

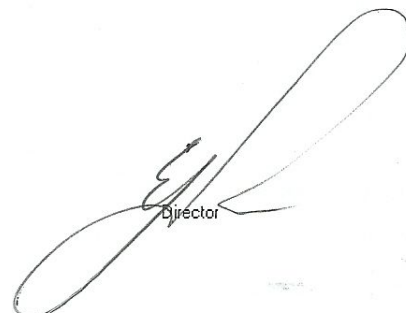
THE BANK OF AZAD JAMMU AND KASHMIR  
 PROFIT AND LOSS ACCOUNT  
 FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2016

	For the quarter, Ended March 31, 2016 (Un-Audited) Rupees '000	Up to the year 2016 (Un-Audited) Rupees '000	For the quarter, Ended March 31, 2015 (Un-Audited) Rupees '000	For the Year ended December 31, 2015 (Audited) Rupees '000
Mark-up / return / interest earned	203,348	203,348	202,672	794,704
Mark-up / return / interest expensed	90,892	90,892	98,947	375,948
Net mark-up / interest income	112,456	112,456	103,725	418,756
Provision against non-performing loans and advances	3,204	3,204	1,541	46,558
Provision against Lending to Financial Institutions	-	-	-	-
Provision for impairment in value of investment	-	-	-	-
Bad debts written off directly	-	-	-	460
	3,204	3,204	1,541	47,018
Net mark-up / interest income after provisions	109,252	109,252	102,184	371,738
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	4,373	4,373	5,268	22,602
Dividend income	-	-	1,956	2,235
Income from dealing in foreign currencies	-	-	-	-
Gain on sale of securities	4,270	4,270	-	9,065
Unrealized gain on revaluation of investments classified as held for trading	-	-	-	-
Other income	909	909	890	5,060
Total non-markup / interest income	9,552	9,552	8,114	38,962
	118,804	118,804	110,298	410,700
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	68,192	68,192	63,884	280,424
Other provisions / write offs	-	-	-	4,836
Other charges	-	-	-	-
Total non-markup / interest expenses	68,192	68,192	63,884	285,260
	50,612	50,612	46,414	125,440
Extraordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	50,612	50,612	46,414	125,440
Taxation - current	(17,714)	(17,714)	(16,049)	(60,717)
- deferred	-	-	-	5,442
	(17,714)	(17,714)	(16,049)	(55,275)
<b>PROFIT AFTER TAXATION</b>	32,898	32,898	30,365	70,165
Basic/Diluted Earning per share (Rupees)	0.42	0.42	0.39	0.89

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

  
 Managing Director

  
 Director

  
 Director

THE BANK OF AZAD JAMMU AND KASHMIR  
CASH FLOW STATEMENT  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2016

	March 31, 2016 (Un-Audited)	March 31, 2015 (Un-Audited)
	Rupees '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	50,612	46,414
Less: Dividend	-	1,956
	<u>50,612</u>	<u>44,458</u>
Adjustment for non-cash charges		
Depreciation	4,483	4,158
Provision against non-performing loans and advances	3,204	1,541
Provision for impairment in the value of investment	-	-
Amortization of Deferred Government grant	-	-
Fixed Assets Adjustment	-	-
	<u>7,687</u>	<u>5,699</u>
	58,299	50,157
(Increase) / decrease in operating assets		
Lending to financial Institution	-	-
Advances	42,771	(100,003)
Other assets	(28,792)	(3,895)
	<u>13,979</u>	<u>(103,898)</u>
Increase / (decrease) in operating liabilities		
Bills payable	2,293	10,195
Deposits	(258,856)	(143,652)
Other liabilities (excluding current taxation)	63,860	(1,630)
	<u>(192,703)</u>	<u>(135,087)</u>
	(120,425)	(188,828)
Less : Tax Paid	(12,013)	(2,575)
Net cash inflow from operating activities	<u>(132,438)</u>	<u>(191,403)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net Investment in available for sale securities	(35,000)	-
Net Investment in Held for maturities securities	-	-
Dividend Income	-	1,956
Investment in Operating Fixed Assets	(10,756)	(14,286)
Net Cash Outflow from Financing Activities	<u>(45,756)</u>	<u>(12,330)</u>
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	<u>(178,194)</u>	<u>(203,733)</u>
Cash and cash equivalents at beginning of the period	4,017,716	3,669,512
Cash and cash equivalents at end of the period	<u>3,839,522</u>	<u>3,465,779</u>

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

Managing Director

Director

Director

THE BANK OF AZAD JAMMU AND KASHMIR  
STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2016

	Share capital	Unappropriated profit (Rupees '000)	Total
Balance as at January 01, 2015	654,981	155,350	810,331
Issue of Bonus Shares @20% of Paid up Capital	130,996	(130,996)	-
Net Profit for the year ended December 31, 2015	-	70,165	70,165
Balance as at December 31, 2014	<u>785,977</u>	<u>94,519</u>	<u>880,496</u>
Net Profit for the quarter ended March 31, 2016	-	32,898	32,898
Balance as at March 31, 2015	<u>785,977</u>	<u>127,417</u>	<u>913,394</u>

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

Managing Director

Director

Director



THE BANK OF AZAD JAMMU AND KASHMIR  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2016

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 64 branches (December 2015: 64 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 BSD Circular No 4 dated February 17, 2006 and the Bank of Azad Jammu and Kashmir Act, 2005 (the Act) and Bye Laws.

These financial Statements have been presented in Pakistani Rupee, which is the Bank's functional and presentation currency. The figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

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 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 and Section 34 of the Banking Companies Ordinance, 1962.

4. BASIS OF MEASUREMENTS

These financial statements have been prepared under the historical cost convention as modified for certain investments which are shown at revalued amounts.

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, 2015.

## INVESTMENTS

### Investment by types

March 31, 2016 (Un Audited)			December 31, 2015 Audited)		
Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total

Rupees in "000"

#### Available for sale securities

NIT(U)

NIT(Govt. Securities Fund)

NIT(Islamic Equity Fund)

AKD Cash Fund

MCB Dynamic Cash Fund

100,000	-	100,000	50,000	-	50,000
30,000	-	30,000	30,000	-	30,000
25,000	-	25,000	25,000	-	25,000
-	-	-	15,000	-	15,000
25,000	-	25,000	25,000	-	25,000
180,000	-	180,000	145,000	-	145,000

#### Held to Maturity Securities

Federal Government Security

Pakistan Investment Bonds

Term Finance Certificates

PACE Pakistan Limited

991,955	-	991,955	991,955	-	991,955
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49,940	-	49,940	49,940	-	49,940
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1,041,895	-	1,041,895	1,041,895	-	1,041,895
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1,221,895	-	1,221,895	1,186,895	-	1,186,895
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Investment at Cost

Less:- Provision for Diminution in value of Investment

(49,940)	-	(49,940)	(49,940)	-	(49,940)
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1,171,955	-	1,171,955	1,136,955	-	1,136,955
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Add:- Surplus on revaluation of available

for sale securities-net

9,817	-	9,817	13,510	-	13,510
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Total Investment at market Value

1,181,772	-	1,181,772	1,150,465	-	1,150,465
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March 31, 2016 (Un-Audited)		December 31, 2015 Audited)
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Rupees in "000"

## 7. ADVANCES

#### Consumer Finance

- Car finance

- Finance against salary

- Personal Loans

- Student Loan

- Gold Loan

- Home Appliances Finance

Running finance

Demand finance

AKSIC

House Finance

Auto Finance

Tourism Finance

Micro/SME Finance

Agriuculture Loan

Staff Finance

24,762	25,058
1,217,858	1,180,139
84,958	111,950
-	1,500
197,286	213,504
784	822
494,141	505,942
23,426	25,105
282,013	288,497
29,952	28,253
1,238	1,355
1,711	1,420
109,381	109,617
397,009	414,246
77,178	77,061
2,941,697	2,984,469

Margin Financing

Advances Gross

Provision for non performing Loans and advances

- Specific Provision

- General Provision

-	-
2,941,697	2,984,469
(94,758)	(94,059)
(59,309)	(56,804)
(154,067)	(150,863)

Advances net of Provision

2,787,630	2,833,606
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2016 (Un-Audited)	2014 Audited)
Rupees in "000"	

## 8 CONTINGENCIES AND COMMITMENTS

### 8.1 Direct Credit Substitutes

-Guarantee in favour of  
Government  
Others

-	-
-	-
-	-
254,001	236,323

### 8.2 Commitments to extend credit

22,106	11,236
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### 8.3 Bills for collection

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:-

March 31, 2016 (Un-Audited)	December 31, 2015 Audited)
Rupees in "000"	

Deposit Outstanding	3,174,369	3,279,865
Advances Outstanding	288,709	304,744
Mark-up/return/interest Expensed on Deposits	51,926	287,424
Mark-up/return/interest Earned on Advances	8,685	37,524
Mark-up/return/interest payable on Deposits	14,828	31,022
Mark-up/return/interest Accrued on Advances	2,753	3,069

## 10. DATE OF AUTHORIZATION

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

Managing Director

Director

Director

THE BANK OF AZAD JAMMU AND KASHMIR  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2016

		March 31, 2016 (Un-Audited) Rupees '000	December 31, 2015 (Audited) Rupees '000
	Notes		
<b>ASSETS</b>			
Cash and balances with treasury banks		1,019,426	873,616
Balances with other banks		2,820,096	3,144,100
Lending to Financial Institutions		-	-
Investments	6	1,181,772	1,150,465
Advances	7	2,787,630	2,833,606
Operating fixed assets		131,556	125,283
Deferred Tax Assets		1,881	1,881
Other assets		355,271	326,479
		8,297,632	8,455,430
<b>LIABILITIES</b>			
Bills payable		9,927	7,634
Borrowings		-	-
Deposits		7,182,021	7,440,877
Liabilities against assets subject to finance lease		-	-
Deferred Tax Liability		-	-
Deferred Government grant		-	-
Other liabilities		187,203	117,642
		7,379,151	7,566,153
<b>NET ASSETS</b>		<b>918,481</b>	<b>889,277</b>
<b>REPRESENTED BY</b>			
Share capital		785,977	785,977
Advance Against issuance of Shares		-	-
Reserves		-	-
Un-appropriated profit		127,417	94,519
		913,394	880,496
Surplus on revaluation of asset		5,087	8,781
		918,481	889,277

CONTINGENCIES AND COMMITMENTS

8

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

Managing Director

Director

Director