

THE BANK OF AZAD JAMMU AND KASHMIR
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

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

Rupees in '000

ASSETS

Cash and balances with treasury banks	2,095,123	2,305,587
Balances with other banks	6,514,760	7,101,072
Lendings to financial institution	-	-
Investments	178,314	175,869
Advances	2,023,082	2,028,938
Operating fixed assets	131,128	130,195
Deferred tax assets	19,922	20,930
Other assets	774,377	648,751
	11,736,706	12,411,342

LIABILITIES

Bills payable	51,902	19,582
Borrowings	-	-
Deposits and other accounts	10,265,239	11,063,203
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Deferred Government grant	-	-
Other liabilities	252,794	174,969
	10,569,935	11,257,754
NET ASSETS	1,166,771	1,153,588

REPRESENTED BY

Share capital	933,811	933,811
Advance against issue of share	-	-
Reserves	-	-
Deficit on revaluation of Assets-net	(17,346)	(18,935)
Unappropriated profit	250,306	238,712
	1,166,771	1,153,588

CONTINGENCIES AND COMMITMENTS

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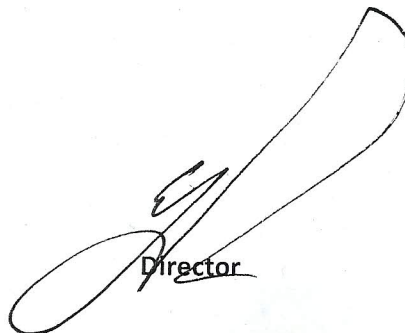
The annexed notes 1 to 10 form an integral part of these financial statements.



President



Chief Financial Officer



Director

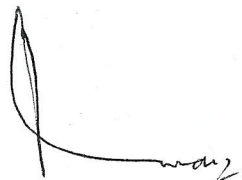



Director

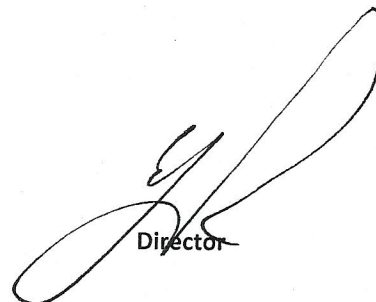
THE BANK OF AZAD JAMMU AND KASHMIR
PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED MARCH 31, 2019 (UN-AUDITED)

	Notes	January 01 to March 31, 2019	January 01 to March 31, 2018
Mark-up / return / interest earned		246,397	207,038
Mark-up / return / interest expensed		144,466	84,253
Net mark-up / interest income		101,931	122,785
Provision against lending to financial institutions		-	-
Provision against Non-Performing Loans	7.1	(10,442)	5,494
Impairment loss on available for sale investments		-	-
Bad debts written off directly		-	-
Net mark-up / interest income after provisions		112,373	117,291
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		3,663	3,912
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		2,647	1,465
Total non-markup / interest income		6,310	5,377
		118,683	122,668
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		98,737	94,725
Other provisions / write offs		-	-
Other charges		-	-
Total non-markup / interest expenses		98,737	94,725
Extraordinary / unusual items		19,946	27,943
PROFIT BEFORE TAXATION		19,946	27,943
Taxation – current		8,200	10,813
– deferred		152	(575)
PROFIT AFTER TAXATION		8,352	10,238
Unappropriated profit brought forward		11,594	17,705
Profit available for appropriation		238,712	223,713
		250,306	241,418
Basic/ diluted earnings per share - Rupees		0.12	0.19

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President


Chief Financial Officer


Director


Director

THE BANK OF AZAD JAMMU AND KASHMIR
CASH FLOW STATEMENT
FOR THE QUARTER ENDED MARCH 31, 2019 (UN-AUDITED)

	March , 31 2019	March , 31 2018
	Rupees '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	19,946	27,943
Less: Dividend	-	-
	<u>19,946</u>	<u>27,943</u>
Adjustment for non-cash charges		
Provision against lending to financial institutions		
Depreciation	5,603	5,775
Provision against Non-Performing Loans	(10,442)	5,494
Provision for impairment in the value of investment	-	-
Amortization of deferred government grant	-	-
Fixed Assets written off	-	-
	<u>(4,839)</u>	<u>11,269</u>
	15,107	39,212
(Increase) / decrease in operating assets		
Lending to financial Institution	-	-
Advances	16,298	63,767
Other assets	(125,626)	(149,178)
	<u>(109,328)</u>	<u>(85,411)</u>
Increase / (decrease) in operating liabilities		
Bills payable	32,320	(4,946)
Deposits	(797,964)	90,216
Other liabilities (excluding current taxation)	96,189	4,218
	<u>(669,455)</u>	<u>89,488</u>
	(763,676)	43,289
	<u>(26,563)</u>	<u>(29,176)</u>
	(790,239)	14,113
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	(6,537)	(12,028)
Net Cash Outflow from Financing Activities	<u>(6,537)</u>	<u>(12,028)</u>
Shares issued during the period	-	-
Dividend Paid During the period	-	-
	<u>-</u>	<u>-</u>
INCREASE IN CASH AND CASH EQUIVALENTS	(796,776)	2,085
Cash and cash equivalents at beginning of the period	9,406,659	7,504,179
Cash and cash equivalents at end of the period	<u>8,609,883</u>	<u>7,506,264</u>

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

President

Chief Financial Officer

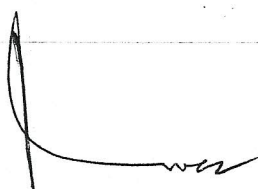
Director

Director

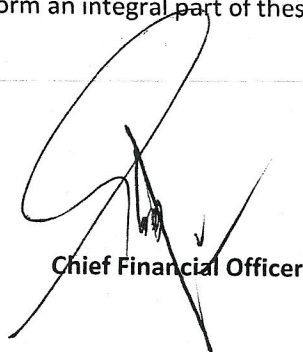
THE BANK OF AZAD JAMMU AND KASHMIR
STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2019

	Share capital	Surplus / (deficit) on revaluation of investment Rupees in '000	Unappropriated Profit	Total
Balance as at January 01, 2018	848,919	(9,396)	223,711	1,063,234
Profit after taxation for the year ended December 31, 2018	-	-	99,893	99,893
Deficit on revaluation of available-for-sale securities - net of tax	-	(9,539)	-	(9,539)
Transactions with owners, recorded directly in equity				
Issue of bonus shares	84,892	-	(84,892)	-
Closing balance as at December 31, 2018	933,811	(18,935)	238,712	1,153,588
Profit after taxation for the quarter ended March 31, 2019	-	-	11,594	11,594
Other comprehensive income				
Surplus on revaluation of available-for-sale securities - net of tax	-	1,589	-	1,589
Transactions with owners, recorded directly in equity				
Issue of bonus shares	-	-	-	-
Closing balance as at March 31, 2019	933,811	(17,346)	250,306	1,166,771

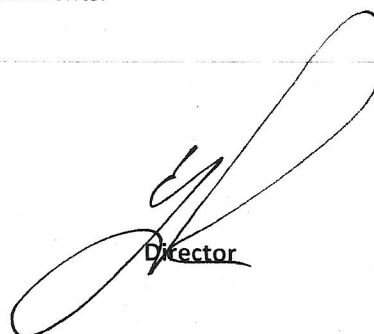
The annexed notes 1 to 39 form an integral part of these financial statements.



President



Chief Financial Officer



Director



Director

THE BANK OF AZAD JAMMU AND KASHMIR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 2019 (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 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 BSD Circular No 4 dated February 17, 2006, except for disclosures required in BSD Circular No 1 of 2009 dated January 6, 2009 and BPRD Circular No 02 dated January 25, 2018. 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, 2018.



6. INVESTMENTS

6.1 Investment by types

Available for sale securities

NIT(U)
NIT(Govt. Securities Fund)
NIT Islamic Equity Fund
MCB Dynamic Cash Fund

Held to Maturity Securities

Term Finance Certificates

PACE Pakistan Limited

Pakistan Investment Bonds

Investment at Cost

Provision against Investment

Surplus/(deficit) on revaluation of available
for sale securities-net

Total Investment at market Value

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

Rupees in "000"

100,000	-	100,000	100,000	-	100,000
30,000	-	30,000	30,000	-	30,000
50,000	-	50,000	50,000	-	50,000
25,000	-	25,000	25,000	-	25,000
205,000	-	205,000	205,000	-	205,000

49,940	-	49,940	49,940	-	49,940
-	-	-	-	-	-
49,940	-	49,940	49,940	-	49,940
254,940	-	254,940	254,940	-	254,940
(49,940)	-	(49,940)	(49,940)	-	(49,940)
205,000	-	205,000	205,000	-	205,000
(26,686)	-	(26,686)	(29,131)	-	(29,131)
178,314	-	178,314	175,869	-	175,869

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

7. ADVANCES

Running and Demand Finance

Agriculture Finance Loans

Micro Finance Loans

Consumer Finance Loans

Staff Loans

Margin Financing

Advances Gross

Provision for non performing advances

General Provision against Consumer Finance

Advances net of Provision

592,497	613,162
137,822	148,026
36,012	36,104
1,298,441	1,286,753
108,163	105,188
2,172,935	2,189,233
-	-
2,172,935	2,189,233
(110,864)	(112,203)
(38,989)	(48,092)
(149,853)	(160,295)
2,023,082	2,028,938

7.1 Particulars of provision against loans and advances

	March 31, 2019 (Un-Audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
Opening Balance	112,203	48,092	160,295	172,313	57,410	229,723
Provision for the Period-net	(1,339)	(9,103)	(10,442)	(50,144)	(12,872)	(63,016)
Closing Balance	110,864	38,989	149,853	122,169	44,538	166,707

7.2 Advances include Rs.243,770 thousand which have been placed under non-performing status as detailed below:

	March 31, 2019 (Un-Audited)					
	Classified Advances			Provision required		Provision Held
	Domestic	Overseas	Total			
OAEM	13,661	-	13,661	-	-	-
Substandard	41,662	-	41,662	5,982	-	5,982
Doubtful	29,424	-	29,424	9,914	-	9,914
Loss	159,023	-	159,023	94,968	-	94,968
	243,770	-	243,770	110,864	-	110,864

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

8 CONTINGENCIES AND COMMITMENTS

8.1 Guarantees	15,045	16,779
8.2 Commitments	425,395	298,080
8.2 Bills for collection	20,713	52,342
	<u>461,153</u>	<u>367,201</u>

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

Balances

The Government of AJK and its related departments

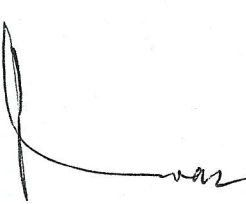
- Deposits	4,247,022	5,068,975
- Advances	248,068	259,972
- Markup/return/interest payable on deposits	25,629	36,270
- Markup/return/interest accrued on advances	1,786	1,874


Transactions

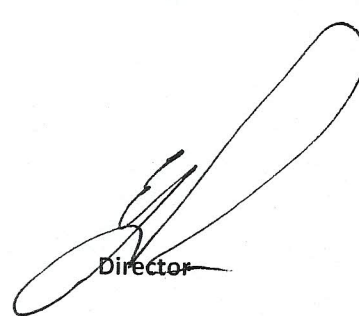
- Mark-up/return/interest Expensed on Deposits	67,970	190,156
- Mark-up/return/interest earned on Advances	5,267	23,954

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