

THE BANK OF AZAD JAMMU AND KASHMIR
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019

Notes	(Un-audited)	(Audited)
	September, 30 2019	December, 31 2018

Rupees in '000

ASSETS

Cash and balances with treasury banks		2,942,305	2,305,587
Balances with other banks		7,018,685	7,101,072
Lendings to financial institution		-	-
Investments	6	149,749	175,869
Advances	7	2,010,992	2,028,938
Operating fixed assets		139,859	130,195
Deferred tax assets		23,342	20,930
Other assets		848,874	648,751
		13,133,806	12,411,342

LIABILITIES

Bills payable		68,139	19,582
Borrowings		-	-
Deposits and other accounts		11,465,626	11,063,203
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Deferred Government grant		-	-
Other liabilities		422,296	174,969
		11,956,061	11,257,754
NET ASSETS		1,177,745	1,153,588

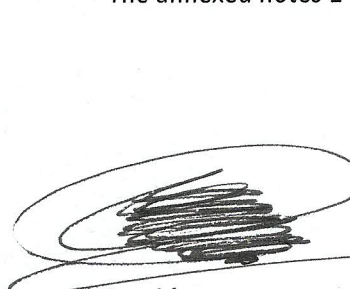
REPRESENTED BY


Share capital	1,027,192	933,811
Reserves		
Deficit on revaluation of assets - net	(35,913)	(18,935)
Unappropriated profit	186,466	238,712
	1,177,745	1,153,588

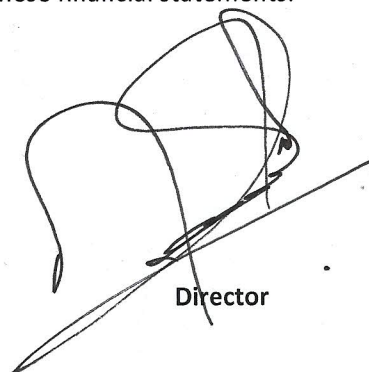
CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 10 form an integral part of these financial statements.


President


Chief Financial Officer


Director


Director

THE BANK OF AZAD JAMMU AND KASHMIR
PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	For the Quarter ended September 30, 2019 (Un-Audited)	For the Nine Months ended September 30, 2019 (Un-Audited)	For the Quarter ended September 30, 2018 (Un-Audited)	For the Nine Months ended September 30, 2018 (un-Audited)
Notes				
	Rupees in '000			
Mark-up / return / interest earned	353,931	879,385	253,268	692,770
Mark-up / return / interest expensed	174,349	482,638	99,480	282,334
Net mark-up / interest income	179,582	396,747	153,788	410,436
Provision against lending to financial institutions	-	-	-	-
Provision against Non-Performing Loans	10,116	(1,835)	(3,034)	7,148
Impairment loss on available for sale investments	-	-	-	-
Bad debts written off directly	-	-	-	-
Net mark-up / interest income after provisions	10,116	(1,835)	(3,034)	7,148
	169,466	398,582	156,822	403,288
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	3,898	11,962	3,108	11,393
Dividend income	6,010	7,453	1,324	1,903
Income from dealing in foreign currencies	-	-	-	-
Gain on sale of securities - net	-	-	-	-
Unrealized gain / (loss) on revaluation of investments classified as held for trading	-	-	-	-
Other income	423	2,124	258	2,230
Total non-markup / interest income	10,331	21,539	4,690	15,526
	179,797	420,121	161,512	418,814
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	120,151	336,185	111,352	307,807
Other provisions / write offs	-	-	-	-
Other charges	-	-	-	-
Total non-markup / interest expenses	120,151	336,185	111,352	307,807
Extraordinary / unusual items	59,646	83,936	50,160	111,007
PROFIT BEFORE TAXATION	59,646	83,936	50,160	111,007
Taxation – current	24,982	36,071	19,894	43,983
– prior years	-	-	-	-
– deferred	8,148	6,730	3,050	6,614
PROFIT AFTER TAXATION	33,130	42,801	22,944	50,597
Unappropriated profit brought forward	26,516	41,135	27,216	60,410
Profit available for appropriation		145,331		138,821
		186,466		199,231

Restated


Basic/ diluted earnings per share - Rupees

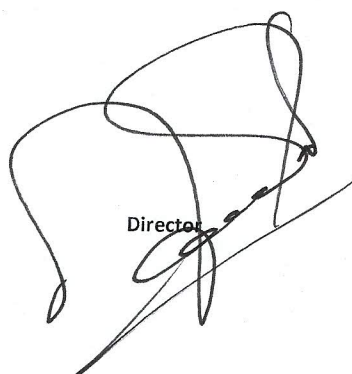
0.40

0.59

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President


Chief Financial Officer


Director


Director

THE BANK OF AZAD JAMMU AND KASHMIR
CASH FLOW STATEMENT
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

September 30, 2019 (Un-Audited)	September 30, 2018 (Un-Audited)
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Rupees '000

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation

Less: Dividend

83,936	111,007
7,453	1,903
<u>76,483</u>	<u>109,104</u>

Adjustment for non-cash charges

Provision against lending to financial institutions

Depreciation

Provision against Non-Performing Loans

Provision for impairment in the value of investment

Amortization of deferred government grant

Fixed Assets written off

21,405	17,312
(1,835)	7,148
-	-
-	-
-	-
<u>19,570</u>	<u>24,460</u>
<u>96,053</u>	<u>133,564</u>

(Increase) / decrease in operating assets

Lending to financial Institution

Advances

Other assets

-	-
19,781	343,496
(189,406)	(308,968)
<u>(169,625)</u>	<u>34,528</u>

Increase / (decrease) in operating liabilities

Bills payable

Deposits

Other liabilities (excluding current taxation)

48,557	(3,918)
402,423	1,326,751
255,809	106,966
<u>706,789</u>	<u>1,429,799</u>
633,217	1,597,891
<u>(55,270)</u>	<u>(62,264)</u>
<u>577,947</u>	<u>1,535,627</u>

Less : Tax Paid

Net cash inflow from operating activities

CASH FLOW FROM INVESTING ACTIVITIES

Net Investment in available for sale securities

Net Investment in Held for maturities securities

Dividend Income

Investment in Operating Fixed Assets

Net Cash Outflow from Financing Activities

-	(50,000)
-	199,247
7,453	1,903
<u>(31,069)</u>	<u>(50,211)</u>
<u>(23,616)</u>	<u>100,939</u>

Shares issued during the period

Dividend Paid During the period

-	-
-	-
-	-


INCREASE IN CASH AND CASH EQUIVALENTS

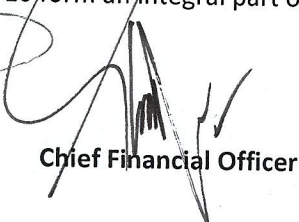
Cash and cash equivalents at beginning of the period

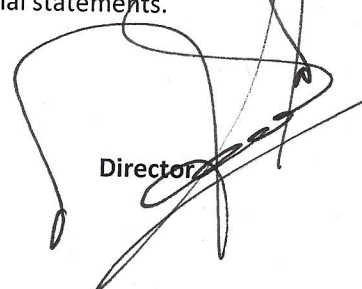
Cash and cash equivalents at end of the period

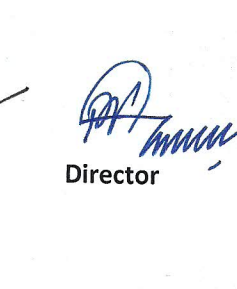
554,331	1,636,566
9,406,659	7,504,179
<u>9,960,990</u>	<u>9,140,745</u>

The annexed notes 1 to 10 form an integral part of these financial statements.


President


Chief Financial Officer


Director


Director

THE BANK OF AZAD JAMMU AND KASHMIR
STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

Balance as at January 01, 2018

Profit after taxation for the year ended December 31, 2018

Deficit on revaluation of available-for-sale securities - net of tax

Transactions with owners, recorded directly in equity

Issue of bonus shares

Closing balance as at December 31, 2018

Profit after taxation for the Nine months ended Sep. 30, 2019

Other comprehensive income

Deficit on revaluation of available-for-sale securities - net of tax

Transactions with owners, recorded directly in equity

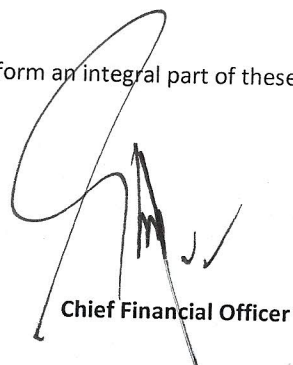
Issue of bonus shares

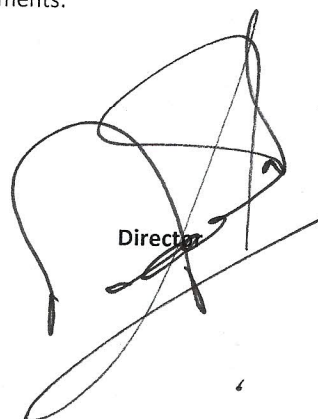
Closing balance as at September 30, 2019

Share capital	Surplus / (deficit) on revaluation of investment	Unappropriated Profit	Total
Rupees in '000			
848,919	(9,396)	223,711	1,063,234
-	-	99,893	99,893
-	(9,539)	-	(9,539)
84,892	-	(84,892)	-
933,811	(18,935)	238,712	1,153,588
-	-	41,135	41,135
-	(16,978)	-	(16,978)
93,381	-	(93,381)	-
1,027,192	(35,913)	186,466	1,177,745

The annexed notes 1 to 10 form an integral part of these financial statements.


President


Chief Financial Officer


Director


Director

THE BANK OF AZAD JAMMU AND KASHMIR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

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 Head 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 end of the period.

The Bank has 70 branches (December 2018: 70 branches) in Azad Jammu and Kashmir.

2. BASIS OF PRESENTATION

These financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan's BPRD Letter No 5 dated May 22, 2019, and International Accounting Standard 34 "Interim Financial Reporting". These 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, 2018.

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the requirements of The Bank of Azad Jammu and Kashmir Act, 2005 and its Bye-Laws 2007 and are in accordance with the approved accounting standards as applicable in Pakistan. Bye-Laws 2007 require that the Balance Sheet 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 and Section 34 of the Banking Companies Ordinance, 1962.

International Accounting Standard 39, "Financial Instruments: Recognition and Measurement", International Accounting Standard 40, "Investment Property" and International Financial Reporting Standard 7, "Financial Instruments: Disclosure" are applicable w.e.f January 01, 2019 to Banking Companies in Pakistan. Accordingly, the requirements of these Standards have not been considered in the preparation of these financial statements. Accordingly, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

4. BASIS OF MEASUREMENTS

These financial information has been prepared under the historical cost convention except for certain investments which have been marked to market and carried at fair value.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are the same as applied in the preparation of the financial statements of the bank for the year ended December 31, 2018.

6. INVESTMENTS

6.1 Investment by types

September 30, 2019 (Un Audited)			December 31, 2018 (Audited)		
Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total

Rupees in "000"

Available for sale securities

NIT(U)	100,000	-	100,000	100,000	-	100,000
NIT(Govt. Securities Fund)	30,000	-	30,000	30,000	-	30,000
NIT Islamic Equity Fund	50,000	-	50,000	50,000	-	50,000
MCB Dynamic Cash Fund	25,000	-	25,000	25,000	-	25,000
	205,000	-	205,000	205,000	-	205,000

Held to Maturity Securities

Term Finance Certificates

PACE Pakistan Limited

Pakistan Investment Bonds

	49,940	-	49,940	49,940	-	49,940
	-	-	-	-	-	-
	49,940	-	49,940	49,940	-	49,940
Investment at Cost	254,940	-	254,940	254,940	-	254,940
Provision against Investment	(49,940)	-	(49,940)	(49,940)	-	(49,940)
	205,000	-	205,000	205,000	-	205,000
Surplus/(deficit) on revaluation of available for sale securities-net	(55,251)	-	(55,251)	(29,131)	-	(29,131)
Total Investment at market Value	149,749	-	149,749	175,869	-	175,869

September 30,
2019
(Un-Audited)

December 31,
2018
Audited)

Rupees in "000"

7. ADVANCES

Running and Demand Finance

Agriculture Finance Loans

Micro Finance Loans

Consumer Finance Loans

Staff Loans

594,238	613,162
110,504	148,026
34,817	36,104
1,317,437	1,286,753
112,456	105,188
2,169,452	2,189,233

Margin Financing

Advances Gross

2,169,452	2,189,233
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Provision for non performing advances

General Provision against Consumer Finance

(108,984)	(112,203)
(49,476)	(48,092)
(158,460)	(160,295)
2,010,992	2,028,938

Advances net of Provision

7.1 Particulars of provision against loans and advances

September 30, 2019 (Un-Audited)		
Specific	General	Total
112,203	48,092	160,295
(3,219)	1,384	(1,835)
108,984	49,476	158,460

December 31, 2018 (Audited)		
Specific	General	Total
122,169	44,538	166,707
(9,966)	3,554	(6,412)
112,203	48,092	160,295

Opening Balance

Charge for the period-net

Closing Balance

7.2 Advances include Rs.227,711 thousand which have been placed under non-performing status as detailed below:

September 30, 2019 (Un Audited)					
Classified Advances			Provision required		Provision Held
Domestic	Overseas	Total			
OAEM	7,658	-	7,658	-	-
Substandard	32,452	-	32,452	4,820	4,820
Doubtful	26,119	-	26,119	7,048	7,048
Loss	161,482	-	161,482	97,116	97,116
	227,711	-	227,711	108,984	108,984

September 30, 2019 (Un-Audited)	December 31, 2018 Audited)
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Rupees in "000"

8 CONTINGENCIES AND COMMITMENTS

8.1 Commitments to extend credit	336,258	298,080
8.2 Transaction related Contingent Liabilities (Guarantee)	36,076	16,779
8.2 Bills for collection	29,793	52,342

Bills for collection represent bills drawn on various financial institutions on behalf of 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.

9. RELATED PARTY TRANSACTIONS

9.1 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 Quarter end, therefore all of its departments are related parties of the Bank. Also the bank has related party relationship with its directors, key management personnel, entities over which the directors are able to exercise significant influence.

9.2 Details of transactions with related parties and balances with them at the end of the period were as follows:-

September 30, 2019 (Un-Audited)	December 31, 2018 Audited)
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Rupees in "000"

Balances

The Government of AJK and its related departments


- Deposits	4,717,302	5,068,975
- Advances	222,950	259,972
- Markup/return/interest payable on deposits	46,179	36,270
- Markup/return/interest accrued on advances	1,554	1,874

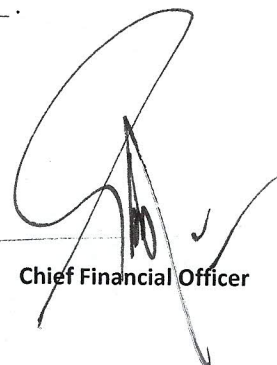
Transactions


- Mark-up/return/interest Expensed on Deposits	112,628	190,156
- Mark-up/return/interest earned on Advances	15,207	23,954
- Dividend Paid during the Period	-	-
- Shares Issued During the period	93,381	84,892

10. DATE OF AUTHORIZATION

These financial statements were authorised for issue by the Board of Directors of the Bank on


President


Chief Financial Officer


Director


Director