

**THE BANK OF AZAD JAMMU AND KASHMIR**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2018**

Notes	(Un-audited)	(Audited)
	March , 31 2018	December, 31 2017

Rupees in '000

**ASSETS**

Cash and balances with treasury banks  
Balances with other banks  
Lendings to financial institution  
Investments  
Advances  
Operating fixed assets  
Deferred tax assets  
Other assets

	1,533,613	1,755,794
	5,972,651	5,748,385
	-	-
6	350,206	339,791
7	2,338,592	2,407,853
	123,313	117,060
	19,775	22,845
	598,109	448,931
	10,936,259	10,840,659

**LIABILITIES**

Bills payable  
Borrowings  
Deposits and other accounts  
Sub-ordinated loans  
Liabilities against assets subject to finance lease  
Deferred tax liabilities  
Deferred Government grant  
Other liabilities

26,862	31,808
-	-
9,637,431	9,547,215
-	-
-	-
-	-
-	-
184,256	198,402
9,848,549	9,777,425
1,087,710	1,063,234

**NET ASSETS**

**REPRESENTED BY**

Share capital	848,919	848,919
Advance against issue of share	-	-
Reserves	-	-
Unappropriated profit	241,418	223,711
	1,090,337	1,072,630
	(2,627)	(9,396)
Surplus/ (deficit) on revaluation of assets - net	1,087,710	1,063,234

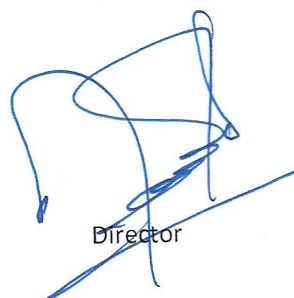
**CONTINGENCIES AND COMMITMENTS**

8

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

  
Chief Financial Officer

  
Managing Director

  
Director

  
Director

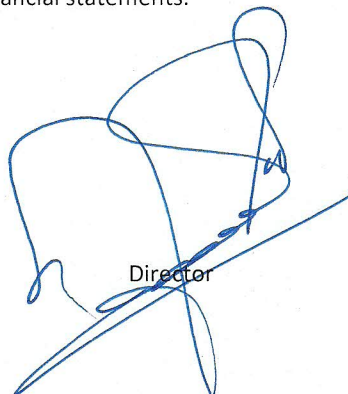
**THE BANK OF AZAD JAMMU AND KASHMIR**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)**

	Notes	January 01 to March 31, 2018	January 01 to March 31, 2017
<b>Mark-up / return / interest earned</b>		207,038	203,649
<b>Mark-up / return / interest expensed</b>		84,253	78,728
Net mark-up / interest income		122,785	124,921
Provision against lending to financial institutions		-	-
Provision against Non-Performing Loans	7.1	5,494	(23,986)
Impairment loss on available for sale investments		-	-
Bad debts written off directly		5,494	(23,986)
Net mark-up / interest income after provisions		117,291	148,907
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee, commission and brokerage income		3,912	3,687
Dividend income		-	-
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		1,465	604
Total non-markup / interest income		5,377	4,291
		122,668	153,198
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Administrative expenses		94,725	75,296
Other provisions / write offs		-	-
Other charges		-	-
Total non-markup / interest expenses		94,725	75,296
		27,943	77,902
Extraordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		<b>27,943</b>	<b>77,902</b>
Taxation – current		10,813	27,266
– deferred		(575)	591
		10,238	27,857
<b>PROFIT AFTER TAXATION</b>		<b>17,705</b>	<b>50,045</b>
Unappropriated profit brought forward		223,713	94,519
Profit available for appropriation		<b>241,418</b>	<b>144,564</b>
Basic/ diluted earnings per share - Rupees		0.21	0.64

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

  
Chief Financial Officer

  
Managing Director

  
Director

  
Director

**THE BANK OF AZAD JAMMU AND KASHMIR**  
**CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)**

March , 31 2018	March , 31 2017
--------------------	--------------------

Rupees '000

**CASH FLOW FROM OPERATING ACTIVITIES**

Profit before taxation	27,943	77,902
Less: Dividend	-	-
	<u>27,943</u>	<u>77,902</u>

**Adjustment for non-cash charges**

Provision against lending to financial institutions	5,775	5,718
Depreciation	5,494	(23,986)
Provision against Non-Performing Loans	-	-
Provision for impairment in the value of investment	-	-
Amortization of deferred government grant	-	-
Fixed Assets written off	-	-
	<u>11,269</u>	<u>(18,268)</u>
	<u>39,212</u>	<u>59,634</u>

**(Increase) / decrease in operating assets**

Lending to financial Institution	-	-
Advances	63,767	117,376
Other assets	(149,178)	(66,162)
	<u>(85,411)</u>	<u>51,214</u>

**Increase / (decrease) in operating liabilities**

Bills payable	(4,946)	15,162
Deposits	90,216	748,622
Other liabilities (excluding current taxation)	4,218	83,464
	<u>89,488</u>	<u>847,248</u>
	<u>43,289</u>	<u>958,096</u>

Less : Tax Paid

(29,176)	(33,887)
<u>14,113</u>	<u>924,209</u>

**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	(12,028)	(8,169)
<b>Net Cash Outflow from Financing Activities</b>	<u>(12,028)</u>	<u>(8,169)</u>

Shares issued during the period

-	-
-	-
-	-

Dividend Paid During the period

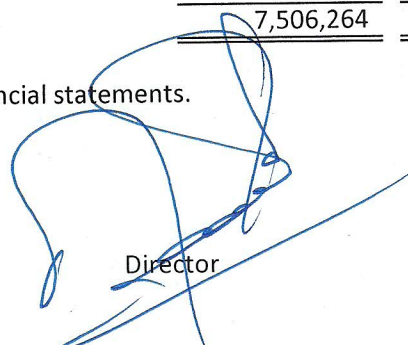
**INCREASE IN CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at beginning of the period	7,504,179	5,142,867
Cash and cash equivalents at end of the period	<u>7,506,264</u>	<u>6,058,907</u>

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

  
Chief Financial Officer

  
Managing Director

  
Director

  
Director

**THE BANK OF AZAD JAMMU AND KASHMIR**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)**

	Share capital	Unappropriated profit (Rupees '000)	Total
Balance as at January 01, 2017 (audited)	785,977	145,225	931,202
Transactions with owner directly recorded in equity			
-Issuance of Shares	62,942	-	62,942
-Dividend		(78,598)	(78,598)
Net Profit for the year ended December 31,2017 (audited)	-	157,084	157,084
Balance as at December 31, 2017 (audited)	848,919	223,711	1,072,631
Transactions with owner directly recorded in equity			
Net Profit for the quarter ended March 31 ,2018	-	17,705	17,705
Balance as at March 31, 2018	848,919	241,416	1,090,337

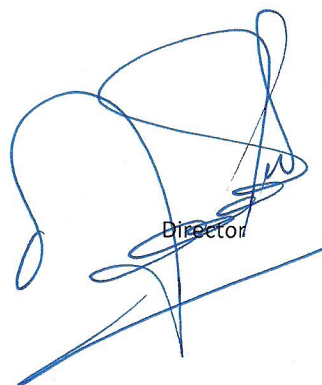
The annexed notes 1 to 10 form an integral part of these financial statements.



Chief Financial Officer



Managing Director



Director



Director



# **THE BANK OF AZAD JAMMU AND KASHMIR**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED MARCH 31, 2018 (UN-AUDITED)**

### **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 68 branches (December 2017: 68 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, except for disclosures required in BSD Circular No 1 of 2009 dated January 6, 2009. Such disclosures have not been given since the Bank is in the initial phase and due to lack of basic infrastructure relating to Information Technology required for the purpose of calculation of Capital Adequacy Ratio and other related disclosures required under BASEL III.

### **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 not applicable 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, 2017.

## 6. INVESTMENTS

### 6.1 Investment by types

March 31, 2018 ( Un Audited)			December 31, 2017 ( Audited)		
Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total

Rupees in "000"

#### Available for sale securities

NIT(U)	50,000	-	50,000	50,000	-	50,000
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
	155,000	-	155,000	155,000	-	155,000

#### Held to Maturity Securities

##### Term Finance Certificates

PACE Pakistan Limited

##### Pakistan Investment Bonds

	49,940	-	49,940	49,940	-	49,940
	199,247	-	199,247	199,247	-	199,247
	249,187	-	249,187	249,187	-	249,187
Investment at Cost	404,187	-	404,187	404,187	-	404,187
Provision against Investment	(49,940)	-	(49,940)	(49,940)	-	(49,940)
	354,247	-	354,247	354,247	-	354,247
Surplus/(deficit) on revaluation of available for sale securities-net	(4,041)	-	(4,041)	(14,456)	-	(14,456)
Total Investment at market Value	350,206	-	350,206	339,791	-	339,791

March , 31  
2018  
(Un-Audited)

December, 31  
2017  
(Audited)

Rupees in "000"

## 7. ADVANCES

Running and Demand Finance

Agriculture Finance Loans

Micro Finance Loans

Consumer Finance Loans

Staff Loans

779,456	792,386
212,521	232,038
39,996	40,253
1,385,678	1,416,972
93,142	92,911
2,510,793	2,574,560

Margin Financing

Advances Gross

2,510,793	2,574,560
-----------	-----------

Provision for non performing advances

General Provision against Consumer Finance

(118,885)	(122,169)
(53,316)	(44,538)
(172,201)	(166,707)
2,338,592	2,407,853

Advances net of Provision

### 7.1 Particulars of provision against loans and advances

March 31, 2018 ( Un-Audited)		
Specific	General	Total
122,169	44,538	166,707
(3,284)	8,778	5,494
118,885	53,316	172,201

December 31, 2017 ( Audited)		
Specific	General	Total
172,313	57,410	229,723
(50,144)	(12,872)	(63,016)
122,169	44,538	166,707

Opening Balance

Provision for the Period-net

Closing Balance

### 7.2 Advances include Rs.333,211 thousand which have been placed under non-performing status as detailed below:

March 31, 2018 ( Un-Audited)						
Classified Advances			Provision required		Provision Held	
Domestic	Overseas	Total				
OAEM	39,765	-	39,765	-	-	
Substandard	115,786	-	115,786	11,428	-	11,428
Doubtful	34,173	-	34,173	12,535	-	12,535
Loss	143,487	-	143,487	94,922	-	94,922
	<b>333,211</b>	<b>-</b>	<b>333,211</b>	<b>118,885</b>	<b>-</b>	<b>118,885</b>

March , 31 2018 (Un-Audited)	December, 31 2017 (Audited)
------------------------------------	-----------------------------------

Rupees in "000"

## 8 CONTINGENCIES AND COMMITMENTS

8.1 Commitments to extend credit	265,280	228,131
8.2 Transaction related Contingent Liabilities (Guarantee)	48,643	48,643
8.2 Bills for collection	79,088	27,792

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 2018 (Un-Audited)	December, 31 2017 (Audited)
------------------------------------	-----------------------------------

Rupees in "000"

### Balances

The Government of AJK and its related departments

- Deposits	4,492,725	4,650,389
- Advances	294,871	305,624
- Markup/return/interest payable on deposits	14,636	48,115
- Markup/return/interest accrued on advances	2,124	2,295

### Transactions

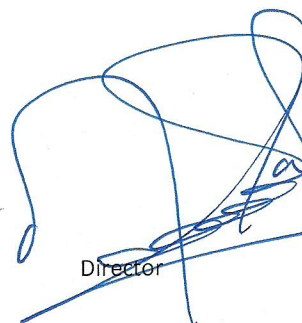
- Mark-up/return/interest Expensed on Deposits	52,871	155,472
- Mark-up/return/interest earned on Advances	6,334	22,838
- Dividend Paid during the Period	-	78,598
- Ordinary Shares Issued During the period	-	62,943

## 10. DATE OF AUTHORIZATION

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

  
Chief Financial Officer

  
Managing Director

  
Director

  
Director