

**THE BANK OF AZAD JAMMU AND KASHMIR**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2023**

		(Un-audited)	(Audited)
	Note	March 31, 2023	December 31, 2022
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks	5	6,470,919	6,271,417
Balances with other banks	6	16,011,369	16,088,667
Lendings to financial institutions		-	-
Investments	7	155,755	163,197
Advances	8	3,413,425	3,290,230
Fixed assets	9	380,666	365,478
Intangible assets		-	-
Deferred tax assets	10	59,491	49,601
Other assets	11	3,015,166	2,232,866
		<b>29,506,791</b>	<b>28,461,456</b>
<b>LIABILITIES</b>			
Bills payable	12	236,519	82,751
Borrowings		-	-
Deposits and other accounts	13	21,754,913	21,004,229
Liabilities against assets subject to finance lease		156,843	161,246
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	14	1,378,613	1,344,310
		<b>23,526,888</b>	<b>22,592,536</b>
<b>NET ASSETS</b>		<b>5,979,903</b>	<b>5,868,920</b>
<b>REPRESENTED BY</b>			
Share capital		5,142,903	5,142,903
Reserves		383,695	360,650
(Deficit) on revaluation of assets	15	(28,069)	(23,827)
Unappropriated profit		481,374	389,194
		<b>5,979,903</b>	<b>5,868,920</b>

**CONTINGENCIES AND COMMITMENTS**

16

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.



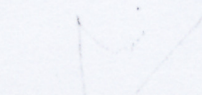
President/CEO



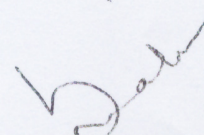
Chief Financial Officer



Director



Director

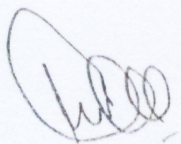


Director

THE BANK OF AZAD JAMMU AND KASHMIR  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2023

	Note	January to March 2023	January to March 2022
Mark-up / return / interest earned	17	982,430	596,071
Mark-up / return / interest expensed	18	552,435	255,561
Net mark-up/interest income		<u>429,995</u>	<u>340,510</u>
<b>NON MARK-UP/INTEREST INCOME</b>			
Fee and commission income	19	7,127	5,032
Dividend income		696	475
Foreign exchange income		-	-
Income / (loss) from derivatives		-	-
Gain / (loss) on securities		-	-
Other income	20	1,298	1,723
Total non-markup/interest Income		<u>9,121</u>	<u>7,230</u>
Total Income		<u>439,116</u>	<u>347,740</u>
<b>NON MARK-UP/INTEREST EXPENSES</b>			
Operating expenses	21	228,755	149,157
Workers welfare fund		-	-
Other charges		-	-
Total non-markup/interest expenses		<u>228,755</u>	<u>149,157</u>
Profit before provisions		<u>210,361</u>	<u>198,583</u>
Provisions and write offs - net	22	18,138	14,473
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		<u>192,223</u>	<u>184,110</u>
Taxation	23	76,998	71,229
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<u>115,225</u>	<u>112,881</u>
			Restated
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	24	<u>0.22</u>	<u>0.22</u>

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.



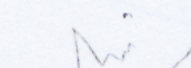
President/CEO



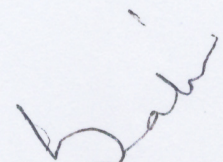
Chief Financial Officer



Director



Director



Director

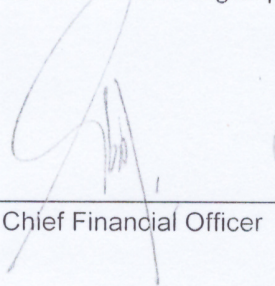
THE BANK OF AZAD JAMMU AND KASHMIR  
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
 FOR THE THREE MONTHS ENDED MARCH 31, 2023

	January to March 2023	January to March 2022
Profit after taxation for the period	115,225	112,881
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Movement in surplus / (deficit) on revaluation of investments - net of tax	(4,242)	354
<b>Total comprehensive income</b>	<u><u>110,983</u></u>	<u><u>113,235</u></u>

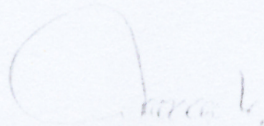
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 President/CEO



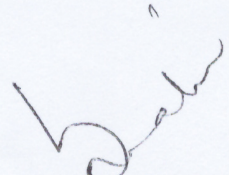
\_\_\_\_\_  
 Chief Financial Officer



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 Director



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 Director



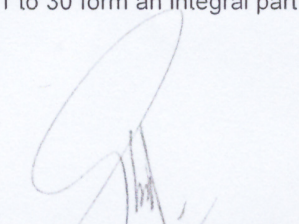
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 Director

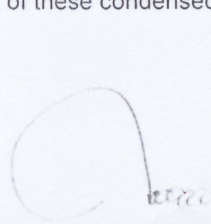
THE BANK OF AZAD JAMMU AND KASHMIR  
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2023


	Note	January to March 2023	January to March 2022
Rupees in '000			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		192,223	184,110
Less: Dividend income		696	475
		<u>191,527</u>	<u>183,635</u>
Adjustments:			
Depreciation		9,028	9,353
Depreciation on right-of-use assets		-	8,255
Mark-up / return / interest expensed on lease liability against right-of-use assets		-	4,252
Provision and write-offs	22	18,138	14,473
(Gain) on sale of fixed assets		-	-
		<u>27,166</u>	<u>36,333</u>
		<u>218,693</u>	<u>219,968</u>
(Increase)/ Decrease in operating assets			
Advances		(141,333)	(94,081)
Others assets (excluding advance taxation)		(792,796)	(145,065)
		<u>(934,129)</u>	<u>(239,146)</u>
Increase/ (Decrease) in operating liabilities			
Bills Payable		153,768	(111,458)
Deposits		750,684	1,398,423
Other liabilities (excluding current taxation)		42,421	77,760
		<u>946,873</u>	<u>1,364,725</u>
Income tax paid		(90,475)	(30,388)
Net cash flow generated from operating activities		<u>140,962</u>	<u>1,315,159</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		-	-
Dividends received		696	475
Investments in operating fixed assets		(15,050)	(4,774)
Proceeds from sale of fixed assets		-	-
Net cash flow (used in) investing activities		<u>(14,354)</u>	<u>(4,299)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue of share capital		-	-
Payment of lease liability against right-of-use assets		(4,403)	(4,684)
Dividend paid		-	-
Net cash flow from / (used in) financing activities		<u>(4,403)</u>	<u>(4,684)</u>
<b>Increase / (Decrease) in cash and cash equivalents</b>		<b>122,205</b>	<b>1,306,176</b>
Cash and cash equivalents at beginning of the period		<u>22,360,083</u>	<u>19,221,722</u>
<b>Cash and cash equivalents at end of the period</b>		<u><u>22,482,288</u></u>	<u><u>20,527,898</u></u>

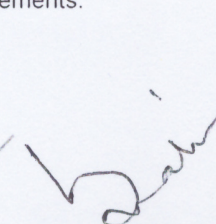
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\_\_\_\_\_  
President/CEO

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

  
\_\_\_\_\_  
Director

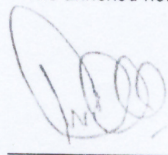
  
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Director

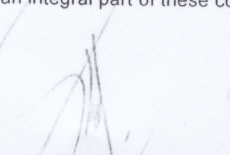
  
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Director

THE BANK OF AZAD JAMMU AND KASHMIR  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2023

	Share Capital	Surplus/ (deficit) on revaluation of investments	Unappropriated profit	Statutory Reserve	Total
	Rupees in '000				
<b>Balance as at December 31, 2021</b>	5,142,903	(13,797)	22,743	269,037	5,420,886
Profit after taxation for the three month ended March 31, 2022	-	-	112,881	-	112,881
Transfer to Statutory Reserve	-	-	(27,124)	27,124	-
Other comprehensive income - net of tax	-	354	-	-	354
<b>Transactions with owners, recorded directly in equity</b>					
Issue of bonus shares	-	-	-	-	-
<b>Balance as at March 31, 2022</b>	<u>5,142,903</u>	<u>(13,443)</u>	<u>108,500</u>	<u>296,161</u>	<u>5,534,121</u>
Profit after taxation for the nine months ended December 31, 2022	-	-	345,183	-	345,183
Transfer to Statutory Reserve	-	-	(64,489)	64,489	-
Other comprehensive income - net of tax	-	(10,384)	-	-	(10,384)
<b>Transactions with owners, recorded directly in equity</b>					
Issue of Shares against cash	-	-	-	-	-
Issue of share capital	-	-	-	-	-
<b>Balance as at December 31, 2022</b>	<u>5,142,903</u>	<u>(23,827)</u>	<u>389,194</u>	<u>360,650</u>	<u>5,868,920</u>
Profit / (loss) after taxation for the current period	-	-	115,225	-	115,225
Transfer to Statutory Reserve	-	-	(23,045)	23,045	-
Other comprehensive income - net of tax	-	(4,242)	-	-	(4,242)
<b>Transactions with owners, recorded directly in equity</b>					
<b>Balance as at March 31, 2023</b>	<u>5,142,903</u>	<u>(28,069)</u>	<u>481,374</u>	<u>383,695</u>	<u>5,979,903</u>

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

  
\_\_\_\_\_  
President/CEO

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

  
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Director

  
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Director

  
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Director

**BANK OF AZAD JAMMU AND KASHMIR**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023**

**1. STATUS AND NATURE OF BUSINESS**

The Bank of Azad Jammu and Kashmir (the Bank) was established under The Bank of Azad Jammu and Kashmir Act, 2005 (the Act) and is principally engaged in commercial banking and related services as a non-scheduled bank in Azad Jammu and Kashmir State. The registered office of the Bank is situated at Bank Square, Chatter, Muzaffarabad, Azad Jammu and Kashmir. The Government of Azad Jammu and Kashmir holds directly and indirectly Bank's entire share capital at the year end.

The Bank has 83 branches (December 2022: 82 branches; March 2022: 77 branches) in Azad Jammu and Kashmir.

**2. BASIS OF PREPARATION**

**2.1 STATEMENT OF COMPLIANCE**

Bye-Law of the bank require that the statement of financial position and profit and loss account of the Bank shall be drawn up in conformity with the rules and regulations of The State Bank of Pakistan (SBP) and Section 34 of The Banking Company Ordinance, 1962. Accordingly, these financial statements have been prepared in accordance with the requirements of the Act, its Bye-Laws and approved accounting and reporting standards as applicable in Pakistan. Approved accounting and reporting standards comprise of;

International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified by SECP Under the companies Act, 2017; and

Provisions of and directives issued by the SBP by the SBP under the Banking Companies Ordinance, 1962.

Whenever the requirements of the directives issued by the SBP differ with the requirements of IFRS, the requirements of the said directives, shall prevail.

**2.2** The disclosures made in this condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 05 of 2019 and International Accounting Standard 34, "Interim Financial Reporting". This condensed interim financial information do not include all of the disclosures required for annual financial statements and should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2022.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and method of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual financial statements of the Bank, for the year ended December 31, 2022.

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

The following standard, amendments and interpretation are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretation and the amendments are either not relevant to the Bank Operation or are not expected to have significant impact on the Bank's condensed interim financial statements other than additional disclosures.

As per the SBP's BPRD Circulars letter no. 03 dated July 05, 2022, the applicability of IFRS 9, Financial Instruments has been deferred to accounting periods beginning on or after January 01, 2023. Certain requirements of this standard will be applicable from January 01, 2023. The impact of the IFRS 9 in Pakistan on the Bank's financial statements is being assessed.

IFRS 9 Financial Instruments addresses the 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 an impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the incurred credit losses approach as currently followed. The ECL approach has an impact on all assets of the Bank which are exposed to credit risk. The Bank is in the process of assessing the full impact of this standard.

There are various amendments to existing accounting and reporting standards as applicable in Pakistan that are not yet effective. These are not likely to have a material effect on the Bank's financial statements.

**3.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements is the same as that applied in the preparation of the financial statements for the year ended December 31, 2022.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those followed in the preparation of the unconsolidated financial statements for the year ended December 31, 2022.

**4.1 FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the financial statements of the Bank for the year ended December 31, 2022.

(Un-audited) (Audited)  
March 31, 2023 December 31, 2022  
Rupees in '000

5 CASH AND BALANCES WITH TREASURY BANKS

In hand		
Local currency	357,457	283,116
With National Bank of Pakistan in		
Local currency current accounts	90,737	2,111
Local currency deposit account	122,725	86,190
Local currency Term deposit accounts	5,900,000	5,900,000
	6,113,462	5,988,301
Prize bonds	-	-
	6,470,919	6,271,417

6 BALANCES WITH OTHER BANKS

In Pakistan (Azad Jammu and Kashmir)		
In current accounts	247,332	494,362
In deposit accounts	15,764,037	15,594,305
	16,011,369	16,088,667

7 INVESTMENTS

7.1 Investments by type:

	(Un-audited) March 31, 2023				(Audited) December 31, 2022			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in '000							
Available-for-sale securities								
Units of open ended mutual funds	205,000	-	(49,245)	155,755	205,000	-	(41,803)	163,197
Held-to-maturity securities								
Term finance certificates - note 8.2	49,940	(49,940)	-	-	49,940	(49,940)	-	-
<b>Total Investments</b>	<b>254,940</b>	<b>(49,940)</b>	<b>(49,245)</b>	<b>155,755</b>	<b>254,940</b>	<b>(49,940)</b>	<b>(41,803)</b>	<b>163,197</b>

(Un-audited) (Audited)  
March 31, 2023 December 31, 2022  
Rupees in '000

7.2 Provision for diminution in value of investments

7.2.1 Opening balance	49,940	49,940
Charge for the period / year	-	-
Closing Balance	49,940	49,940

7.2.2 Particulars of provision against debt securities

Category of classification	(Un-audited) March 31, 2023		(Audited) December 31, 2022	
	NPI	Provision	NPI	Provision
Domestic				
Loss	49,940	(49,940)	49,940	(49,940)
Total	49,940	(49,940)	49,940	(49,940)

8 ADVANCES

	Performing		Non Performing		Total	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
	Rupees in '000					
Loans, cash credits, running finances, etc.	3,495,908	3,369,395	149,464	134,644	3,645,372	3,504,039
Advances - gross	3,495,908	3,369,395	149,464	134,644	3,645,372	3,504,039
Provision against advances						
- Specific	-	-	(129,972)	(127,687)	(129,972)	(127,687)
- General	(101,975)	(86,122)	-	-	(101,975)	(86,122)
	(101,975)	(86,122)	(129,972)	(127,687)	(231,947)	(213,809)
Advances - net of provision	3,393,933	3,283,273	19,492	6,957	3,413,425	3,290,230

8.1	Particulars of advances (Gross)	(Un-audited)	(Audited)
		March 31, 2023	December 31, 2022
	In local currency		
8.2	Advances include Rs. 198,318 thousand (2022: 185,811 thousand) which have been placed under non-performing status as detailed below:-	3,645,372	3,003,399

Category of Classification

Domestic  
Other Assets Especially Mentioned  
Substandard  
Doubtful  
Loss  
Total

	(Un-audited) March 31, 2023		(Audited) December 31, 2022	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	25,629	6,657	4,883	854
	1,043	521	1,151	437
	122,792	122,794	128,610	126,396
	149,464	129,972	134,644	127,687

8.3 Particulars of provision against advances

Opening balance  
Charge for the period / year  
Reversals

Amount Charged off- agriculture Financing

Closing balance

	(Un-audited) March 31, 2023			(Audited) December 31, 2022		
	Specific	General	Total	Specific	General	Total
	127,687	86,122	213,809	108,487	79,599	188,086
	6,090	15,853	21,943	41,697	6,523	48,220
	(3,805)	-	(3,805)	(19,135)	-	(19,135)
	2,285	15,853	18,138	22,562	6,523	29,085
	-	-	-	(3,362)	-	(3,362)
	129,972	101,975	231,947	127,687	86,122	213,809

8.4

8.3.1 Particulars of provision against advances

In local currency

	(Un-audited) March 31, 2023			(Audited) December 31, 2022		
	Specific	General	Total	Specific	General	Total
	129,972	101,975	-	127,687	86,122	213,809
	129,972	101,975	-	127,687	86,122	213,809

8.4 These represent non-performing advances for agriculture finance which have been classified as loss, are fully provided and are in default for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with the SBP,s Prudential Regulation for Agriculture Financing. This charge off does not, in any way, prejudice the Bank,s right of recovery from these customers.

9 FIXED ASSETS

Capital work-in-progress  
Property and equipment

9.1 Capital work-in-progress

Advances to suppliers

This represents advance to suppliers in respect of purchase of office equipment, computers and furniture.

9.1	(Un-audited)	(Audited)
	March 31, 2023	December 31, 2022
	14,411	16,002
	366,255	349,476
	380,666	365,478
	14,411	16,002

9.2 Additions to fixed assets

The following additions have been made to fixed assets during the period:

Capital work-in-progress

Property and equipment

Freehold land  
Building on freehold land  
Leasehold Improvements  
Furniture and fixture  
Electrical office and computer equipment  
Vehicles  
Others

Total

	(Un-audited)	(Un-audited)
	March 31, 2023	December 31, 2022
	(1,591)	95
	-	28,685
	8,952	19,095
	6,334	22,026
	1,314	20,474
	-	19,783
	41	-
	16,641	110,063



		(Un-audited) March 31, 2023	Audited December 31, 2022
Rupees in '000			
<b>10</b>	<b>DEFERRED TAX ASSETS</b>		
	Deductible Temporary Differences on		
	- Accelerated tax depreciation	22,911	18,405
	-Provision against receivable from Kashmir Council	2,070	2,070
	-Provision against customer claims	10,472	10,472
	-Provision against Classified Advances	2,863	679
	- Deficit on revaluation of investments	21,175	17,975
	Net deferred tax assets	59,491	49,601
<b>11</b>	<b>OTHER ASSETS</b>	59,491	49,601

	Income/ mark-up accrued in local currency - net of provision	11.1	2,943,536	2,170,017
	Advances, deposits, advance rent and other prepayments		2,577	2,111
	Advance taxation (payments less provisions)		-	-
	Branch adjustment account		-	-
	Stationery and stamps in hand		5,423	6,371
	Others		68,445	59,182
	Less: Provision held against other assets		3,019,981	2,237,681
	Other Assets (Net of Provision)	11.2	(4,815)	(4,815)
			3,015,166	2,232,866
11.1	This balance has arrived at after adjusting interest in suspense account of Rs. 143,554 Thousand ( 2022 : Rs. 139,907 thousand).			
11.2	<b>Provision held against other assets</b>			
	Receivable from Kashmir Council		(4,815)	4,815

		(Un-audited) March 31, 2023	Audited December 31, 2022
Rupees in '000			
<b>12</b>	<b>BILLS PAYABLE</b>		
	In Pakistan	236,519	82,751

	(Un-audited)			Audited		
	March 31, 2023			December 31, 2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
Rupees in '000						
<b>13</b>	<b>DEPOSITS AND OTHER ACCOUNTS</b>					
	<b>Customers</b>					
	Current deposits	5,374,349	-	5,374,349	5,798,619	-
	Savings deposits	11,740,877	-	11,740,877	10,267,737	-
	Term deposits	4,624,879	-	4,624,879	4,761,520	-
	Others	14,808	-	14,808	176,353	-
		21,754,913	-	21,754,913	21,004,229	-
						21,004,229

		(Un-audited) March 31, 2023	Audited December 31, 2022
Rupees in '000			
<b>14</b>	<b>OTHER LIABILITIES</b>		
	Mark-up/ return/ interest payable in local currency - note 15.1	536,816	669,649
	Accrued expenses	260,192	12,576
	Income tax payable	257,832	264,620
	Branch adjustment account	33,315	30,085
	Provision for bonus to employees	41,481	48,009
	Provision against customer claims	24,355	24,354
	Leave encashment	81,121	81,121
	Education cess	55,666	46,113
	Others	87,835	167,784
		1,378,613	1,344,311

14.1 It includes an amount of Rs. 119,978 thousand (2022: Rs. 288,873 thousand) on account of interest payable to related parties.

		(Un-audited) March 31, 2023	Audited December 31, 2022
Rupees in '000			
<b>15</b>	<b>DEFICIT ON REVALUATION OF ASSETS</b>		
	Deficit on revaluation of		
	- Available for sale securities	7.1	(49,245)
	Deferred tax on surplus / (deficit) on revaluation of:		(41,803)

**CONTINGENCIES AND COMMITMENTS**

- Guarantees
- Commitments
- Bills for collection

16.1	45,886	35,867
16.2	108,288	144,528
16.4	24,603	10,816
	<u>178,777</u>	<u>191,211</u>

**16.1 Guarantees:**

Financial guarantees

45,886	35,867
--------	--------

December 31,  
March 31, 2023      2022  
Rupees in '000

**16.2 Commitments:**

- Loan sanctioned but not disbursed
- Unavailed running finance

36,470	109,993
71,818	34,535
<u>108,288</u>	<u>144,528</u>

16.3 Due to adoption of IFRS-16 there is no commitment in respect of operating lease.

**16.4 Bills for collection**

Bills for collection represent bills drawn in favour of various financial institutions on behalf of the Bank's customers. These are accepted by the Bank as an agent and the Bank does not carry any credit risk in respect of these bills.

January to      January to  
 March 2023    March 2022  
 Rupees in '000

**17      MARK-UP / RETURN / INTEREST EARNED**

On:		132,827	110,256
a)	Loans and advances	-	-
b)	Investments	849,603	485,815
d)	Balances with banks	<u>982,430</u>	<u>596,071</u>

**18      MARK-UP/RETURN/INTEREST EXPENSED**

On:		552,435	251,309
a)	Deposits	-	4,252
b)	Lease liability against right-of-use- assets	<u>552,435</u>	<u>255,561</u>

**19      FEE & COMMISSION INCOME**

Branch banking customer fees	656	633
Commission on cheques books	1,574	1,112
Credit related fees	2,286	1,245
Commission on guarantees	92	110
Commission on remittances	648	275
Commission on call deposit	22	18
Commission on utility bills	1,621	1,441
Postages charges	152	163
Others	76	35
	<u>7,127</u>	<u>5,032</u>

**20      OTHER INCOME**

other Income	1,298	1,723
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January to March 2023      January to March 2022  
Rupees in '000

21 OPERATING EXPENSES

Total compensation expense		129,253	85,683
<b>Property expense</b>			
Rent & taxes		14,503	-
Insurance		8,944	-
Utilities cost		8,786	6,745
Security (including guards)		13,569	7,858
Repair & maintenance (including janitorial charges)		6,155	3,236
Depreciation on right-of-use assets		-	8,255
Depreciation on owned fixed assets		4,057	2,366
		56,014	28,460
<b>Information technology expenses</b>			
Software maintenance		-	7,985
Hardware maintenance		1,014	572
Depreciation		2,140	1,656
Network charges		2,202	1,808
		5,356	12,021
<b>Other operating expenses</b>			
Directors' fees and allowances		621	246
Legal & professional charges		2,009	167
Travelling & conveyance		9,145	5,346
Depreciation		2,831	5,331
Entertainment		5,051	3,574
Training & development		146	-
Postage & courier charges		654	756
Communication		1,203	906
Stationery & printing		5,298	1,653
Marketing, advertisement & publicity		744	228
Auditors Remuneration		591	592
Others		9,839	4,194
		38,132	22,993
		228,755	149,157

January to March 2023      January to March 2022  
Rupees

22 PROVISIONS & WRITE OFFS - NET

(Reversal)/Charge of provisions against loans & advances - net	8.3	18,138	14,473
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23 TAXATION

Current		83,687	76,892
Deferred		(6,689)	(5,663)
		76,998	71,229

24 BASIC EARNINGS/ (LOSS) PER SHARE

Profit for the period		115,225	112,881
Number of ordinary shares		514,290,320	514,290,320
			Restated
Basic earnings per share		0.22	0.22

25 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

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

25.1 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 assets 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 analyses 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:

	Un-Audited March 31, 2023			Total
	Level 1	Level 2	Level 3	
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Mutual Fund	155,755	-	-	155,755

	Audited December 31, 2022			Total
	Level 1	Level 2	Level 3	
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Mutual Fund	163,197	-	-	163,197

26 Segment details with respect to business activities

	For the three months ended March 31, 2023 (Un-audited)				Total
	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	
Profit & Loss					
Net mark-up/return/profit	109,816	320,179	-	-	429,995
Non mark-up / return / interest income	26	1,994	5,438	1,662	9,120
Total Income	109,842	322,173	5,438	1,662	439,115
Segment direct expenses	25,341	201,776	1,255	383	228,755
Total expenses	25,341	201,776	1,255	383	228,755
Provisions charged / (reversal)	2,285	15,853	-	-	18,138
Profit before tax	82,216	104,544	4,183	1,279	192,222

as at March 31, 2023

Balance Sheet	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
	Rupees in '000				
Cash & Bank balances	-	22,482,288	-	-	22,482,288
Investments	-	155,755	-	-	155,755
Advances - performing	2,936,361	559,547	-	-	3,495,908
- non-performing	43,179	106,285	-	-	149,464
- provision	(133,840)	(98,107)	-	-	(231,947)
Operating fixed assets	42,169	335,771	2,088	638	380,666
Deferred tax asset	6,589	52,475	326	100	59,490
Others	2,480,335	534,318	393	120	3,015,166
<b>Total Assets</b>	<b>5,374,793</b>	<b>24,128,332</b>	<b>2,807</b>	<b>858</b>	<b>29,506,790</b>
Bills payable	-	236,519	-	-	236,519
Deposits & other accounts	-	21,754,913	-	-	21,754,913
Others	170,712	1,363,516	941	287	1,535,456
<b>Total liabilities</b>	<b>170,712</b>	<b>23,354,948</b>	<b>941</b>	<b>287</b>	<b>23,526,888</b>
Equity	5,204,081	773,384	1,866	571	5,979,902
<b>Total Equity &amp; liabilities</b>	<b>5,374,793</b>	<b>24,128,332</b>	<b>2,807</b>	<b>858</b>	<b>29,506,790</b>

Contingencies & Commitments

61,073	117,704	-	-	178,777
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For the three months ended March 31, 2022 (Un-audited)

Profit & Loss	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
	Rupees in '000				
Net mark-up/return/profit	100,515	239,995	-	-	340,510
Non mark-up / return / interest income	29	2,198	3,545	1,458	7,230
Total Income	100,544	242,193	3,545	1,458	347,740
Segment direct expenses	24,858	123,062	876	360	149,156
Total expenses	24,858	123,062	876	360	149,156
Provisions charged / (reversal)	13,635	838	-	-	14,473
Profit before tax	62,051	118,293	2,669	1,098	184,111

As at December 31, 2022 (Audited)

Balance Sheet	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
	Rupees in '000				
Cash & Bank balances	-	19,221,722	-	-	19,221,722
Investments	-	183,775	-	-	183,775
Advances - performing	2,640,261	226,399	-	-	2,866,660
Advances - non-performing	41,238	95,501	-	-	136,739
Advances - provision	(116,753)	(71,333)	-	-	(188,086)
Operating fixed assets	52,677	197,615	2,477	1,117	253,886
Deferred tax asset	6,227	23,359	293	132	30,011
Others	929,941	116,577	64	29	1,046,611
<b>Total Assets</b>	<b>3,553,591</b>	<b>19,993,615</b>	<b>2,834</b>	<b>1,278</b>	<b>23,551,318</b>
Bills payable	-	158,180	-	-	158,180
Deposits & other accounts	-	17,270,623	-	-	17,270,623
Liabilities against assets subject to finance lease	28,740	107,818	1,351	610	138,519
Others	32,228	428,777	102,093	12	563,110
<b>Total liabilities</b>	<b>60,968</b>	<b>17,965,398</b>	<b>103,444</b>	<b>622</b>	<b>18,130,432</b>
Equity	3,492,623	2,028,217	(100,610)	656	5,420,886
<b>Total Equity &amp; liabilities</b>	<b>3,553,591</b>	<b>19,993,615</b>	<b>2,834</b>	<b>1,278</b>	<b>23,551,318</b>

Contingencies & Commitments

23,153	29,331	58,235	19,586	130,305
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## 27 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence. 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 person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the terms of the

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

	(Un-audited) March 31, 2023		(Audited) December 31, 2022	
	Government of Azad Jammu & Kashmir and its related department	Key management personnel	Government of Azad Jammu & Kashmir and its related department	Key management personnel
----- (Rupees in '000) -----				
<b>Advances</b>				
Opening balance	-	105,283	-	61,031
Addition during the period / year				-
Addition/Repaid during the period / year	-	3,390	-	44,252
Closing balance	-	108,673	-	105,283
Provision held against advances	-	-	-	-
<b>Other Assets</b>				
Interest / mark-up accrued	-	-	-	-
<b>Deposits and other accounts</b>				
Opening balance	9,578,386	3,239	8,332,479	4,384
Received/Withdrawal during the period / year	(90,119)	(1,102)	1,245,907	(1,145)
Closing balance	9,488,267	2,137	9,578,386	3,239
<b>Other Liabilities</b>				
Interest / mark-up payable	119,978	-	288,873	-
<b>Contingencies and Commitments</b>				
Unavailed running finance	-	-	-	-

## RELATED PARTY TRANSACTIONS

	(Un-audited) For the three months ended March 31, 2022		(Un-audited) For the three months ended March 31, 2021	
	Government of Azad Jammu & Kashmir and its related department	Key management personnel	Government of Azad Jammu & Kashmir and its related department	Key management personnel
----- (Rupees in '000) -----				
<b>Income</b>				
Mark-up / return / interest earned	-	727	-	889
<b>Expense</b>				
Mark-up / return / interest paid	67,969	57	85,430	88

28 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

(Un-audited) (Audited)  
March 31, December  
2023 31, 2022  
Rupees in '000

**Minimum Capital Requirement (MCR):**  
Paid-up capital (net of losses)

10,000,000 10,000,000

**Capital Adequacy Ratio (CAR):**

Eligible common equity tier 1 (CET 1) capital  
Eligible additional tier 1 (ADT 1) capital  
Total regulatory adjustment applied to CET1  
Total Eligible Tier 1 Capital  
Eligible Tier 2 Capital  
Total Eligible Capital (Tier 1 + Tier 2)

5,624,277	5,824,278
-	-
(28,069)	-
5,596,208	5,824,278
101,975	86,122
<u>5,698,183</u>	<u>5,910,400</u>

**Risk Weighted Assets (RWAs):**

Credit Risk  
Market Risk  
Operational Risk  
Total

11,277,997	10,351,574
311,510	407,993
987,679	2,277,353
<u>12,577,187</u>	<u>13,036,920</u>

Common Equity Tier 1 Capital Adequacy Ratio  
Tier 1 Capital Adequacy Ratio  
Total Capital Adequacy Ratio

44.72%	44.68%
44.49%	44.68%
45.31%	45.34%

**Leverage Ratio (LR):**

Eligible Tier-1 Capital  
Total Exposure  
Leverage Ratio

5,596,208	5,824,278
29,552,677	28,652,667
19%	20%

**Liquidity Coverage Ratio (LCR):**

Total High Quality Liquid Assets  
Total Net Cash Outflow  
Liquidity Coverage Ratio

22,482,288	22,360,084
11,244,788	10,661,825
200%	210%

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

Total Available Stable Funding  
Total Required Stable Funding  
Net Stable Funding Ratio

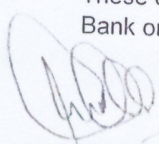
18,231,508	16,107,537
12,530,777	13,041,637
145%	124%

29 GENERAL

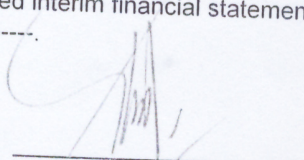
Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

30 DATE OF AUTHORISATION FOR ISSUE

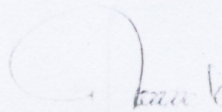
These condensed interim financial statements were authorized for issue by the Board of Directors of the Bank on -----.



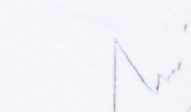
President/CEO



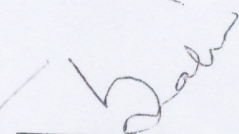
Chief Financial Officer



Director



Director



Director