | -                | -                | (3,664,835,00) -                 |
| Non mark-up / return / income                        | 2,157,752                      | 1,768,975          | 5,031,291   | 1,204,117         | 221,674            | 1,182,216          | 981,537          | 352,396          | 301,909 13,201,867               |
| <b>Total Income / (Loss)</b>                         | <b>23,112,087</b>              | <b>8,487,060</b>   | <b>2,447,986</b>                                  | <b>3,484,139</b>  | <b>550,717</b>     | <b>18,067,437</b>  | <b>1,158,465</b> | <b>353,947</b>   | <b>(4,945,190) 52,716,648</b>    |
| Segment direct expenses                              | 10,773,253                     | 707,134            | 204,588   | 1,210,569         | 3,844,032          | 6,748,322          | 912,274          | 371,894          | 6,609,800 31,381,866             |
| Inter segment expense allocation                     | 4,366,111                      | 748,367            | 216,912   | 168,461           | 527,087            | -                  | -                | -                | (6,026,938) -                    |
| <b>Total expenses</b>                                | <b>15,139,364</b>              | <b>1,455,501</b>   | <b>421,500</b>                                    | <b>1,379,030</b>  | <b>4,371,119</b>   | <b>6,748,322</b>   | <b>912,274</b>   | <b>371,894</b>   | <b>582,862 31,381,866</b>        |
| Provisions / (reversals)                             | 586,806                        | 2,088,308          | -   | 98,690            | -                  | 3,249,637          | (13,793)         | -                | 10,611 6,020,259                 |
| Extraordinary / unusual items                        | -                              | -                  | -   | -                 | -                  | -                  | -                | -                | 3,363,805 3,363,805              |
| <b>Profit / (loss) before tax</b>                    | <b>7,385,917</b>               | <b>4,943,251</b>   | <b>2,026,486</b>                                  | <b>2,006,419</b>  | <b>(3,820,402)</b> | <b>8,069,478</b>   | <b>259,984</b>   | <b>(17,947)</b>  | <b>(2,174,858) 18,678,328</b>    |
| 2024   |                                |                    |   |                   |                    |                    |                  |                  |                                  |
| Retail Banking                                       | Corporate / Commercial Banking | Treasury           | Investment, International & Institutional Banking | Zindigi           | Islamic Banking    | Brokerage          | Asset Management | Others           | Total                            |
| <b>Balance Sheet</b>                                 |                                |                    |   |                   |                    |                    |                  |                  |                                  |
| Rupees in '000                                       |                                |                    |   |                   |                    |                    |                  |                  |                                  |
| Cash and bank balances                               | 12,044,528                     | 421,951            | 32,972,487  | 1,199,620         | 36,839             | 42,076,616         | 448,996          | 27,166           | - 89,228,203                     |
| Lendings to financial institutions                   | -                              | -                  | -   | -                 | -                  | 4,257,928          | -                | -                | 4,257,928                        |
| Investments  | -                              | -                  | 260,209,051                                       | 17,803,843        | -                  | 345,051,553        | 174,665          | 2,689,425        | 3,537,637 629,466,174            |
| <b>Net inter segment lending</b>                     | <b>269,135,658</b>             | <b>64,452,654</b>  | <b>1,999,730</b>                                  | <b>675,328</b>    | <b>6,666,406</b>   | <b>-</b>           | <b>-</b>         | <b>-</b>         | <b>53,960,991 396,890,767</b>    |
| Advances - performing                                | 66,514,103                     | 100,980,505        | -   | 47,554,387        | 12,584             | 292,763,117        | 1,532,724        | 8,800            | 3,537,451 512,903,671            |
| Advances - non-performing                            | 2,943,758                      | 3,218,190          | -   | 630               | 25,914             | 2,020,246          | -                | -                | 55,777 8,264,515                 |
| Others   | -                              | -                  | -   | 464,920           | -                  | 50,276,290         | 4,508,931        | 649,670          | 59,022,826 114,922,637           |
| <b>Total Assets</b>                                  | <b>350,638,047</b>             | <b>169,073,300</b> | <b>295,181,268</b>                                | <b>67,698,728</b> | <b>6,741,743</b>   | <b>736,445,750</b> | <b>6,665,316</b> | <b>3,375,061</b> | <b>120,114,682 1,755,933,895</b> |
| Borrowings   | 10,160,671                     | 17,074,664         | 1,463,170   | -                 | -                  | 85,662,161         | -                | -                | 114,360,666                      |
| Deposits and other accounts                          | 328,859,641                    | 151,596,312        | -   | 35,454,361        | 6,741,743          | 559,174,212        | -                | -                | 1,081,826,269                    |
| Subordinated debt                                    | -                              | -                  | -   | -                 | -                  | 2,996,875          | -                | -                | 8,495,833 11,492,708             |
| <b>Net inter segment borrowing</b>                   | <b>2,482,319</b>               | <b>-</b>           | <b>293,718,098</b>                                | <b>30,133,918</b> | <b>-</b>           | <b>49,721,240</b>  | <b>1,474,989</b> | <b>2,957,503</b> | <b>16,402,700 396,890,767</b>    |
| Others   | 9,135,416                      | 402,324            | -   | 2,110,449         | -                  | 38,891,262         | 5,190,327        | 417,558          | 18,419,595 74,566,931            |
| <b>Total Liabilities</b>                             | <b>350,638,047</b>             | <b>169,073,300</b> | <b>295,181,268</b>                                | <b>67,698,728</b> | <b>6,741,743</b>   | <b>736,445,750</b> | <b>6,665,316</b> | <b>3,375,061</b> | <b>43,318,128 1,679,137,341</b>  |
| Equity   | -                              | -                  | -   | -                 | -                  | -                  | -                | -                | 64,380,704 64,380,704            |
| Non-controlling interest                             | -                              | -                  | -   | -                 | -                  | -                  | -                | -                | 12,415,850 12,415,850            |
| <b>Total Equity and Liabilities</b>                  | <b>350,638,047</b>             | <b>169,073,300</b> | <b>295,181,268</b>                                | <b>67,698,728</b> | <b>6,741,743</b>   | <b>736,445,750</b> | <b>6,665,316</b> | <b>3,375,061</b> | <b>120,114,682 1,755,933,895</b> |
| <b>Contingencies and Commitments</b>                 |                                |                    |   |                   |                    |                    |                  |                  |                                  |
|  | <b>21,531,623</b>              | <b>104,827,389</b> | <b>78,520,444</b>                                 | <b>9,970,239</b>  | <b>-</b>           | <b>495,441,474</b> | <b>42,185</b>    | <b>-</b>         | <b>1,063,437 711,396,791</b>     |
| 2023   |                                |                    |   |                   |                    |                    |                  |                  |                                  |
| Retail Banking                                       | Corporate / Commercial Banking | Treasury           | Investment, International & Institutional Banking | Zindigi           | Islamic Banking    | Brokerage          | Asset Management | Others           | Total                            |
| <b>Balance Sheet</b>                                 |                                |                    |   |                   |                    |                    |                  |                  |                                  |
| Rupees in '000                                       |                                |                    |   |                   |                    |                    |                  |                  |                                  |
| Cash and bank balances                               | 6,601,476                      | 3,633              | 29,255,325  | 1,673,716         | 1,072,267          | 42,661,045         | 143,038          | 57,936           | 6,016,104 87,484,540             |
| Lendings to financial institutions                   | -                              | -                  | -   | -                 | -                  | 16,502,138         | -                | -                | 16,502,138                       |
| Investments  | -                              | -                  | 241,547,053                                       | 22,083,318        | -                  | 314,083,872        | 590,962          | 1,361,628        | 3,456,441 583,123,274            |
| <b>Net inter segment lending</b>                     | <b>237,203,038</b>             | <b>41,050,823</b>  | <b>-</b>  | <b>7,114,783</b>  | <b>2,745,472</b>   | <b>-</b>           | <b>-</b>         | <b>-</b>         | <b>40,532,368 328,646,484</b>    |
| Advances - performing                                | 73,418,793                     | 112,007,279        | -   | 7,246,085         | -                  | 221,480,404        | -                | -                | 5,233,978 419,386,539            |
| Advances - non-performing                            | 4,093,704                      | 2,461,476          | -   | 27,685            | -                  | 3,382,517          | -                | -                | 9,965,382                        |
| Others   | -                              | -                  | -   | -                 | -                  | 49,959,733         | 3,610,904        | 516,263          | 55,910,217 109,997,117           |
| <b>Total Assets</b>                                  | <b>321,317,011</b>             | <b>155,523,211</b> | <b>270,802,378</b>                                | <b>38,145,587</b> | <b>3,817,739</b>   | <b>648,069,709</b> | <b>4,344,904</b> | <b>1,935,827</b> | <b>111,149,108 1,555,105,474</b> |
| Borrowings   | 7,749,336                      | 17,572,794         | 1,900,349   | -                 | -                  | 57,546,868         | 149,999          | -                | - 84,919,346                     |
| Deposits and other accounts                          | 304,975,970                    | 137,568,824        | -   | 38,098,734        | 3,817,739          | 522,540,925        | -                | -                | 817,302 1,007,819,494            |
| Subordinated debt                                    | -                              | -                  | -   | -                 | -                  | 2,846,904          | -                | -                | 8,497,767 11,344,671             |
| <b>Net inter segment borrowing</b>                   | <b>1,004,209</b>               | <b>-</b>           | <b>268,423,883</b>                                | <b>-</b>          | <b>-</b>           | <b>36,299,104</b>  | <b>1,616,726</b> | <b>1,612,329</b> | <b>19,690,233 328,646,484</b>    |
| Others   | 6,825,477                      | 381,593            | -   | 46,771            | -                  | 31,061,608         | 3,272,636        | 326,670          | 20,691,854 62,606,609            |
| <b>Total Liabilities</b>                             | <b>320,554,992</b>             | <b>155,523,211</b> | <b>270,324,232</b>                                | <b>38,145,505</b> | <b>3,817,739</b>   | <b>650,295,409</b> | <b>5,039,361</b> | <b>1,938,999</b> | <b>49,697,156 1,495,336,604</b>  |
| Equity   | -                              | -                  | -   | -                 | -                  | -                  | -                | -                | 50,407,951 50,407,951            |
| Non-controlling interest                             | -                              | -                  | -   | -                 | -                  | -                  | -                | -                | 9,360,919 9,360,919              |
| <b>Total Equity and Liabilities</b>                  | <b>320,554,992</b>             | <b>155,523,211</b> | <b>270,324,232</b>                                | <b>38,145,505</b> | <b>3,817,739</b>   | <b>650,295,409</b> | <b>5,039,361</b> | <b>1,938,999</b> | <b>109,466,026 1,555,105,474</b> |
| <b>Contingencies and Commitments</b>                 |                                |                    |   |                   |                    |                    |                  |                  |                                  |
|  | <b>77,650,720</b>              | <b>37,673,689</b>  | <b>120,272,393</b>                                | <b>-</b>          | <b>-</b>           | <b>256,886,392</b> | <b>735,596</b>   | <b>-</b>         | <b>911,638 494,130,428</b>       |

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**43.2 Segment details with respect to geographical locations**

**Geographical segment analysis**

|  | <b>2024</b>          |                   |                      |
|--|----------------------|-------------------|----------------------|
|  | <b>Pakistan</b>      | <b>Bahrain</b>    | <b>Total</b>         |
| ----- Rupees in '000 -----                           |                      |                   |                      |
| <b>Profit and Loss</b>                               |                      |                   |                      |
| Net mark-up / return / profit / interest / (expense) | <b>73,112,629</b>    | <b>852,265</b>    | <b>73,964,894</b>    |
| <i>Inter segment revenue - net</i>                   | (676,776)            | 676,776           | -                    |
| Non mark-up / return / income                        | <b>16,173,193</b>    | <b>109,719</b>    | <b>16,282,912</b>    |
| <b>Total Income</b>                                  | <b>88,609,046</b>    | <b>1,638,760</b>  | <b>90,247,806</b>    |
| Segment direct expenses                              | <b>51,722,473</b>    | <b>431,928</b>    | <b>52,154,401</b>    |
| <i>Inter segment expense allocation</i>              | (59,428)             | 59,428            | -                    |
| <b>Total expenses</b>                                | <b>51,663,045</b>    | <b>491,356</b>    | <b>52,154,401</b>    |
| Credit loss allowance                                | <b>7,343,872</b>     | <b>70,368</b>     | <b>7,414,240</b>     |
| <b>Profit / (loss) before tax</b>                    | <b>29,602,129</b>    | <b>1,077,036</b>  | <b>30,679,165</b>    |
| <b>Balance Sheet</b>                                 |                      |                   |                      |
| Cash and bank balances                               | <b>88,279,530</b>    | <b>948,673</b>    | <b>89,228,203</b>    |
| Lendings to financial institutions                   | (12,220,180)         | 16,478,108        | 4,257,928            |
| Investments  | <b>629,466,174</b>   | -                 | <b>629,466,174</b>   |
| <i>Net inter segment lending</i>                     | -                    | -                 | -                    |
| Advances - performing                                | <b>508,861,870</b>   | <b>4,041,801</b>  | <b>512,903,671</b>   |
| Advances - non-performing                            | 8,264,515            | -                 | 8,264,515            |
| Others   | <b>114,675,734</b>   | <b>246,903</b>    | <b>114,922,637</b>   |
| <b>Total Assets</b>                                  | <b>1,337,327,643</b> | <b>21,715,485</b> | <b>1,359,043,128</b> |
| Borrowings   | <b>114,360,666</b>   | -                 | <b>114,360,666</b>   |
| Deposits and other accounts                          | <b>1,081,826,269</b> | -                 | <b>1,081,826,269</b> |
| Subordinated debt                                    | (7,597,082)          | 19,089,790        | 11,492,708           |
| <i>Net inter segment borrowing</i>                   | -                    | -                 | -                    |
| Others   | <b>74,406,280</b>    | <b>160,651</b>    | <b>74,566,931</b>    |
| <b>Total Liabilities</b>                             | <b>1,262,996,133</b> | <b>19,250,441</b> | <b>1,282,246,574</b> |
| Equity   | <b>61,915,660</b>    | <b>2,465,044</b>  | <b>64,380,704</b>    |
| Non-controlling interest                             | <b>12,415,850</b>    | -                 | <b>12,415,850</b>    |
| <b>Total Equity and Liabilities</b>                  | <b>1,337,327,643</b> | <b>21,715,485</b> | <b>1,359,043,128</b> |
| <b>Contingencies and Commitments</b>                 | <b>702,348,766</b>   | <b>9,048,025</b>  | <b>711,396,791</b>   |
| -----  |                      |                   |                      |
|  | <b>Pakistan</b>      | <b>Bahrain</b>    | <b>Total</b>         |
| ----- Rupees in '000 -----                           |                      |                   |                      |
| <b>Profit and Loss</b>                               |                      |                   |                      |
| Net mark-up / return / profit / interest / (expense) | <b>38,789,704</b>    | <b>725,077</b>    | <b>39,514,781</b>    |
| <i>Inter segment revenue - net</i>                   | (272,747)            | 272,747           | -                    |
| Non mark-up / return / income                        | <b>12,949,974</b>    | <b>251,893</b>    | <b>13,201,867</b>    |
| <b>Total Income</b>                                  | <b>51,466,931</b>    | <b>1,249,717</b>  | <b>52,716,648</b>    |
| Segment direct expenses                              | <b>31,026,795</b>    | <b>355,071</b>    | <b>31,381,866</b>    |
| <i>Inter segment expense allocation</i>              | (55,701)             | 55,701            | -                    |
| <b>Total expenses</b>                                | <b>30,971,094</b>    | <b>410,772</b>    | <b>31,381,866</b>    |
| Provisions / (reversals)                             | 5,920,498            | 99,761            | 6,020,259            |
| Bargain purchase gain on acquisition of subsidiary   | <b>3,363,805</b>     | -                 | <b>3,363,805</b>     |
| <b>Profit / (loss) before tax</b>                    | <b>17,939,144</b>    | <b>739,184</b>    | <b>18,678,328</b>    |
| <b>Balance Sheet</b>                                 |                      |                   |                      |
| Cash and bank balances                               | <b>85,939,231</b>    | <b>1,545,309</b>  | <b>87,484,540</b>    |
| Lendings to financial institutions                   | 16,502,138           | -                 | 16,502,138           |
| Investments  | <b>562,903,334</b>   | <b>20,219,940</b> | <b>583,123,274</b>   |
| <i>Net inter segment lending</i>                     | 328,646,484          | -                 | 328,646,484          |
| Advances - performing                                | 416,098,134          | 3,288,405         | 419,386,539          |
| Advances - non-performing                            | 9,965,382            | -                 | 9,965,382            |
| Others   | <b>426,063,516</b>   | <b>3,288,405</b>  | <b>429,351,921</b>   |
| <b>Total Assets</b>                                  | <b>109,987,971</b>   | <b>9,146</b>      | <b>109,997,117</b>   |
|  | <b>1,530,042,674</b> | <b>25,062,800</b> | <b>1,555,105,474</b> |
| Borrowings   | <b>84,919,346</b>    | -                 | <b>84,919,346</b>    |
| Deposits and other accounts                          | <b>984,817,174</b>   | <b>23,002,320</b> | <b>1,007,819,494</b> |
| Subordinated debt                                    | 11,344,671           | -                 | 11,344,671           |
| <i>Net inter segment borrowing</i>                   | 328,646,484          | -                 | 328,646,484          |
| Others   | <b>62,436,041</b>    | <b>170,568</b>    | <b>62,606,609</b>    |
| <b>Total Liabilities</b>                             | <b>1,472,163,716</b> | <b>23,172,888</b> | <b>1,495,336,604</b> |
| Equity   | 48,518,039           | 1,889,912         | 50,407,951           |
| Non-controlling interest                             | <b>9,360,919</b>     | -                 | <b>9,360,919</b>     |
| <b>Total Equity and Liabilities</b>                  | <b>1,530,042,674</b> | <b>25,062,800</b> | <b>1,555,105,474</b> |
| <b>Contingencies and Commitments</b>                 | <b>481,761,044</b>   | <b>12,369,384</b> | <b>494,130,428</b>   |

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**44. TRUST ACTIVITIES**

The Group undertakes 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 Group and, therefore, are not included as such in these consolidated financial statements. Assets held under trust are shown in the table below:

| Category                    | No. of IPS Accounts | 2024                          |                           |                            |                        | Total              |  |
|-----------------------------|---------------------|-------------------------------|---------------------------|----------------------------|------------------------|--------------------|--|
|                             |                     | Securities Held ( Face Value) |                           |                            |                        |                    |  |
|                             |                     | Market Treasury Bills         | Pakistan Investment Bonds | Naya Pakistan Certificates | Government Ijara Sukuk |                    |  |
| Rupees in '000              |                     |                               |                           |                            |                        |                    |  |
| Charitable Institutions     | 4                   | 445,000                       | -                         | -                          | -                      | 445,000            |  |
| Assets Management Companies | 35                  | 6,000,000                     | 17,387,500                | -                          | 1,954,630              | 25,342,130         |  |
| Companies                   | 20                  | 25,602,935                    | 32,730,400                | -                          | -                      | 58,333,335         |  |
| Employees Funds / NGOs      | 44                  | 19,625,515                    | 36,803,900                | -                          | 1,649,840              | 58,079,255         |  |
| Individuals                 | 204                 | 14,750,755                    | 299,600                   | 2,315,229                  | 94,970                 | 17,460,554         |  |
| Insurance Companies         | 12                  | 131,316,925                   | 79,524,700                | -                          | 27,112,600             | 237,954,225        |  |
| Others                      | 29                  | 8,926,885                     | 123,682,000               | -                          | 1,483,000              | 134,091,885        |  |
| <b>Total</b>                | <b>348</b>          | <b>206,668,015</b>            | <b>290,428,100</b>        | <b>2,315,229</b>           | <b>32,295,040</b>      | <b>531,706,384</b> |  |
| 2023                        |                     |                               |                           |                            |                        |                    |  |
| Category                    | No. of IPS Accounts | Securities Held ( Face Value) |                           |                            |                        | Total              |  |
|                             |                     | Market Treasury Bills         | Pakistan Investment Bonds | Naya Pakistan Certificates | Government Ijara Sukuk |                    |  |
|                             |                     | Rupees in '000                |                           |                            |                        |                    |  |
| Charitable Institutions     | 4                   | 445,000                       | -                         | -                          | -                      | 445,000            |  |
| Asset Management Companies  | 35                  | 6,000,000                     | 17,387,500                | -                          | 1,954,630              | 25,342,130         |  |
| Companies                   | 20                  | 25,602,935                    | 32,730,400                | -                          | -                      | 58,333,335         |  |
| Employees Funds / NGOs      | 44                  | 19,625,515                    | 36,803,900                | -                          | 1,649,840              | 58,079,255         |  |
| Individuals                 | 204                 | 14,750,755                    | 299,600                   | 2,315,229                  | 94,970                 | 17,460,554         |  |
| Insurance Companies         | 12                  | 131,316,925                   | 79,524,700                | -                          | 27,112,600             | 237,954,225        |  |
| Others                      | 29                  | 8,926,885                     | 123,682,000               | -                          | 1,483,000              | 134,091,885        |  |
| <b>Total</b>                | <b>348</b>          | <b>206,668,015</b>            | <b>290,428,100</b>        | <b>2,315,229</b>           | <b>32,295,040</b>      | <b>531,706,384</b> |  |

**45. RELATED PARTY TRANSACTIONS**

The Group has related party transactions with its parent, directors, key management personnel, associates and other related parties.

The Group enters into transactions with related parties in the ordinary course of business and 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 specifically disclosed elsewhere in these consolidated financial statements are as follows:

| Statement of financial position                  | Parent  | Directors | 2024                     |           |              | Other related parties |  |
|--|---------|-----------|--------------------------|-----------|--------------|-----------------------|--|
|  |         |           | Key management personnel |           |              |                       |  |
|  |         |           | Associates               |           |              |                       |  |
| Rupees in '000                                   |         |           |                          |           |              |                       |  |
| <b>Lendings to financial institutions</b>        |         |           |                          |           |              |                       |  |
| Opening balance                                  | -       | -         | -                        | -         | -            | -                     |  |
| Addition during the period                       | -       | -         | -                        | -         | -            | -                     |  |
| Repaid during the period                         | -       | -         | -                        | -         | -            | -                     |  |
| Transfer in / (out) - net                        | -       | -         | -                        | -         | -            | -                     |  |
| Closing balance                                  | -       | -         | -                        | -         | -            | -                     |  |
| <b>Investments</b>                               |         |           |                          |           |              |                       |  |
| Opening balance                                  | 7,595   | -         | -                        | 1,371,911 | 6,508,867    |                       |  |
| Investment made during the period                | -       | -         | -                        | -         | 8,305,942    |                       |  |
| Investment redeemed / disposed off               | -       | -         | -                        | -         | (14,388,834) |                       |  |
| during the period                                | -       | -         | -                        | -         | (450,131)    |                       |  |
| Deficit on investments                           | -       | -         | -                        | -         | -            |                       |  |
| Transfer in / (out) - net                        | (7,595) | -         | -                        | 1,371,911 | (24,156)     |                       |  |
| Closing balance                                  | -       | -         | -                        | 1,371,911 | -            |                       |  |
| Provision for diminution in value of investments | -       | -         | -                        | 1,191,911 | -            |                       |  |

**JS BANK LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

|  | 2024           |           |                          |             |                       |  |  |  |  |  |
|--|----------------|-----------|--------------------------|-------------|-----------------------|--|--|--|--|--|
|  | Parent         | Directors | Key management personnel | Associates  | Other related parties |  |  |  |  |  |
|  | Rupees in '000 |           |                          |             |                       |  |  |  |  |  |
| <b>Advances</b>  |                |           |                          |             |                       |  |  |  |  |  |
| Opening balance  | -              | 247       | 919,926                  | 665,920     | 2,006,365             |  |  |  |  |  |
| Addition during the period                               | -              | 2,204     | 448,993                  | 618,721     | 13,077,017            |  |  |  |  |  |
| Repaid during the period                                 | -              | (1,885)   | (178,653)                | (618,721)   | (10,785,517)          |  |  |  |  |  |
| Transfer in / (out) - net                                | -              | (566)     | (554,807)                | -           | 175,416               |  |  |  |  |  |
| Closing balance  | -              | -         | 635,459                  | 665,920     | 4,473,281             |  |  |  |  |  |
| Credit Loss Allowance held against advances              | -              | -         | 138                      | 665,920     | 4,060                 |  |  |  |  |  |
| <b>Other assets</b>                                      |                |           |                          |             |                       |  |  |  |  |  |
| Mark-up / return / interest accrued                      | -              | -         | 670                      | 63,427      | 46,915                |  |  |  |  |  |
| Interest mark-up suspended                               | -              | -         | -                        | (63,427)    | -                     |  |  |  |  |  |
| Receivable against bancassurance / bancatakalful         | -              | -         | -                        | -           | 9,430                 |  |  |  |  |  |
| Prepaid insurance  | -              | -         | -                        | -           | -                     |  |  |  |  |  |
| Trade receivable   | 1,615          | -         | -                        | -           | 31,691                |  |  |  |  |  |
| Rent receivable  | -              | -         | -                        | -           | 2,961                 |  |  |  |  |  |
| Advance against investment in securities                 | -              | -         | -                        | -           | 792,000               |  |  |  |  |  |
| Other receivable   | -              | -         | -                        | -           | -                     |  |  |  |  |  |
| Credit Loss Allowance against other assets               | -              | -         | -                        | -           | -                     |  |  |  |  |  |
| <b>Borrowings</b>  |                |           |                          |             |                       |  |  |  |  |  |
| Opening balance  | -              | -         | -                        | -           | -                     |  |  |  |  |  |
| Borrowings during the period                             | -              | -         | -                        | -           | -                     |  |  |  |  |  |
| Settled during the period                                | -              | -         | -                        | -           | -                     |  |  |  |  |  |
| Transfer in / (out) - net                                | -              | -         | -                        | -           | -                     |  |  |  |  |  |
| Closing balance  | -              | -         | -                        | -           | -                     |  |  |  |  |  |
| <b>Deposits and other accounts</b>                       |                |           |                          |             |                       |  |  |  |  |  |
| Opening balance  | 80,689         | 369       | 41,934                   | 46,398      | 12,110,023            |  |  |  |  |  |
| Received during the period                               | 11,025,819     | 20,298    | 871,091                  | 2,565,724   | 271,222,852           |  |  |  |  |  |
| Withdrawn during the period                              | (10,993,672)   | (11,221)  | (844,243)                | (2,590,447) | (276,503,188)         |  |  |  |  |  |
| Transfer in / (out) - net                                | -              | -         | (12,534)                 | -           | 35,984                |  |  |  |  |  |
| Closing balance  | 112,836        | 9,446     | 56,248                   | 21,675      | 6,865,671             |  |  |  |  |  |
| <b>Subordinated debt</b>                                 |                |           |                          |             |                       |  |  |  |  |  |
| Opening balance  | 2,500          | -         | 485                      | -           | 21,119                |  |  |  |  |  |
| Issued during the period                                 | -              | -         | -                        | -           | 233,585               |  |  |  |  |  |
| Redeemed during the period                               | (2,500)        | -         | -                        | -           | (1,264)               |  |  |  |  |  |
| Transfer in / (out) - net                                | -              | -         | (485)                    | -           | 485                   |  |  |  |  |  |
| Closing balance  | -              | -         | -                        | -           | 253,925               |  |  |  |  |  |
| <b>Other liabilities</b>                                 |                |           |                          |             |                       |  |  |  |  |  |
| Mark-up / return / interest payable on deposits          | -              | -         | -                        | 2           | 15,576                |  |  |  |  |  |
| Mark-up / return / interest payable on borrowings        | -              | -         | -                        | -           | -                     |  |  |  |  |  |
| Mark-up / return / interest payable on subordinated debt | -              | -         | -                        | -           | 1,173                 |  |  |  |  |  |
| Dividend payable   | -              | -         | -                        | -           | -                     |  |  |  |  |  |
| Trade payable  | -              | -         | -                        | -           | 13,779                |  |  |  |  |  |
| Donation payable   | -              | -         | -                        | -           | -                     |  |  |  |  |  |
| Defined benefit obligation - net                         | -              | -         | -                        | -           | 800,305               |  |  |  |  |  |
| Others payable   | -              | -         | -                        | -           | 33,588                |  |  |  |  |  |
| <b>Contingencies and commitments</b>                     |                |           |                          |             |                       |  |  |  |  |  |
| Letter of guarantee                                      | -              | -         | -                        | -           | 15,369                |  |  |  |  |  |
| Letter of credit   | -              | -         | -                        | -           | 79,352                |  |  |  |  |  |
| Forward lending  | -              | -         | -                        | -           | -                     |  |  |  |  |  |
|  | 2023           |           |                          |             |                       |  |  |  |  |  |
|  | Parent         | Directors | Key management personnel | Associates  | Other related parties |  |  |  |  |  |
|  | Rupees in '000 |           |                          |             |                       |  |  |  |  |  |
| <b>Statement of financial position</b>                   |                |           |                          |             |                       |  |  |  |  |  |
| <b>Lendings to financial institutions</b>                |                |           |                          |             |                       |  |  |  |  |  |
| Opening balance  | -              | -         | -                        | -           | -                     |  |  |  |  |  |
| Addition during the year                                 | -              | -         | -                        | -           | 116,405,200           |  |  |  |  |  |
| Repaid during the year                                   | -              | -         | -                        | -           | (116,405,200)         |  |  |  |  |  |
| Transfer in / (out) - net                                | -              | -         | -                        | -           | -                     |  |  |  |  |  |
| Closing balance  | -              | -         | -                        | -           | -                     |  |  |  |  |  |

**JS BANK LIMITED**  
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**FOR THE YEAR ENDED DECEMBER 31, 2024**

|  | 2023          |            |                          |                  |                       |
|--|---------------|------------|--------------------------|------------------|-----------------------|
|  | Parent        | Directors  | Key management personnel | Associates       | Other related parties |
| Rupees in '000   |               |            |                          |                  |                       |
| <b>Investments</b>                                       |               |            |                          |                  |                       |
| Opening balance  | 7,595         | -          | -                        | 269,800          | 11,290,639            |
| Investment made during the period                        | -             | -          | -                        | -                | 1,290,203             |
| Investment redeemed / disposed off during the year       | -             | -          | -                        | -                | (4,141,720)           |
| Deficit on investments                                   | -             | -          | -                        | -                | (777,060)             |
| Transfer in / (out) - net                                | -             | -          | -                        | 1,102,111        | (1,153,195)           |
| Closing balance  | <b>7,595</b>  | <b>-</b>   | <b>-</b>                 | <b>1,371,911</b> | <b>6,508,867</b>      |
| Provision for diminution in value of investments         | -             | -          | -                        | 1,102,111        | 388,607               |
| <b>Advances</b>  |               |            |                          |                  |                       |
| Opening balance  | -             | -          | 524,061                  | 232,166          | 1,340,315             |
| Addition during the year                                 | -             | 1,997      | 414,637                  | 903,910          | 13,272,798            |
| Repaid during the year                                   | -             | (2,240)    | (238,056)                | (950,343)        | (12,232,769)          |
| Transfer in / (out) - net                                | -             | 490        | 219,284                  | 480,187          | (373,979)             |
| Closing balance  | <b>-</b>      | <b>247</b> | <b>919,926</b>           | <b>665,920</b>   | <b>2,006,365</b>      |
| <b>Other assets</b>                                      |               |            |                          |                  |                       |
| Mark-up / return / interest accrued                      | -             | -          | 869                      | 20,758           | 33,338                |
| Receivable against bancassurance / bancatakalful         | -             | -          | -                        | -                | 15,358                |
| Prepaid insurance  | -             | -          | -                        | -                | 587                   |
| Net defined benefit plan                                 | -             | -          | 511                      | -                | 169,423               |
| Trade receivable   | -             | -          | -                        | -                | 16,338                |
| Rent receivable  | -             | -          | -                        | -                | 3,650                 |
| Other receivable   | -             | -          | -                        | -                | -                     |
| Provision against other assets                           | -             | -          | -                        | -                | -                     |
| <b>Borrowings</b>  |               |            |                          |                  |                       |
| Opening balance  | -             | -          | -                        | -                | 320,785               |
| Borrowings during the year                               | -             | -          | -                        | -                | -                     |
| Settled during the year                                  | -             | -          | -                        | -                | (320,785)             |
| Transfer in / (out) - net                                | -             | -          | -                        | -                | -                     |
| Closing balance  | <b>-</b>      | <b>-</b>   | <b>-</b>                 | <b>-</b>         | <b>-</b>              |
| <b>Deposits and other accounts</b>                       |               |            |                          |                  |                       |
| Opening balance  | 130,430       | 174,485    | 47,853                   | 2,621            | 12,626,532            |
| Received during the year                                 | 20,697,001    | 2,406      | 946,674                  | 4,325,135        | 215,915,800           |
| Withdrawn during the year                                | (20,746,742)  | (2,327)    | (946,477)                | (4,298,767)      | (221,231,979)         |
| Transfer in / (out) - net                                | -             | (174,195)  | (6,116)                  | 17,409           | 4,799,670             |
| Closing balance  | <b>80,689</b> | <b>369</b> | <b>41,934</b>            | <b>46,398</b>    | <b>12,110,023</b>     |
| <b>Subordinated debt</b>                                 |               |            |                          |                  |                       |
| Opening balance  | 2,500         | -          | -                        | -                | 124,714               |
| Issued during the year                                   | -             | -          | -                        | -                | 20,000                |
| Redeemed during the year                                 | -             | -          | -                        | -                | (124,715)             |
| Transfer in / (out) - net                                | -             | -          | 485                      | -                | 1,120                 |
| Closing balance  | <b>2,500</b>  | <b>-</b>   | <b>485</b>               | <b>-</b>         | <b>21,119</b>         |
| <b>Other liabilities</b>                                 |               |            |                          |                  |                       |
| Mark-up / return / interest payable on deposits          | -             | -          | 333                      | 13               | 82,686                |
| Mark-up / return / interest payable on borrowings        | -             | -          | -                        | -                | -                     |
| Mark-up / return / interest payable on subordinated debt | -             | -          | -                        | -                | 13                    |
| Dividend payable   | -             | -          | -                        | -                | 169,317               |
| Trade payable  | 5,989         | -          | 1,154                    | -                | 21,868                |
| Donation payable   | -             | -          | -                        | -                | 209,514               |
| Defined benefit obligation - net                         | -             | -          | -                        | -                | 562,132               |
| Others payable   | 400           | -          | 10                       | -                | 4,950                 |
| <b>Contingencies and commitments</b>                     |               |            |                          |                  |                       |
| Letter of guarantee                                      | -             | -          | -                        | -                | 15,141                |
| Letter of credit   | -             | -          | -                        | -                | 516,329               |
| Forward lending  | -             | -          | -                        | 0                | -                     |

**JS BANK LIMITED**  
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**FOR THE YEAR ENDED DECEMBER 31, 2024**

|   | 2024   |           |                          |            |                       |
|---|--------|-----------|--------------------------|------------|-----------------------|
|   | Parent | Directors | Key management personnel | Associates | Other related parties |
| <b>Profit and loss account</b>                        |        |           |                          |            |                       |
| Rupees in '000  |        |           |                          |            |                       |
| <b>Income</b>   |        |           |                          |            |                       |
| Mark-up / return / interest earned                    | -      | 93        | 24,943                   | 35,619     | 787,432               |
| Fee, commission and brokerage income                  | 2,300  | 173       | 2,827                    | -          | 131,882               |
| Dividend income                                       | -      | -         | -                        | -          | 86,975                |
| Gain on sale of securities - net                      | -      | -         | 16                       | -          | 306,450               |
| Gain / (loss) on sale of fixed assets                 | -      | -         | (239)                    | -          | -                     |
| Rental income   | -      | -         | -                        | -          | 14,225                |
| Other income  | -      | -         | -                        | 22         | 589                   |
| <b>Credit loss allowance on:</b>                      |        |           |                          |            |                       |
| Investments - net                                     | -      | -         | -                        | 18,922     | -                     |
| Advances  | -      | -         | 93                       | -          | 3,434                 |
| <b>Expense</b>  |        |           |                          |            |                       |
| Mark-up / return / interest paid                      | 23,254 | -         | 2,940                    | 3,706      | 1,611,411             |
| Commission / charges paid                             | -      | -         | -                        | -          | -                     |
| Remuneration paid                                     | -      | -         | 1,246,578                | -          | 961,273               |
| Non-executive directors' fee                          | -      | 13,300    | -                        | -          | 36,110                |
| Net charge for defined contribution plans             | -      | -         | -                        | -          | 685,788               |
| Net charge for defined benefit plans                  | -      | -         | -                        | -          | 462,822               |
| Insurance expense                                     | -      | -         | -                        | -          | 11,288                |
| Rent  | 4,243  | -         | -                        | -          | 6,032                 |
| Advisory fee  | 20,500 | -         | -                        | -          | -                     |
| Consultancy charges                                   | -      | -         | -                        | -          | 61,077                |
| Training & Development                                | -      | -         | 19,071                   | -          | -                     |
| Marketing, Advertisement & Publicity                  | -      | -         | -                        | -          | 21,142                |
| Royalty   | -      | -         | -                        | -          | 22,500                |
| Other expenses  | 3,053  | -         | -                        | -          | 386,880               |
| <b>Payments made during the period</b>                |        |           |                          |            |                       |
| Insurance premium paid                                | -      | -         | -                        | -          | 259,062               |
| Insurance claims settled                              | -      | -         | -                        | -          | 126,134               |
| Donation Paid   | -      | -         | -                        | -          | 174,559               |
| Dividend paid   | -      | -         | -                        | -          | 528,136               |
| <b>Other Transactions</b>                             |        |           |                          |            |                       |
| Sale of Government Securities                         | -      | -         | 13,425                   | -          | 182,570,938           |
| Purchase of Government Securities                     | -      | -         | 3,148                    | -          | 133,385,331           |
| Purchase of Shares of Subsidiary                      | -      | -         | -                        | -          | -                     |
| Sale of non-Government Securities                     | -      | -         | -                        | -          | -                     |
| Purchase of non-Government Securities                 | -      | -         | -                        | -          | -                     |
| Sale of Foreign Currencies                            | -      | -         | -                        | -          | -                     |
| Purchase of Foreign Currencies                        | -      | -         | -                        | -          | -                     |
| <b>Profit and loss account</b>                        |        |           |                          |            |                       |
| Rupees in '000  |        |           |                          |            |                       |
| <b>Income</b>   |        |           |                          |            |                       |
| Mark-up / return / interest earned                    | 431    | -         | 41,536                   | 107,624    | 479,860               |
| Fee, commission and brokerage income                  | 1,908  | 106       | 5,152                    | 10         | 365,972               |
| Dividend income                                       | -      | -         | -                        | -          | 173,843               |
| Gain on sale of securities - net                      | -      | -         | -                        | -          | 23,126                |
| Rental income   | -      | -         | -                        | -          | -                     |
| <b>Reversals / (provisions) and write offs - net</b>  |        |           |                          |            |                       |
| Reversal for diminution in value of Investments - net | -      | -         | -                        | -          | -                     |
| <b>Expense</b>  |        |           |                          |            |                       |
| Mark-up / return / interest paid                      | 52,143 | -         | 5,375                    | 6,053      | 1,361,144             |
| Commission / charges paid                             | -      | -         | -                        | -          | -                     |
| Remuneration paid                                     | -      | -         | 961,662                  | -          | 978,185               |
| Non-executive directors' fee                          | -      | 13,450    | -                        | -          | 31,590                |
| Net charge for defined contribution plans             | -      | -         | -                        | -          | 418,068               |
| Net charge for defined benefit plans                  | -      | -         | -                        | -          | 190,007               |
| Insurance expense                                     | -      | -         | -                        | -          | 164,437               |
| Rent  | 1,787  | -         | -                        | -          | 14,375                |
| Advisory fee  | 15,000 | -         | -                        | -          | 10,917                |
| Consultancy charges                                   | -      | -         | -                        | -          | 56,922                |
| Royalty   | -      | -         | -                        | -          | 26,250                |
| Other expenses  | 1,200  | -         | 25,626                   | 261        | 104,394               |
| <b>Payments made during the period</b>                |        |           |                          |            |                       |
| Insurance premium paid                                | -      | -         | -                        | -          | 96,440                |
| Insurance claims settled                              | -      | -         | -                        | -          | 7,874                 |
| <b>Other transactions</b>                             |        |           |                          |            |                       |
| Sale of Government Securities                         | -      | -         | 175,594                  | -          | 222,995,909           |
| Purchase of Government Securities                     | -      | -         | 309,485                  | -          | 22,146,983            |
| Purchase of Shares of Subsidiary                      | -      | -         | -                        | -          | 5,482,227             |
| Purchase of non-Government Securities                 | -      | -         | -                        | -          | 2,351,720             |
| Sale of non-Government Securities                     | -      | -         | -                        | -          | 50,456                |
| Sale of Foreign Currencies                            | -      | -         | -                        | -          | 36,568,435            |
| Purchase of Foreign Currencies                        | -      | -         | -                        | -          | 25,422,778            |

JS BANK LIMITED  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2024

| 46. CAPITAL ADEQUACY, LEVERAGE RATIO &<br>LIQUIDITY REQUIREMENTS | (Restated)         |                    |
|--|--------------------|--------------------|
|  | 2024               | 2023               |
| ----- Rupees in '000 -----                                       |                    |                    |
| Minimum Capital Requirement (MCR):                               |                    |                    |
| Paid-up capital (net of losses)                                  | <u>20,506,625</u>  | <u>20,506,625</u>  |
| -----  |                    |                    |
| Capital Adequacy Ratio (CAR):                                    |                    |                    |
| Eligible Common Equity Tier 1 (CET 1) Capital                    | 54,060,081         | 41,113,992         |
| Eligible Additional Tier 1 (ADT 1) Capital                       | 5,506,643          | 5,357,195          |
| Total Eligible Tier 1 Capital                                    | <u>59,566,724</u>  | <u>46,471,187</u>  |
| Eligible Tier 2 Capital  | 19,780,113         | 14,766,497         |
| Total Eligible Capital (Tier 1 + Tier 2)                         | <u>79,346,837</u>  | <u>61,237,684</u>  |
| -----  |                    |                    |
| Risk Weighted Assets (RWAs):                                     |                    |                    |
| Credit Risk  | 299,924,033        | 276,360,614        |
| Market Risk  | 6,122,020          | 6,158,394          |
| Operational Risk   | 133,141,179        | 95,774,177         |
| Total  | <u>439,187,232</u> | <u>378,293,185</u> |
| -----  |                    |                    |
| Common Equity Tier 1 Capital Adequacy ratio                      | 12.31%             | 10.87%             |
| Tier 1 Capital Adequacy Ratio                                    | <u>13.56%</u>      | <u>12.28%</u>      |
| Total Capital Adequacy Ratio                                     | <u>18.07%</u>      | <u>16.19%</u>      |
| -----  |                    |                    |

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, 2024 stood at Rs. 20,506.525 million (2023: Rs. 20,506,525 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. Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 7.5% and 9.0%, respectively (inclusive of Capital Conservation Buffer). As at December 31, 2024 the Group is fully compliant with prescribed ratios, as the Group's CAR is 18.07% whereas CET 1 and Tier 1 ratios stood at 12.31% and 13.56% respectively on Consolidated Basis. The Group 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 Group's exposures based on eligible collateral under comprehensive approach.

|   | 2024                       |                | 2023 |
|---|----------------------------|----------------|------|
|   | ----- Rupees in '000 ----- |                |      |
| <b>Leverage Ratio (LR):</b>             |                            |                |      |
| Eligible Tier-1 Capital                 | 59,566,724                 | 46,471,187     |      |
| Total Exposures                         | 1,607,832,690              | 1,358,329,687  |      |
| Leverage Ratio                          | <u>3.70%</u>               | <u>3.42%</u>   |      |
| -----                                   |                            |                |      |
| <b>Liquidity Coverage Ratio (LCR):</b>  |                            |                |      |
| Total High Quality Liquid Assets        | 517,736,180                | 518,459,296    |      |
| Total Net Cash Outflow                  | 201,355,659                | 182,046,259    |      |
| Liquidity Coverage Ratio                | <u>257.13%</u>             | <u>284.80%</u> |      |
| -----                                   |                            |                |      |
| <b>Net Stable Funding Ratio (NSFR):</b> |                            |                |      |
| Total Available Stable Funding          | 1,060,751,693              | 954,593,181    |      |
| Total Required Stable Funding           | 528,102,996                | 455,000,724    |      |
| Net Stable Funding Ratio                | <u>200.86%</u>             | <u>209.80%</u> |      |
| -----                                   |                            |                |      |

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**47. 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 enables 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), Portfolio Management Committee (PMC), 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. PMC 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.

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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), Chief Risk Officer, Chief Operating Officer, Chief Credit Officer, Chief Financial Officer, Chief Compliance Officer, Group Head Corporate & Public Sector Government, Group Head Operations, Chief of Staff, Group Head Retail Banking, Head of Human Resources, and Chief Product & Marketing Officer.
- Asset - Liability Committee (ALCO) comprises of the President / Chief Executive Officer (CEO), Treasurer, Chief Risk Officer, Chief Credit Officer, Group Head Investment Banking, Chief Financial Officer and attended by Other Business Heads.
- Central Credit Committee (CCC) comprising of the President / CEO, Chief Operating Officer, Chief Credit Officer, Group Head Corporate & Public Sector Government, Group Head Emerging Corporate (South), Group Head Emerging Corporate (Central & North) and Head of Environmental Risk (for environmental risk only).
- Portfolio Management Committee (PMC) comprises of President / CEO, Chief Risk Officer, Chief Credit Officer, Group Head Corporate & Public Sector Government, Group Head Retail Banking, Heads of Credit Risk, Head CAD, Head of Consumer Risk, and Head Enterprise Risk Management.
- Operational Risk Management Committee (ORMC) comprises of the Chief of Staff, Chief Risk Officer, Chief Compliance Officer, Chief Information Officer, Group Head Operations, Head of Human Resources, Chief Product & Marketing Officer, Group Head Retail Banking, Group Head Customer Experience and Head Enterprise Risk Management .
- Remedial Management Committee (RMC) comprises of President / CEO, Chief Risk Officer, Chief Credit Officer, Chief of Staff, Chief Operating Officer, Chief Financial Officer, Head of SAM, CAD Head, 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 (CRO) and comprises of Heads of Market & Liquidity Risks, Operational Risk and Treasury Middle Office, Consumer & Program Lending Risk, Information Security, Agricultural Credit Risk, Strategic Projects & Quantitative Analysis and Enterprise Risk Management.
- Credit Risk Group (CRG) is also an independent function to business and is headed by Chief Credit Officer (CCO). Credit Risk Heads dealing in corporate, emerging corporate, middle market, small & medium enterprises, financial institutions and international operations are reporting into CCO. Special Assets Management (SAM) and Credit Administration (CAD) also report into CCO.

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**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; and
- 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.

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**47.1 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 Group 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 minimize 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 Credit Risk Group (CRG), 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.

**47.1.1 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 (ECAs) whose ratings are being utilised by the Bank with respect to material categories of exposures:

| Exposures                | 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 |

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          | VIS            | Fitch          | Moody's        | S&P            | ECA Scores |
|------------------|----------------|----------------|----------------|----------------|----------------|------------|
| 1                | AAA            | AAA            | AAA            | Aaa            | AAA            | 1          |
|                  | AA+            | AA+            | AA+            | Aa1            | AA+            |            |
|                  | AA             | AA             | AA             | Aa2            | AA             |            |
|                  | AA-            | AA-            | AA-            | Aa3            | AA-            |            |
| 2                | A+             | A+             | A+             | A1             | A+             | 2          |
|                  | A              | A              | A              | A2             | A              |            |
|                  | A-             | A-             | A-             | A3             | A-             |            |
| 3                | BBB+           | BBB+           | BBB+           | Baa1           | BBB+           | 3          |
|                  | BBB            | BBB            | BBB            | Baa2           | BBB            |            |
|                  | BBB-           | BBB-           | BBB-           | Baa3           | BBB-           |            |
| 4                | BB+            | BB+            | BB+            | Ba1            | BB+            | 4          |
|                  | BB             | BB             | BB             | Ba2            | BB             |            |
|                  | BB-            | BB-            | BB-            | Ba3            | BB-            |            |
| 5                | B+             | B+             | B+             | B1             | B+             | 5, 6       |
|                  | B              | B              | B              | B2             | B              |            |
|                  | B-             | B-             | B-             | B3             | B-             |            |
| 6                | CCC+ and below | CCC+ and below | CCC+ and below | Caa1 and below | CCC+ and below | 7          |

**Short - Term Ratings Grades Mapping**

| SBP Rating Grade | PACRA  | VIS    | Fitch  | Moody's | S&P       |
|------------------|--------|--------|--------|---------|-----------|
| S1               | A-1    | A-1    | F1     | P-1     | A-1+, A-1 |
| S2               | A-2    | A-2    | F2     | P-2     | A-2       |
| S3               | A-3    | A-3    | F3     | P-3     | A-3       |
| S4               | Others | Others | Others | Others  | Others    |

**47.1.2 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. 08 dated June 27, 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, Market Treasury Bills and Pakistan Investment Bonds etc. and Shares, Term Finance Certificates (TFCs) and Mutual Funds Listed on the Main Index.

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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:

### **47.1.3 Lendings to financial institutions**

## Credit risk by public/ private sector

|                     |                  |            |               |        |   |   |               |
|---------------------|------------------|------------|---------------|--------|---|---|---------------|
| Public / Government |                  |            |               |        |   |   |               |
| Private             | <b>4,272,508</b> | 16,519,958 | <b>14,580</b> | 17,820 | - | - | <b>17,820</b> |
|                     | <b>4,272,508</b> | 16,519,958 | <b>14,580</b> | 17,820 | - | - | <b>17,820</b> |
|                     |                  |            |               |        |   |   | 17,820        |

#### **47.1.4 Investment in debt securities**

## Credit risk by industry sector

| Gross Investments  |             | Non-performing Investments |           | Credit loss allowance / provision held |                |                |           |
|--------------------|-------------|----------------------------|-----------|--|----------------|----------------|-----------|
| 2024               | 2023        | 2024                       | 2023      | Stage 1                                | Stage 2        | Stage 3        |           |
| Rupees in '000     |             |                            |           |  |                |                |           |
| <b>1,093,980</b>   | 99,998      | -                          | -         | -                                      | -              | -              | -         |
| <b>274,485,206</b> | 262,940,873 | <b>21,072</b>              | 21,072    | <b>250</b>                             | <b>203,415</b> | <b>21,072</b>  | 334,872   |
| <b>143,446</b>     | 593,446     | <b>143,446</b>             | 143,446   |  |                | <b>143,446</b> | 143,446   |
| <b>32,277,326</b>  | 33,174,101  | -                          | -         | -                                      | -              | -              | -         |
| <b>56,616</b>      | 986,996     | <b>56,615</b>              | 56,615    | -                                      | -              | <b>56,615</b>  | 56,615    |
| <b>510,082</b>     | 803,256     | <b>221,251</b>             | 764,618   | -                                      | -              | <b>288,831</b> | 543,367   |
| <b>33,333</b>      | 110,674     | -                          | -         | -                                      | -              | -              | -         |
| <b>32,800</b>      | 81,800      | <b>32,800</b>              | 32,800    | -                                      | -              | <b>32,800</b>  | 32,800    |
| <b>55,000</b>      | 55,000      | <b>55,000</b>              | 55,000    | -                                      | -              | -              | -         |
| <b>299,226,475</b> | 272,355,928 | -                          | -         | -                                      | -              | -              | -         |
| <b>1,579,078</b>   | 1,443,813   | <b>890,408</b>             | 159,661   | <b>3</b>                               | -              | <b>415,937</b> | 159,661   |
| <b>609,493,342</b> | 572,645,885 | <b>1,420,592</b>           | 1,233,212 | <b>253</b>                             | <b>203,415</b> | <b>958,701</b> | 1,270,761 |

## Credit risk by public / private sector

|                     |                    |             |                  |           |            |                |                |           |
|---------------------|--------------------|-------------|------------------|-----------|------------|----------------|----------------|-----------|
| Public / Government | <b>591,852,497</b> | 546,731,162 | -                | -         | -          | -              | -              | 124,556   |
| Private             | <b>17,640,845</b>  | 25,914,723  | <b>1,420,592</b> | 1,233,212 | <b>253</b> | <b>203,415</b> | <b>958,701</b> | 1,146,205 |
|                     | <b>609,493,342</b> | 572,645,885 | <b>1,420,592</b> | 1,233,212 | <b>253</b> | <b>203,415</b> | <b>958,701</b> | 1,270,761 |

### 47.1.5 Advances

## Credit risk by industry sector

|  |                    |             |                   |            |                  |                |                   |            |
|--|--------------------|-------------|-------------------|------------|------------------|----------------|-------------------|------------|
| Agriculture, forestry, hunting and fishing | <b>16,169,960</b>  | 15,323,448  | <b>1,541,835</b>  | 1,506,306  | <b>570,333</b>   | <b>5,712</b>   | <b>1,185,210</b>  | 1,839,487  |
| Air transport                              | <b>21,906,163</b>  | 18,570,899  | -                 | -          | -                | -              | -                 | 746,854    |
| Chemical and pharmaceuticals               | <b>19,912,578</b>  | 13,677,794  | <b>1,234,623</b>  | 2,106,599  | <b>106,621</b>   | <b>6,616</b>   | <b>1,159,938</b>  | 605,803    |
| Construction                               | <b>26,067,052</b>  | 18,353,432  | <b>2,647,172</b>  | 1,006,775  | <b>62,943</b>    | <b>210,383</b> | <b>1,684,353</b>  | 1,918,444  |
| Education and medical                      | <b>3,528,095</b>   | 4,402,499   | <b>122,208</b>    | 118,256    | <b>28,539</b>    | <b>6,724</b>   | <b>80,180</b>     | -          |
| Electronics and electrical appliances      | <b>5,194,236</b>   | 5,577,786   | <b>2,386,032</b>  | 1,416,018  | <b>15,491</b>    | <b>4,349</b>   | <b>1,561,372</b>  | 1,334,884  |
| Financial                                  | <b>128,178,704</b> | 8,332,818   | <b>240,400</b>    | 241,890    | <b>32,904</b>    | <b>2,432</b>   | <b>240,189</b>    | 1,316,577  |
| Food, tobacco and beverages                | <b>33,455,746</b>  | 68,673,288  | <b>5,896,021</b>  | 4,385,449  | <b>110,031</b>   | <b>48,836</b>  | <b>5,103,030</b>  | 1,883,800  |
| Hotel and tourism                          | <b>416,988</b>     | 343,313     | <b>11,022</b>     | 14,307     | <b>771</b>       | <b>271</b>     | <b>4,400</b>      | 351,022    |
| Individuals                                | <b>70,445,398</b>  | 75,521,106  | <b>5,969,358</b>  | 5,660,821  | <b>656,967</b>   | <b>350,841</b> | <b>4,461,916</b>  | 3,700,677  |
| Information and communication              | <b>18,648,052</b>  | 21,361,145  | <b>1,000,335</b>  | 1,149,548  | <b>11,778</b>    | <b>2,477</b>   | <b>866,295</b>    | 50,418     |
| Leather and related products               | <b>3,872,901</b>   | 2,153,538   | <b>3,622</b>      | 2,459      | <b>39,867</b>    | <b>1,937</b>   | <b>3,097</b>      | 2,075,166  |
| Metal and allied industries                | <b>15,732,756</b>  | 15,616,020  | <b>6,520,266</b>  | 3,098,689  | <b>35,783</b>    | <b>5,369</b>   | <b>5,136,355</b>  | 684,741    |
| Mining and quarrying                       | <b>828,844</b>     | 1,049,026   | <b>27,835</b>     | 18,500     | <b>22</b>        | <b>1,111</b>   | <b>27,835</b>     | -          |
| Plastic and Non Metallic Prodcuts          | <b>2,318,850</b>   | 3,024,596   | <b>719,941</b>    | 722,543    | <b>540</b>       | <b>16,158</b>  | <b>665,612</b>    | 15,667     |
| Power (electricity), gas, water, sanitary  | <b>17,080,749</b>  | 17,973,316  | <b>1,192,397</b>  | 1,198,739  | <b>91,125</b>    | <b>1,753</b>   | <b>1,006,555</b>  | 588,146    |
| Printing and Publication activities        | <b>6,156,125</b>   | 6,502,241   | <b>119,400</b>    | 126,004    | <b>62,795</b>    | <b>8,121</b>   | <b>32,887</b>     | 232,040    |
| Services                                   | <b>27,834,006</b>  | 42,011,288  | <b>90,334</b>     | 1,393,158  | <b>370,358</b>   | <b>16,709</b>  | <b>61,755</b>     | 72,861     |
| Textile                                    | <b>84,845,056</b>  | 67,184,026  | <b>7,309,228</b>  | 6,520,332  | <b>345,305</b>   | <b>30,251</b>  | <b>7,016,407</b>  | 6,001,980  |
| Transport, storage and communication       | <b>14,182,415</b>  | 10,801,644  | <b>1,354,224</b>  | 1,313,563  | <b>63,232</b>    | <b>86,668</b>  | <b>1,328,240</b>  | 982,682    |
| Wholesale and retail trade                 | <b>23,007,105</b>  | 23,223,899  | <b>3,321,327</b>  | 2,702,948  | <b>86,716</b>    | <b>9,386</b>   | <b>2,144,139</b>  | 430,298    |
| Cement                                     | <b>2,074,411</b>   | 3,355,526   | <b>500,000</b>    | 500,000    | <b>20,346</b>    | -              | <b>500,000</b>    | 500,000    |
| Exports / Imports                          | <b>340,578</b>     | 765,651     | <b>319,148</b>    | 67,318     | <b>581</b>       | -              | <b>68,848</b>     | 63,070     |
| Sugar                                      | <b>15,948,083</b>  | 9,563,556   | <b>584,108</b>    | 1,023,108  | <b>113,237</b>   | <b>113,238</b> | <b>584,108</b>    | 815,608    |
| Private Trusts & Non-profit Organization   | <b>26,970</b>      | 9,764       | -                 | -          | <b>1,178</b>     | -              | -                 | -          |
| Others                                     | <b>16,358,442</b>  | 14,982,268  | <b>2,483,911</b>  | 2,781,762  | <b>215,229</b>   | <b>31,470</b>  | <b>2,407,511</b>  | 2,899,488  |
|  | <b>574,530,263</b> | 468,353,887 | <b>45,594,747</b> | 39,075,092 | <b>3,042,692</b> | <b>960,812</b> | <b>37,330,232</b> | 29,109,710 |

## Credit risk by public / private sector

|                     |                    |             |                   |            |                  |                |                   |            |
|---------------------|--------------------|-------------|-------------------|------------|------------------|----------------|-------------------|------------|
| Public / Government | <b>38,128,356</b>  | 102,967,101 | -                 | -          | -                | -              | -                 | -          |
| Private             | <b>536,401,907</b> | 365,386,786 | <b>45,594,747</b> | 39,075,092 | <b>3,042,692</b> | <b>960,812</b> | <b>37,330,232</b> | 29,109,710 |
|                     | <b>574,530,263</b> | 468,353,887 | <b>45,594,747</b> | 39,075,092 | <b>3,042,692</b> | <b>960,812</b> | <b>37,330,232</b> | 29,109,710 |

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**47.1.6 Credit risk by industry sector**

|  | <b>Contingencies and commitments</b> |             |
|--|--------------------------------------|-------------|
|  | <b>2024</b>                          | 2023        |
|  | Rupees in '000                       |             |
| Agriculture, forestry, hunting and fishing | <b>21,986,941</b>                    | 13,847,685  |
| Chemical and pharmaceuticals               | 10,733,131                           | 17,672,916  |
| Construction                               | 72,445,947                           | 41,615,778  |
| Education and medical                      | 212,729                              | 1,365,528   |
| Electronics and electrical appliances      | 3,625,297                            | 5,481,008   |
| Financial                                  | 236,100,781                          | 232,212,096 |
| Food, tobacco and beverages                | 20,943,368                           | 11,032,746  |
| Hotel and tourism                          | 6,673                                | 551,246     |
| Individuals                                | 3,594,299                            | 2,979,200   |
| Information and communication              | 6,845,273                            | 6,494,377   |
| Leather and related products               | 970,443                              | 151,348     |
| Metal and allied industries                | 5,690,568                            | 2,129,149   |
| Oil and Allied                             | 2,470,440                            | 3,431,455   |
| Paper and allied                           | 4,157,439                            | 1,581,666   |
| Power (electricity), gas, water, sanitary  | 6,536,887                            | 23,863,629  |
| Real estate activities                     | 3,473,370                            | 4,551,937   |
| Textile                                    | 108,378,410                          | 55,247,198  |
| Transport, storage and communication       | 13,703,631                           | 8,197,783   |
| Wholesale and retail trade                 | 18,440,502                           | 22,683,968  |
| Mining and Quarrying                       | 4,452                                | 956,771     |
| Cement                                     | 1,026,046                            | 396,935     |
| Sugar                                      | 40,339,390                           | 3,647,371   |
| Production and transmission of energy      | 1,503,641                            | 1,301,308   |
| Exports / Imports                          | 77,630,302                           | 1,152,892   |
| Services                                   | 16,085,211                           | 7,583,989   |
| Manufacturing                              | 17,796,055                           | 10,765,092  |
| Others                                     | 16,695,565                           | 13,235,357  |
|  | <b>711,396,791</b>                   | 494,130,428 |

**Credit risk by public / private sector**

|                     | <b>2024</b>        | 2023        |
|---------------------|--------------------|-------------|
|                     | Rupees in '000     |             |
| Public / Government | <b>92,578,734</b>  | 112,332,834 |
| Private             | <b>618,818,057</b> | 381,797,594 |
|                     | <b>711,396,791</b> | 494,130,428 |

**47.1.7 Concentration of Advances**

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 111,459.037 million (2023: Rs. 68,633.79 million) are as following:

|                | <b>2024</b>        | 2023       |
|----------------|--------------------|------------|
|                | Rupees in '000     |            |
| Funded         | 75,066,413         | 36,721,558 |
| Non Funded     | 36,392,624         | 31,912,228 |
| Total Exposure | <b>111,459,037</b> | 68,633,786 |

**47.1.7.1** None of the exposure against these are classified.

**47.1.7.2** The sanctioned limits against these top 10 exposures aggregated to Rs. 71,999.525 million (2023: Rs. 70,850.560 million).

**47.1.8 Advances - Province / Region-wise Disbursement & Utilization**

| Province / Region          | Disbursements      | <b>2024</b>        |                    |                  |                  |                   |                          |                   |
|----------------------------|--------------------|--------------------|--------------------|------------------|------------------|-------------------|--------------------------|-------------------|
|                            |                    | <b>Utilization</b> |                    |                  |                  |                   |                          |                   |
|                            |                    | Punjab             | Sindh              | KPK & FATA       | Balochistan      | Islamabad         | AJK & Gilgit - Baltistan | Bahrain           |
| ----- Rupees in '000 ----- |                    |                    |                    |                  |                  |                   |                          |                   |
| Punjab                     | <b>114,528,579</b> | <b>114,528,579</b> | -                  | -                | -                | -                 | -                        | -                 |
| Sindh                      | 245,344,881        | -                  | <b>245,344,881</b> | -                | -                | -                 | -                        | -                 |
| KPK including FATA         | 1,597,473          | -                  | -                  | <b>1,597,473</b> | -                | -                 | -                        | -                 |
| Balochistan                | 78,383             | -                  | -                  | -                | <b>78,383</b>    | -                 | -                        | -                 |
| Islamabad                  | 69,979,624         | -                  | -                  | -                | -                | <b>69,979,624</b> | -                        | -                 |
| AJK including              |                    |                    |                    |                  |                  |                   |                          |                   |
| Gilgit-Baltistan           | 203,116            | -                  | -                  | -                | -                | -                 | <b>203,116</b>           | -                 |
| Bahrain                    | 26,862,279         | -                  | -                  | -                | -                | -                 | -                        | <b>26,862,279</b> |
| Total                      | <b>458,594,335</b> | <b>114,528,579</b> | <b>245,344,881</b> | <b>1,597,473</b> | <b>78,383</b>    | <b>69,979,624</b> | <b>203,116</b>           | <b>26,862,279</b> |
| ----- Rupees in '000 ----- |                    |                    |                    |                  |                  |                   |                          |                   |
| ----- 2023 -----           |                    |                    |                    |                  |                  |                   |                          |                   |
| Province / Region          | Disbursements      | Punjab             | Sindh              | KPK & FATA       | Balochistan      | Islamabad         | AJK & Gilgit-Baltistan   | Bahrain           |
| ----- Rupees in '000 ----- |                    |                    |                    |                  |                  |                   |                          |                   |
| Punjab                     | 161,912,121        | 161,912,121        | -                  | -                | -                | -                 | -                        | -                 |
| Sindh                      | 279,761,868        | -                  | <b>279,761,868</b> | -                | -                | -                 | -                        | -                 |
| KPK including FATA         | 3,961,331          | -                  | -                  | <b>3,961,331</b> | -                | -                 | -                        | -                 |
| Balochistan                | 1,019,746          | -                  | -                  | -                | <b>1,019,746</b> | -                 | -                        | -                 |
| Islamabad                  | 52,787,279         | -                  | -                  | -                | -                | <b>52,787,279</b> | -                        | -                 |
| AJK including              |                    |                    |                    |                  |                  |                   |                          |                   |
| Gilgit-Baltistan           | 920,752            | -                  | -                  | -                | -                | -                 | <b>920,752</b>           | -                 |
| Bahrain                    | 13,859,548         | -                  | -                  | -                | -                | -                 | -                        | <b>13,859,548</b> |
| Total                      | <b>514,222,645</b> | <b>161,912,121</b> | <b>279,761,868</b> | <b>3,961,331</b> | <b>1,019,746</b> | <b>52,787,279</b> | <b>920,752</b>           | <b>13,859,548</b> |

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**47.1.9 Sensitivity of ECL to Future Economic Conditions**

The ECL are sensitive to judgements and assumption made regarding formulation of forward-looking scenarios and how much such scenarios are incorporated into calculations. The Bank performs sensitivity analysis on the ECL recognized on each of its segments.

The table below shows the loss allowance on each segment assuming each forward-looking scenario (e.g. improved, base and worst) were weighted 100 percent instead of applying scenario probability across the three scenarios.

|                          | Total ECL as per FS | Improved           |                          | Base               |                          | Worst              |                          |
|--------------------------|---------------------|--------------------|--------------------------|--------------------|--------------------------|--------------------|--------------------------|
|                          |                     | As per sensitivity | Increase / decrease in % | As per sensitivity | Increase / decrease in % | As per sensitivity | Increase / decrease in % |
| Rupees in '000           |                     |                    |                          |                    |                          |                    |                          |
| Corporate and commercial | 30,566,899          | 30,608,982         | 0.14%                    | 30,537,426         | -0.10%                   | 30,812,625         | 0.80%                    |
| Medium enterprise        | 5,167,553           | 5,381,041          | 4.13%                    | 5,313,628          | 2.83%                    | 5,497,228          | 6.38%                    |
| Small enterprise         | 1,088,465           | 1,085,888          | -0.24%                   | 1,088,322          | -0.01%                   | 1,091,709          | 0.30%                    |
| Muskun                   | 1,447,371           | 1,546,178          | 6.83%                    | 1,116,377          | -22.87%                  | 1,460,530          | 0.91%                    |
| Consumer                 | 1,848,088           | 1,857,421          | 0.51%                    | 1,711,103          | -7.41%                   | 1,893,190          | 2.44%                    |
| Agriculture              | 728,211             | 776,158            | 6.58%                    | 556,060            | -23.64%                  | 744,030            | 2.17%                    |
| Credit Card              | 222,419             | 191,339            | -13.97%                  | 221,620            | -0.36%                   | 257,228            | 15.65%                   |
| Staff                    | 166,046             | 166,048            | 0.00%                    | 166,048            | 0.00%                    | 166,048            | 0.00%                    |
| Overseas Operations      | 192,503             | 155,396            | -19.28%                  | 191,847            | -0.34%                   | 232,674            | 20.87%                   |

**47.2 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.

**47.2.1 Balance sheet split by trading and banking books**

|                        | 2024                 |                  |                      | 2023                 |                  |                      |
|------------------------|----------------------|------------------|----------------------|----------------------|------------------|----------------------|
|                        | Banking book         | Trading book     | Total                | Banking book         | Trading book     | Total                |
| Rupees in '000         |                      |                  |                      |                      |                  |                      |
| Cash and balances      |                      |                  |                      |                      |                  |                      |
| with treasury banks    | <b>84,152,368</b>    | -                | <b>84,152,368</b>    | 82,182,460           | -                | 82,182,460           |
| Balances with          |                      |                  |                      |                      |                  |                      |
| other banks            | <b>5,075,835</b>     | -                | <b>5,075,835</b>     | 5,302,080            | -                | 5,302,080            |
| Lendings to            |                      |                  |                      |                      |                  |                      |
| financial institutions | <b>4,257,928</b>     | -                | <b>4,257,928</b>     | 16,502,138           | -                | 16,502,138           |
| Investments            | <b>620,249,132</b>   | <b>9,217,042</b> | <b>629,466,174</b>   | 581,609,921          | 1,513,353        | 583,123,274          |
| Advances               | <b>521,168,186</b>   | -                | <b>521,168,186</b>   | 429,351,921          | -                | 429,351,921          |
| Property and equipment | <b>28,175,404</b>    | -                | <b>28,175,404</b>    | 22,241,601           | -                | 22,241,601           |
| Right-of-use assets    | <b>7,078,577</b>     | -                | <b>7,078,577</b>     | 5,848,280            | -                | 5,848,280            |
| Intangible assets      | <b>12,259,952</b>    | -                | <b>12,259,952</b>    | 10,060,410           | -                | 10,060,410           |
| Deferred tax assets    | -                    | -                | -                    | -                    | -                | -                    |
| Other assets           | <b>67,408,704</b>    | -                | <b>67,408,704</b>    | 71,846,826           | -                | 71,846,826           |
|                        | <b>1,349,826,086</b> | <b>9,217,042</b> | <b>1,359,043,128</b> | <b>1,224,945,637</b> | <b>1,513,353</b> | <b>1,226,458,990</b> |

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**47.2.2 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 the State Bank of Pakistan (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.

|                            | 2024                    |                              |                         |                               | 2023                    |                              |                         |                               |
|----------------------------|-------------------------|------------------------------|-------------------------|-------------------------------|-------------------------|------------------------------|-------------------------|-------------------------------|
|                            | Foreign currency assets | Foreign currency liabilities | Off-balance sheet items | Net foreign currency exposure | Foreign currency assets | Foreign currency liabilities | Off-balance sheet items | Net foreign currency exposure |
| ----- Rupees in '000 ----- |                         |                              |                         |                               |                         |                              |                         |                               |
| United States Dollar       | 42,065,577              | 88,405,418                   | 37,049,717              | (9,290,124)                   | 46,164,754              | 79,134,003                   | 23,194,925              | (9,774,324)                   |
| Great Britain Pound        | 666,744                 | 5,965,705                    | 5,340,701               | 41,740                        | 833,163                 | 5,320,209                    | 3,950,482               | (536,564)                     |
| Euro                       | 1,747,083               | 2,535,419                    | 715,003                 | (73,333)                      | 2,101,929               | 2,160,752                    | (855,979)               | (914,802)                     |
| Other currencies           | 680,213                 | 716,696                      | -                       | (36,483)                      | 614,280                 | 872,673                      | 92,264                  | (166,129)                     |
|                            | <b>45,159,617</b>       | <b>97,623,238</b>            | <b>43,105,421</b>       | <b>(9,358,200)</b>            | <b>49,714,126</b>       | <b>87,487,637</b>            | <b>26,381,692</b>       | <b>(11,391,819)</b>           |

|                            | 2024         |              | 2023         |              |
|----------------------------|--------------|--------------|--------------|--------------|
|                            | Banking book | Trading book | Banking book | Trading book |
| ----- Rupees in '000 ----- |              |              |              |              |

Impact of 1% change in foreign exchange rate on

- Profit and loss account
  - Other comprehensive income
- |               |            |                |
|---------------|------------|----------------|
| <b>94,129</b> | <b>547</b> | <b>116,435</b> |
| -             | -          | 7,143          |

**47.2.3 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 Portfolio level limits and scrip-wise stop loss monitoring.

|                            | 2024         |              | 2023         |              |
|----------------------------|--------------|--------------|--------------|--------------|
|                            | 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
- |               |                |                |
|---------------|----------------|----------------|
| <b>14,830</b> | <b>238,807</b> | <b>211,099</b> |
| -             | -              | -              |

**47.2.4 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 is given below:

|                            | 2024         |              | 2023         |              |
|----------------------------|--------------|--------------|--------------|--------------|
|                            | Banking book | Trading book | Banking book | Trading book |
| ----- Rupees in '000 ----- |              |              |              |              |

Impact of 1% change in interest rates on

- Profit and loss account
  - Other comprehensive income
- |                |                  |                |
|----------------|------------------|----------------|
| <b>772,881</b> | <b>(284,818)</b> | <b>576,800</b> |
| -              | (72,650)         | (548,320)      |
|                |                  | (2)            |

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**47.3 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 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.

|   | Effective yield / interest / profit rate (%) | Total              | 2024                                  |                    |                    |                         |                    |                    |                    |                    |                      |                      | Non-interest / profit bearing financial instrument |  |
|---|--|--------------------|---------------------------------------|--------------------|--------------------|-------------------------|--------------------|--------------------|--------------------|--------------------|----------------------|----------------------|--|--|
|   |  |                    | Exposed to yield / interest rate risk |                    |                    |                         |                    |                    |                    |                    |                      |                      |  |  |
|   |  |                    | 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 | Over 10 years        |                      |  |  |
| <b>On-balance sheet financial instruments</b>                 |  |                    |                                       |                    |                    |                         |                    |                    |                    |                    |                      |                      |  |  |
| <b>Assets</b>   |  |                    |                                       |                    |                    |                         |                    |                    |                    |                    |                      |                      |  |  |
| Cash and balances with treasury banks                         | -  | 84,152,363         | 4,965,343                             | -                  | -                  | -                       | -                  | -                  | -                  | -                  | -                    | -                    | 79,187,025   |  |
| Balances with other banks                                     | 4.06%  | 5,075,835          | 791,151                               | -                  | -                  | -                       | -                  | -                  | -                  | -                  | -                    | -                    | 4,284,684  |  |
| Lendings to financial institutions                            | 22.36%                                       | 4,257,928          | 4,257,928                             | -                  | -                  | -                       | -                  | -                  | -                  | -                  | -                    | -                    | -  |  |
| Investments   | 18.26%                                       | 629,466,174        | 101,289,720                           | 92,535,776         | 376,692,962        | 44,325,152              | 518,583            | 2,331,173          | 3,632,882          | 1,368,073          | 184,569              | -                    | 6,587,284  |  |
| Advances  | 17.68%                                       | 521,168,186        | 140,113,709                           | 64,451,182         | 130,164,080        | 96,268,126              | 6,703,711          | 10,420,752         | 11,592,461         | 11,065,965         | 9,981,692            | 40,406,508           | 47,441,522   |  |
| Other assets  | -  | 47,441,522         | -                                     | -                  | -                  | -                       | -                  | -                  | -                  | -                  | -                    | -                    | -  |  |
|   |  | 1,291,562,013      | 251,417,851                           | 156,986,958        | 506,857,042        | 140,593,278             | 7,222,294          | 12,751,925         | 15,225,343         | 12,434,038         | 10,166,261           | -                    | 177,907,023  |  |
| <b>Liabilities</b>  |  |                    |                                       |                    |                    |                         |                    |                    |                    |                    |                      |                      |  |  |
| Bills payable   | -  | 21,899,370         | -                                     | -                  | -                  | -                       | -                  | -                  | -                  | -                  | -                    | -                    | 21,899,370   |  |
| Borrowings  | 14.52%                                       | 114,360,666        | 66,834,165                            | 6,600,151          | 10,627,097         | 3,381,654               | 6,686,446          | 6,040,415          | 3,765,468          | 10,368,396         | 56,874               | -                    | 410,298,470  |  |
| Deposits and other accounts                                   | 9.26%  | 1,081,826,269      | 566,866,213                           | 19,993,163         | 36,288,921         | 47,203,824              | 810,278            | 139,573            | 225,827            | -                  | -                    | -                    | -  |  |
| Lease liabilities   | 15.73%                                       | 7,845,190          | 2,580                                 | 18,182             | 56,675             | 85,483                  | 532,789            | 564,386            | 5,571,396          | 1,013,699          | -                    | -                    | -  |  |
| Subordinated debt   | 20.65%                                       | 11,492,708         | -                                     | 6,495,708          | 4,997,000          | -                       | -                  | -                  | -                  | -                  | -                    | -                    | 35,190,855   |  |
| Other liabilities   | -  | 35,190,855         | -                                     | -                  | -                  | -                       | -                  | -                  | -                  | -                  | -                    | -                    | 467,388,695  |  |
|   |  | 1,272,615,058      | 633,702,958                           | 33,107,204         | 51,969,693         | 50,670,961              | 8,029,513          | 6,744,374          | 9,562,691          | 11,382,095         | 56,874               | -                    | -  |  |
| <b>On-balance sheet gap</b>                                   |  | <b>18,946,955</b>  | <b>(382,285,107)</b>                  | <b>123,879,754</b> | <b>454,887,349</b> | <b>89,922,317</b>       | <b>(807,219)</b>   | <b>6,007,551</b>   | <b>5,662,652</b>   | <b>1,051,943</b>   | <b>10,109,387</b>    | <b>(289,481,672)</b> |  |  |
| <b>Off-balance sheet financial instruments</b>                |  |                    |                                       |                    |                    |                         |                    |                    |                    |                    |                      |                      |  |  |
| Documentary credits and short-term trade-related transactions |  | 39,937,618         | 39,937,618                            | -                  | -                  | -                       | -                  | -                  | -                  | -                  | -                    | -                    | -  |  |
| Commitments in respect of:                                    |  |                    |                                       |                    |                    |                         |                    |                    |                    |                    |                      |                      |  |  |
| - forward foreign exchange contracts                          |  | 204,175,608        | 108,812,849                           | 51,778,905         | 42,467,288         | 1,116,566               | -                  | -                  | -                  | -                  | -                    | -                    | -  |  |
| - forward government securities transactions                  |  | 14,991,654         | 14,991,654                            | -                  | -                  | -                       | -                  | -                  | -                  | -                  | -                    | -                    | -  |  |
| - derivatives   |  | -                  | -                                     | -                  | -                  | -                       | -                  | -                  | -                  | -                  | -                    | -                    | -  |  |
| - forward lending   |  | 51,495             | -                                     | -                  | 51,495             | -                       | -                  | -                  | -                  | -                  | -                    | -                    | -  |  |
| - Other Commitments   |  | 281,040,900        | 281,040,900                           | -                  | -                  | -                       | -                  | -                  | -                  | -                  | -                    | -                    | -  |  |
| <b>Off-balance sheet gap</b>                                  |  | <b>540,197,275</b> | <b>444,783,021</b>                    | <b>51,778,905</b>  | <b>42,518,783</b>  | <b>1,116,566</b>        | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>             | <b>-</b>             | <b>-</b>   |  |
| <b>Total yield / interest risk sensitivity gap</b>            |  | <b>62,497,914</b>  | <b>175,658,659</b>                    | <b>497,406,132</b> | <b>91,038,883</b>  | <b>(807,219)</b>        | <b>6,007,551</b>   | <b>5,662,652</b>   | <b>1,051,943</b>   | <b>10,109,387</b>  | <b>(289,481,672)</b> |                      |  |  |
| <b>Cumulative yield / interest risk sensitivity gap</b>       |  | <b>62,497,914</b>  | <b>238,156,573</b>                    | <b>735,562,705</b> | <b>826,601,588</b> | <b>825,794,369</b>      | <b>831,801,920</b> | <b>837,464,572</b> | <b>838,516,515</b> | <b>848,625,902</b> |                      |                      |  |  |

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|  |                                     | 2023                                  |               |                    |                    |                         |                   |                   |                   |                    |               |   |
|--|-------------------------------------|---------------------------------------|---------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|---------------|---|
|  |                                     | Exposed to yield / interest rate risk |               |                    |                    |                         |                   |                   |                   |                    |               |   |
|  | 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 | Over 10 years | Non-interest bearing financial instrument |
| <b>On-balance sheet financial instruments</b>            |                                     |                                       |               |                    |                    |                         |                   |                   |                   |                    |               |   |
| <b>Assets</b>  |                                     |                                       |               |                    |                    |                         |                   |                   |                   |                    |               |   |
| Cash and balances with treasury banks                    | -                                   | 82,182,460                            | 4,614,459     | -                  | -                  | -                       | -                 | -                 | -                 | -                  | 77,568,001    |   |
| Balances with other banks                                | 4.76%                               | 5,302,080                             | 187,063       | -                  | -                  | -                       | -                 | -                 | -                 | -                  | 5,115,017     |   |
| Lendings to financial institutions                       | 11.70%                              | 16,502,138                            | 7,957,069     | -                  | 8,545,069          | -                       | -                 | -                 | -                 | -                  | -             |   |
| Investments  | 12.21%                              | 583,123,274                           | 162,402,206   | 32,814,871         | 239,531,154        | 54,510,248              | 12,733,082        | 202,851           | 58,595,713        | 17,887,292         | 4,445,857     |   |
| Advances   | 12.85%                              | 429,351,921                           | 167,436,994   | 25,168,437         | 31,851,882         | 150,371,872             | 8,428,469         | 13,215,115        | 5,730,070         | 2,485,033          | 3,462,179     |   |
| Other assets   | -                                   | 58,586,311                            | -             | -                  | -                  | -                       | -                 | -                 | -                 | -                  | 58,586,311    |   |
|  |                                     | 1,175,048,184                         | 342,597,791   | 57,983,308         | 279,928,105        | 204,882,120             | 21,161,551        | 13,417,966        | 64,325,783        | 20,372,325         | 3,462,179     | 166,917,056                               |
| <b>Liabilities</b>                                       |                                     |                                       |               |                    |                    |                         |                   |                   |                   |                    |               |   |
| Bills payable  | -                                   | 10,793,898                            | -             | -                  | -                  | -                       | -                 | -                 | -                 | -                  | 10,793,898    |   |
| Borrowings   | 10.86%                              | 84,919,346                            | 36,051,210    | 15,909,758         | 7,377,416          | 673,587                 | 1,332,245         | 6,306,335         | 3,978,933         | 13,082,383         | 207,479       | -   |
| Deposits and other accounts                              | 9.13%                               | 1,007,819,494                         | 522,379,552   | 18,380,943         | 35,290,009         | 75,096,979              | 385,844           | 671,683           | 70,450            | -                  | -             | 355,544,034                               |
| Lease liabilities  | 13.23%                              | 6,686,639                             | 2,036,021     | 53,556             | 21,898             | 203,631                 | 1,897,089         | 582,844           | 878,259           | 1,013,341          | -             | -   |
| Subordinated debt  | 15.21%                              | 11,344,671                            | 5,848,000     | 5,496,671          | -                  | -                       | -                 | -                 | -                 | -                  | -             |   |
| Other liabilities  | -                                   | 39,071,913                            | -             | -                  | -                  | -                       | -                 | -                 | -                 | -                  | 39,071,913    |   |
|  |                                     | 1,160,635,961                         | 566,314,783   | 39,840,928         | 42,689,323         | 75,974,197              | 3,615,178         | 7,560,862         | 4,927,642         | 14,095,724         | 207,479       | 405,409,845                               |
| <b>On-balance sheet gap</b>                              |                                     | 14,412,223                            | (223,716,992) | 18,142,380         | 237,238,782        | 128,907,923             | 17,546,373        | 5,857,104         | 59,398,141        | 6,276,601          | 3,254,700     | (238,492,789)                             |
| <b>Off-balance sheet financial instruments</b>           |                                     |                                       |               |                    |                    |                         |                   |                   |                   |                    |               |   |
| Documentary credits and short-term trade-related transac | 29,774,800                          | 29,774,800                            | -             | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -             |   |
| Commitments in respect of:                               |                                     |                                       |               |                    |                    |                         |                   |                   |                   |                    |               |   |
| - forward foreign exchange contracts                     | 123,131,336                         | 52,845,568                            | 23,639,253    | 34,498,530         | 12,147,985         | -                       | -                 | -                 | -                 | -                  | -             |   |
| - forward government securities transactions             | -                                   | -                                     | -             | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -             |   |
| - derivatives  | -                                   | -                                     | -             | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -             |   |
| - forward lending  | 10,000                              | -                                     | -             | -                  | 10,000             | -                       | -                 | -                 | -                 | -                  | -             |   |
| - Other Commitments                                      | 126,138,097                         | 124,966,341                           | -             | -                  | -                  | -                       | -                 | -                 | -                 | -                  | 1,171,756     |   |
| <b>Off-balance sheet gap</b>                             |                                     | 279,054,233                           | 207,586,709   | 23,639,253         | 34,498,530         | 12,157,985              | -                 | -                 | -                 | -                  | -             | 1,171,756                                 |
| <b>Total yield / interest risk sensitivity gap</b>       |                                     | (16,130,283)                          | 41,781,633    | 271,737,312        | 141,065,908        | 17,546,373              | 5,857,104         | 59,398,141        | 6,276,601         | 3,254,700          | (237,321,033) |   |
| <b>Cumulative yield / interest risk sensitivity gap</b>  |                                     | (16,130,283)                          | 25,651,350    | 297,388,662        | 438,454,570        | 456,000,943             | 461,858,047       | 521,256,188       | 527,532,789       | 530,787,489        |               |   |

#### **47.3.1 Reconciliation of Assets and Liabilities exposed to yield / interest rate risk with Total Assets and Liabilities**

|  | 2024                       | 2023          |  | 2024  | 2023                 |
|--|----------------------------|---------------|--|---|----------------------|
|  | ----- Rupees in '000 ----- |               |  | ----- Rupees in '000 -----                          |                      |
| <b>Total financial assets as per note 47.3</b>             | <b>1,291,562,013</b>       | 1,175,048,184 |  | <b>Total financial liabilities as per note 47.3</b> | <b>1,272,615,058</b> |
| <b>Add: Non financial assets</b>                           |                            |               |  | <b>Add: Non financial liabilities</b>               | <b>1,160,635,961</b> |
| Property and Equipment                                     | 28,175,404                 | 22,241,601    |  | Deferred tax liabilities - net                      | 2,452,165            |
| Right-of-use assets  | 7,078,577                  | 5,848,280     |  | Other liabilities                                   | 679,542              |
| Intangible assets  | 12,259,952                 | 10,060,410    |  |   | 7,179,351            |
| Other assets   | 19,967,182                 | 13,260,515    |  |   | 5,374,617            |
| <b>Total assets as per statement of financial position</b> | <b>1,359,043,128</b>       | 1,226,458,990 |  |   | <b>1,282,246,574</b> |
|  |                            |               |  |   | 1,166,690,120        |

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**47.3.2 OPERATIONAL RISK**

The Bank currently uses Basic Indicator Approach to Operational Risk for regulatory capital calculations. A comprehensive ORM Framework approved by the Board of Directors is in place which addresses all significant aspects of ORM. Operational Risk identification and assessment tools used by the Bank include Risk and Control Self Assessments (RCSAs), Key Risk Indicators (KRIs) and Incident Management and Data Collection. Operational Risk Champions have been nominated from all departments of the Bank and are responsible for implementation of the Framework in coordination with the ORM department. An Operational Risk Management Committee (ORMC) monitors and oversees operational risk issues.

To inculcate the operational risk management culture at the Bank, Operational Risk Management function imparts operational risk awareness to all the new employees of the Bank as part of the induction training along with the mandatory training for all employees of the Bank via the Bank's online learning portal.

The Business Continuity Management (BCM) framework is in place and the plans are regularly tested to provide assurance that key functions of the Bank are able to continue their operations from alternate processing site(s) in case the primary site(s) are not accessible or available.

**47.4 Liquidity risk**

Liquidity risk is the risk that the Group 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 Group's policy for liquidity management is to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet its 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.

Based on December 31, 2024 numbers LCR is 257.13% against SBP minimum requirement of 100%, with Total Stock of High-Quality Liquid Assets (HQLA) of Rs. 517,736.2 million and Net Cash Outflows of Rs. 201,355 million.

Furthermore, Based on December 31, 2024 numbers the NSFR is 200.86% against SBP minimum requirement of 100%, with Total Available Stable Funding of Rs. 1,060,751 million and Total Required Stable Funding of Rs. 528,103 million.

The Group strategically emphasizes diversification and stability in its funding approach. Its funding base is varied, encompassing stable sources like equity, subordinated loans, retail and small business deposits, and less stable forms such as deposits from larger entities. It is fully compliant with Basel III Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), ensuring an ample supply of high-quality liquidity assets relative to liabilities.

The Group employs stress testing to assess its balance sheet's vulnerability to hypothetical stress events. Liquidity risk factors undergo significant shocks, and their impact on the balance sheet is quantified. Stress testing encompasses scenarios defined by both regulatory standards and internally identified risks. Results are communicated to senior management, the Board of Directors, and regulators.

A Contingency Funding Plan (CFP) is in place to address liquidity challenges during crises. CFP identifying stress scenarios and corresponding funding plans, incorporating early warning indicators. Three Contingency Levels are defined in CFP with varying action Plans for each.

The Liquidity Coverage Ratio's (LCR) key drivers include High-Quality Liquid Assets (HQLA) and Net Cash Outflow, determined by asset liquidity quality and liability profile volatility. The composition of HQLA as of December 31, 2024, is detailed as below:

- Level 1 Assets: Rs. 518,128 billion
- Level 2 Assets: Rs. 2,410 billion

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#### **47.4.1 Assets and Liabilities - based on contractual maturities**

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#### **47.4.2 Assets and Liabilities - Based on expected maturities**

For assets and liabilities that have a contractual maturity, the expected maturity is considered to be the same as contractual maturity. Assets and liabilities that do not have a contractual maturity have been categorised on the basis of expected maturities as determined by ALCO.

|   | 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 | Over 10 years |
|---|---------------|--------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|---------------|
| Rupees in '000                                |               |              |                    |                    |                         |                   |                   |                   |                    |               |
| <b>Assets</b>                                 |               |              |                    |                    |                         |                   |                   |                   |                    |               |
| Cash and balances with treasury banks         | 84,152,368    | 84,152,368   | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -             |
| Balances with other banks                     | 5,075,835     | 5,075,835    | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -             |
| Lendings to financial institutions            | 4,257,928     | 4,257,928    | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -             |
| Investments                                   | 629,466,174   | 16,116,585   | 1,069,232          | 101,526,771        | 92,378,454              | 43,349,566        | 69,406,515        | 298,477,890       | 6,065,840          | 1,075,321     |
| Advances                                      | 521,168,186   | 104,176,248  | 48,272,033         | 125,504,736        | 88,696,647              | 23,662,925        | 26,618,077        | 33,886,129        | 59,346,717         | 11,004,674    |
| Property and equipment                        | 28,175,404    | 276,038      | 1,470,574          | 1,986,474          | 2,512,964               | 2,777,035         | 2,237,003         | 3,325,314         | 9,219,665          | 4,370,337     |
| Right-of-use assets                           | 7,078,577     | 27,645       | 152,685            | 107,929            | 313,352                 | 295,820           | 220,033           | 4,606,998         | 1,354,115          | -             |
| Intangible assets                             | 12,259,952    | 80,157       | 2,402,831          | 184,771            | 375,636                 | 773,772           | 678,308           | 983,211           | 5,324,811          | 1,456,455     |
| Deferred tax assets - net                     | -             | -            | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -             |
| Other assets                                  | 67,408,704    | 9,693,142    | 7,162,269          | 19,959,120         | 6,965,541               | 2,029,967         | 3,129,239         | 11,850,531        | 6,618,895          | -             |
|   | 1,359,043,128 | 223,855,946  | 60,529,624         | 249,269,801        | 191,242,594             | 72,889,085        | 102,289,175       | 353,130,073       | 87,930,043         | 17,906,787    |
| <b>Liabilities</b>                            |               |              |                    |                    |                         |                   |                   |                   |                    |               |
| Bills payable                                 | 21,899,370    | 21,899,370   | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -             |
| Borrowings                                    | 114,360,666   | 66,834,167   | 6,600,151          | 10,627,097         | 3,381,654               | 6,686,446         | 6,040,415         | 3,765,466         | 10,425,270         | -             |
| Deposits and other accounts                   | 1,081,826,269 | 176,686,698  | 68,688,304         | 108,157,406        | 114,433,041             | 41,379,915        | 57,693,904        | 87,962,868        | 426,824,133        | -             |
| Lease Liabilities                             | 7,845,190     | 29,534       | 163,117            | 108,881            | 379,460                 | 308,631           | 235,067           | 5,173,864         | 1,446,636          | -             |
| Subordinated debt                             | 11,492,708    | -            | 233                | 733                | 967                     | 1,933             | 1,933             | 2,495,867         | 6,491,042          | 2,500,000     |
| Deferred tax liabilities - net                | 2,452,165     | -            | -                  | 1,058,026          | 349,500                 | 1,044,639         | -                 | -                 | -                  | -             |
| Other liabilities                             | 42,370,206    | 5,967,805    | 9,732,352          | 6,209,040          | 6,604,650               | 1,190,204         | 1,536,520         | 2,515,199         | 8,614,436          | -             |
|   | 1,282,246,574 | 271,417,574  | 85,184,157         | 126,161,183        | 125,149,272             | 50,611,768        | 65,507,839        | 101,913,264       | 453,801,517        | 2,500,000     |
| <b>Net assets</b>                             |               |              |                    |                    |                         |                   |                   |                   |                    |               |
| Share capital - net                           | 20,506,625    |              |                    |                    |                         |                   |                   |                   |                    |               |
| Reserves                                      | 9,618,250     |              |                    |                    |                         |                   |                   |                   |                    |               |
| Surplus on revaluation of assets - net of tax | 8,134,496     |              |                    |                    |                         |                   |                   |                   |                    |               |
| Unappropriated profit                         | 26,121,333    |              |                    |                    |                         |                   |                   |                   |                    |               |
| Non-controlling interest                      | 12,415,850    |              |                    |                    |                         |                   |                   |                   |                    |               |
|   | 76,796,554    | (47,561,628) | (24,654,533)       | 123,108,618        | 66,093,322              | 22,277,317        | 36,781,336        | 251,216,809       | (365,871,474)      | 15,406,787    |

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**48. DERIVATIVE RISK**

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BOD). The 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 / Treasury Middle Office of the Bank is 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 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.

**49. GENERAL**

**49.1** Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report.

**49.2** The figures in these consolidated financial statements have been rounded off to the nearest thousand unless otherwise stated.

**50. DATE OF AUTHORISATION FOR ISSUE**

These consolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on February 28, 2025.

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President and  
Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Statement showing written-off loans or any other financial relief of Rupees Five Hundred Thousand or above provided during the year ended December 31, 2024

| 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 written-off | Interest/ Mark-up written-off/ waived | Other financial interest/ Other than Interest/ Mark-up | Total |  |
|----------------|---|---|---|--|-------------------|------------------------------|---------|-----|-----------------------|---------------------------------------|--|-------|--|
|                |   |   |   | Principal                                    | Interest/ Mark-up | Other than Interest/ Mark-up | Total   |     |                       |                                       |  |       |  |
| Rupees in '000 |   |   |   |  |                   |                              |         |     |                       |                                       |  |       |  |
| 1              | GHULAM SARWAR<br>DISTT TOBA TEK SINGH   | GHULAM SARWAR<br>33302-5108821-7                                    | KHUSHI MUHAMMAD KHAN  | 725  | 20                | 1                            | 746     | 725 | 20                    | 1                                     | 746  |       |  |
| 2              | BILAL AHMED ALI RANJHA<br>HOUSE 209 BLOCK U PHASE 2 DHA LAHORE  | BILAL AHMED ALI RANJHA<br>38401-4928568-9                           | CHAUDHARY SAIF ULLAH RANJHA   | 650  | 1,355             | -                            | 2,005   | 230 | 1,355                 | -                                     | 1,585  |       |  |
| 3              | AKRAM AND BROTHERS<br>SHOP NO 63 B GHALLA MANDI VEHARI  | HAFIZ MUHAMMAD WASEEM AKRAM<br>36603-2964551-5                      | MUHAMMAD AKRAM  | 2,224  | 1,971             | 0                            | 4,195   | -   | 513                   | 140                                   | 653  |       |  |
| 4              | IMTIAZ ALI NOONARI<br>HOUSE NO D4 42 NASEEM NAGAR PHASE 3 QASIMABAD HYDERABAD                               | IMTIAZ ALI NOONARI<br>41308-6122213-1                               | KAMAL KHAN NOONARI  | 1,000  | 729               | 13                           | 1,742   | -   | 697                   | 13                                    | 710  |       |  |
| 5              | IRFAN MEHMOOD<br>DERA AHMAD NAVAZ PEER ASHAB PO RAZAI SHAH SHUMALI TEHSIL AND BHAKKAR                       | IRFAN MEHMOOD<br>38101-9329113-7                                    | MEHMOOD   | 698  | 489               | 0                            | 1,187   | -   | 517                   | 16                                    | 533  |       |  |
| 6              | HASSAN MAHMOOD<br>H NO 15 MOHALLA AHMAD BLOCK GARDEN TOWN LAHORE  | HASSAN MAHMOOD<br>35202-0523859-1                                   | SABIR MEHMMOD   | 1,500  | 931               | 0                            | 2,431   | -   | 780                   | 30                                    | 810  |       |  |
| 7              | GUL HASSAN<br>VILLAGE NASRULLAH DUNB SHAHK USTA MUHAMMAD PO USTA MUHAMMAD                                   | GUL HASSAN<br>53202-5418173-3                                       | HYDER KHAN  | -  | -                 | 712                          | 0       | 712 | -                     | 477                                   | 28   | 505   |  |
| 8              | MUHAMMAD SAEED SHAKKIR<br>HOUSE 1126 AZIZABAD FB AREA BLOCK 8 KARACHI                                       | MUHAMMAD SAEED SHAKKIR<br>42101-9639987-7                           | MOHAMMAD SHARIF SHAKKIR   | 6,068  | 957               | -                            | 7,025   | -   | 953                   | -                                     | 953  |       |  |
| 9              | GUL MUNIR<br>GOTH QABOOL KHAN MAN GS1 PO BULRI SHAH KARIM TEHSIL BULRI SHAH KARIM DISTT TANDO MUHAMMAD KHAN | GUL MUNIR<br>41602-0623681-7  | GHULAM HUSSAIN MAGSI  | 5,000  | 3,360             | 0                            | 8,360   | -   | 2,295                 | 100                                   | 2,395  |       |  |
| 10             | MOHAMMAD IBRAHIM KHAN<br>HOUSE NO 3704 70 HASSAN PARWANA COLONY POST OFFICE GPO MULTAN                      | MOHAMMAD IBRAHIM KHAN<br>36302-9148629-3                            | MUHAMMAD HUSSAIN KHAN   | -  | 2,017             | 0                            | 2,017   | -   | 2,017                 | 173                                   | 2,190  |       |  |
| 11             | MUHAMMAD AMJAD KHAN<br>MOH GULSHAN E DILAWAR GT ROAD NEAR GRID STATION KAMOKE DISTT GUJRANWALA              | MUHAMMAD AMJAD KHAN<br>34102-4106239-1                              | ABDUL MAJEED KHAN   | 2,992  | 986               | 0                            | 3,978   | -   | 605                   | 22                                    | 627  |       |  |
| 12             | SALMAN KHAN<br>BLOCK A 4 HOUSE NO 8 65 ADAM TOWN COMPOUND WALL MIR PURKHAS                                  | SALMAN KHAN<br>44109-0353469-7                                      | ABDUL SALAM   | 900  | 590               | 0                            | 1,490   | -   | 670                   | 20                                    | 690  |       |  |
| 13             | MOHAMMAD IBRAHIM<br>FLAT NO 402 THE PATEL SUPARI WALA ST GARDEN EAST KARACHI                                | MOHAMMAD IBRAHIM<br>42301-85661682-3                                | ABDUL SATTAR  | 8,895  | 1,868             | -                            | 10,763  | -   | 549                   | 15                                    | 564  |       |  |
| 14             | MUHAMMAD ISHAQ<br>HOUSE NO 1653 MANSOOR NAGAR RAIS AMROHI COLONY SEC TOR 11 12 ORANGI TOWN KARACHI          | MUHAMMAD ISHAQ<br>34201-0566819-5                                   | MUHAMMAD ASGHAR   | -  | -                 | -                            | -       | -   | 505                   | -                                     | 505  |       |  |
| 15             | SHAH NAWAZ MARI<br>DEH HOOT WASSAN TALU KA JAM NAWAZ ALI DISTT SANGHAR                                      | SHAH NAWAZ MARI<br>44103-0178586-1                                  | ABDUL GHANI MAREE   | 1,399  | 792               | 0                            | 2,191   | -   | 674                   | 41                                    | 715  |       |  |
| 16             | ASGHAR ALI<br>YOUNAS NAGAR DHANT PURA POST OFFICE CHAK DHANT PURATEHSIL SHEIKHUPURA                         | ASGHAR ALI<br>35404-16361618-9                                      | MUHAMMAD AKRAM  | 1,765  | 839               | -                            | 2,604   | -   | 839                   | -                                     | 839  |       |  |
| 17             | ABDUL HAMEED<br>VILLAGE QABOOL KHAN MAGSI PO BULRI SHAH KARIM TALUKA BULRI SHAH KARIM TANDO MUHAMMAD KHAN   | ABDUL HAMEED<br>41602-0646711-1                                     | MUHAMMAD SULEMAN  | 1,844  | 1,029             | 45                           | 2,918   | -   | 1,256                 | -                                     | 1,256  |       |  |
| 18             | GONDAL CRUSHING PLANT<br>HOUSE NO 1752 BLOCK A SATELLITE TOWN SARGODHA                                      | ASIF NASEER<br>38403-2154694-1                                      | NASEER AHMED  | 8,001  | 1,102             | -                            | 9,103   | -   | 1,100                 | -                                     | 1,100  |       |  |
| 19             | MUHAMMAD AHMAD<br>MORA QALAN DAKHANA MORE KHUNDA NANKANA SAHIB  | MUHAMMAD AHMAD<br>35501-0351066-3                                   | MEHR FALAK SHER   | 600  | 482               | 0                            | 1,082   | -   | 570                   | 6                                     | 576  |       |  |
| 20             | ZAHOOR AHMAD<br>GALI KHAJOOR WALI MO HALLAH ALI TOWN HAFIZABAD  | ZAHOOR AHMAD<br>34301-2129995-7                                     | MUHAMMAD MANZOOR  | 2,615  | 2,013             | 1                            | 4,629   | -   | 1,399                 | 1                                     | 1,400  |       |  |
| 21             | FARMERS EQUITY (PVT) LTD.<br>1ST FLOOR MALL PLAZA MALL ROAD MULTAN CANTT MULTAN                             | ABDUL REHMAN KHAN MALAZAI<br>MUHAMMAD IBRAHIM KHAN<br>MUHAMMAD SAAD | MUHAMMAD HUSSAIN KHAN<br>MUHAMMAD HUSSAIN KHAN<br>ABDUR REHMAN                          | -  | 1,757             | 2                            | 1,759   | -   | 296                   | 1,652                                 | 1,948  |       |  |
| 22             | Taimoor u ddin, HOUSE-14-D GULBERG ROAD LAHORE  | Taimoor ud din 35202-3696784-7                                      | ABDUL REHMAN  | 15,659                                       | 6,423             | 312                          | 22,394  | -   | 10,654                | -                                     | 10,654   |       |  |
| 23             | MUHAMMAD KASHIF & MARYAM KASHIF, H NO 300 37/B LANDHI NO 1 KARACHI  | Muhammad Kashif 42000-0421089-3                                     | MUHAMMAD HANIF SIDDIQUI   | 3,184  | 10,753            | 33                           | 13,969  | -   | 9,787                 | -                                     | 9,787  |       |  |
| 24             | Telecard Limited, World Trade Centre, 10 Khayaban-e-Roomi, Syed Muhammad Pervez Sadiq                       | 42000-6405000-7   | S.Abdul Sadiq   | 145,614                                      | 30,465            | -                            | 176,079 | -   | 8,965                 | -                                     | 8,965  |       |  |
| 25             | NAVEED HAMEED & SANA NAVEED   | Naveed Hameed 42201-6151584-9                                       | ABDUL HAMEED  | 25,000                                       | 15,857            | 20                           | 40,877  | -   | 8,071                 | -                                     | 8,071  |       |  |
| 26             | SALMA MAJID & MAJID SHAH, H NO 97 ST 28 KHAY AAN-E-SEHAR PH 6 DH KARACHI                                    | Salma Majid 42201-9277255-4   | KHALID SHAFI  | 67,784                                       | 9,693             | 421                          | 77,898  | -   | 6,693                 | -                                     | 6,693  |       |  |
| 27             | MUHAMMAD MOHIUDDIN & NASEEM, HOUSE R 21/1 KHAYABAN E SADI PH 7 KARACHI                                      | Muhammad Mohiuddin 44103-2919826-4                                  | MOHI UDDIN KHAN   | 27,508                                       | 8,810             | -                            | 36,317  | -   | 6,317                 | -                                     | 6,317  |       |  |
| 28             | Margalla Textile, MONNOO HOUSE 3-MONTGOMERY ROAD LAHORE   | Mr. Jahangir A. Monnoo s/o Mian Nazir Hussain 35202-2479512-7       | NAZIR HUSSAIN MONNO<br>MIAN NAZEEER HUSSAIN<br>KASIAH AHMED MONNO<br>SHAHZAD ALAM MONNO | 103,576                                      | 5,237             | -                            | 108,813 | -   | 5,237                 | -                                     | 5,237  |       |  |

| S.<br>No.      | Name and<br>address of the<br>borrower  | Name of individuals/<br>partners/ directors<br>(with CNIC No.) | Father's/<br>Husband's<br>name      | Outstanding Liabilities at beginning of year |                      |                                    |        | Principal<br>written-off | Interest/<br>Mark-up<br>written-off/<br>waived | Other financial<br>Other<br>than Interest/<br>Mark-up | Total  |       |
|----------------|---|--|-------------------------------------|--|----------------------|------------------------------------|--------|--------------------------|--|---|--------|-------|
|                |   |  |                                     | Principal                                    | Interest/<br>Mark-up | Other<br>than Interest/<br>Mark-up | Total  |                          |  |   |        |       |
| Rupees in '000 |   |  |                                     |  |                      |                                    |        |                          |  |   |        |       |
| 29             | Mr. Shaukat Ali - House No.1, Al-Karim Park, Sunny Road, Daroghwala, G.T. Road, Lahore.                     | Mr. Shaukat Ali (Late) - CNIC NO: 35201-5910931-9              | MAIRAJ DIN                          | 1,816  | 5,132                | 51                                 | 6,999  | -                        | 4,479  | -   | 4,479  |       |
| 30             | Shakil Ahmed - House No.128-F, Sector No.11-B, situated at North Karachi Township, Karachi.                 | Shakil Ahmed 42201-6554466-9                                   | JAMEEL AHMED                        | 4,946  | 4,287                | -                                  | 9,233  | -                        | 4,287  | -   | 4,287  |       |
| 31             | Mr. Imdad Hussain Gondal - Miana Gondal, HOUSE KHEWAT 146 KHATOONI 497 TO 512 QITA 128 MANDI BAHAUDDIN.     | Mr. Imdad Hussain Gondal - 34401-0599972-3                     | ABDUL RAZZAQE                       | 2,227  | 3,704                | -                                  | 5,931  | -                        | 3,530  | -   | 3,530  |       |
| 32             | Syed Sabreen Fatima - Area, Kotri, Hyderabad  | House No.121, New Labour Colony, SITE                          | Syed Sabreen Fatima 41204-4014275-2 | SYED NAWAZISH ALI                            | 1,626                | 1,914                              | 66     | 3,606                    | -  | 1,910   | -      | 1,910 |
| 33             | Faizan Saleem, H 116 ST 15 BLK Q PH 2 DHA LAHORE  | Faizan Saleem 35202-8295378-3                                  | SHEIKH SALEEM AHMED                 | 21,325                                       | 1,919                | 57                                 | 23,302 | -                        | 1,734  | -   | 1,734  |       |
| 34             | SYED KHALID HUSSAIN & SHABANA KAUSAR, BANGLOW NO A 146 C, BLOCK 13 C, GULSHAN E IQBAL UNIVERSITY RD KARACHI | Syed Khalid 42201-2708885-5                                    | SYED ILYAS HUSSAIN                  | 7,316  | 2,783                | 467                                | 10,565 | -                        | 1,599  | -   | 1,599  |       |
| 35             | NIAZ AHMED & SANA NAWAZ, FLAT NO 203 FALAKNAZ HEIGHTS MAIN SHAHRAY E FAISAL KARACHI                         | Niaz Ahmed 42201-3689657-0                                     | MUHAMMAD RAFIQ BHUTTA               | 2,537  | 1,365                | 45                                 | 3,947  | -                        | 906  | -   | 906    |       |
| 36             | Hiborn International, Plaza, 15 Civic Centre, New Garden Town, Lahore.                                      | Suite # 205, Gul   | Humayun Kabir 45504-8538259-1       | MUHAMMAD ASHFIAQ MIAN RIAZ AHMED             | 9,815                | 977                                | -      | 10,791                   | -  | 732   | -      | 732   |
| TOTAL:         |   |  |                                     | 46,876                                       | 23,999               | 62                                 | 70,937 | 1,460                    | 17,582   | 2,258   | 21,300 |       |

**Details of disposal of property and equipment to related parties  
For The Year Ended December 31, 2024**

**Annexure - II**

|  | <b>Cost</b>                | <b>Book value</b> | <b>Sale<br/>proceeds</b> | <b>Gain / (loss)</b> | <b>Mode of<br/>disposal</b> | <b>Particulars of Buyer</b>  |
|--|----------------------------|-------------------|--------------------------|----------------------|-----------------------------|------------------------------|
|  | ----- Rupees in '000 ----- |                   |                          |                      |                             |                              |
| <b>Electrical, office and computer equipment</b> |                            |                   |                          |                      |                             |                              |
| Mobile phone                                     | 50                         | -                 | 5                        | 5                    | Buyback                     | Hasan Shahid                 |
| Mobile phone                                     | 40                         | 20                | 21                       | 1                    | Buyback                     | Soofi Saif                   |
| Mobile phone                                     | 98                         | -                 | 10                       | 10                   | Buyback                     | Tauqeer Haider               |
| Laptop   | 1,021                      | 255               | -                        | (255)                | Buyback                     | Imran Haleem Sheikh          |
|  | <b>1,209</b>               | <b>275</b>        | <b>36</b>                | <b>(239)</b>         |                             |                              |
| <b>Vehicle</b>                                   | 20,374                     | 16,111            | 24,182                   | 8,071                | Sale                        | Bank Islami Pakistan Limited |
| <b>Total</b>                                     | <b>21,583</b>              | <b>16,386</b>     | <b>24,218</b>            | <b>7,832</b>         |                             |                              |



## PATTERN OF SHAREHOLDING

As on December 31, 2024

| S. No.       | No. of Shareholders | Shareholdings From                       | Total Shares Held    |
|--------------|---------------------|--|----------------------|
| 1            | 718                 | Shareholding From 1 To 100               | 11,131               |
| 2            | 507                 | Shareholding From 101 To 500             | 194,659              |
| 3            | 469                 | Shareholding From 501 To 1000            | 431,455              |
| 4            | 960                 | Shareholding From 1001 To 5000           | 2,691,535            |
| 5            | 312                 | Shareholding From 5001 To 10000          | 2,461,983            |
| 6            | 455                 | Shareholding From 10001 To 50000         | 10,564,189           |
| 7            | 76                  | Shareholding From 50001 To 100000        | 5,709,978            |
| 8            | 111                 | Shareholding From 100001 To 500000       | 81,103,715           |
| 9            | 4                   | Shareholding From 5000001 To 10000000    | 33,236,583           |
| 10           | 9                   | Shareholding From 10000001 To 2050662536 | 1,914,257,308        |
| <b>Total</b> | <b>3621</b>         | <b>Percentage: 100%</b>                  | <b>2,050,662,536</b> |

# PATTERN OF SHAREHOLDING

As on December 31, 2024

| Categories of Shareholders  | Shares Held          | Percentage    |
|---|----------------------|---------------|
| <b>Directors, Chief Executive Officer, and their spouse(s) and minor children</b> |                      |               |
| Mr. Adil Matcheswala  | 264,000              | 0.01          |
| Mr. Khalilullah Shaikh  | 500                  | 0.00          |
| Mr. Usman Yousaf Mobin  | 1                    | 0.00          |
| Mr. Sadiq Ali   | 1                    | 0.00          |
| Mr. Saad Ali Bhimjee  | 5,000                | 0.00          |
| Ms. Nargis Ali Akbar Ghaloo   | 1                    | 0.00          |
| Mr. Basir Shamsie   | 1                    | 0.00          |
| Mrs. Hafsa Shamsie  | 1,132,320            | 0.06          |
| <b>Associated companies, undertakings and related parties</b>                     |                      |               |
| Jahangir Siddiqui & Co. Limited   | 1,460,232,712        | 71.21         |
| Mr. Shabir Ahmed Randeree   | 144,831,051          | 7.06          |
| Mr. Ahmed Goolam Mahomed Randeree   | 99,559,050           | 4.85          |
| Mr. Jahangir Siddiqui   | 2,248,519            | 0.11          |
| <b>NIT &amp; ICP</b>  | <b>972</b>           | <b>0.00</b>   |
| <b>Banks, development finance institutions, non-banking finance companies</b>     |                      |               |
|   | 172,451              | 0.01          |
| <b>Insurance Companies</b>  | <b>5,000</b>         | <b>0.00</b>   |
| <b>Modarabas and Mutual Funds</b>   | <b>11,638,332</b>    | <b>0.57</b>   |
| <b>General Public</b>   |                      |               |
| a. Local  | 268,669,215          | 13.10         |
| b. Foreign  | 6,229,310            | 0.30          |
| <b>Foreign Companies</b>  | <b>5,104</b>         | <b>0.00</b>   |
| <b>Others</b>   | <b>55,668,996</b>    | <b>2.71</b>   |
| <b>Totals</b>   | <b>2,050,662,536</b> | <b>100.00</b> |



**JS BANK LIMITED**  
**NOTICE OF 19<sup>th</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting ("AGM") of the shareholders of JS Bank Limited (the "Bank") will be held on Friday, March 28, 2025, at 11:00 a.m. at the 15<sup>th</sup> Floor, The Centre, Saddar, Karachi as well as through video conference facility 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, 2024, together with the Directors' and Auditors' Reports thereon.
- ii. To appoint the Bank's Auditors for the year ending December 31, 2025, and fix their remuneration. The Audit Committee and the Board of Directors have recommended the appointment of the retiring auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, who being eligible have offered themselves for re-appointment.
- iii. To elect seven (7) directors as fixed by the Board of the Bank under section 159(1) of the Companies Act, 2017 for three years commencing from March 28, 2025. The names of retiring directors, who are eligible to offer themselves for re-election, are as follows:

|                             |                           |
|-----------------------------|---------------------------|
| Mr. Adil Matcheswala        | Lt. Gen (Retd.) Sadiq Ali |
| Mr. Khalilullah Shaikh      | Mr. Usman Yousaf Mobin    |
| Ms. Nargis Ali Akber Ghaloo | Mr. Basir Shamsie         |
| Mr. Saad Ali Bhimjee        |                           |

**SPECIAL BUSINESS:**

- iv. To consider, and if deemed appropriate, to pass the following resolutions as Special Resolutions as envisaged under Sections 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 with or without modifications for an investment of up to PKR 606 million (PKR 467 million in the form of transfer of Bank owned properties and PKR 138 million through cash contribution) in the Real Estate Investment Trust (REIT) to be managed by JS Investments Limited a subsidiary of the Bank.

The resolutions to be passed by the members as Special Resolutions are as under:

**"RESOLVED THAT** an investment of PKR 606 million (PKR 467 million in the form of transfer of Bank owned properties and PKR 138 million through cash contribution) in the Real Estate Investment Trust (REIT) to be managed by JS Investments Limited, as recommended by the Board of Directors be and is hereby approved."

**"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 resolution, 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."

(Attached to this Notice is a Statement of Material Facts covering the above-mentioned special business, as required under Section 134(3) of the Companies Act, 2017).

Karachi: March 7, 2025,

By Order of the Board  
Syed Muhammad Talib Raza  
Company Secretary

**Notes:**

- a) Share transfer books of the Bank will remain closed from March 22, 2025, to March 28, 2025 (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, 2025, will be treated in time to attend 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.
- e) Shareholders having physical shareholding are requested to notify immediately of any change in their address to the Bank's share registrar. Whereas, CDC account holder can contact their respective CDC Participant / broker / Investor Account Service.

**For Attending the Meeting**

- In light of the clarification issued by the Securities and Exchange Commission of Pakistan for ensuring participation of members in general meeting through electronic means as a regular feature, the Bank has also provided the facility for attending the meeting via video-link to its shareholders. The members are encouraged to participate in the meeting online by following the below guidelines.
- 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](mailto:AGM@jsbl.com) by the close of business hours (5:00 pm) on March 27, 2025.

| Name of member | Authorized Representative (in case of corporate member) | CNIC No. / NTN No. | CDC Participant ID / Folio No. | Cellphone # | Email Address |
|----------------|---|--------------------|--------------------------------|-------------|---------------|
|                |   |                    |                                |             |               |

- The Video Conference Link will be emailed to the registered members or their proxies who have provided all the requested information.
- In the 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 the case of a 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.

**For Appointing Proxies**

- In the 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 the 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 the case of the corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with a proxy form to the Bank.

#### **Election of Directors**

- The Board of Directors of the Bank has fixed the number of directors to be elected as seven (07) for the term of three years with effect from March 28, 2025.
- As per provisions of Regulation No. 7A of the Listed Companies (Code of Corporate Governance), Regulation, 2019 ("CCG-2019"), it is mandatory that voting for the election of directors of the Bank shall be held separately for the following three categories:

| S. No. | Category             | Seats |
|--------|----------------------|-------|
| 1      | Female Director      | 1     |
| 2      | Independent Director | 2     |
| 3      | Other Director       | 4     |
|        | Total                | 7     |

- Any person/member, whether a major shareholder or a minority shareholder, who seeks to contest the election to the office of the director ("the Candidate"), whether he/she is a retiring director or otherwise, is encouraged to file, a notice of intention with the Bank at its registered office, not later than fourteen days before the date of the meeting at which elections are to be held.
- Any person/member who seeks to contest for election in the category of independent director or a female director should mention only one category (either female or independent) in which he/she intends to contest for the election of director.
- The following documents are required to be submitted along with notice of intention to contest election of directors:
  - Notice of his/her intention to offer himself/herself for election as director in terms of Section 159(3) of the Act and Regulation 7A of CCG-2019. The Candidate should also confirm that:
    - He/she is not ineligible to become a director of the Bank under any applicable laws and regulations (including but not limited to the Act and SBP's Regulations)
    - Neither he/she nor his/her spouse is engaged in the business of brokerage or is a sponsor, director, or officer of a corporate brokerage house
    - He/she is not serving as a director in more than seven listed companies simultaneously.
    - A person contesting for the position of Independent Director must also submit a declaration confirming that he/she meets the eligibility and independence criteria outlined in the CGRF, the Companies Act of 2017, and the associated rules and regulations.
  - Consent to act as director on Appendix to the Form-9 (of the Companies Regulations, 2024) under Section 167 of the Act.
  - A detailed profile of the Candidate including his office address (the same will be placed on the Bank's website as per requirements of SECP's notification S.R.O. 1196 (I)/2019 dated 3rd October 2019).
  - Proforma - Fit & Proper Test, Affidavit on Non-Judicial Stamp Paper, and duly completed Questionnaire for accessing "Fit & Proper Test" attached to the Corporate Governance Regulatory Framework ("CGRF") issued by the State Bank of Pakistan ("SBP") vide BPRD Circular No. 5 dated November 22, 2021.
  - National Tax Number (NTN), attested copy of CNIC/Passport, degrees/certificates and experience certificates from previous employers/institutions etc. (Please note that the Bank

- reserves the right to obtain confirmation/verification of degrees/certificates/documents etc. in compliance with law/regulations. The Candidates are required to provide written authorization(s) to their concerned educational institution(s) to provide required verification (s) directly to the Bank, in order to assist the Bank in this regard).
- f. Details of family members (spouse, lineal ascendants and descendants and siblings including stepfather, stepmother, stepson, stepdaughter, stepbrother or stepsister, if any) along with a copy of their CNIC/Passport. Attested copy of Income Tax Clearance Certificate, (where applicable)
  - As per provisions of Regulation No. 4(1) (A) of Companies (Postal Ballot) Regulations, 2018, the right to vote through the electronic voting facility and voting by post shall be provided to the members, if the number of persons who offer themselves to be elected is more than the number of directors fixed i.e. seven (7).
  - As per Section 153(i) of the Act, a director is required to be a member of the Bank. The candidate is required to advise his/her Folio/CDC subaccount and Participant ID number.
  - In terms of the CGRF, prior clearance in writing from SBP is required for the appointments of Directors. The Candidates are requested to read the same and other relevant provisions/requirements relating to the appointment/election of directors, as mentioned in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, and SECP S.R.O. 906 (I)/2023 dated July 7, 2023 (amendments in CCG-2019) and ensure compliance with the same in letter and spirit.

#### **STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017:**

This statement sets out the material facts pertaining to the justification for choosing the appointee for appointment as an independent director to be elected at the Annual General Meeting of JS Bank Limited ("the Bank") to be held on March 28, 2025. The Board of Directors of the Bank has fixed the number of directors to be elected as seven (07) for the term of three years with effect from March 28, 2025. In terms of the provisions of clause G-6(1)(b) of the CGRF and the sub-clause 6(1) of CCG-2019, the Bank shall have at least two (2) independent directors, which is one-third of the total number fixed by the Board. The independent directors will also be elected through the process of election of directors in terms of Sections 159 and 166(1) of the Act and they shall meet the criteria laid down under Section 166(2) of the Act and the Companies (Manner and Selection of Independent Directors) Regulations, 2018. It will be ensured that the name of the independent director is available in the databank of independent directors being maintained by the Pakistan Institute of Corporate Governance ("PICG"). The present Directors of the Bank have no interest in the above business except their eligibility for re-election as directors of the Bank.

#### **Procedure For E-Voting & Voting Through Postal Ballot**

In accordance with the Companies (Postal Ballot) Regulations, 2018, Section 143 and 144 of the Companies Act 2017 and under Postal Ballot Regulation, 2018, latest amendments notified through SRO dated December 05, 2022, SECP has directed all listed companies to arrange for postal ballot/e-voting for the purpose of polling on Special Business/election of directors, if the number of persons who offer themselves to be elected is more than the number of directors fixed under Section 159 (1) of the Companies Act, 2017. Accordingly, shareholders will be allowed to exercise their right to vote through postal ballot i.e. by post or e-voting, in the manner and subject to the conditions contained in the aforesaid regulations. Details will be circulated in due course.



### **Appointment of Scrutinizer**

Under Regulation 11 of the Regulations, the Board of the Bank has appointed M/s PKF F.R.A.N.T.S., Chartered Accountants, (a QCR-rated audit firm) to act as the Scrutinizer of the Company for the election of directors/special business to be transacted in the meeting and to undertake other responsibilities as defined in Regulation 11A of the Regulations.

### **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 dividends may be withheld in terms of the Companies (Distribution of Dividends) Regulations, 2017. Therefore, the shareholders who have not yet provided their Identification Numbers are 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 and Electronic Transmission of Financial Statements & Notices**

The Bank has placed the annual Audited Financial Statements for the year ended December 31, 2024, along with the Auditors and Directors' Reports on its website: <https://jsbl.com/knowledge-center/financial-reports/> as required under Section 223(7) of the Companies At, 2017.

Further, the Bank's Annual Report for the year ended December 31, 2024, is transmitted to the shareholders at their email address registered with the Share Registrar.

Under Section 223(6) of the Companies Act, 2017, listed companies are allowed to send the Audited Financial Statements, etc. through an electronic mail system (e-mail). The members are hereby requested to convey their consent via email on a standard request form which is available at the Bank's website i.e. <https://www.jsbl.com/knowledge-center/investor-information/> Please ensure that your email account has sufficient rights and space available to receive such an email that may be greater than 1 MB in size. Members can request a hard copy of Audited Financial Statements which shall be provided free of cost within seven days from the date of requisition. Further, it is the responsibility of the member(s) to timely update the Share Registrar of any change in his (her/its/their) registered email address at the address of the Bank's Share Registrar mentioned above.

### **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 dividends to its shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in the Electronic Credit Mandate Form available on Bank's website and send it duly signed along with a copy of CNIC to the Registrar of the Bank 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 the 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 | 35%               |

Income Tax will be deducted based on the 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.

### **Conversion of Physical Shares into Book Entry Form Shares**

The attention of the shareholders, having shares in physical scrips of the Bank, is invited towards Sub Section (2) of Section 72 of the Act. As per provisions of the above Section, every existing company is required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act i.e. May 31, 2017. Given the above and as per the instructions issued by SECP vide its Letter No. CSD/ED/Misc./2016-639-640 date March 26, 2021, such shareholders are requested to arrange to convert their shares held in physical form into book-entry-form. For this purpose, the shareholder shall be required to open an account with either the Central Depository Company (CDC) or any Trading Rights Entitlement Certificate holder (Securities Broker) of the Pakistan Stock Exchange. The benefits associated with the Book-Entry-Form shares include "readily available for trading, whereas trading of physical scrips is currently not permitted", "no risk of damaged, lost, forged or duplicate certificates", "reduced stamp duty on physical to book-entry-form transfers", "Instantaneous transfer of ownership", "Instant receipt/credit of dividends and other corporate entitlements (i.e. bonus, rights and new issues, etc.)" and convenient pledging of securities, etc.

### **STATEMENT OF SPECIAL BUSINESS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017**

This statement sets out the material facts about the special business to be transacted at the Annual General Meeting of JS Bank Limited (the "Bank") to be held on March 28, 2025.

#### **Investment of up to PKR 606 million in a Real Estate Investment Trust Fund**

JS Bank intends to invest by transferring 5 properties currently parked in the non-banking assets to the Real Estate Investment Trust (REIT) Fund which will be managed by JS Investments Limited (JSIL), a subsidiary of the Bank.

Out of the total investment of PKR 606 million, PKR 467 million will be in the form of property contribution while PKR 138 million will be contributed as cash to cover initial REIT expenses and transfer tax-related expenses along with meeting development costs. 100% of the total units of the REIT Fund will be issued to the Bank against the above-mentioned properties and cash contribution. The details of the target properties are as under:

(PKR in Millions)

| Target Property |                               |  |                |         |
|-----------------|-------------------------------|--|----------------|---------|
| Sr. #           | Property Alias                | Detailed Address   | Area (Sq. Ft.) | Value   |
| 01.             | Office # 107, Clifton Diamond | Office No.107, 1st Floor, Clifton Diamond Building, Constructed on Plot No. BC-10, Block No.4, KDA Scheme No.5, Clifton, Karachi | 1,635          | 40.875  |
| 02.             | Office # 108, Clifton Diamond | Office No.108, 1st Floor, Clifton Diamond Building, Constructed on Plot No. BC-10, Block No.4, KDA Scheme No.5, Clifton, Karachi | 1,142          | 28.550  |
| 03.             | Open Plot # 16-C              | Commercial Plot No.16-C, Rahat Lane No.2, Rahat Commercial, Phase-VI, D.H.A, Karachi   | 1,800          | 150.100 |
| 04.             | Emerald Tower                 | Office # 903, 9th Floor Emerald Tower, Block 5, Clifton, Karachi   | 3,679          | 147.160 |
| 05.             | The Centre                    | Musical Fountain Road, Saddar, Karachi   | 2,010          | 100.500 |
|                 |                               |  | Total          | 10,266  |
|                 |                               |  |                | 467.185 |

The investment is endorsed by the Bank's Board of Directors as per its resolution dated August 27, 2024.

Information under Regulations 3 and 4 of The Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Other information:

- JSIL is the subsidiary of JSBL with a shareholding of 84.56%
- All legal, corporate, and regulatory formalities on the part of the Bank will be fulfilled by the Bank.

**The nature of information required to be disclosed pursuant to the Companies (Investment in Associated Companies and Undertakings) Regulations, 2017, for investment in associated company BankIslami Pakistan Limited is as follows:**

| Ref No. | Requirement  | Relevant Information   |
|---------|--|--|
|         | (a) Disclosures for all types of investments                               |  |
|         | (A) Details pertaining to the Associated Entity                            |  |
| i       | Name of associated company   | Real Estate Investment Trust (REIT) Fund to be managed by JS Investments Limited, a subsidiary of the Bank |
| ii      | Basis of relationship  | The associated relationship is established based on the shareholding of 84.56% in JSIL by the Bank.        |
| iii     | Earnings per share for the last three years                                | 2022: PKR (2.41) per share<br>2023: PKR 5.02 per share<br>2024: PKR 7.27 per share                         |
| iv      | Break-up value per share, based on the latest audited financial statements | 2023: PKR 26.96 per share<br>2024: PKR 34.18 per share   |

|                                  |  |   |
|----------------------------------|--|---|
| v                                | Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements  | The statement of financial position and profit and loss account as of December 31, 2023, are enclosed.  |
| vi                               | In case of investment in relation to a project of the associated company or associated undertaking that has not commenced operations, following further information, namely:-<br>(I) description of the project and its history since conceptualization;<br>(II) starting date and expected date of completion of work;<br>(III) time by which such project shall become commercially operational;<br>(IV) expected time by which the project shall start paying return on investment; and<br>(V) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and noncash amounts. | N/A   |
| <b>B) General Disclosures: -</b> |  |   |
| i                                | Maximum amount of investment to be made  | Upto PKR 606 million,<br><br>Of this, PKR 467 million will be in the form of property contribution while PKR 138 million will be contributed as cash. |
| ii                               | Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment  | - To earn dividend income from the REIT Fund<br>- To benefit from the expected future growth of the fund.   |
| iii                              | Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:-<br>(I) justification for investment through borrowings;<br>(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and<br>(III) cost-benefit analysis  | A cash outlay of PKR 138 million will be made by the Bank from internal sources.  |
| iv                               | Salient features of the agreement(s), if any, with the associated company or associated undertaking with regards to the proposed investment  | None  |

|   |   |  |
|---|---|--|
| v   | direct or indirect interest of directors, sponsors, majority shareholders, and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration                            | JSBL is the holding/parent company of JSIL. JSBL holds 84.56% of JSIL and will hold 100% units in the REIT Fund. |
| vi  | in case any investment in an associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and | None   |
| vii   | any other important details necessary for the members to understand the transaction   | None   |
| In case of equity investment, the following disclosures in addition to those provided under clause (a) of Sub-regulation (1) of Regulation 3 shall be made: |   |  |
| i   | maximum price at which securities will be acquired  | PKR 10 per unit  |
| ii  | in case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof  | N/A  |
| iii   | maximum number of securities to be acquired   | N/A  |
| iv  | number of securities and percentage thereof held before and after the proposed investment   | N/A  |
| v   | current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and   | N/A  |
| vi  | fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities.  | N/A  |

The Directors of the Bank undertake that they have carried out necessary due diligence for the proposed investment in the REIT Fund. The due diligence report is available for inspection at the registered office of the Bank.

All legal, corporate, and regulatory formalities will be fulfilled by JSBL and JSIL.

No prejudice shall be caused to any existing shareholder of the Bank.

The Directors, including the Chief Executive Officer of the Bank, have no personal interest in the transaction directly or indirectly except to the extent of their and their spouse shareholdings held by them in the Bank and/or JSIL.

The number of shares held by the Directors, their spouses, and the Executives in the JSIL and JS Bank are as follows:

|                                      | Number of Shares held in |      |
|--------------------------------------|--------------------------|------|
|                                      | JSBL                     | JSIL |
| <b>Directors:</b>                    |                          |      |
| Mr. Adil Matcheswala                 | 264,000                  | -    |
| Mr. Basir Shamsie (CEO)              | 1                        | -    |
| Mr. Khalilullah Shaikh               | 500                      | -    |
| Ms. Nargis Ali Akber Ghaloo          | 1                        | -    |
| Lt. Gen. Sadiq Ali                   | 1                        | -    |
| Mr. Saad Ali Bhimjee                 | 5,000                    | -    |
| Mr. Usman Yousaf Mobin               | 1                        | -    |
| <b>Spouses of Directors:</b>         |                          |      |
| Mrs. Hafsa Shamsie w/o Basir Shamsie | 1,132,320                | -    |
| <b>Executives:</b>                   |                          |      |
| COO                                  | -                        | -    |
| Co. Sec.                             | -                        | -    |
| CFO                                  | -                        | -    |
| CIA                                  | 1                        | -    |

The financial position of JSIL, including the main items of the statement of financial position and the profit and loss account based on December 31, 2024, is attached.

| ASSETS                                       | Note | 2024                 | 2023                 | 2022                 |
|--|------|----------------------|----------------------|----------------------|
|  |      |                      | Restated<br>(Rupees) | Restated             |
| <b>Non-current assets</b>                    |      |                      |                      |                      |
| Property and equipment                       | 4    | 253,840,269          | 238,982,606          | 276,654,014          |
| Intangible assets                            | 5    | 1,869,156            | 3,655,853            | 6,469,897            |
| Investment in associates                     | 10   | 2,562,473,076        | 1,234,676,831        | 1,034,071,682        |
| Long term investment                         | 12   | 265,000              | 265,000              | 265,000              |
| Deferred taxation - net                      | 15   | 187,807,059          | 101,096,308          | -                    |
| Long term loans and prepayments              | 6    | 4,177,994            | 1,899,600            | 2,152,930            |
|  |      | 3,010,432,554        | 1,580,558,198        | 1,318,613,523        |
| <b>Current assets</b>                        |      |                      |                      |                      |
| Balances due from funds under management     | 7    | 205,482,407          | 125,531,519          | 124,610,226          |
| Loans and advances                           | 8    | 11,299,390           | 5,865,567            | 2,336,220            |
| Deposits, prepayments and other receivables  | 9    | 164,102,064          | 148,952,169          | 97,347,215           |
| Short term investment                        | 11   | 126,687,500          | 126,687,500          | 125,000,000          |
| Taxation - net                               |      | 20,902,979           | 66,646,890           | 91,587,518           |
| Cash and bank balances                       | 13   | 42,309,808           | 67,978,805           | 12,288,813           |
|  |      | 570,784,148          | 541,662,450          | 453,160,992          |
| <b>Total assets</b>                          |      | <u>3,581,216,702</u> | <u>2,122,220,648</u> | <u>1,771,763,515</u> |
| <b>EQUITY AND LIABILITIES</b>                |      |                      |                      |                      |
| <b>Share capital and reserves</b>            |      |                      |                      |                      |
| Authorised share capital                     |      | <u>2,500,000,000</u> | <u>2,500,000,000</u> | <u>2,500,000,000</u> |
| Issued, subscribed and paid-up share capital | 14   | 616,481,270          | 617,742,560          | 617,742,560          |
| Capital re-purchase reserve account          |      | 1,261,290            | -                    | -                    |
| Unappropriated profit                        |      | 1,493,843,514        | 1,047,678,821        | 737,654,383          |
| <b>Total equity and reserves</b>             |      | <u>2,111,586,074</u> | <u>1,665,421,381</u> | <u>1,356,366,943</u> |
| <b>LIABILITIES</b>                           |      |                      |                      |                      |
| <b>Non-current liabilities</b>               |      |                      |                      |                      |
| Lease liabilities                            | 16   | 154,928,225          | 157,085,116          | 213,734,571          |
|  |      | 154,928,225          | 157,085,116          | 213,734,571          |
| <b>Current liabilities</b>                   |      |                      |                      |                      |
| Trade and other payables                     | 17   | 372,806,296          | 267,808,528          | 173,481,210          |
| Short term borrowing                         | 18   | 900,000,000          | -                    | -                    |
| Unclaimed dividend                           |      | 4,870,010            | 4,872,885            | 4,922,407            |
| Current maturity of lease liabilities        | 16   | 37,026,097           | 27,232,736           | 24,248,384           |
|  |      | 1,314,702,403        | 299,714,151          | 202,652,001          |
|  |      | 1,469,630,628        | 456,799,267          | 416,386,572          |
| <b>Contingencies and commitments</b>         | 19   | -                    | -                    | -                    |
| <b>Total equity and liabilities</b>          |      | <u>3,581,216,702</u> | <u>2,122,220,648</u> | <u>1,771,763,515</u> |

The annexed notes 1 to 35 form an integral part of these financial statements.

**JS Investments Limited**  
**Statement of Profit or Loss**  
*For the year ended December 31, 2024*

|  |      | 2024                | 2023<br>Restated     |
|--|------|---------------------|----------------------|
|  | Note | (Rupees)            | (Rupees)             |
| <b>Income</b>  |      |                     |                      |
| Remuneration from funds under management - net   | 20   | 529,135,058         | 258,000,807          |
| Commission from funds under management   | 21   | 5,093,217           | 18,249,054           |
| Remuneration and share of profit from management of discretionary and non discretionary client portfolio | 22   | <u>203,062</u>      | <u>595,901</u>       |
|  |      | <u>534,431,337</u>  | <u>276,845,762</u>   |
| Net unrealised gain on remeasurement of investments classified as at fair value through profit or loss   |      | -                   | 1,687,500            |
| Return on bank deposits  |      | 5,819,068           | 5,310,081            |
| Return on debt security  |      | <u>27,609,279</u>   | <u>26,552,535</u>    |
|  |      | <u>567,059,684</u>  | <u>310,395,878</u>   |
| <b>Administrative expenses</b>   | 23   | (459,743,319)       | (356,643,030)        |
| <b>Selling and distribution expenses</b>   | 24   | (36,130,706)        | (27,667,046)         |
| <b>Operating profit</b>  |      | <u>71,985,659</u>   | <u>(73,914,198)</u>  |
| <b>Financial charges</b>   | 25   | (31,730,685)        | (26,680,905)         |
|  |      | <u>40,254,974</u>   | <u>(100,595,103)</u> |
| <b>Other income:</b>   | 26   | 7,064,463           | 23,316,399           |
| <b>Share of Profit from Associate</b>  | 10.1 | 441,193,452         | 331,549,287          |
| <b>Profit before Income and Minimum Taxes</b>  |      | <u>488,512,889</u>  | <u>254,269,583</u>   |
| <b>Taxation - Minimum Taxes</b>  |      | <u>(24,775,741)</u> | <u>(12,941,005)</u>  |
| <b>Profit before Income Tax</b>  |      | <u>463,737,148</u>  | <u>241,328,578</u>   |
| <b>Taxation - net</b>  | 27   | (14,814,120)        | 68,695,860           |
| <b>Profit after taxation</b>   |      | <u>448,923,028</u>  | <u>310,024,438</u>   |
| <b>Earnings per share for the year - basic and diluted</b>   | 28   | <u>7.27</u>         | <u>5.02</u>          |

The annexed notes 1 to 35 form an integral part of these financial statements.

# Form of Proxy

19th 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 19th Annual General Meeting  
of the Bank to be held on March 28, 2025 and / or any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of \_\_\_\_\_ 2025 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 Note**

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 instrument of proxy is deposited by a member with the Bank, all such instruments of proxy shall be rendered invalid.
5. The 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 the meeting. The Form of proxy must be submitted with the Bank within the stipulated time, duly witnessed by two persons whose names, addresses 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 the 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).

پرائیسی فارم  
انیسوال سالانہ اجلاس عام

کمپنی یکریٹری<sup>ا</sup>  
بے ایس بینک لمبیڈ  
شاہین کرشل کمپلیکس  
ڈاکٹر ضیاء الدین احمد روڈ  
پی او بکس نمبر 4847، کراچی 74200 پاکستان

میں/ہم \_\_\_\_\_ بے ایس بینک لمبیڈ کے ممبران اور برباطی رجسٹرڈ فویونبر/سی ڈی سی/ا کا ڈنٹ نمبر \_\_\_\_\_ عمومی حصہ کے مالکان ہیں، جناب \_\_\_\_\_ یا ان کی عدم دستیابی کی صورت میں جناب \_\_\_\_\_ کو بینک کے انیسوال سالانہ اجلاس عام منعقدہ 28 مارچ 2025 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 پتہ) کی موجودگی میں آج بروز 2025 کو میں نے ذاتی طور پر دستخط کئے / مہر ثبت کی۔

گواہ:  
1- نام: \_\_\_\_\_  
وستخط: \_\_\_\_\_  
پتہ: \_\_\_\_\_

|  |
|--|
| 5 روپے کی روپیہ اسٹیمپ پر دستخط<br>کئے جائیں<br>وستخط بینک میں موجود نمونے کے<br>وستخط کے مطابق ہونا چاہیں |
|--|

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_  
گواہ:  
2- نام: \_\_\_\_\_  
وستخط: \_\_\_\_\_  
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- باقاعدہ کامل اور دستخط شدہ پر اکسی 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 بکس نمبر 4847، کراچی 74200 پاکستان پر موصول ہو جانا چاہیے۔
- 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 مبراک 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- فریکل حص کے بینیشل مالکان اور سی ڈی سی شیئرز رجسٹر ار سروس لیمیٹڈ (سی ڈی سی الیس ایل) میں رجسٹرڈ حص 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 بیش کرنا ہو گا۔ باقاعدہ کامل اور دستخط شدہ پر اکسی فارم بینک میں مقررہ وقت پر جمع کروادیا جائے، جس پر دو گواہوں کے دستخط، نام، پہنچ، کمپیوٹرائزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر درج ہو۔ اس کے ہمراہ بینیشل مالک اور پر اکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ کی قدمیں شدہ نقل بھی مسلک 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 پر اکسی فارم کے ہمراہ جمع نہیں کروائی گئی)۔