

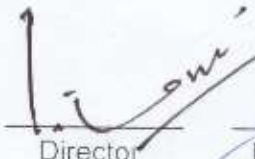
THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

| | | (Un-audited) | (Audited) |
|---|------|-------------------|----------------------|
| | Note | March 31, 2021 | December 31, 2020 |
| Rupees in '000 | | | |
| ASSETS | | | |
| Cash and balances with treasury banks | 5 | 3,583,486 | 3,454,865 |
| Balances with other banks | 6 | 10,147,927 | 9,825,491 |
| Lendings to financial institutions | | - | - |
| Investments | 7 | 189,529 | 185,845 |
| Advances | 8 | 2,451,988 | 2,246,653 |
| Fixed assets | 9 | 227,122 | 230,026 |
| Intangible assets | | - | - |
| Deferred tax assets | 10 | 23,675 | 26,407 |
| Other assets | 11 | 1,110,127 | 850,127 |
| | | 17,733,854 | 16,819,414 |
| LIABILITIES | | | |
| Bills payable | 12 | 42,313 | 67,414 |
| Borrowings | | - | - |
| Deposits and other accounts | 13 | 14,537,720 | 13,700,340 |
| Liabilities against assets subject to finance lease | | 128,976 | 132,911 |
| Subordinated debt | | - | - |
| Deferred tax liabilities | | - | - |
| Other liabilities | 14 | 566,291 | 534,159 |
| | | 15,275,300 | 14,434,824 |
| NET ASSETS | | 2,458,554 | 2,384,590 |
| REPRESENTED BY | | | |
| Share capital | | 2,129,911 | 2,129,911 |
| Reserves | | - | - |
| (Deficit) on revaluation of assets | 15 | (10,056) | (12,451) |
| Unappropriated profit | | 338,699 | 267,130 |
| | | 2,458,554 | 2,384,590 |
| 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, 2021

| | Note | January to March 2021 | January to March 2020 |
|--------------------------------------|------|--------------------------|--------------------------|
| Mark-up / return / interest earned | 17 | 411,284 | 409,604 |
| Mark-up / return / interest expensed | 18 | <u>154,527</u> | <u>205,178</u> |
| Net mark-up/interest income | | 256,757 | 204,426 |

NON MARK-UP/INTEREST INCOME

| | | | |
|----------------------------------|----|---------|---------|
| Fee and commission income | 19 | 5,477 | 3,938 |
| Dividend income | | - | 815 |
| Foreign exchange income | | - | - |
| Income / (loss) from derivatives | | - | - |
| Gain / (loss) on securities | | - | - |
| Other income | 20 | 1,607 | 687 |
| Total non-markup/interest Income | | 7,084 | 5,440 |
| Total Income | | 263,841 | 209,866 |

NON MARK-UP/INTEREST EXPENSES

| | | | |
|-------------------------------------|----|----------------|---------------|
| Operating expenses | 21 | 130,316 | 125,695 |
| Workers welfare fund | | - | - |
| Other charges | | - | - |
| Total non-markup/interest expenses | | 130,316 | 125,695 |
| Profit before provisions | | 133,525 | 84,171 |
| Provisions and write offs - net | 22 | 7,242 | 5,122 |
| Extra ordinary / unusual items | | - | - |
| PROFIT BEFORE TAXATION | | 126,283 | 79,049 |
| Taxation | 23 | 54,714 | 32,805 |
| PROFIT/(LOSS) AFTER TAXATION | | 71,569 | 46,244 |

Restated

| | | | |
|--------------------------------------|----|-------------|-------------|
| BASIC AND DILUTED EARNINGS PER SHARE | 24 | <u>0.34</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

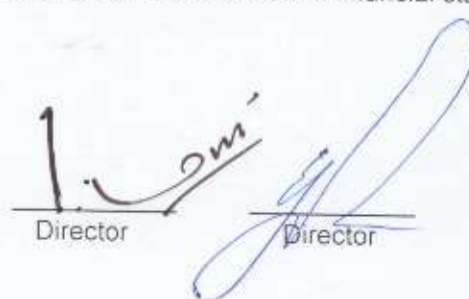
THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2021

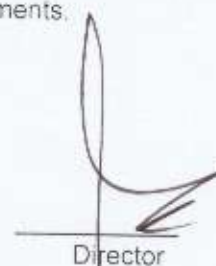
| | January to March 2021 | January to March 2020 |
|--|--------------------------|--------------------------|
| Profit after taxation for the period | 71,569 | 46,244 |
| Other comprehensive income | | |
| Items that may be reclassified to profit and loss account in subsequent periods: | | |
| Movement in surplus / (deficit) on revaluation of investments - net of tax | 2,395 | (20,693) |
| Total comprehensive income | <u>73,964</u> | <u>25,551</u> |

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


President/CEO


Chief Financial Officer


Director

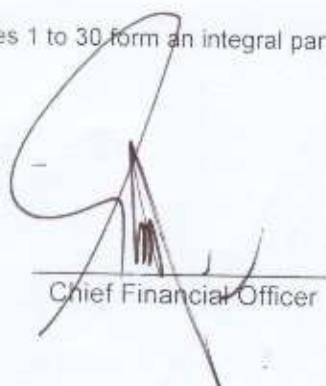

Director

THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2021

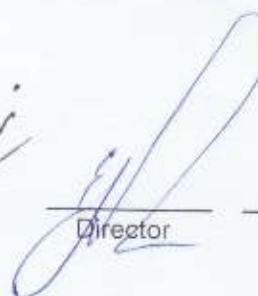
| Note | January to March 2021 | January to March 2020 |
|---|--------------------------|--------------------------|
| | Rupees in '000 | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 126,283 | 79,049 |
| Less: Dividend income | - | 815 |
| | 126,283 | 78,234 |
| Adjustments: | | |
| Depreciation | 6,107 | 6,581 |
| Depreciation on right-of-use assets | 7,389 | 6,554 |
| Mark-up / return / interest expensed on lease liability against right-of-use assets | 3,935 | 2,291 |
| Provision and write-offs | 7,242 | 5,122 |
| (Gain) on sale of fixed assets | - | - |
| | 24,673 | 20,548 |
| | 150,956 | 98,782 |
| (Increase)/ Decrease in operating assets | | |
| Advances | (212,577) | 216,298 |
| Others assets (excluding advance taxation) | (270,496) | (315,872) |
| | (483,073) | (99,574) |
| Increase/ (Decrease) in operating liabilities | | |
| Bills Payable | (25,101) | (2,537) |
| Deposits | 837,380 | 229,590 |
| Other liabilities (excluding current taxation) | 1,338 | 56,813 |
| | 813,617 | 283,866 |
| Income tax paid | (22,476) | (14,895) |
| Net cash flow generated from operating activities | 459,024 | 268,179 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Net investments in available-for-sale securities | - | - |
| Dividends received | - | 815 |
| Investments in operating fixed assets | (97) | (1,794) |
| Proceeds from sale of fixed assets | - | - |
| Net cash flow (used in) investing activities | (97) | (979) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Issue of share capital | - | - |
| Payment of lease liability against right-of-use assets | (7,870) | (5,556) |
| Dividend paid | - | - |
| Net cash flow from / (used in) financing activities | (7,870) | (5,556) |
| Increase / (Decrease) in cash and cash equivalents | 451,057 | 261,644 |
| Cash and cash equivalents at beginning of the period | 13,280,356 | 10,314,178 |
| Cash and cash equivalents at end of the period | 13,731,413 | 10,575,822 |

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


President/CEO


Chief Financial Officer


Director


Director


Director

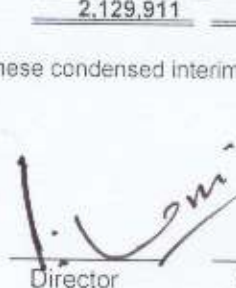
THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2021

| | Share Capital | Surplus/ (deficit) on revaluation of investments | Unappropriated profit | Total |
|---|------------------|---|--------------------------|------------------|
| | Rupees in '000 | | | |
| Balance as at December 31, 2019 | 1,027,192 | (17,289) | 217,181 | 1,227,064 |
| Profit after taxation for the three month ended March 31, 2020 | - | - | 46,244 | 46,244 |
| Other comprehensive income - net of tax | - | (20,693) | - | (20,693) |
| Transactions with owners, recorded directly in equity | | | | |
| Issue of bonus shares | - | - | - | - |
| Balance as at March 31, 2020 | 1,027,192 | (37,982) | 263,405 | 1,252,615 |
| Profit after taxation for the nine months ended December 31, 2020 | - | - | 106,444 | 106,444 |
| Other comprehensive income - net of tax | - | 25,531 | - | 25,531 |
| Transactions with owners, recorded directly in equity | | | | |
| Issue of Shares against cash | 1,000,000 | - | - | 1,000,000 |
| Issue of share capital | 102,719 | - | (102,719) | - |
| Balance as at December 31, 2020 | 2,129,911 | (12,451) | 267,130 | 2,384,590 |
| Profit / (loss) after taxation for the current period | - | - | 71,569 | 71,569 |
| Other comprehensive income - net of tax | - | 2,395 | - | 2,395 |
| Transactions with owners, recorded directly in equity | | | | |
| Issue of bonus shares | - | - | - | - |
| Balance as at March 31, 2021 | 2,129,911 | (10,056) | 338,699 | 2,458,554 |


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
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2021

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, Chatler, 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 72 branches (December 2020: 70 branches; March 2020: 70 branches) in Azad Jammu and Kashmir.

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

These condensed interim financial statements for the quarter ended March 31, 2021 are un-audited, and have been prepared in accordance with the requirements of the Act, its Bye-Laws and accounting and reporting standards as applicable in Pakistan for interim financial reporting for Banking Companies.

The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34: Interim Financial Reporting, issued by the International Accounting Standards Board (IASB); and
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and directives issued by the State Bank of Pakistan (SBP).

Wherever the requirements of the Act, its byelaws, the Banking Companies Ordinance, 1962, or the directives issued by the SBP differ with the requirements of IFRS, the requirements of the Act, its byelaws, the Banking Companies Ordinance, 1962 and the directives 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, 2020.

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, 2020.

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

The following standards, amendments and interpretations are only effective for accounting periods beginning on or after the date mentioned against each of them:

| | Effective from accounting period beginning on or after |
|--|--|
| - IFRS 16 Leases - Covid-19 related rent concessions | June 01, 2020 |
| - Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) | January 01, 2021 |
| - Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework | |
| - Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use | January 01, 2022 |
| - Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - cost of fulfilling a contract | January 01, 2022 |
| - Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current | January 01, 2023 |
| - State Bank of Pakistan vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 has directed banks in Pakistan to implement IFRS 9 with effect from 01 January 2021 | |

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 17 - Insurance Contracts

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, 2020.

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, 2020.

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, 2019.

(Un-audited) (Audited)
March 31, 2021 December 31, 2020
Rupees in '000

5 CASH AND BALANCES WITH TREASURY BANKS

In hand
Local currency

156,101 130,520

With National Bank of Pakistan in
Local currency current accounts
Local currency deposit account
Local currency Term deposit accounts

| | |
|-----------|-----------|
| 31,170 | 32,358 |
| 126,215 | 21,662 |
| 3,270,000 | 3,270,000 |
| 3,427,385 | 3,324,020 |

Prize bonds

325

3,583,486 3,454,865

6 BALANCES WITH OTHER BANKS

In Pakistan (Azad Jammu and Kashmir)
In current accounts
In deposit accounts

| | |
|------------|-----------|
| 155,068 | 162,289 |
| 9,992,659 | 9,643,202 |
| 10,147,727 | 9,805,491 |

7 INVESTMENTS

| | (Un-audited) March 31, 2021 | | | | (Audited) December 31, 2020 | | | |
|--|--------------------------------|--------------------------------|------------------------|-------------------|--------------------------------|-----------------------------|------------------------|-------------------|
| | 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 | 206,000 | - | (15,471) | 189,529 | 206,000 | - | (19,155) | 186,845 |
| Held-to-maturity securities | | | | | | | | |
| Term financial certificates - note 8.2 | 49,940 | (49,940) | - | - | 49,940 | (49,940) | - | - |
| Total Investments | 254,940 | (49,940) | (15,471) | 189,529 | 254,940 | (49,940) | (19,155) | 186,845 |

(Un-audited) (Audited)
March 31, 2021 December 31, 2020
Rupees in '000

7.2 Provision for diminution in value of investments

7.2.1 Opening balance
Charge for the period / year
Closing balance

49,940 49,940

49,940 49,940

7.2.2 Particulars of provision against debt securities

Category of classification

Domestic
Loss
Total

| (Un-audited) March 31, 2021 | | (Audited) December 31, 2020 | |
|--------------------------------|-----------|--------------------------------|-----------|
| NPI | Provision | NPI | Provision |
| 49,940 | (49,940) | 49,940 | (49,940) |
| 49,940 | (49,940) | 49,940 | (49,940) |

8 ADVANCES

| | Performing | | Non Performing | | Total | |
|---|-------------------|----------------------|-------------------|----------------------|----------------|----------------------|
| | March 31, 2021 | December 31, 2020 | March 31, 2021 | December 31, 2020 | March 31, 2021 | December 31, 2020 |
| | Rupees in '000 | | | | | |
| Loans, cash credits, running finances, etc. | 2,458,588 | 2,240,135 | 203,981 | 209,857 | 2,662,569 | 2,449,992 |
| Advances - gross | 2,458,588 | 2,240,135 | 203,981 | 209,857 | 2,662,569 | 2,449,992 |
| Provision against advances | | | | | | |
| - Specific | - | - | (146,965) | (147,520) | (146,965) | (147,520) |
| - General | (63,616) | (55,719) | - | - | (63,616) | (55,719) |
| Advances - net of provision | (63,616) | (55,719) | (146,965) | (147,520) | (210,581) | (203,239) |
| | 2,394,972 | 2,184,416 | 57,016 | 62,337 | 2,451,988 | 2,246,553 |

| | | (Un-audited) March 31, 2021 | (Audited) December 31, 2020 |
|-----|---|--------------------------------|-----------------------------------|
| | | Rupees in '000 | |
| 8.1 | Particulars of advances (Gross) | | |
| | In local currency | 2,562,569 | 2,449,992 |
| 8.2 | Advances include Rs. 203,981 thousand (2020: 209,857 thousand) which have been placed under non-performing status as detailed below:- | | |

| Category of Classification | (Un-audited) March 31, 2021 | | (Audited) December 31, 2020 | |
|-----------------------------------|--------------------------------|-----------|--------------------------------|-----------|
| | Non Performing Loans | Provision | Non Performing Loans | Provision |
| | Rupees in '000 | | | |
| Domestic | 5,106 | - | 748 | - |
| Other Assets Especially Mentioned | 16,634 | 3,245 | 17,380 | 2,452 |
| Substandard | 12,742 | 6,371 | 7,769 | 1,141 |
| Doubtful | 169,499 | 137,349 | 183,980 | 144,027 |
| Loss | | | | |
| Total | 203,981 | 146,965 | 209,857 | 147,620 |

| 8.3 Particulars of provision against advances | (Un-audited) March 31, 2021 | | | (Audited) December 31, 2020 | | |
|---|--------------------------------|---------|---------|--------------------------------|---------|----------|
| | Specific | General | Total | Specific | General | Total |
| | Rupees in '000 | | | | | |
| Opening balance | 147,620 | 55,719 | 203,339 | 130,093 | 41,867 | 171,960 |
| Change for the period / year | 6,025 | 7,897 | 13,922 | 37,539 | 13,852 | 51,391 |
| Reversals | (6,680) | - | (6,680) | (20,012) | - | (20,012) |
| | (655) | 7,897 | 7,242 | 17,527 | 13,852 | 31,379 |
| Closing balance | 146,965 | 63,616 | 210,581 | 147,620 | 55,719 | 203,339 |

| 8.3.1 Particulars of provision against advances | (Un-audited) March 31, 2021 | | | (Audited) December 31, 2020 | | |
|---|--------------------------------|---------|-------|--------------------------------|---------|---------|
| | Specific | General | Total | Specific | General | Total |
| | Rupees in '000 | | | | | |
| In local currency | 146,965 | 63,616 | - | 147,620 | 55,719 | 203,339 |
| | 146,965 | 63,616 | - | 147,620 | 55,719 | 203,339 |

| | | (Un-audited) March 31, 2021 | (Audited) December 31, 2020 |
|---|--------------------------|--------------------------------|-----------------------------------|
| | | Rupees in '000 | |
| 9 | FIXED ASSETS | | |
| | Capital work-in-progress | 9.1 | 8,196 |
| | Property and equipment | 9.2 | 221,925 |
| | | | 230,121 |

| | | | |
|-----|--------------------------|-------|-------|
| 9.1 | Capital work-in-progress | | |
| | Advances to suppliers | 8,196 | 8,101 |

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

9.2 This includes right-of-use assets amounting to Rs. 113,892 thousand (2020 : 119,625) due to adoption of IFRS 16.

| | (Un-audited) March 31, 2021 | (Un-audited) March 31, 2020 |
|-------------------------------|--------------------------------|-----------------------------------|
| 9.2 Additions to fixed assets | | |
| | Rupees in '000 | |

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

| | | |
|--|----|-------|
| Capital work-in-progress | 95 | 1 |
| Property and equipment | | |
| Freehold land | - | - |
| Building on freehold land | - | 810 |
| Leasehold improvements | 2 | 983 |
| Furniture and fixture | - | - |
| Electrical office and computer equipment | - | - |
| Vehicles | - | - |
| Others | 2 | 1,793 |
| Right-of-use assets | - | - |
| Total | 97 | 1,794 |

| | | (Un-audited) | Audited |
|------|--|-----------------------|-----------------------|
| | | March 31, 2021 | December 31, 2020 |
| | | Rupees in '000 | |
| 10 | DEFERRED TAX ASSETS | | |
| | Deductible Temporary Differences on: | | |
| | - Accelerated tax depreciation | 13,474 | 14,917 |
| | - Provision against receivable from Kashmir Council | 1,685 | 1,685 |
| | - Provision against customer claims | 3,101 | 3,101 |
| | - Deficit on revaluation of investments | 5,415 | 5,704 |
| | Net deferred tax assets | 23,675 | 26,407 |
| 11 | OTHER ASSETS | 23,675 | 26,407 |
| | Income/ mark-up accrued in local currency - net of provision - note 11.1 | 932,759 | 840,757 |
| | Advances, deposits, advance rent and other prepayments | 14,724 | 5,206 |
| | Advance taxation (payments less provisions) | - | - |
| | Branch adjustment account | 3,117 | - |
| | Stationery and stamps in hand | 3,904 | 3,526 |
| | Others | 160,438 | 7,453 |
| | Less: Provision held against other assets | 1,114,942 | 854,942 |
| | Other Assets (Net of Provision) | (4,815) | (4,815) |
| | | 1,110,127 | 850,127 |
| 11.2 | Provision held against other assets | | |
| | Receivable from Kashmir Council | (4,815) | 4,815 |
| 12 | BILLS PAYABLE | | |
| | In Pakistan | 42,313 | 67,414 |
| 13 | DEPOSITS AND OTHER ACCOUNTS | | |
| | | (Un-audited) | Audited |
| | | March 31, 2021 | December 31, 2020 |
| | | In Local Currency | In Local Currency |
| | | In Foreign currencies | In Foreign currencies |
| | | Total | Total |
| | | Rupees in '000 | |
| | Customers | | |
| | Current deposits | 4,313,235 | 3,645,063 |
| | Savings deposits | 7,028,753 | 5,821,386 |
| | Term deposits | 3,166,144 | 2,950,163 |
| | Others | 29,588 | 283,728 |
| | | 14,537,720 | 13,700,340 |
| 14 | OTHER LIABILITIES | | |
| | Mark-up return/ interest payable in local currency - note 15.1 | 185,311 | 219,505 |
| | Accrued expenses | 78,309 | 3,097 |
| | Income tax payable | 64,765 | 33,971 |
| | Branch adjustment account | - | 159,152 |
| | Provision for bonus to employees | 5,000 | 20,000 |
| | Provision against customer claims | 8,861 | 8,861 |
| | Leave encashment | 40,653 | 50,814 |
| | Education cess | 20,510 | 11,173 |
| | Others | 162,882 | 27,586 |
| | | 566,291 | 534,159 |
| 14.1 | It includes an amount of Rs. 76,907 thousand (2020: Rs. 63,581 thousand) on account of interest payable to related parties | | |
| 15 | DEFICIT ON REVALUATION OF ASSETS | | |
| | Deficit on revaluation of: | | |
| | - Available for sale securities | 7.1 | (15,471) |
| | Deferred tax on surplus / (deficit) on revaluation of: | | |
| | - Available for sale securities | 5,415 | 5,704 |
| | | (10,056) | (12,451) |

16 CONTINGENCIES AND COMMITMENTS

-Guarantees
-Commitments
-Bills for collection

| | | |
|------|----------------|----------------|
| 15.1 | 43,772 | 49,622 |
| 15.2 | 92,020 | 79,180 |
| 15.4 | 90,138 | 14,601 |
| | <u>225,930</u> | <u>143,403</u> |

15.1 Guarantees:

Financial guarantees

43,772 49,622

December 31,
March 31, 2021 2020
Rupees in '000

15.2 Commitments:

Loan sanctioned but not disbursed
Unavailed running finance

65,370 33,319

26,650 45,861

92,020 79,180

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

15.4 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.

17 MARK-UP / RETURN / INTEREST EARNED

On

- a) Loans and advances
b) Investments
d) Balances with banks

| | |
|---------|---------|
| 88,120 | 69,320 |
| - | - |
| 323,164 | 340,284 |
| 411,284 | 409,604 |

18 MARK-UP/RETURN/INTEREST EXPENSED

On

- a) Deposits
b) Lease liability against right-of-use- assets

| | |
|---------|---------|
| 150,592 | 202,887 |
| 3,935 | 2,291 |
| 154,527 | 205,178 |

19 FEE & COMMISSION INCOME

- Branch banking customer fees
Commission on cheques books
Credit related fees
Commission on guarantees
Commission on remittances
Commission on call deposit
Commission on utility bills
Postages charges
Others

| | |
|-------|-------|
| 653 | 428 |
| 1,194 | 865 |
| 1,676 | 1,022 |
| 209 | 115 |
| 285 | 98 |
| - | - |
| 1,229 | 1,197 |
| 180 | 108 |
| 51 | 105 |

5,477 3,938

20 OTHER INCOME

other Income

1,607 687

January to
March 2021

January to
March 2020

Rupees in '000

21 OPERATING EXPENSES

Total compensation expense

78,248 81,198

Property expense

Rent & taxes

Insurance

Utilities cost

Security (including guards)

Repair & maintenance (including janitorial charges)

Depreciation on right-of-use assets

Depreciation on owned fixed assets

Information technology expenses

Software maintenance

Hardware maintenance

Depreciation

Network charges

Other operating expenses

Directors' fees and allowances

Legal & professional charges

Travelling & conveyance

Depreciation

Entertainment

Training & development

Postage & courier charges

Communication

Stationery & printing

Marketing, advertisement & publicity

Auditors Remuneration

Others

| | |
|---------|---------|
| - | - |
| - | - |
| 4,886 | 5,190 |
| 7,162 | 6,319 |
| 1,844 | 3,762 |
| 7,389 | 6,554 |
| 2,412 | 1,888 |
| 23,693 | 23,713 |
| 7,260 | 3,299 |
| 472 | 409 |
| 1,742 | 1,355 |
| 1,839 | 1,338 |
| 11,313 | 6,401 |
| 804 | 905 |
| 88 | 68 |
| 3,224 | 1,121 |
| 1,953 | 3,338 |
| 2,362 | 2,140 |
| - | 242 |
| 908 | 606 |
| 906 | 774 |
| 2,471 | 1,771 |
| 134 | 479 |
| 594 | 495 |
| 3,618 | 2,444 |
| 17,052 | 14,383 |
| 130,316 | 125,695 |

January to
March 2021

January to
March 2020

Rupees

22 PROVISIONS & WRITE OFFS - NET

(Reversal)/Charge of provisions against loans & advances - net

8.3 7,242 5,122

23 TAXATION

Current

Deferred

53,270 32,021

1,444 784

54,714 32,805

24 BASIC EARNINGS/ (LOSS) PER SHARE

Profit for the period

71,569 46,244

Number of ordinary shares

212,991,200 212,991,200

Basic earnings per share

Restated

0.34 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, 2021 | | | |
|---|------------------------------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| | Rupees in '000 | | | |
| On balance sheet financial instruments | | | | |
| Financial assets - measured at fair value | | | | |
| Investments | | | | |
| Mutual Fund | 189,529 | - | - | 189,529 |

| | Audited December 31, 2020 | | | |
|---|------------------------------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| | Rupees in '000 | | | |
| On balance sheet financial instruments | | | | |
| Financial assets - measured at fair value | | | | |
| Investments | | | | |
| Mutual Fund | 185,845 | - | - | 185,845 |

26 Segment details with respect to business activities

| For the three months ended March 31, 2021 (Un-audited) | | | | | |
|--|----------------|--------------------|------------------------|-----------------|---------|
| Profit & Loss | Retail Banking | Commercial Banking | Payment and Settlement | Agency Services | Total |
| Rupees in '000 | | | | | |
| Net mark-up/return/profit | 77,978 | 487,831 | - | - | 565,809 |
| Non mark-up / return / interest income | 216 | 1,433 | 4,207 | 1,229 | 7,085 |
| Total Income | 78,194 | 489,264 | 4,207 | 1,229 | 572,894 |
| Segment direct expenses | 24,356 | 104,266 | 1,310 | 383 | 130,315 |
| Total expenses | 24,356 | 104,266 | 1,310 | 383 | 130,315 |
| Provisions charged / (reversal) | (655) | 7,897 | - | - | 7,242 |
| Profit before tax | 54,493 | 377,101 | 2,897 | 846 | 435,337 |

as at March 31, 2021

Balance Sheet

| | Retail Banking | Commercial Banking | Payment and Settlement | Agency Services | Total |
|---------------------------------------|-------------------|-----------------------|------------------------------|--------------------|-------------------|
| Rupees in '000 | | | | | |
| Cash & Bank balances | - | 13,731,413 | - | - | 13,731,413 |
| Investments | - | 189,529 | - | - | 189,529 |
| Advances - performing | 2,194,137 | 264,451 | - | - | 2,458,588 |
| - non-performing | 50,442 | 153,539 | - | - | 203,981 |
| - provision | (41,361) | (169,220) | - | - | (210,581) |
| Operating fixed assets | 42,450 | 181,721 | 2,284 | 667 | 227,122 |
| Deferred tax asset | 4,425 | 18,942 | 238 | 70 | 23,675 |
| Others | 865,580 | 242,242 | 1,784 | 521 | 1,110,127 |
| Total Assets | 3,115,673 | 14,612,617 | 4,306 | 1,258 | 17,733,854 |
| Bills payable | - | 42,313 | - | - | 42,313 |
| Deposits & other accounts | - | 14,537,720 | - | - | 14,537,720 |
| Others | 91,041 | 602,431 | 1,389 | 406 | 695,267 |
| Total liabilities | 91,041 | 15,182,464 | 1,389 | 406 | 15,275,300 |
| Equity | 3,024,632 | (569,847) | 2,917 | 852 | 2,458,554 |
| Total Equity & liabilities | 3,115,673 | 14,612,617 | 4,306 | 1,258 | 17,733,854 |

Contingencies & Commitments

| | | | | |
|---------|--------|---|---|---------|
| 155,508 | 70,422 | - | - | 225,930 |
|---------|--------|---|---|---------|

For the three months ended March 31, 2020 (Un-audited)

Profit & Loss

| | Retail Banking | Commercial Banking | Payment and Settlement | Agency Services | Total |
|--|-------------------|-----------------------|------------------------------|--------------------|----------------|
| Rupees in '000 | | | | | |
| Net mark-up/return/profit | 55,246 | 151,471 | - | - | 206,717 |
| Non mark-up / return / interest income | 77 | 1,502 | 2,664 | 1,197 | 5,440 |
| Total Income | 55,323 | 152,973 | 2,664 | 1,197 | 212,157 |
| Segment direct expenses | 32,777 | 90,631 | 1,578 | 708 | 125,694 |
| Total expenses | 32,777 | 90,631 | 1,578 | 708 | 125,694 |
| Provisions charged / (reversal) | 6,823 | (1,701) | - | - | 5,122 |
| Profit before tax | 15,723 | 64,043 | 1,086 | 489 | 81,341 |

As at December 31, 2020 (Audited)

Balance Sheet

| | Retail Banking | Commercial Banking | Payment and Settlement | Agency Services | Total |
|---|-------------------|-----------------------|------------------------------|--------------------|-------------------|
| Rupees in '000 | | | | | |
| Cash & Bank balances | - | 13,280,356 | - | - | 13,280,356 |
| Investments | - | 185,845 | - | - | 185,845 |
| Advances - performing | 1,844,384 | 395,751 | - | - | 2,240,135 |
| Advances - non-performing | 172,783 | 37,074 | - | - | 209,857 |
| Advances - provision | (167,416) | (35,923) | - | - | (203,339) |
| Operating fixed assets | 34,137 | 193,107 | 2,090 | 691 | 230,026 |
| Deferred tax asset | 3,919 | 22,169 | 240 | 79 | 26,407 |
| Others | 693,816 | 156,398 | 85 | 28 | 850,127 |
| Total Assets | 2,581,423 | 14,234,777 | 2,415 | 798 | 16,819,414 |
| Bills payable | - | 67,414 | - | - | 67,414 |
| Deposits & other accounts | - | 13,700,340 | - | - | 13,700,340 |
| Liabilities against assets subject to finance lease | 19,725 | 111,579 | 1,208 | 399 | 132,911 |
| Others | 24,878 | 348,660 | 160,614 | 7 | 534,159 |
| Total liabilities | 44,603 | 14,227,993 | 161,822 | 406 | 14,434,824 |
| Equity | 2,536,820 | 6,784 | (159,407) | 393 | 2,384,590 |
| Total Equity & liabilities | 2,581,423 | 14,234,777 | 2,415 | 799 | 16,819,414 |

Contingencies & Commitments

| | | | | |
|--------|--------|--------|---------|---------|
| 32,319 | 96,483 | 14,601 | 143,403 | 286,806 |
|--------|--------|--------|---------|---------|

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 Banks 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, 2021 | | (Audited) December 31, 2020 | |
|--|---|--------------------------|---|--------------------------|
| | 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) | | | |
| Advances | | | | |
| Opening balance | - | 32,503 | 210,992 | 39,176 |
| Addition/Repaid during the period / year | - | 11,501 | (210,992) | (6,673) |
| Closing balance | - | 44,004 | - | 32,503 |
| Provision held against advances | - | - | - | - |
| Other Assets | | | | |
| Interest / mark-up accrued | - | - | - | - |
| Deposits and other accounts | | | | |
| Opening balance | 5,439,545 | 663 | 4,542,797 | 9,301 |
| Received/Withdrawal during the period / year | 801,791 | 1,753 | 896,748 | (8,638) |
| Closing balance | 6,241,336 | 2,416 | 5,439,545 | 663 |
| Other Liabilities | | | | |
| Interest / mark-up payable | 81,787 | - | 70,907 | - |
| Contingencies and Commitments | | | | |
| Unavailed running finance | - | - | - | - |

RELATED PARTY TRANSACTIONS

| | (Un-audited) For the three months ended March 31, 2021 | | (Un-audited) For the three months ended March 31, 2020 | |
|------------------------------------|---|--------------------------|---|--------------------------|
| | 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) | | | |
| Income | | | | |
| Mark-up / return / interest earned | - | 510 | 2,330 | 533 |
| Expense | | | | |
| Mark-up / return / interest paid | 89,405 | 24 | 65,591 | 21 |

(Un-audited) (Audited)
March 31, December
2021 31, 2020
Rupees in '000

28 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

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)

| | |
|-----------|-----------|
| 2,468,610 | 2,397,041 |
| - | - |
| (10,056) | (12,451) |
| 2,458,554 | 2,384,590 |
| 63,616 | 55,719 |
| 2,522,170 | 2,440,309 |

Risk Weighted Assets (RWAs):

Credit Risk
Market Risk
Operational Risk
Total

| | |
|-----------|-----------|
| 6,700,014 | 6,234,069 |
| 379,058 | 371,690 |
| 878,133 | 1,227,059 |
| 7,957,205 | 7,832,818 |

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

| | |
|--------|--------|
| 31.02% | 30.60% |
| 30.90% | 30.44% |
| 31.70% | 31.15% |

Leverage Ratio (LR):

Eligible Tier-1 Capital
Total Exposure
Leverage Ratio

| | |
|------------|------------|
| 2,458,554 | 2,384,590 |
| 17,777,626 | 16,962,817 |
| 14% | 14% |

Liquidity Coverage Ratio (LCR):

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

| | |
|------------|------------|
| 13,731,413 | 13,280,356 |
| 4,746,064 | 3,948,564 |
| 289% | 336% |

Net Stable Funding Ratio (NSFR):

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

| | |
|------------|-----------|
| 11,520,619 | 9,819,306 |
| 8,206,613 | 7,749,991 |
| 140% | 127% |


29 GENERAL

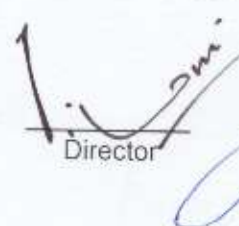
Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

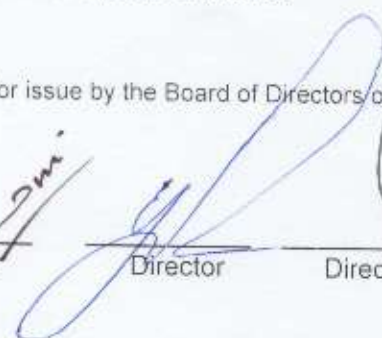
30 DATE OF AUTHORISATION FOR ISSUE


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