


THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

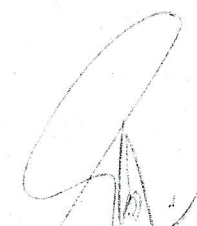
		(Un-audited)	(Audited)
	Note	March 31, 2020	December 31, 2019
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	5	3,188,510	3,005,671
Balances with other banks	6	7,387,312	7,308,507
Lendings to financial institutions		-	-
Investments	7	146,566	178,401
Advances	8	1,815,406	2,036,826
Fixed assets	9	226,985	238,881
Intangible assets		-	-
Deferred tax assets	10	32,785	22,426
Other assets	11	1,092,609	775,623
		13,890,173	13,566,335
LIABILITIES			
Bills payable	12	18,611	21,148
Borrowings		-	-
Deposits and other accounts	13	12,103,125	11,873,535
Liabilities against assets subject to finance lease		116,832	122,388
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	14	398,990	322,201
		12,637,558	12,339,272
NET ASSETS			
		1,252,615	1,227,063
REPRESENTED BY			
Share capital		1,027,192	1,027,192
Reserves		-	-
(Deficit) on revaluation of assets	15	(37,982)	(17,289)
Unappropriated profit		263,405	217,161
		1,252,615	1,227,063


CONTINGENCIES AND COMMITMENTS

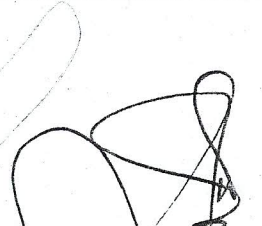
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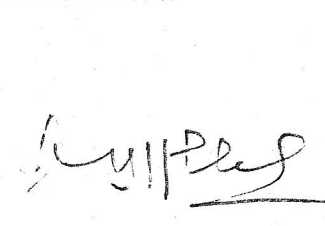
The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.


 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, 2020

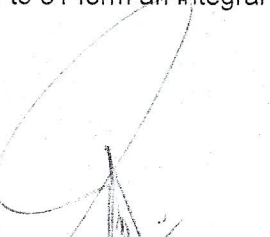
	Note	January 01 to March 31, 2020	January 01 to March 31, 2019
Mark-up / return / interest earned	17	409,604	246,397
Mark-up / return / interest expensed	18	<u>205,178</u>	<u>144,466</u>
Net mark-up/interest income		204,426	101,931
NON MARK-UP/INTEREST INCOME			
Fee and commission income	19	3,938	3,663
Dividend income		815	-
Foreign exchange income		-	-
Income / (loss) from derivatives		-	-
Gain / (loss) on securities	20	-	-
Other income	21	687	2,647
Total non-markup/interest Income		<u>5,440</u>	<u>6,310</u>
Total Income		<u>209,866</u>	<u>108,241</u>
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	22	125,695	98,737
Workers welfare fund		-	-
Other charges		-	-
Total non-markup/interest expenses		<u>125,695</u>	<u>98,737</u>
Profit before provisions		<u>84,171</u>	<u>9,504</u>
Provisions and write offs - net	23	5,122	(10,442)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		<u>79,049</u>	<u>19,946</u>
Taxation	24	32,805	8,352
PROFIT/(LOSS) AFTER TAXATION		<u>46,244</u>	<u>11,594</u>
BASIC AND DILUTED EARNINGS PER SHARE			
	25	<u>0.45</u>	<u>0.11</u>

-----Rupees-----
Restated

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President/CEO



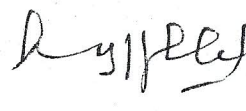
Chief Financial Officer



Director



Director


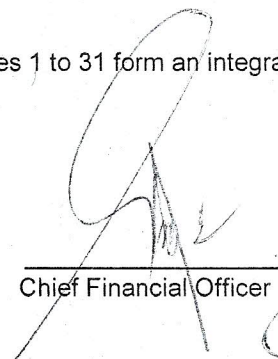
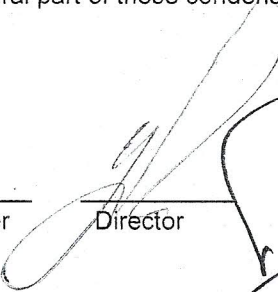
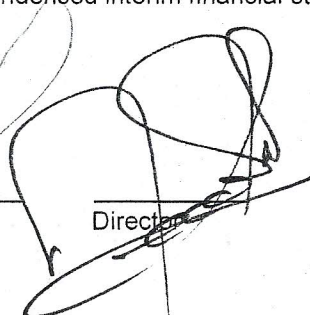
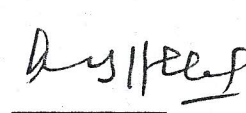


Director

THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2020

	January 01 to March 31, 2020	January 01 to March 31, 2019
	------(Rupees in '000)-----	
Profit after taxation for the period	46,244	11,594
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	(20,693)	57
Total comprehensive income	<u><u>25,551</u></u>	<u><u>11,651</u></u>

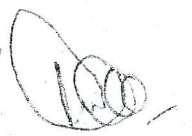
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_____ President/CEO	_____ Chief Financial Officer	_____ Director	_____ Director	_____ Director


THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2020

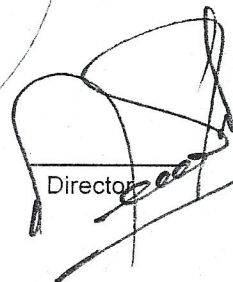
	Share capital	Surplus/(deficit) on revaluation of investments	Unappropriated profit	Total
Rupees in '000				
Balance as at December 31, 2018	933,811	(18,935)	238,712	1,153,588
Profit after taxation for the quarter ended March 31, 2019	-	-	11,594	11,594
Other comprehensive income - net of tax	-	57	-	57
Transactions with owners, recorded directly in equity				
Issue of bonus shares	-	-	-	-
Balance as at March 31, 2019	933,811	(18,878)	250,306	1,165,239
Profit after taxation for the nine months ended December 31, 2019	-	-	60,236	60,236
Other comprehensive income - net of tax	-	1,589	-	1,589
Transactions with owners, recorded directly in equity				
Dividend	-	-	-	-
Issue of share capital	93,381	-	(93,381)	-
Balance as at December 31, 2019	1,027,192	(17,289)	217,161	1,227,064
Profit / (loss) after taxation for the current period	-	-	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	-	-	-	-
Issue of share capital	-	-	-	-
Balance as at March 31, 2020	1,027,192	(37,982)	263,405	1,252,615

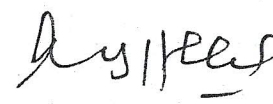
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President/CEO


Chief Financial Officer


Director



Director

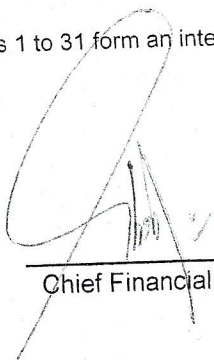

Director

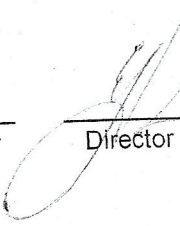
THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2020

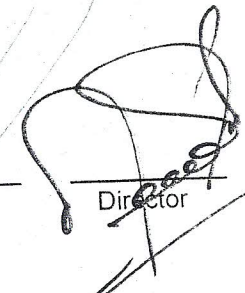
Note	March 31, 2020	March 31, 2019
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	79,049	19,946
Less: Dividend income	815	-
	<u>78,234</u>	<u>19,946</u>
Adjustments:		
Depreciation	6,581	5,603
Depreciation on right-of-use assets	6,554	-
Mark-up / return / interest expensed on lease liability against right-of-use assets	2,291	-
Provision and write-offs	5,122	(10,442)
(Gain) on sale of fixed assets	-	-
	<u>20,548</u>	<u>(4,839)</u>
	<u>98,782</u>	<u>15,107</u>
(Increase)/ Decrease in operating assets		
Advances	216,298	16,298
Others assets (excluding advance taxation)	(315,872)	(125,626)
	<u>(99,574)</u>	<u>(109,328)</u>
Increase/ (Decrease) in operating liabilities		
Bills Payable	(2,537)	32,320
Deposits	229,590	(797,964)
Other liabilities (excluding current taxation)	56,813	89,730
	<u>283,866</u>	<u>(675,914)</u>
	<u>(14,895)</u>	<u>(26,563)</u>
Income tax paid	<u>268,179</u>	<u>(796,698)</u>
Net cash flow generated from operating activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	-	-
Dividends received	815	-
Investments in operating fixed assets	(1,794)	(78)
Proceeds from sale of fixed assets	-	-
Net cash flow (used in) investing activities	<u>(979)</u>	<u>(78)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital	-	-
Payment of lease liability against right-of-use assets	(5,556)	-
Dividend paid	-	-
Net cash flow from / (used in) financing activities	<u>(5,556)</u>	<u>-</u>
	<u>261,644</u>	<u>(796,776)</u>
Increase / (Decrease) in cash and cash equivalents	10,314,178	9,406,659
Cash and cash equivalents at beginning of the period	<u>10,575,822</u>	<u>8,609,883</u>
Cash and cash equivalents at end of the period		

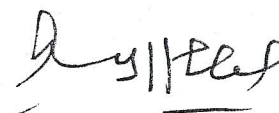
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 President/CEO


 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, 2020

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 70 branches (December 2019: 70 branches; March 31 2019: 70 branches) in Azad Jammu and Kashmir.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements for the three months ended March 31, 2020 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

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, 2019.

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

The following new standards and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard or amendment:

	Effective date (annual periods beginning on or after)
- IFRS 3, Business Combinations (Amendments)	January 1, 2020
- IAS 1, Presentation of Financial Statements (Amendments)	January 1, 2020
- IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020

	Effective date (annual periods beginning on or after)
- IFRS 9, Financial Instruments	January 01, 2021

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.

The Bank expects that adoption of the remaining amendments will not affect its financial statements in the period of initial application.

3.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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, 2019.

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, 2019.

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) March 31, 2020	(Audited) December 31, 2019
	Rupees in '000	
5 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	133,690	120,859
With National Bank of Pakistan in		
Local currency current accounts	17,442	25,232
Local currency deposit account	77,308	99,580
Local currency Term deposit accounts	2,960,000	2,760,000
	3,054,750	2,884,812
Prize bonds	70	-
	<u>3,188,510</u>	<u>3,005,671</u>

6 BALANCES WITH OTHER BANKS

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

116,176	130,061
7,271,136	7,178,446
<u>7,387,312</u>	<u>7,308,507</u>

	(Un-audited) March 31, 2020				(Audited) December 31, 2019			
7 INVESTMENTS	Cost / Amortize d cost	Provision for diminutio n	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
7.1 Investments by type:								
	Rupees in '000							
Available-for-sale securities								
Units of open ended mutual fund	205,000	-	(58,434)	146,566	205,000	-	(26,599)	178,401
Held-to-maturity securities								
Term finance certificates - note	49,940	(49,940)	-	-	49,940	(49,940)	-	-
Total Investments	<u>254,940</u>	<u>(49,940)</u>	<u>(58,434)</u>	<u>146,566</u>	<u>254,940</u>	<u>(49,940)</u>	<u>(26,599)</u>	<u>178,401</u>

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	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	<u>49,940</u>	<u>49,940</u>

7.2.2 Particulars of provision against debt securities

Category of classification

Domestic
Loss
Total

	(Un-audited) March 31, 2020		(Audited) December 31, 2019	
	NPI	Provision	NPI	Provision
Domestic	49,940	(49,940)	49,940	(49,940)
Loss	49,940	(49,940)	49,940	(49,940)
Total	<u>49,940</u>	<u>(49,940)</u>	<u>49,940</u>	<u>(49,940)</u>

8 ADVANCES

	Performing		Non Performing		Total	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
	Rupees in '000					
Loans, cash credits, running finances, etc.	1,768,973	1,993,166	223,515	215,620	1,992,488	2,208,786
Advances - gross	1,768,973	1,993,166	223,515	215,620	1,992,488	2,208,786
Provision against advances						
- Specific	(40,166)	(41,867)	(136,916)	(130,093)	(136,916)	(130,093)
- General	(40,166)	(41,867)	(136,916)	(130,093)	(177,082)	(171,960)
Advances - net of provision	1,728,807	1,951,299	86,599	85,527	1,815,406	2,036,826

8.1 Particulars of advances (Gross)

In local currency

(Un-audited) (Audited)
March 31, December 31,
2020 2019
Rupees in '000

1,992,488 2,189,233

8.2 Advances include Rs. 223,515 thousand (2019: 215,620 thousand) which have been placed under non-performing status as detailed below:-

Category of Classification

	(Un-audited) March 31, 2020		(Audited) December 31, 2019	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	Rupees in '000			
Domestic	7,614	-	4,986	-
Other Assets Especially Mentioned	30,090	3,971	23,946	3,987
Substandard	14,065	2,040	15,681	5,092
Doubtful	171,746	130,906	171,007	121,014
Loss	223,515	136,917	215,620	130,093
Total				

8.3 Particulars of provision against advances

Opening balance
Charge for the period / year
Reversals
Closing balance

	(Un-audited) March 31, 2020		(Audited) December 31, 2019	
	Specific	General	Specific	General
	Rupees in '000			
Opening balance	130,093	41,867	112,203	48,092
Charge for the period / year	14,543	-	48,673	-
Reversals	(7,720)	(1,701)	(30,783)	(6,225)
	6,823	(1,701)	17,890	(6,225)
Closing balance	136,916	40,166	130,093	41,867

8.3.1 Particulars of provision against advances

In local currency

	(Un-audited) March 31, 2020		(Audited) December 31, 2019	
	Specific	General	Specific	General
	Rupees in '000			
In local currency	136,916	40,166	130,093	41,867
	136,916	40,166	130,093	41,867

9 FIXED ASSETS

Capital work-in-progress
Property and equipment

9.1 933 932
9.2 226,052 237,949
226,985 238,881

9.1 Capital work-in-progress

Advances to suppliers

933 932

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. 113,994 thousand (2019 : 121,102) due to adoption of IFRS 16.

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

Right-of-use assets

Total

(Un-audited) (Un-audited)
March 31, March 31, 2019
2020
Rupees in '000

	1	-
-	-	-
-	-	-
-	-	-
810	-	-
983	-	78
-	-	-
-	-	-
1,793	-	78
-	-	-
1,794	-	78

10 DEFERRED TAX ASSETS

Deductible Temporary Differences on
- Accelerated tax depreciation
- Provision against receivable from Kashmir Council
- Provision against customer claims
- Deficit on revaluation of investments

Net deferred tax assets

(Un-audited) Audited
March 31, December 31,
2020 2019
Rupees in '000

7,547	8,330
1,685	1,685
3,101	3,101
20,452	9,310
32,785	22,426
32,785	22,426

11 OTHER ASSETS

Income/ mark-up accrued in local currency - net of provision - note 11.1
Advances, deposits, advance rent and other prepayments
Advance taxation (payments less provisions)
Branch adjustment account
Stationery and stamps in hand
Others

Less: Provision held against other assets
Other Assets (Net of Provision)

11.2

1,055,471	752,590
4,530	1,254
-	2,706
11,067	11,180
5,514	1,926
20,842	10,782
1,097,424	780,438
(4,815)	(4,815)
1,092,609	775,623

11.1 This includes an amount of Rs. NIL (2019: Rs. 1,520 thousand) on account of interest receivable from a related party.

11.2 Provision held against other assets

Receivable from Kashmir Council

4,815	4,815
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12 BILLS PAYABLE

In Pakistan

(Un-audited) Audited
March 31, December 31,
2020 2019
Rupees in '000

18,611	21,148
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13 DEPOSITS AND OTHER ACCOUNTS

Customers

Current deposits
Savings deposits
Term deposits
Others

(Un-audited) March 31, 2020			Audited December 31, 2019		
In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
Rupees in '000					
2,638,271	-	2,638,271	2,687,126	-	2,687,126
6,230,742	-	6,230,742	5,934,385	-	5,934,385
3,222,309	-	3,222,309	3,190,638	-	3,190,638
11,803	-	11,803	61,386	-	61,386
12,103,125	-	12,103,125	11,873,535	-	11,873,535

14

OTHER LIABILITIES

Mark-up/ return/ interest payable in local currency - note 15.1
Accrued expenses
Income tax payable
Branch adjustment account
Provision for bonus to employees
Provision against customer claims
Leave encashment
Education cess
Others

(Un-audited) March 31, 2020	Audited December 31, 2019
Rupees in '000	
159,776	219,687
123,605	3,779
14,420	-
-	-
16,264	16,264
8,861	8,861
40,800	40,800
8,820	6,008
26,444	26,802
398,990	322,201

14.1 It includes an amount of Rs. 40,693 thousand (2019: Rs. 83,581 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 (58,434) (26,599)

Deferred tax on surplus / (deficit) on revaluation of:
- Available for sale securities

20,452 9,310

(37,982) (17,289)

16 CONTINGENCIES AND COMMITMENTS

-Guarantees
-Commitments
-Bills for collection

16.1	36,076	36,076
16.2	57,879	336,245
16.3	34,597	9,564
	128,552	381,885

16.1 Guarantees:

Financial guarantees

36,076 38,076

March 31, 2020 December 31, 2019
Rupees in '000

16.2 Commitments:

Loan sanctioned but not disbursed
Unavailed running finance
Operating leases

28,470	20,389
29,409	315,856
-	-
57,879	336,245

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.

17 MARK-UP / RETURN / INTEREST EARNED

On:

a)	Loans and advances	69,320	69,964
	Investments	-	-
b)	nts	-	-
d)	Balances with banks	340,284	176,433
		<u>409,604</u>	<u>246,397</u>

18 MARK-UP/RETURN/INTEREST EXPENSED

5

On:

a)	Deposits	202,887	144,466
b)	Lease liability against right-of-use- assets	2,291	-
		<u>205,178</u>	<u>144,466</u>

19 FEE & COMMISSION INCOME

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

428	364
865	844
1,022	1,056
115	79
98	94
-	2
1,197	1,099
108	82
105	43
<u>3,938</u>	<u>3,663</u>

20 GAIN / (LOSS) ON SECURITIES

Realised

20.1

20.1 Realised gain on:

Mutual Fund Units

21 OTHER INCOME

other Income

687 2,647

January 01 to January 01 to
March 31, March 31,
2020 2019
Rupees in '000

22 OPERATING EXPENSES

Total compensation expense 81,198 56,012

Property expense

Rent & taxes	-	8,020
Insurance	-	32
Utilities cost	5,190	4,708
Security (including guards)	6,319	4,868
Repair & maintenance (including janitorial charges)	3,762	3,666
Depreciation on right-of-use assets	6,554	-
Depreciation on owned fixed assets	1,888	1,935
	23,713	23,229

Information technology expenses

Software maintenance	3,299	2,796
Hardware maintenance	409	371
Depreciation	1,355	1,171
Network charges	1,338	1,351
	6,401	5,689

Other operating expenses

Directors' fees and allowances	905	507
Legal & professional charges	68	228
Travelling & conveyance	1,121	1,342
Depreciation	3,338	2,497
Entertainment	2,140	2,475
Training & development	242	516
Postage & courier charges	606	642
Communication	774	799
Stationery & printing	1,771	1,068
Marketing, advertisement & publicity	479	556
Auditors Remuneration	495	495
Others	2,444	2,682
	14,383	13,807
	125,695	98,737

January 01 to January 01 to
March 31, March 31,
2020 2019
Rupees

23 PROVISIONS & WRITE OFFS - NET

(Reversal)/Charge of provisions against loans & advances - net 8.3 5,122 (10,442)

24 TAXATION

Current	32,021	8,200
Deferred	784	152
	32,805	8,352

25 BASIC EARNINGS/ (LOSS) PER SHARE

Profit for the period	46,244	11,594
Weighted average number of ordinary shares	102,719,261	Restated 102,719,261
Basic earnings per share	0.45	0.11

26 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.

26.1 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, 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	146,566	-	-	146,566

Audited December 31, 2019				
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Mutual Fund	178,401	-	-	178,401

27 Segment details with respect to business activities

FOR THE THREE MONTHS ENDED MARCH 31, 2020 (Un-audited)					
	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
	Rupees in '000				
Profit & Loss					
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 MARCH 31, 2020

Balance Sheet

	Retail Banking	Commercial Banking	Payment and Settleme nt	Agency Services	Total
Rupees in '000					
Cash & Bank balances	-	10,575,822	-	-	10,575,822
Investments	-	146,566	-	-	146,566
Advances - performing	1,349,198	419,775	-	-	1,768,973
- non-performing	57,406	166,109	-	-	223,515
- provision	(83,067)	(94,015)	-	-	(177,082)
Operating fixed assets	59,190	163,665	2,850	1,282	226,987
Deferred tax asset	-	32,785	-	-	32,785
Others	284,914	787,811	13,720	6,164	1,092,609
Total Assets	1,667,641	12,198,518	16,570	7,446	13,890,175
Bills payable	-	18,611	-	-	18,611
Deposits & other accounts	-	12,103,125	-	-	12,103,125
Others	104,042	287,686	5,010	2,252	398,990
Total liabilities	104,042	12,409,422	5,010	2,252	12,520,726
Equity	1,563,599	(210,904)	11,560	5,194	1,369,449
Total Equity & liabilities	1,667,641	12,198,518	16,570	7,446	13,890,175

Contingencies & Commitments

63,067	65,485	128,552
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FOR THE THREE MONTHS ENDED MARCH 31, 2019 (Un-audited)

Profit & Loss

	Retail Banking	Commercial Banking	Payment and Settleme nt	Agency Services	Total
Rupees in '000					
Net mark-up/return/profit	50,670	51,261	-	-	101,931
Non mark-up / return / interest income	32	1,737	3,442	1,099	6,310
Total Income	50,702	52,998	3,442	1,099	108,241
Segment direct expenses	46,250	48,345	3,140	1,002	98,737
Total expenses	46,250	48,345	3,140	1,002	98,737
Provisions charged / (reversal)	(1,339)	(9,103)	-	-	(10,442)
Profit before tax	5,791	13,756	302	97	19,946

As at December 31, 2019 (Audited)

Balance Sheet

	Retail Banking	Commercial Banking	Payment and Settleme nt	Agency Services	Total
Rupees in '000					
Cash & Bank balances	-	10,314,178	-	-	10,314,178
Investments	-	178,401	-	-	178,401
Advances - performing	1,488,570	504,596	-	-	1,993,166
- non-performing	69,460	146,161	-	-	215,621
- provision	(97,785)	(74,175)	-	-	(171,960)
Operating fixed assets	36,830	199,196	2,032	822	238,880
Deferred tax asset	-	22,426	-	-	22,426
Others	3,038	772,350	168	68	775,624
Total Assets	1,500,113	12,063,133	2,200	890	13,566,336
Bills payable	-	21,148	-	-	21,148
Deposits & other accounts	-	11,873,535	-	-	11,873,535
Liabilities against assets subject to finance lease	-	122,389	-	-	122,389
Others	11,346	310,480	368	6	322,200
Total liabilities	11,346	12,327,552	368	6	12,339,272
Equity	1,488,768	(264,420)	1,832	884	1,227,064
Total Equity & liabilities	1,500,114	12,063,132	2,200	890	13,566,336

Contingencies & Commitments

13,390	358,931	9,564	-	381,885
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28 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, 2020		(Audited) December 31, 2019	
	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	210,992	39,176	259,972	45,707
Addition during the period / year	-	2,570	-	-
Repaid during the period / year	(210,992)	-	(48,980)	(6,531)
Closing balance	-	41,746	210,992	39,176
Provision held against advances	-	-	-	-
Other Assets				
Interest / mark-up accrued	-	-	1,520	-
Deposits and other accounts				
Opening balance	4,542,797	9,301	5,068,975	10,840
Received during the period / year	358,249	-	(526,178)	(1,539)
Withdrawn during the period / year	-	(8,506)	-	-
Closing balance	4,901,046	795	4,542,797	9,301
Other Liabilities				
Interest / mark-up payable	40,693	-	83,561	284
Contingencies and Commitments				
Unavailed running finance	-	-	289,008	-

RELATED PARTY TRANSACTIONS

	(Un-audited) For the Quarter ended		(Un-audited) For the quarter ended	
	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	2,330	533	5,267	501
Expense				
Mark-up / return / interest paid	65,591	21	67,970	171

(Un-audited) (Audited)
March 31, December
2020 31, 2019
Rupees in '000

29 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)

1,290,597	1,244,353
-	-
(37,982)	(17,289)
1,252,615	1,227,063
40,166	41,867
1,292,781	1,268,930

Risk Weighted Assets (RWAs):
Credit Risk
Market Risk
Operational Risk
Total

5,614,977	4,930,823
293,132	356,802
844,398	1,062,033
6,752,507	6,349,658

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

19.11%	19.60%
18.55%	19.32%
19.15%	19.98%

Leverage Ratio (LR):

Eligible Tier-1 Capital
Total Exposure
Leverage Ratio

1,252,615	1,227,063
1,998,048	2,251,303
63%	55%

Liquidity Coverage Ratio (LCR):

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

10,575,822	10,314,178
3,295,853	2,950,470
321%	350%

Net Stable Funding Ratio (NSFR):

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


10,869,172	10,658,463
6,490,061	6,585,866
167%	162%


30 GENERAL

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

31 DATE OF AUTHORISATION FOR ISSUE

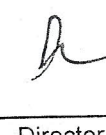
These condensed interim financial statements were authorized for issue by the Board of Directors of the Bank on -----


President/CEO


Chief Financial Officer


Director


Director


Director