

THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

		(Un-audited)	(Audited)
	Note	September 30, 2022	December 31, 2021
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	5	6,394,913	4,447,089
Balances with other banks	6	15,799,672	14,774,633
Lendings to financial institutions		-	-
Investments	7	164,613	183,775
Advances	8	3,106,285	2,815,313
Fixed assets	9	319,372	253,886
Intangible assets		-	-
Deferred tax assets	10	38,022	30,011
Other assets	11	1,862,908	1,046,611
		27,685,785	23,551,318
LIABILITIES			
Bills payable	12	14,676	158,180
Borrowings		-	-
Deposits and other accounts	13	20,652,106	17,270,623
Liabilities against assets subject to finance lease		131,052	138,519
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	14	1,152,096	563,110
		21,949,930	18,130,432
NET ASSETS		5,735,855	5,420,886
REPRESENTED BY			
Share capital		5,142,903	5,142,903
Reserves		269,037	269,037
(Deficit) on revaluation of assets	15	(26,251)	(13,797)
Unappropriated profit		350,166	22,743
		5,735,855	5,420,886

CONTINGENCIES AND COMMITMENTS 16

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

Chief Financial Officer

President/CEO

Director

Director

Director

THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Note	For the Quarter ended Sep. 30, 2022	For the Quarter ended Sep. 30, 2021	January to September 2022	January to September 2021
Mark-up / return / interest earned	17	888,063	473,937	2,228,319	1,248,146
Mark-up / return / interest expensed	18	<u>431,481</u>	<u>176,959</u>	<u>981,084</u>	<u>491,627</u>
Net mark-up/interest income		456,582	296,978	1,247,235	756,519
NON MARK-UP/INTEREST INCOME					
Fee and commission income	19	5,898	5,690	18,544	17,380
Dividend income		-	6,854	9,096	7,244
Foreign exchange income		-	-	-	-
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities		-	-	-	-
Other income	20	(1,538)	682	4,574	3,741
Total non-markup/interest Income		4,360	13,226	32,214	28,365
Total Income		<u>460,942</u>	<u>310,204</u>	<u>1,279,449</u>	<u>784,884</u>
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	21	201,161	151,633	611,006	421,768
Workers welfare fund		-	-	-	-
Other charges		-	-	-	-
Total non-markup/interest expenses		201,161	151,633	611,006	421,768
Profit before provisions		<u>259,781</u>	<u>158,571</u>	<u>668,443</u>	<u>363,116</u>
Provisions and write offs - net	22	(2,884)	6,319	22,066	21,157
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		<u>262,665</u>	<u>152,252</u>	<u>646,377</u>	<u>341,959</u>
Taxation	23	134,434	72,113	318,954	144,147
PROFIT/(LOSS) AFTER TAXATION		<u>128,231</u>	<u>80,139</u>	<u>327,423</u>	<u>197,812</u>
					Restated
BASIC AND DILUTED EARNINGS PER SHARE	24	<u>0.51</u>	<u>0.31</u>	<u>0.66</u>	<u>0.40</u>

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THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	January to September 2022	January to September 2021
Profit after taxation for the period	327,423	197,812
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	(12,455)	(857)
Total comprehensive income	<u>314,968</u>	<u>196,955</u>

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

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THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

Note	January to September 2022	January to September 2021
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	646,377	341,959
Less: Dividend income	9,096	7,244
	637,281	334,715
Adjustments:		
Depreciation	23,872	16,419
Depreciation on right-of-use assets	19,959	18,139
Mark-up / return / interest expensed on lease liability against right-of-use assets	16,122	11,445
Provision and write-offs	22,066	21,157
(Gain) on sale of fixed assets	-	-
	82,019	67,160
	719,300	401,875
(Increase)/ Decrease in operating assets		
Advances	(365,254)	(406,626)
Others assets (excluding advance taxation)	(816,297)	(347,048)
	(1,181,551)	(753,674)
Increase/ (Decrease) in operating liabilities		
Bills Payable	(143,504)	42,661
Deposits	3,381,483	3,933,696
Other liabilities (excluding current taxation)	398,915	51,765
	3,636,894	4,028,122
Income tax paid	(130,186)	(85,063)
Net cash flow generated from operating activities	3,044,457	3,591,260
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	-	-
Dividends received	9,096	7,244
Investments in operating fixed assets	(58,347)	(13,068)
Proceeds from sale of fixed assets	-	174
Net cash flow (used in) investing activities	(49,251)	(5,650)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital	-	2,800,000
Payment of lease liability against right-of-use assets	(22,343)	(29,584)
Dividend paid	-	-
Net cash flow from / (used in) financing activities	(22,343)	2,770,416
Increase / (Decrease) in cash and cash equivalents	2,972,863	6,356,026
Cash and cash equivalents at beginning of the period	19,221,722	13,280,356
Cash and cash equivalents at end of the period	22,194,585	19,636,382

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

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THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Share Capital	Surplus/ (deficit) on revaluation of investments	Unappropriated profit	Reserve	Total
	Rupees in '000				
Balance as at December 31, 2020	2,129,911	(12,450)	267,130		2,384,591
Profit after taxation for the nine months ended September 30, 2021	-	-	197,812		197,812
Other comprehensive income - net of tax	-	(1,346)	-		-
Transactions with owners, recorded directly in equity					
Issue of bonus shares	2,800,000	-	-		2,800,000
Balance as at September 30, 2021	4,929,911	(13,796)	464,942		5,381,057
Profit after taxation for the quarter ended December 31, 2021	-	-	39,830		39,830
Other comprehensive income - net of tax	-	-	-		-
Transactions with owners, recorded directly in equity					
Issue of Shares against cash	-	-	-		-
Issue of bonus shares	212,992	-	(212,992)		-
transfer to Reserve			(269,037)	269,037	
Balance as at December 31, 2021	5,142,903	(13,796)	22,743	269,037	5,420,887
Profit / (loss) after taxation for the current period			327,423		327,423
Other comprehensive income - net of tax		(12,455)			(12,455)
Transactions with owners, recorded directly in equity					
Issue of Shares against cash	-	-	-		-
Issue of bonus shares	-	-	-		-
Balance as at September 30, 2022	5,142,903	(26,251)	350,166	269,037	5,735,855

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

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THE BANK OF AZAD JAMMU AND KASHMIR
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

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 80 branches (December 2021: 77 branches; September 2021: 75 branches) in Azad Jammu and Kashmir.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements for the Nine Months ended September 30, 2022 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, 2021.

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

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

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

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

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

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements is the same as that applied in the preparation of the financial statements for the year ended December 31, 2020.

3. 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, 2021.

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, 2021.

(Un-audited) (Audited)
September 30, 2022 December 31, 2021
Rupees in '000

5 CASH AND BALANCES WITH TREASURY BANKS

In hand		
Local currency	243,484	199,729
With National Bank of Pakistan in		
Local currency current accounts	49,178	36,676
Local currency deposit account	202,251	40,684
Local currency Term deposit accounts	5,900,000	4,170,000
	6,151,429	4,247,360
Prize bonds	-	-
	6,394,913	4,447,089

6 BALANCES WITH OTHER BANKS

In Pakistan (Azad Jammu and Kashmir)		
In current accounts	615,421	331,776
In deposit accounts	15,184,251	14,442,857
	15,799,672	14,774,633

7 INVESTMENTS	(Un-audited)				(Audited)			
	September 30, 2022				December 31, 2021			
7.1 Investments by type:	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in '000							
Available-for-sale securities								
Units of open ended mutual funds	205,000	-	(40,387)	164,613	205,000	-	(21,225)	183,775
Held-to-maturity securities								
Term finance certificates - note 8.2	49,940	(49,940)	-	-	49,940	(49,940)	-	-
Total Investments	254,940	(49,940)	(40,387)	164,613	254,940	(49,940)	(21,225)	183,775

(Un-audited) (Audited)
September 30, 2022 December 31, 2021
Rupees in '000

7.2 Provision for diminution in value of investments

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

7.2.2 Particulars of provision against debt securities

Category of classification	(Un-audited)		(Audited)	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	NPI	Provision	NPI	Provision
Domestic				
Loss	49,940	(49,940)	49,940	(49,940)
Total	49,940	(49,940)	49,940	(49,940)

8 ADVANCES

	Performing		Non Performing		Total	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	Rupees in '000					
Loans, cash credits, running finances, etc.	3,177,794	2,866,660	138,643	136,739	3,316,437	3,003,399
Advances - gross	3,177,794	2,866,660	138,643	136,739	3,316,437	3,003,399
Provision against advances						
- Specific	-	-	(125,733)	(108,487)	(125,733)	(108,487)
- General	(84,419)	(79,599)	-	-	(84,419)	(79,599)
	(84,419)	(79,599)	(125,733)	(108,487)	(210,152)	(188,086)
Advances - net of provision	3,093,375	2,787,061	12,910	28,252	3,106,285	2,815,313

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
		Rupees in '000	
8.1	Particulars of advances (Gross)		
	In local currency	3,316,437	3,003,399

8.2 Advances include Rs. 138,643 thousand (2021:136,739thousand) which have been placed under non-performing status as detailed below:-

Category of Classification	(Un-audited) September 30, 2022		(Audited) December 31, 2021	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	Rupees in '000			
Domestic	-	-	-	-
Other Assets Especially Mentioned	16,441	2,232	4,627	742
Substandard	2,990	1,496	518	259
Doubtful	119,212	122,005	131,594	107,486
Loss	-	-	-	-
Total	138,643	125,733	136,739	108,487

8.3 Particulars of provision against advances	(Un-audited) September 30, 2022			(Audited) December 31, 2021		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	108,487	79,599	188,086	147,620	55,719	203,339
Charge for the period / year	31,613	4,820	36,433	37,669	23,880	61,549
Reversals	(14,367)	-	(14,367)	(24,586)	-	(24,586)
	17,246	4,820	22,066	13,083	23,880	36,963
Amount charged off-agriculture financing	-	-	-	(52,216)	-	(52,216)
Closing balance	125,733	84,419	210,152	108,487	79,599	188,086

8.3.1 Particulars of provision against advances	(Un-audited) September 30, 2022			(Audited) December 31, 2021		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	125,733	84,419	210,152.00	108,487	79,599	188,086
	125,733	84,419	210,152	108,487	79,599	188,086

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
		Rupees in '000	
9	FIXED ASSETS		
	Capital work-in-progress	9.1	21,457
	Property and equipment	9.2	297,915
			319,372

9.1	Capital work-in-progress		
	Advances to suppliers	21,457	10,436

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. 134,239 thousand (2021 : 120,100) due to adoption of IFRS 16.

		(Un-audited) September 30, 2022	(Un-audited) March 31, 2020
		Rupees in '000	
9.2	Additions to fixed assets		

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

Capital work-in-progress	11,021	1
Property and equipment		
Freehold land	-	-
Building on freehold land	-	-
Leasehold Improvements	45	9,774
Furniture and fixture	2,286	11,205
Electrical office and computer equipment	5,850	12,348
Vehicles	-	10,471
Others	63	-
	8,244	43,798
Total	19,265	43,799

		(Un-audited) September 30, 2022	Audited December 31, 2021				
		Rupees in '000					
10	DEFERRED TAX ASSETS						
	Deductible Temporary Differences on						
	- Accelerated tax depreciation	17,835	17,797				
	- Provision against receivable from Kashmir Council	1,685	1,685				
	- Provision against customer claims	4,367	3,101				
	- Deficit on revaluation of investments	14,135	7,428				
		38,022	30,011				
	Net deferred tax assets	38,022	30,011				
11	OTHER ASSETS						
	Income/ mark-up accrued in local currency - net of provision - note 11.1	1,790,292	1,040,052				
	Advances, deposits, advance rent and other prepayments	5,073	419				
	Advance taxation (payments less provisions)	-	-				
	Branch adjustment account	-	-				
	Stationery and stamps in hand	10,388	4,322				
	Others	61,970	6,633				
		1,867,723	1,051,426				
	Less: Provision held against other assets	(4,815)	(4,815)				
	Other Assets (Net of Provision)	1,862,908	1,046,611				
11.2	Provision held against other assets						
	Receivable from Kashmir Council	(4,815)	4,815				
12	BILLS PAYABLE						
	In Pakistan	14,676	158,180				
13	DEPOSITS AND OTHER ACCOUNTS						
		(Un-audited) September 30, 2022	Audited December 31, 2021				
		In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
		Rupees in '000					
	Customers						
	Current deposits	6,101,794	-	6,101,794	5,004,027	-	5,004,027
	Savings deposits	9,762,330	-	9,762,330	8,090,461	-	8,090,461
	Term deposits	4,776,435	-	4,776,435	4,062,072	-	4,062,072
	Others	11,547	-	11,547	114,063	-	114,063
		20,652,106	-	20,652,106	17,270,623	-	17,270,623
14	OTHER LIABILITIES						
	Mark-up/ return/ interest payable in local currency - note 15.1				398,132		247,452
	Accrued expenses				232,510		4,149
	Income tax payable				255,006		64,935
	Branch adjustment account				41,062		102,067
	Provision for bonus to employees				22,500		24,001
	Provision against customer claims				8,821		8,861
	Leave encashment				82,242		48,242
	Education cess				7,818		19,186
	Others				104,005		44,217
					1,152,096		563,110
14.1	It includes an amount of Rs. 307,994 thousand (2021: Rs. 100,571 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	(40,387)				(21,225)
	Deferred tax on surplus / (deficit) on revaluation of:						
	- Available for sale securities		19,386				7,429
			(21,001)				(13,796)

16 CONTINGENCIES AND COMMITMENTS

-Guarantees
-Commitments
-Bills for collection

16.1	26,646	19,586
16.2	90,325	52,484
16.4	28,298	58,235
	<u>145,269</u>	<u>130,305</u>

16.1 Guarantees:

Financial guarantees

26,646 19,586

September 30, December 31,
2022 2021
Rupees in '000

16.2 Commitments:

Loan sanctioned but not disbursed
Unavailed running finance

36,485 23,153
53,840 29,331
90,325 52,484

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

16.4 Bills for collection

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

January to
September
2022

January to
September
2021

Rupees in '000

17 MARK-UP / RETURN / INTEREST EARNED

On:

a) Loans and advances	342,887	285,819
b) Investments	-	-
d) Balances with banks	1,885,432	962,327
	<u>2,228,319</u>	<u>1,248,146</u>

18 MARK-UP/RETURN/INTEREST EXPENSED

On:

a) Deposits	964,962	480,182
b) Lease liability against right-of-use- assets	16,122	11,445
	<u>981,084</u>	<u>491,627</u>

19 FEE & COMMISSION INCOME

Branch banking customer fees	2,322	2,387
Commission on cheques books	3,639	3,680
Credit related fees	3,871	4,297
Commission on guarantees	652	444
Commission on remittances	1,281	1,023
Commission on call deposit	90	81
Commission on utility bills	4,345	3,721
Postages charges	604	697
Others	1,740	1,050
	<u>18,544</u>	<u>17,380</u>

20 OTHER INCOME

other Income	4,574	3,741
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		January to September 2022	January to September 2021	
		Rupees in '000		
21	OPERATING EXPENSES			
	Total compensation expense	406,235	265,142	
	Property expense			
	Rent & taxes	29	16	
	Insurance	443	2,052	
	Utilities cost	21,308	15,158	
	Security (including guards)	24,833	23,188	
	Repair & maintenance (including janitorial charges)	11,605	6,799	
	Depreciation on right-of-use assets	19,959	18,139	
	Depreciation on owned fixed assets	7,114	7,002	
		85,291	72,354	
	Information technology expenses			
	Software maintenance	19,579	17,895	
	Hardware maintenance	2,367	1,500	
	Depreciation	6,084	3,925	
	Network charges	5,865	5,257	
		33,895	28,577	
	Other operating expenses			
	Directors' fees and allowances	1,513	2,357	
	Legal & professional charges	1,992	3,107	
	Travelling & conveyance	17,272	11,391	
	Depreciation	10,674	5,492	
	Entertainment	12,461	7,886	
	Training & development	3,632	102	
	Postage & courier charges	2,712	2,348	
	Communication	3,048	2,765	
	Stationery & printing	9,136	6,328	
	Marketing, advertisement & publicity	1,500	274	
	Auditors Remuneration	1,975	1,854	
	Others	19,670	11,791	
		85,585	55,695	
		611,006	421,768	
		January to September 2022	January to September 2021	
		Rupees		
22	PROVISIONS & WRITE OFFS - NET			
	(Reversal)/Charge of provisions against loans & advances - net	8.3	22,066	21,157
23	TAXATION			
	Current	320,257	141,958	
	Deferred	(1,303)	2,189	
		318,954	144,147	
24	BASIC EARNINGS/ (LOSS) PER SHARE			
	Profit for the period	327,423	197,812	
	Number of ordinary shares	492,991,200	492,991,200	
	Basic earnings per share	0.66	0.40	

25 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per

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

25.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Un-Audited September 30, 2022			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Mutual Fund	164,613	-	-	164,613

	Audited December 31, 2021			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Mutual Fund	183,775	-	-	183,775

26 Segment details with respect to business activities

For the Nine months ended September 30, 2022 (Un-audited)					
	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
Rupees in '000					
Profit & Loss					
Net mark-up/return/profit	305,677	941,560	-	-	1,247,237
Non mark-up / return / interest income	153	13,643	12,394	5,997	32,187
Total Income	305,830	955,203	12,394	5,997	1,279,424
Segment direct expenses	82,665	523,370	3,350	1,621	611,006
Total expenses	82,665	523,370	3,350	1,621	611,006
Provisions charged / (reversal)	17,246	4,820	-	-	22,066
Profit before tax	205,919	427,013	9,044	4,376	646,352

as at September 30, 2022

Balance Sheet

	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
Rupees in '000					
Cash & Bank balances	-	22,194,585	-	-	22,194,585
Investments	-	164,613	-	-	164,613
Advances - performing	2,761,001	410,484	-	-	3,171,485
- non-performing	48,013	149,154	-	-	197,167
- provision	(121,904)	(88,248)	-	-	(210,152)
Operating fixed assets	43,209	273,565	1,751	847	319,372
Deferred tax asset	5,143	32,569	208	101	38,021
Others	1,568,401	293,918	398	193	1,862,910
Total Assets	4,303,863	23,430,640	2,357	1,141	27,738,001
Bills payable	-	14,676	-	-	14,676
Deposits & other accounts	-	20,652,106	-	-	20,652,106
Others	134,717	1,147,270	783	379	1,283,149
Total liabilities	134,717	21,814,052	783	379	21,949,931
Equity	4,169,146	1,616,588	1,574	762	5,788,070
Total Equity & liabilities	4,303,863	23,430,640	2,357	1,141	27,738,001

Contingencies & Commitments

	64,783	80,486	-	-	145,269
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For the nine months ended September 30, 2021 (Un-audited)

Profit & Loss

	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
Rupees in '000					
Net mark-up/return/profit	257,092	499,428	-	-	756,520
Non mark-up / return / interest income	253	10,810	12,552	4,749	28,364
Total Income	257,345	510,238	12,552	4,749	784,884
Segment direct expenses	85,029	331,023	4,147	1,569	421,768
Total expenses	85,029	331,023	4,147	1,569	421,768
Provisions charged / (reversal)	3,733	17,424	-	-	21,157
Profit before tax	168,583	161,791	8,405	3,180	341,959

As at September 30, 2021 (Audited)

Balance Sheet

	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
Rupees in '000					
Cash & Bank balances	-	19,636,382	-	-	19,636,382
Investments	-	184,527	-	-	184,527
Advances - performing	2,419,498	239,953	-	-	2,659,451
Advances - non-performing	48,013	149,154	-	-	197,167
Advances - provision	(110,628)	(113,868)	-	-	(224,496)
Operating fixed assets	50,240	195,587	2,450	927	249,204
Deferred tax asset	4,975	19,371	243	92	24,681
Others	936,446	257,807	2,120	802	1,197,175
Total Assets	3,348,544	20,568,913	4,813	1,821	23,924,091
Bills payable	-	110,075	-	-	110,075
Deposits & other accounts	-	17,634,036	-	-	17,634,036
Liabilities against assets subject to finance lease	-	-	-	-	-
Others	96,411	699,946	1,507	570	798,434
Total liabilities	96,411	18,444,057	1,507	570	18,542,545
Equity	3,252,133	2,124,856	3,306	1,251	5,381,546
Total Equity & liabilities	3,348,544	20,568,913	4,813	1,821	23,924,091

Contingencies & Commitments

	58,645	66,175	-	-	124,820
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27 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence. The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the terms of the

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

	(Un-audited) September 30, 2022		(Audited) December 31, 2021	
	Government of Azad Jammu & Kashmir and its related department	Key management personnel	Government of Azad Jammu & Kashmir and its related department	Key management personnel
	(Rupees in '000)			
Advances				
Opening balance	-	61,031	-	32,503
Addition/Repaid during the period / year	-	26,180	-	28,528
Closing balance	-	87,211	-	61,031
Provision held against advances	-	-	-	-
Other Assets				
Interest / mark-up accrued	-	-	-	-
Deposits and other accounts				
Opening balance	8,332,479	4,384	5,439,545	663
Received/Withdrawal during the period / year	1,139,100	(1,645)	2,892,934	3,721
Closing balance	9,471,579	2,739	8,332,479	4,384
Other Liabilities				
Interest / mark-up payable	307,994	-	100,571	-
Contingencies and Commitments				
Unavailed running finance	-	-	-	-

RELATED PARTY TRANSACTIONS

	(Un-audited) For the Nine months ended September 30, 2022		(Un-audited) For the Nine months ended September 30, 2021	
	Government of Azad Jammu & Kashmir and its related department	Key management personnel	Government of Azad Jammu & Kashmir and its related department	Key management personnel
	(Rupees in '000)			
Income				
Mark-up / return / interest earned	-	2,441	-	690
Expense				
Mark-up / return / interest paid	239,283	119	187,245	34

(Un-audited) (Audited)
September December
30, 2022 31, 2021
Rupees in '000

28 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses) 10,000,000 10,000,000

Capital Adequacy Ratio (CAR):

Eligible common equity tier 1 (CET 1) capital	5,493,069	5,165,646
Eligible additional tier 1 (ADT 1) capital	-	-
Total regulatory adjustment applied to CET1	(26,251)	-
Total Eligible Tier 1 Capital	5,466,818	5,165,646
Eligible Tier 2 Capital	84,419	65,802
Total Eligible Capital (Tier 1 + Tier 2)	5,551,237	5,231,448

Risk Weighted Assets (RWAs):

Credit Risk	9,643,709	8,697,335
Market Risk	329,226	459,438
Operational Risk	1,512,888	1,517,260
Total	11,485,822	10,674,033

Common Equity Tier 1 Capital Adequacy Ratio

Tier 1 Capital Adequacy Ratio	47.82%	48.39%
Total Capital Adequacy Ratio	47.60%	48.39%
	48.33%	49.01%

Leverage Ratio (LR):

Eligible Tier-1 Capital	5,466,818	5,165,646
Total Exposure	27,712,431	23,681,623
Leverage Ratio	20%	22%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	22,194,585	19,221,722
Total Net Cash Outflow	5,357,502	5,953,917
Liquidity Coverage Ratio	414%	323%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	17,124,611	13,209,976
Total Required Stable Funding	12,378,639	10,970,802
Net Stable Funding Ratio	138%	120%

29 GENERAL

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

30 DATE OF AUTHORISATION FOR ISSUE

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

Chief Financial Officer President/CEO Director Director Director