

**THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2025**

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of The Bank of Azad Jammu and Kashmir Report on review of condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of the Bank of Azad Jammu and Kashmir (the Bank) as at June 30, 2025 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2025 and June 30, 2024 have not been reviewed by us, as we are required to review only cumulative figures for the half year ended June 30, 2025.

The engagement partner on the audit resulting in this independent auditor's report is Syed Asmatullah.



Chartered Accountants

Place: Islamabad

Date: November 17, 2025

UDIN: RR202510414Bbr4hzW8Z

THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

		(Un-audited)	(Audited)
		June 30, 2025	December 31, 2024
	Note	-----Rupees in '000-----	
ASSETS			
Cash and balances with treasury banks	5	10,365,909	7,402,309
Balances with other banks	6	18,886,271	16,003,937
Lendings to financial institutions		-	-
Investments	7	19,808,443	18,377,198
Advances	8	4,615,033	4,319,729
Property and equipment	9	331,901	328,024
Right-of-use assets	10	233,402	208,025
Intangible assets		-	-
Deferred tax assets	11	333,924	263,817
Other assets	12	3,512,346	3,916,066
Total Assets		58,087,229	50,819,105
LIABILITIES			
Bills payable	13	27,114	37,951
Borrowings		-	-
Deposits and other accounts	14	46,703,141	40,129,385
Lease Liabilities	15	245,449	217,501
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	16	3,494,966	3,263,715
Total Liabilities		50,470,670	43,648,552
NET ASSETS		7,616,559	7,170,553
REPRESENTED BY			
Share capital / head office capital account - net		5,957,089	5,957,089
Reserves		734,354	644,787
Surplus / (Deficit) on revaluation of financial assets at FVOCI	17	(1,507)	321
Unappropriated profit		926,623	568,356
		7,616,559	7,170,553
CONTINGENCIES AND COMMITMENTS			
	18		

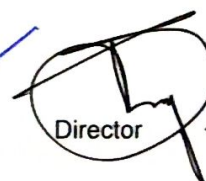
The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.


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 HALF YEAR ENDED JUNE 30, 2025**

		For the quarter ended June 30, 2025	For the quarter ended June 30, 2024	For the Half Year ended June 30, 2025	For the Half Year ended June 30, 2024
Note		-----Rupees in '000-----			
Mark-up / return / interest earned	19	1,649,720	1,894,465	3,679,253	3,351,837
Mark-up / return / interest expensed	20	878,142	1,056,407	2,067,380	1,847,460
Net mark-up / interest income		771,578	838,058	1,611,873	1,504,377
NON MARK-UP / INTEREST INCOME					
Fee and commission income	21	13,296	10,302	24,721	19,742
Dividend income		612	7,641	1,131	8,507
Other income	22	21,069	40,296	33,746	41,971
Total non-markup/interest Income		34,977	58,239	59,598	70,220
Total Income		806,555	896,297	1,671,471	1,574,597
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	23	391,134	383,521	727,876	668,417
Workers welfare fund		-	-	-	-
Other charges		-	-	-	-
Total non-markup / interest expenses		391,134	383,521	727,876	668,417
Profit before credit loss allowance		415,421	512,776	943,595	906,180
Credit loss allowance and write offs - net	24	102,200	15,125	104,763	28,356
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		313,221	497,651	838,832	877,824
Taxation	25	97,435	274,534	390,998	461,140
PROFIT AFTER TAXATION		215,786	223,117	447,834	416,684
BASIC AND DILUTED EARNINGS PER SHARE					
27		0.36	0.37	0.75	0.70

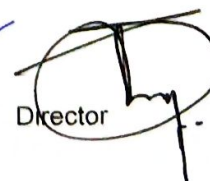
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Chief Financial Officer


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THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2025

		For the quarter ended June 30, 2025	For the quarter ended June 30, 2024	For the Half Year ended June 30, 2025	For the Half Year ended June 30, 2024
Note -----Rupees in '000-----					
Mark-up / return / interest earned	19	1,649,720	1,894,465	3,679,253	3,351,837
Mark-up / return / interest expensed	20	878,142	1,056,407	2,067,380	1,847,460
Net mark-up / interest income		771,578	838,058	1,611,873	1,504,377
NON MARK-UP / INTEREST INCOME					
Fee and commission income	21	13,296	10,302	24,721	19,742
Dividend income		612	7,641	1,131	8,507
Other income	22	21,069	40,296	33,746	41,971
Total non-markup/interest Income		34,977	58,239	59,598	70,220
Total Income		806,555	896,297	1,671,471	1,574,597
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	23	391,134	383,521	727,876	668,417
Workers welfare fund		-	-	-	-
Other charges		-	-	-	-
Total non-markup / interest expenses		391,134	383,521	727,876	668,417
Profit before credit loss allowance		415,421	512,776	943,595	906,180
Credit loss allowance and write offs - net	24	102,200	15,125	104,763	28,356
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		313,221	497,651	838,832	877,824
Taxation	25	97,435	274,534	390,998	461,140
PROFIT AFTER TAXATION		215,786	223,117	447,834	416,684
-----Rupees-----					
BASIC AND DILUTED EARNINGS PER SHARE	27	0.36	0.37	0.75	0.70

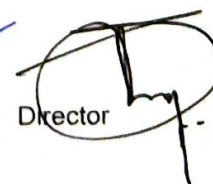
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President/CEO


Chief Financial Officer


Director


Director


Director

THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2025

	For the quarter ended June 30, 2025	For the quarter ended June 30, 2024	For the Half Year ended June 30, 2025	For the Half Year ended June 30, 2024
	-----Rupees in '000-----			
Profit after taxation for the period	215,786	223,117	447,834	416,684
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of investments	(6,074)	(6,673)	(3,742)	(14,727)
Related deferred tax	1,286	1,073	1,914	9,725
	(4,788)	(5,600)	(1,828)	(5,002)
Total comprehensive income	210,998	217,517	446,006	411,682

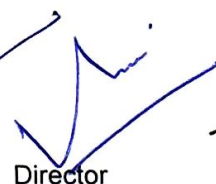
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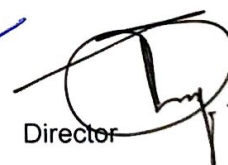
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President/CEO


Chief Financial Officer


Director

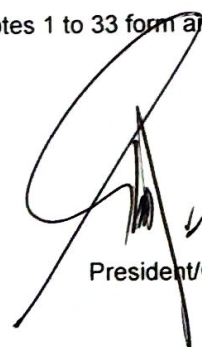

Director


Director

THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2025

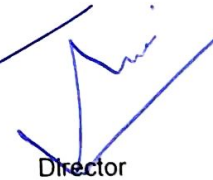
	Share capital	Surplus / (Deficit) on revaluation of assets	Surplus/(Deficit) on revaluation of financial asset at FVOCI	Unappropriated profit	Statutory Reserve	Total
	-----Rupees in '000-----					
Balance at January 01, 2024	5,528,621	-	903	290,260	468,146	6,287,930
Profit after taxation for the six months ended June 30, 2024	-	-	-	416,683	-	416,683
Other comprehensive income - net of tax	-	-	(2,214)	-	-	(2,214)
Issue of Bonus Shares	428,468	-	-	(428,468)	-	-
Transfer to statutory reserve	-	-	-	(83,337)	83,337	-
Balance as at June 30, 2024	5,957,089	-	(1,311)	195,138	551,483	6,702,399
Profit after taxation for the six months ended December 31, 2024	-	-	-	466,522	-	466,522
Other comprehensive income - net of tax	-	-	1,632	-	-	1,632
Issue of Bonus Shares	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	(93,304)	93,304	-
Balance as at December 31, 2024	5,957,089	-	321	568,356	644,787	7,170,553
Profit after taxation for the six months ended June 30, 2025	-	-	-	447,834	-	447,834
Other comprehensive income - net of tax	-	-	(1,828)	-	-	(1,828)
Issue of Bonus Shares	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	(89,567)	89,567	-
Balance as at June 30, 2025	5,957,089	-	(1,507)	926,623	734,354	7,616,559

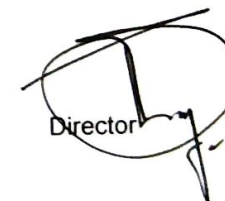
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President/CEO


Chief Financial Officer


Director


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THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2025

	For the Half Year ended June 30, 2025	For the Half Year ended June 30, 2024
Note	-----Rupees in '000-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	838,832	877,823
Less: Dividend Income	(1,131)	(8,507)
	<u>837,701</u>	<u>869,316</u>
Adjustments:		
Depreciation	32,797	27,219
Depreciation on right-of-use assets	27,543	23,099
Interest expense on lease liability	19,492	15,973
Credit loss allowance and write offs	106,102	28,356
Provision for gratuity	5,323	26,789
Provision for leave encashment	136	7,240
Provision for bonus	327	37,534
	<u>191,720</u>	<u>166,210</u>
	<u>1,029,421</u>	<u>1,035,526</u>
(Increase) / decrease in operating assets		
Advances	(403,427)	(348,068)
Investments	(1,433,073)	-
Others assets (excluding advance taxation)	403,720	(7,379,496)
	<u>(1,432,780)</u>	<u>(7,727,564)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(10,837)	(74,418)
Deposits	6,573,756	14,594,604
Other liabilities (excluding current taxation)	485,049	437,671
	<u>7,047,968</u>	<u>14,957,857</u>
Payments against off-balance sheet obligations		
Payment against Interest expense on lease liability	(19,492)	(15,973)
Income tax paid	(718,774)	(398,885)
Net cash flow from / (used in) operating activities	<u>5,906,343</u>	<u>7,850,961</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Dividends received	1,131	8,507
Net (investments in) / proceeds from placement with banks	(49,843)	5,376,802
Investments in property and equipment	(36,674)	(138,311)
Disposal of property and equipment	-	-
Net cash flow generating from / (used in) investing activities	<u>(85,386)</u>	<u>5,246,998</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(24,866)	35,270
Net cash flow from / (used in) financing activities	<u>(24,866)</u>	<u>35,270</u>
(Decrease) / Increase in cash and cash equivalents	5,796,091	13,133,229
Cash and cash equivalents at beginning of the period	12,071,089	7,703,554
Cash and cash equivalents at end of the period	<u>17,867,180</u>	<u>20,836,783</u>

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The annexed notes 1 to 33 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 HALF YEAR ENDED JUNE 30, 2025**

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 own 100 percent of ordinary shares of the Bank as on June 30, 2025 (2024: 100%) respectively.

The Bank has 87 branches (December 2024: 87 branches; June 2024: 85 branches) in Azad Jammu and Kashmir.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

Bye-Laws 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 Companies 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 comprises of:

The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises 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).

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 40 - 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 - 'Financial Instruments: Disclosures' through its notification S.R.O 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

The disclosures made in this condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan (SBP) through BPRD Circular Letter No. 02 of 2023 dated 09 February 2023, and International Accounting Standard 34, "Interim Financial Reporting". These condensed interim financial statements 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, 2024.

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

The following amendments are effective for the year ended June 30, 2025. These amendments are either not relevant to the Bank's operations or are not expected to have significant impact on the Bank's financial statements other than certain additional disclosures.

Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Covenants

Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements

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

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

Amendments	Effective date (annual periods) beginning on or after
-Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
-IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
-IFRS 7 - Financial Instruments: Disclosures	January 01, 2026
-Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026
-Annual Improvements to IFRS Accounting Standards (related to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)	January 01, 2026
-Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Contracts Referencing Nature-dependent Electricity	January 01, 2026

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2024.

4 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, 2024.

		(Un-audited) June 30, 2025	(Audited) December 31, 2024
5	CASH AND BALANCES WITH TREASURY BANKS	-----Rupees in '000-----	
	In hand	576,413	521,489
	Local currency		
	With National Bank of Pakistan in		
	Local currency current accounts	1,831,088	50,231
	Local currency deposit accounts	7,958,408	6,830,589
		9,789,496	6,880,820
	Prize bonds	-	-
	Less: Credit loss allowance held against cash and balances with treasury banks	-	-
	Cash and balances with treasury banks - net of credit loss allowance	10,365,909	7,402,309

5.1 This represents deposit accounts carrying markup rates ranging from 9.5% to 11.5% (2024: 12% to 19%) per annum.

5.2 This represents term deposits carrying markup rates ranging from 10.10% to 15.25% (2024: 15.25% to 20.85%) per annum having maturities ranging from 3 months to 9 months.

6	BALANCES WITH OTHER BANKS	Note	(Un-audited) June 30, 2025	(Audited) December 31, 2024
			-----Rupees in '000-----	
	In Pakistan (Azad Jammu and Kashmir)			
	In current accounts		146,043	73,980
	In deposit accounts	6.1	18,740,228	15,929,957
			18,886,271	16,003,937
	Less: Credit loss allowance held against balances with other banks		-	-
	Balances with other banks - net of credit loss allowance		18,886,271	16,003,937

- 6.1 This includes saving deposit accounts amounting Rs. 3,524,205 thousands (2024: Rs. 1,439,800 thousands) carrying markup rates ranging from 5% to 11.5% (2024: 12% to 20%) per annum and term deposits carrying markup rates ranging from 9.4% to 22.5% (2024: 11.61% to 23.49%) per annum having maturities ranging from 1 months to 1 year except for two term deposits amounting to Rs. 500,000 thousand and Rs. 1,200,000 thousand placed with a bank maturing in 2029 and 2032 respectively, which are measured using effective interest rate method.

7	INVESTMENTS	June 30, 2025 (Unaudited)				December 31, 2024 (Audited)			
		Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit) FVOCI	Carrying Value	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit) FVOCI	Carrying Value
		-----Rupees in '000-----							

7.1 Investments by type:

Fair value through Other Comprehensive Income

Units of open ended mutual funds	55,000	-	(3,043)	51,957	55,000	-	699	55,699
	55,000	-	(3,043)	51,957	55,000	-	699	55,699

Amortised Cost

Treasuey Bills	19,756,486	-	-	19,756,486	18,321,499	-	-	18,321,499
Term finance certificates - note 7.2	49,940	(49,940)	-	-	49,940	(49,940)	-	-
	19,806,426	(49,940)	-	19,756,486	18,371,439	(49,940)	-	18,321,499
Total Investments	19,861,426	(49,940)	(3,043)	19,808,443	18,426,439	(49,940)	699	18,377,198

7.2 Credit loss allowance for diminution in value of investments

Opening balance as reported

Charge / reversals

Charge for the period / year

Reversals for the period / year

Reversal on disposals during the period

Transfers - net

Amounts written off

Closing Balance

	(Un-audited) June 30, 2025	(Audited) December 31, 2024
	-----Rupees in '000-----	
	49,940	49,940
	-	-
	-	-
	-	-
	-	-
	-	-
	49,940	49,940

7.3 Investments - Particulars of credit loss allowance againsts debt securities

(Un-audited)

(Audited)

June 30, 2025

December 31, 2024

Category of Classification

Outstanding Amount

Credit loss
Allowance held

Outstanding Amount

Credit loss
Allowance held

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

Domestic

Performing

Underperforming

Non-performing

Loss

Total

	19,756,486	-	18,377,198	-
	-	-	-	-
	-	-	-	-
	49,940	(49,940)	49,490	(49,490)
	19,806,426	(49,940)	18,426,688	(49,490)

8 ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) June 30, 2025	(Audited) December 31, 2024	(Un-audited) June 30, 2025	(Audited) December 31, 2024	(Un-audited) June 30, 2025	(Audited) December 31, 2024
-----Rupees in '000-----						
Loans, cash credits, running finances, etc.	4,582,369	4,290,126	310,441	201,368	4,892,810	4,491,494
Advances - gross	4,582,369	4,290,126	310,441	201,368	4,892,810	4,491,494
Credit loss allowance against advances						
-Stage 1	(50,519)	(69)	-	-	(50,519)	(69)
-Stage 2	(11,513)	(5,610)	-	-	(11,513)	(5,610)
-Stage 3	-	-	(215,745)	(166,086)	(215,745)	(166,086)
	(62,032)	(5,679)	(215,745)	(166,086)	(277,777)	(171,765)
Advances - net of credit loss allowance	4,520,337	4,284,447	94,696	35,282	4,615,033	4,319,729

8.1 Particulars of advances (Gross)

In local currency

(Un-audited) June 30, 2025	(Audited) December 31, 2024
-----Rupees in '000-----	
4,892,810	4,491,494

8.2 Advances include Rs. 310,441 thousand (2024: 201,368 thousand) which have been placed under non-performing / stage 3 status as detailed below:-

Category of classification in stage 3

Domestic

Other Assets Especially Mentioned (OAEM)

Substandard

Doubtful

Loss

Total

	(Un-audited) June 30, 2025		(Audited) December 31, 2024	
	Non performing loans	Credit loss allowance	Non Performing Loans	Credit loss allowance
-----Rupees in '000-----				
	3,025	1,143	7,497	1,331
	113,022	35,549	35,289	9,475
	30,683	15,342	5,097	2,586
	163,711	163,711	153,485	152,694
	310,441	215,745	201,368	166,086

8.3 Particulars of credit loss allowance against advances

	(Un-audited) June 30, 2025				(Audited) December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	-----Rupees in '000-----				-----Rupees in '000-----			
Opening balance	69	5,610	166,086	171,765	-	-	-	-
IFRS 9 impact	-	-	-	-	24,593	7,634	173,749	205,976
Charge for the period / year	50,450	5,903	49,749	106,102	-	-	-	-
Reversals	-	-	-	-	(24,524)	(2,024)	(7,663)	(34,211)
	50,450	5,903	49,749	106,102	(24,524)	(2,024)	(7,663)	(34,211)
Amounts written off	-	-	-	(90)	-	-	-	-
Closing balance	50,519	11,513	215,835	277,777	69	5,610	166,086	171,765

8.3.1 The credit loss allowance assessed at stage 1 and stage 2 is 50,518 thousand (2024: 69 thousand) and 11,514 thousand (2024: 5,610 thousand) respectively.

8.3.2 Advances - Particulars of credit loss allowance

	(Un-audited) June 30, 2025				(Audited) December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	-----Rupees in '000-----				-----Rupees in '000-----			
Opening Balance	69	5,610	166,086	171,765	-	-	-	-
IFRS 9 impact	-	-	-	-	24,593	7,634	173,749	205,976
Gross carrying amount	69	5,610	166,086	171,765	24,593	7,634	173,749	205,976
New advances	27,499	-	-	27,499	16	286	-	302
Advances derecognized or repaid	(6)	(36)	(6,096)	(6,138)	(6,966)	(792)	9,305	1,547
Transfer to stage 1	(7,213)	1,974	5,239	-	23,537	(3,708)	(19,829)	-
Transfer to stage 2	8	(508)	500	-	(12,263)	14,351	(2,088)	-
Transfer to stage 3	2,007	1,008	(3,015)	-	(1,372)	(1,095)	2,467	-
	22,295	2,438	(3,372)	21,361	2,952	9,042	(10,145)	1,849
Change in Exposure	28,155	3,465	53,121	84,741	(27,476)	(11,066)	2,353	(36,189)
Total provision charged for the period / year	50,450	5,903	49,749	106,102	(24,524)	(2,024)	(7,792)	(34,340)
Amounts written off / charged off	-	-	(90)	(90)	-	-	129	129
Closing balance	50,519	11,513	215,745	277,777	69	5,610	166,086	171,765

8.3.3 Advances - Category of Classification

	(Un-audited) June 30, 2025				(Audited) December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	-----Rupees in '000-----				-----Rupees in '000-----			
Performing - Stage 1	4,379,344	-	-	4,379,344	4,202,096	-	-	4,202,096
Under Performing - Stage 2	-	203,025	-	203,025	-	88,030	-	88,030
Non-performing - Stage 3								
Other Assets Especially Mentioned (OAEM)	-	-	3,025	3,025	-	-	7,497	7,497
Substandard	-	-	113,022	113,022	-	-	35,289	35,289
Doubtful	-	-	30,683	30,683	-	-	5,097	5,097
Loss	-	-	163,711	163,711	-	-	153,485	153,485
	-	-	310,441	310,441	-	-	201,368	201,368
Total	4,379,344	203,025	310,441	4,892,810	4,202,096	88,030	201,368	4,491,494
Corresponding ECL								
Stage 1 and stage 2	50,519	11,513	-	62,032	69	5,610	-	5,679
Stage 3	-	-	215,745	215,745	-	-	166,086	166,086
	50,519	11,513	215,745	277,777	69	5,610	166,086	171,765
	4,328,825	191,512	94,696	4,615,033	4,202,027	82,420	35,282	4,319,729

8.3.4 Particulars of write offs:

	2025	2024
Against credit loss allowance	90	-
Directly charged to profit and loss account	-	129
	90	-

- 8.4 The FSV benefit availed under IFRS 9 Expected credit loss method as at June 30, 2025 is Nil (2024: Nil). The Financial institutions are advised to consider only those collaterals as eligible collateral in the Exposure at default (EAD) calculation, which have the characteristics of legal enforceability and history of enforceability and recovery. As the bank has no history of enforceability, therefore no collateral has been adjusted whilst calculating EAD.

		(Un-audited) June 30, 2025	(Audited) December 31, 2024
12 OTHER ASSETS	Note	-----Rupees in '000-----	
Income/ mark-up accrued in local currency - net of provision		2,341,192	3,530,899
Advances, deposits, advance rent and other prepayments		1,761	11,790
Stationery and stamps in hand		5,983	12,240
Deffered benefit on staff loans	12.1	421,035	352,253
Branch adjustment account		563,472	-
Clearing and settlement account		172,642	6,018
Others	12.2	11,076	7,681
		<u>3,517,161</u>	<u>3,920,881</u>
Less: Credit loss allowance held against other assets	12.2	(4,815)	(4,815)
Other assets - net of provision		<u>3,512,346</u>	<u>3,916,066</u>

12.1 This represents notional deferred cost recognised upon fair valuation of subsidised staff loans in accordance with the requirements of IFRS 9.

	(Un-audited) June 30, 2025	(Audited) December 31, 2024
12.2 Credit loss allowance held against other assets	-----Rupees in '000-----	
Receivable from Kashmir Council	4,815	4,815

13 BILLS PAYABLE

In Pakistan	27,114	37,951
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14 DEPOSITS AND OTHER ACCOUNTS

(Un-audited) June 30, 2025			(Audited) December 31, 2024		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total

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

Customers

Current deposits	9,317,624	-	9,317,624	6,902,519	-	6,902,519
Savings deposits	19,052,253	-	19,052,253	16,089,158	-	16,089,158
Term deposits	18,155,831	-	18,155,831	16,994,568	-	16,994,568
Others	177,433	-	177,433	143,140	-	143,140
	<u>46,703,141</u>	<u>-</u>	<u>46,703,141</u>	<u>40,129,385</u>	<u>-</u>	<u>40,129,385</u>

		(Un-audited) June 30, 2025	(Audited) December 31, 2024
	Note	-----Rupees in '000-----	
15 LEASE LIABILITIES			
Opening Balance		217,501	167,028
Additions during the period / year		48,129	113,923
Lease payments including interest		(39,673)	(102,450)
Interest expense		19,492	39,000
Closing Balance		<u>245,449</u>	<u>217,501</u>
15.1 Liabilities Outstanding			
Less than one year		72,225	63,332
One to five years		153,670	123,368
More than five years		19,554	30,801
Total at the period / year end		<u>245,449</u>	<u>217,501</u>
16 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency	16.1	2,533,803	1,670,114
Accrued expenses		5,865	12,449
Income tax payable		627,843	887,427
Branch adjustment account		-	305,606
Provision for bonus to employees		733	36,400
Provision against customer claims		15,006	16,672
Leave encashment		115,715	115,715
Rent Payable		6,486	-
Education cess		115,263	124,127
Others		74,252	95,205
		<u>3,494,966</u>	<u>3,263,715</u>
16.1	It includes an amount of Rs. 1,652,870 thousand (2024: Rs. 900,193 thousand) on account of interest payable to related parties .		
		(Un-audited) June 30, 2025	(Audited) December 31, 2024
		-----Rupees in '000-----	
17 SURPLUS / (DEFICIT) ON REVALUATION OF FINANCIAL ASSETS AT FVOCI	Note		
Surplus / (deficit) on revaluation of			
- Securities measured at FVOCI-Equity	7.1	(3,043)	699
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI-Equity		1,536	(378)
		<u>(1,507)</u>	<u>321</u>
18 CONTINGENCIES AND COMMITMENTS			
-Guarantees	18.1	82,760	230,923
-Commitments	18.2	152,339	208,277
-Bills for collection	18.3	46,653	27,597
		<u>281,752</u>	<u>466,797</u>
18.1 Guarantees:			
Financial guarantees		82,760	230,923
18.2 Commitments:			
Loan sanctioned but not disbursed		15,000	12,308
Unavailed running finance		137,339	195,969
		<u>152,339</u>	<u>208,277</u>
18.3 Bills for collection			
Bills for collection represent bills drawn in favor 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.			

		-----Unaudited-----	
		For the Half Year ended June 30, 2025	For the Half Year ended June 30, 2024
		-----Rupees in '000-----	
19 MARK-UP / RETURN / INTEREST EARNED			
On:		494,498	341,942
Loans and advances		1,434,987	-
Investments		1,749,768	3,009,895
Balances with banks		<u>3,679,253</u>	<u>3,351,837</u>
19.1 Interest income (calculated using effective interest rate method) recognised on:		<u>3,679,253</u>	<u>2,375,665</u>
Financial assets measured at amortised cost;			
20 MARK-UP / RETURN / INTEREST EXPENSED		2,047,888	1,831,487
Deposits		19,492	15,973
Liabilities against assets subject to finance lease		<u>2,067,380</u>	<u>1,847,460</u>
21 FEE & COMMISSION INCOME		2,164	2,065
Branch banking customer fees		6,787	6,194
Commission on cheque books		9,495	5,462
Credit related fees		886	1,613
Commission on guarantees		657	1,671
Commission on remittances		70	33
Commission on insurance		3,280	1,925
Commission on utility bills		939	497
Postages charges		443	282
Others		<u>24,721</u>	<u>19,742</u>
22 OTHER INCOME		-	-
Gain on sale of fixed assets		11,145	4,519
Site visits and fee collection charges		22,601	37,452
Other income		<u>33,746</u>	<u>41,971</u>
23 OPERATING EXPENSES		409,913	382,051
Total compensation expense			
Property expense		-	210
Rent & taxes		-	-
Insurance		17,773	21,175
Utilities cost		40,771	39,885
Security (including guards)		9,130	11,351
Repair & maintenance (including janitorial charges)		27,543	23,099
Depreciation on right-of-use assets		7,724	6,397
Depreciation on owned fixed assets		<u>102,941</u>	<u>102,117</u>
Information technology expenses		14,670	11,926
Software maintenance		3,969	3,934
Hardware maintenance		11,927	8,856
Depreciation		8,121	9,906
Network charges		<u>38,687</u>	<u>34,622</u>

		-----Unaudited-----	
		For the Half Year ended June 30, 2025	For the Half Year ended June 30, 2024
		-----Rupees in '000-----	
Other operating expenses Directors' fees and allowances Legal & professional charges Travelling & conveyance Depreciation Entertainment Training and development Postage & courier charges Communication Stationery & printing Marketing, advertisement & publicity Auditors' remuneration Education cess Others	Note		
		9,313	4,075
		7,988	4,464
		19,428	17,425
		13,146	11,966
		16,129	13,006
		7,429	597
		4,037	3,982
		2,929	2,552
		18,777	17,598
		2,983	8,474
		2,319	847
		45,916	47,829
		25,941	16,812
		176,335	149,627
		727,876	668,417
24 CREDIT LOSS ALLOWANCE & WRITE OFFS - NET			
Credit loss allowance against loans & advances	8.3	106,102	31,053
Recovery of written off / charged off bad debts		(1,339)	(2,697)
Total		104,763	28,356
25 TAXATION			
Current		459,190	478,289
Deferred		(68,192)	(17,149)
		390,998	461,140
26 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks			
Balances with other banks			
	Note	(Un-audited) June 30, 2025	(Audited) December 31, 2024
		-----Rupees in '000-----	
		9,515,909	6,402,309
		8,351,271	5,668,780
	26.1	17,867,180	12,071,089
26.1			
Cash and cash equivalents include the cash in hand, balances in current and saving deposits and term deposits with maturity of less than 3 months.		(Un-audited) June 30, 2025	(Un-audited) June 30, 2024
27 EARNINGS PER SHARE	Note	-----Rupees in '000-----	
Profit for the period / year		447,834	416,683
		-----Number-----	
Weighted average number of ordinary shares		595,708,900	595,708,900
		-----Rupees-----	
Basic and diluted earnings per share		0.75	0.70
28 FAIR VALUE MEASUREMENTS			
The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.			
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.			

28.1 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 observable market data).
- 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 categorized:

June 30, 2025 (Un-Audited)					
	Carrying Value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Mutual Fund	-	51,957	-	-	51,957
	-	51,957	-	-	51,957
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	10,365,909	-	-	-	10,365,909
Balances with other banks	18,886,271	-	-	-	18,886,271
Investment- Federal Government Securities	19,756,486	-	-	-	19,756,486
Advances	4,615,033	-	-	-	4,615,033
Other assets	3,512,346	-	-	-	3,512,346
	57,136,045	-	-	-	57,136,045
	57,136,045	51,957	-	-	57,188,002
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	-	-	-	-	-
Forward sale of foreign exchange	-	-	-	-	-
Forward agreements for lending	-	-	-	-	-
Forward agreements for borrowing	-	-	-	-	-
Derivatives purchases	-	-	-	-	-
Derivatives sales	-	-	-	-	-
	-	-	-	-	-
December 31, 2024 (Audited)					
	Carrying Value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Mutual Fund	-	55,699	-	-	55,699
	-	55,699	-	-	55,699
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	7,402,309	-	-	-	7,402,309
Balances with other banks	16,003,937	-	-	-	16,003,937
Advances	4,319,729	-	-	-	4,319,729
Other assets	3,916,066	-	-	-	3,916,066
	31,642,041	-	-	-	31,642,041
	31,642,041	55,699	-	-	31,697,740

December 31, 2024 (Audited)				
Carrying Value	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----				
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	-	-	-
Forward sale of foreign exchange	-	-	-	-
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	-	-
Derivatives purchases	-	-	-	-
Derivatives sales	-	-	-	-
	-	-	-	-

29 **SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES**

For the half year ended June 30, 2025 (Un-audited)				
Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
-----Rupees in '000-----				
424,151	1,187,722	-	-	1,611,873
151	36,103	21,130	3,553	60,937
424,302	1,223,825	21,130	3,553	1,672,810
82,573	640,499	4,112	692	727,876
82,573	640,499	4,112	692	727,876
(106,102)	212,204	-	-	106,102
235,627	795,530	17,018	2,861	838,832

As at June 30, 2025 (Un-audited)				
Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
-----Rupees in '000-----				
-	29,252,180	-	-	29,252,180
-	19,808,443	-	-	19,808,443
3,908,078	674,291	-	-	4,582,369
130,536	179,905	-	-	310,441
(103,292)	(174,485)	-	-	(277,777)
3,935,322	679,711	-	-	4,615,033
64,130	497,442	3,194	537	565,303
37,882	293,839	1,886	317	333,924
2,106,203	1,398,414	6,616	1,113	3,512,346
6,143,537	51,930,029	11,696	1,967	58,087,229
-	27,114	-	-	27,114
-	46,703,141	-	-	46,703,141
27,846	215,984	1,387	232	245,449
109,628	3,385,115	192	31	3,494,966
137,474	50,331,354	1,579	263	50,470,670
6,006,063	1,598,675	10,117	1,704	7,616,559
6,143,537	51,930,029	11,696	1,967	58,087,229
15,000	137,339	46,653	82,760	281,752

For the half year ended June 30, 2024 (Un-audited)

Profit and loss account

	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
-----Rupees in '000-----					
Net mark-up/return/profit	273,197	1,231,180	-	-	1,504,377
Non mark-up/return/interest income	155	14,122	53,860	2,083	70,220
Total Income	273,352	1,245,302	53,860	2,083	1,574,597
Segment direct expenses	53,393	604,097	10,520	407	668,417
Total expenses	53,393	604,097	10,520	407	668,417
Credit loss allowance	44,941	(73,297)	-	-	(28,356)
Profit before tax	264,900	567,908	43,340	1,676	877,824

As at December 31, 2024 (Audited)

Statement of financial Position

	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
-----Rupees in '000-----					
Cash & Bank balances	-	23,406,246	-	-	23,406,246
Investments	-	18,377,198	-	-	18,377,198
Advances - performing	3,456,862	833,264	-	-	4,290,126
- non-performing	115,974	85,394	-	-	201,368
- provision	(104,033)	(67,732)	-	-	(171,765)
Property and equipment	25,838	296,766	2,542	2,878	328,024
Right of use asset	16,386	188,202	1,612	1,825	208,025
Deferred tax asset	20,781	238,677	2,044	2,315	263,817
Others	2,837,589	1,072,112	2,985	3,380	3,916,066
Total assets	6,369,397	44,430,127	9,183	10,398	50,819,105
Bills payable	-	37,951	-	-	37,951
Deposits & other accounts	-	40,129,385	-	-	40,129,385
Lease liability against ROUA	17,132	196,775	1,686	1,908	217,501
Others	104,016	2,853,685	305,798	217	3,263,716
Total liabilities	121,148	43,217,796	307,484	2,125	43,648,553
Equity	3,727,190	3,733,390	(298,301)	8,273	7,170,552
Total equity & liabilities	3,848,338	46,951,186	9,183	10,398	50,819,105
Contingencies & commitments	68,731	139,546	27,597	230,923	466,797

30 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. The Government of Azad Jammu and Kashmir holds directly and indirectly Bank's entire share capital at the period end, therefore all of its departments are related parties of the Bank. Also the Bank has related party relationships with its directors, key management personnel, entities over which the directors are able to 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 contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

(Un-audited) June 30, 2025			(Audited) December 31, 2024		
Directors	Government of AJK and its related department	Key management personnel	Directors	Government of AJK and its related department	Key management personnel
Rupees in '000					
Advances					
Opening balance	-	264,822	-	-	163,138
Additions / (decrease) during the period / year	-	34,197	-	-	101,684
Closing balance	-	299,019	-	-	264,822
Provision held against advances	-	-	-	-	-
Other assets	-	-	-	-	-
Deposits and other accounts					
Opening balance	-	24,195,706	-	10,725,976	3,239
(Paid) / Received during the period / year - Net	-	2,597,830	-	13,469,730	1,899
Closing balance	-	26,793,536	-	24,195,706	5,138
Other Liabilities					
Interest / mark-up payable	-	1,652,870	-	900,193	-

RELATED PARTY TRANSACTIONS

(Un-audited) For the half year ended June 30, 2025			(Un-audited) For the half year ended June 30, 2024		
Directors	Government of AJK and its related department	Key management personnel	Directors	Government of AJK and its related department	Key management personnel
(Rupees in '000)					
Income					
Mark-up / return / interest earned	-	3,301	-	-	2,641
Expense					
Mark-up / return / interest paid	-	197,168	-	329,837	112
Directors' fees and allowances	9,313	-	4,074	-	-
	9,313	197,168	4,074	329,837	112

31 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

(Un-audited) June 30, 2025
(Audited) December 31, 2024
-----Rupees in '000-----

10,000,000	10,000,000
5,957,089	5,957,089

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)

7,918,598	6,940,975
-	-
-	-
7,918,598	6,940,975
60,525	889
7,979,123	6,941,864

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

16,507,892	9,248,809
129,893	139,248
2,529,488	4,198,769
19,167,273	13,586,826

Common Equity Tier 1 Capital Adequacy Ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

41.31%	51.09%
41.31%	51.09%
41.63%	51.09%

Leverage Ratio (LR):

Eligible Tier-1 Capital

Total Exposure

Leverage Ratio

7,918,598	6,940,975
38,612,495	32,964,403
21%	21%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs.10,000 million by the year ending December 31, 2015. The paid-up capital of the Bank for the period ended June 30, 2025 stood at Rs.5,957 million (2024: Rs.5,957 million). Banks are also required to maintain a minimum CAR of 10.00% plus capital conservation buffer of 2.50% and High Loss Absorbency Requirement of 1.00% of the risk weighted exposures of the Bank.

Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.00% and 7.50%, respectively, as at June 30, 2025.

Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigates are applied against the Bank's exposures based on eligible collateral under comprehensive approach.

(Un-audited) June 30, 2025
(Audited) December 31, 2024
-----Rupees in '000-----

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

29,252,180	26,601,397
29,019,596	25,988,733
101%	102%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

22,375,259	21,281,286
16,982,569	14,009,832
132%	152%

32 GENERAL

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

32.2 Corresponding figures from Note 5, Note 6 and Note 8 amounting to Rs. 632,895 thousand, Rs. 2,562,256 thousand and Rs. 100,610 thousand respectively, have been reclassified to Note 12 for better understanding and presentation.

33 DATE OF AUTHORISATION FOR ISSUE

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

07 OCT 2025

up.



President/CEO



Chief Financial Officer



Director



Director



Director