

DRAFT INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Bank of Azad Jammu and Kashmir (the Bank) as at June 30, 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2018 have not been reviewed, as we are required to review only cumulative figures for the half year ended June 30, 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Engagement Partner : Shahzad Ali

Date:
Islamabad

THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

		(Un-audited) June 30, 2018	(Audited) December 31, 2017
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		1,964,793	1,755,794
Balances with other banks		7,283,214	5,748,385
Lendings to financial institutions		-	-
Investments	8	342,525	339,791
Advances	9	2,170,640	2,407,853
Operating fixed assets	10	132,196	117,060
Deferred tax asset	11	18,324	22,845
Other assets		588,830	448,931
		12,500,522	10,840,659
LIABILITIES			
Bills payable		13,830	31,808
Borrowings from financial institutions		-	-
Deposits and other accounts	12	11,210,104	9,547,215
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		178,383	198,402
		11,402,317	9,777,425
NET ASSETS			
		1,098,205	1,063,234
REPRESENTED BY:			
Share capital	13	933,811	848,919
Reserves		-	-
Unappropriated profit		172,013	223,711
		1,105,824	1,072,630
Deficit on revaluation of assets - net of tax		(7,619)	(9,396)
		1,098,205	1,063,234
CONTINGENCIES AND COMMITMENTS			
	14		

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

Chief Financial Officer

Chairman

Managing Director

Director

Director

THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

		June 30, 2018		June 30, 2017	
		For the quarter ended	For the half year ended	For the quarter ended	For the half year ended
Note		(Rupees in '000)			
Mark-up / return / interest earned	15	232,464	439,502	222,596	426,245
Mark-up / return / interest expensed		98,601	182,854	83,648	162,376
Net mark-up / interest income		133,863	256,648	138,948	263,869
Provision against non-performing loans and advances		4,688	10,182	(37,533)	(61,519)
Provision for diminution in value of investments		-	-	-	-
Bad debts written off directly		-	-	-	-
		4,688	10,182	(37,533)	(61,519)
Net mark-up / interest income after provisions		129,175	246,466	176,481	325,388
Non mark-up / interest income					
Fee, commission and brokerage income		4,373	8,285	4,562	8,249
Dividend income		-	-	-	-
Income from trading in government securities		-	-	-	-
Income from dealing in foreign currencies		-	-	-	-
Gain on sale of securities	16	579	579	26,740	26,740
Other income		507	1,972	636	1,240
Total non mark-up / interest income		5,459	10,836	31,938	36,229
		134,634	257,302	208,419	361,617
Non mark-up / interest expense					
Administrative expenses		101,730	196,455	94,730	170,026
Other provisions / write offs		-	-	-	-
Other charges		-	-	-	-
Total non-markup / interest expenses		101,730	196,455	94,730	170,026
		32,904	60,847	113,689	191,591
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		32,904	60,847	113,689	191,591
Taxation - Current		13,276	24,089	39,279	66,545
- Prior years		-	-	5,702	5,702
- Deferred		4,139	3,564	3,994	3,994
		17,415	27,653	48,975	76,241
Profit after taxation		15,489	33,194	64,714	115,350
-----Rupees-----					
Earning per share - basic and diluted	18	0.17	0.36	0.69	1.24

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

Chief Financial Officer

Chairman

Manager Director

Director

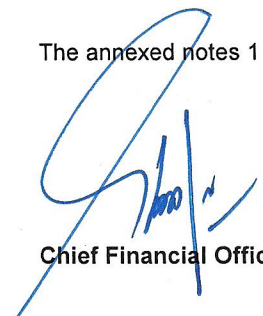


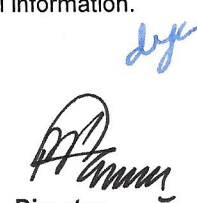
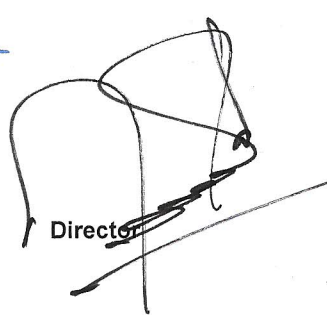
Director

THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

	June 30, 2018		June 30, 2017	
	For the quarter ended	For the half year ended	For the quarter ended	For the half year ended
	(Rupees in '000)			
Profit after taxation	15,489	33,194	64,714	115,350
Other comprehensive income				
Components of comprehensive income not reflected in equity				
<i>Items that are or may be reclassified subsequently to profit and loss account</i>				
Surplus / (deficit) on revaluation of available for sale securities	2,734	2,734	(32,324)	(28,295)
Deferred (expense) /tax credit	(957)	(957)	11,313	9,903
	1,777	1,777	(21,011)	(18,392)
Total comprehensive income for the period	17,266	34,971	43,703	96,958

Surplus / (deficit) arising on revaluation of "Available for sale securities - net of tax" has been shown in the Statement of Comprehensive Income in order to comply with the revised " Prudential Regulations for Corporate / Commercial Banking" issued by the State Bank of Pakistan.

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

 Chief Financial Officer
  Chairman
  Managing Director
  Director
  Director

THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

	Share capital	Unappropriated profit	Total
	Rupees in '000		
Balance as at January 01, 2017	785,977	145,225	931,202
Transactions with owners recorded directly in equity			
Issue of share capital	62,942		62,942
Cash dividend	-	(78,598)	(78,598)
Total comprehensive income for the half year ended June 30, 2017			
Net profit for the period	-	115,350	115,350
Other comprehensive income	-	-	-
	-	115,350	115,350
Balance as at June 30, 2017	848,919	181,977	1,030,896
Total comprehensive income for the half year ended December 31, 2017			
Net profit for the period	-	41,734	41,734
Other comprehensive income	-	-	-
	-	41,734	41,734
Balance as at December 31, 2017	848,919	223,711	1,072,630
Transactions with owners recorded directly in equity			
Issuance of bonus shares	84,892	(84,892)	-
Total comprehensive income for the half year ended June 30, 2018			
Net profit for the period	-	33,194	33,194
Other comprehensive income	-	-	-
	-	33,194	33,194
Balance as at June 30, 2018	933,811	172,013	1,105,824

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

Chief Financial Officer

Chairman

Managing Director

Director

Director

THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

	June 30, 2018 (Rupees in '000)	June 30, 2017
Cash flows from operating activities		
Profit before taxation	60,847	191,591
Less: gain on sale of securities	579	-
	<u>60,268</u>	<u>191,591</u>
Adjustments:		
Depreciation	11,119	10,751
Provision against non-performing loans and advances	10,182	(61,519)
Gain on sale of operating fixed asset	(2)	-
	<u>21,299</u>	<u>(50,768)</u>
	<u>81,567</u>	<u>140,823</u>
(Increase) / decrease in operating assets		
Advances	227,031	207,891
Other assets (excluding advance taxation)	(103,167)	(207,023)
	<u>123,864</u>	<u>868</u>
Increase / (decrease) in operating liabilities		
Bills payable	(17,978)	40,477
Other liabilities (excluding current taxation)	4,155	84,630
Deposits and other accounts	1,662,889	1,213,573
	<u>1,649,066</u>	<u>1,338,680</u>
Cash generated from operations	<u>1,854,497</u>	<u>1,480,371</u>
Income tax paid	(84,994)	(60,191)
Net cash flow from operating activities	<u>1,769,503</u>	<u>1,420,180</u>
Cash flow from investing activities		
Sale of securities	579	-
Investment in operating fixed assets	(26,284)	(13,135)
Sale proceeds of operating fixed assets	30	-
Net cash used in investing activities	<u>(25,675)</u>	<u>(13,135)</u>
Cash flow from financing activities		
Dividend paid during the period	-	(15,655)
Net cash used in financing activities	<u>-</u>	<u>(15,655)</u>
Increase in cash and cash equivalents	<u>1,743,828</u>	<u>1,391,390</u>
Cash and cash equivalents at beginning of the period	<u>7,504,179</u>	<u>5,142,867</u>
Cash and cash equivalents at end of the period	<u><u>9,248,007</u></u>	<u><u>6,534,257</u></u>

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The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

Chief Financial Officer

Chairman

Managing Director

Director

Director

THE BANK OF AZAD JAMMU AND KASHMIR
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

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. 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 period end.

The Bank has 68 branches (December 2017: 68 branches; June 2017: 65 branches) in Azad Jammu and Kashmir.

2. BASIS OF MEASUREMENT

This condensed interim 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.

3. STATEMENT OF COMPLIANCE

This condensed interim financial information for the half year ended June 30, 2018 is un-audited, and has been prepared in accordance with the requirements of the Act, its Bye-Laws and approved accounting and reporting standards as applicable in Pakistan for interim financial reporting for Banking Companies.

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 Banking Companies Ordinance, 1962, or the directives issued by the SBP differ with the requirements of IFRS, the requirements of the Banking Companies Ordinance, 1962 and the directives prevail.

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 this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars. Further, segment information is being disclosed in accordance with SBP's prescribed format as per BSD circular 4 date February 17, 2006 which prevail over the requirements specified in IFRS 8.

4. BASIS OF PRESENTATION

The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan (SBP) vide BSD Circular Letter No. 2, dated May 12, 2004 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, 2017.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual financial statements of the Bank, for the year ended December 31, 2017.

Amendments and interpretations to approved accounting standards effective from January 01, 2018 are not expected to have material impact on this condensed interim financial information. The bank is assessing the impact of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers' applicable from July 01, 2018 and IFRS 16 'leases' applicable from January 1, 2019.

6. ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2017.

7. FINANCIAL RISK MANAGEMENT

The financial risk management objective and policies adopted by the Bank are consistent with those disclosed in the financial statements of the Bank for the year ended December 31, 2017.

8. INVESTMENTS

	As at June 30, 2018 (Un-audited)			As at December 31, 2017 (Audited)		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
	(Rupees in '000)			(Rupees in '000)		
Available-for-sale securities						
Units of open end mutual funds	155,000	-	155,000	155,000	-	155,000
Held-to-maturity securities						
Pakistan Investment Bonds	199,247	-	199,247	199,247	-	199,247
Term Finance Certificates	49,940	-	49,940	49,940	-	49,940
	249,187	-	249,187	249,187	-	249,187
Investments at cost	404,187	-	404,187	404,187	-	404,187
Provision for diminution in value of investments	(49,940)	-	(49,940)	(49,940)	-	(49,940)
Investments - net of provision	354,247	-	354,247	354,247	-	354,247
Deficit on revaluation of available for sale securities - net	(11,722)	-	(11,722)	(14,456)	-	(14,456)
Total investments	342,525	-	342,525	339,791	-	339,791

(Un-audited) (Audited)
June 30, December
2018 31, 2017
(Rupees in '000)

9. ADVANCES

Loans, cash credits, running finances, etc.

In Pakistan (Azad Jammu and Kashmir)

Running and demand finance	689,609	792,386
Agriculture finance loans	187,446	232,038
Micro finance loans	37,303	40,253
Consumer finance	1,339,053	1,416,972
Staff loans	94,118	92,911
Advances - gross	2,347,529	2,574,560

Provision for non-performing loans and advances

Specific provision	(135,530)	(122,169)
General provision	(41,359)	(44,538)
	(176,889)	(166,707)
Advances - net of provision	2,170,640	2,407,853

9.1 Particulars of provision against non-performing loans and advances

	June 30, 2018 (Un-audited)			December 31, 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)			(Rupees in '000)		
Opening balance	122,169	44,538	166,707	172,313	57,410	229,723
Charge for the period / year	13,361	(3,179)	10,182	(50,144)	(12,872)	(63,016)
Closing balance	135,530	41,359	176,889	122,169	44,538	166,707

- 9.2 Advances include Rs. 291.485 million (December 2017: Rs 295.228 million) which have been placed under non-performing status as detailed below:

Category of classification	As at June 30, 2018 (Un-audited)				
	Classified Advances			Provision Required	Provision held
	Domestic	Overseas	Total		
	(Rupees in '000)				
Other Assets Especially					
Mentioned - note 9.2.1	36,436	-	36,436	-	-
Substandard	45,543	-	45,543	8,099	8,099
Doubtful	56,136	-	56,136	10,528	10,528
Loss	153,370	-	153,370	116,904	116,904
	<u>291,485</u>	<u>-</u>	<u>291,485</u>	<u>135,531</u>	<u>135,531</u>
	As at December 31, 2017 (Audited)				
Category of classification	Classified Advances			Provision Required	Provision held
	Domestic	Overseas	Total		
	(Rupees in '000)				
Other Assets Especially					
Mentioned - note 9.2.1	34,396	-	34,396	-	-
Substandard	57,714	-	57,714	9,450	9,450
Doubtful	58,925	-	58,925	12,801	12,801
Loss	144,193	-	144,193	99,918	99,918
	<u>295,228</u>	<u>-</u>	<u>295,228</u>	<u>122,169</u>	<u>122,169</u>

- 9.2.1 This represents classification made for agricultural finance loans.

10. OPERATING FIXED ASSETS

		(Un-audited) June 30, 2018 (Rupees in '000)	(Audited) December 31, 2017 (Rupees in '000)
Capital work in progress		3,603	7,086
Property and equipment	10.1	<u>128,593</u>	<u>109,974</u>
		<u>132,196</u>	<u>117,060</u>

10.1 Property and equipments

Book value as at beginning of the period/ year	109,974	114,684
Additions during the period / year - cost	29,785	17,322
Deletions during the period / year- book value	(28)	(133)
Depreciation charge for the period / year	<u>(11,119)</u>	<u>(21,899)</u>
Book value as at end of the period/ year	<u>128,612</u>	<u>109,974</u>

11. DEFFERED TAX ASSET

	June 30, 2018 (Rupees in '000)	December 31, 2017 (Rupees in '000)
Deferred tax arising due to:		
Tax depreciation	4,659	4,947
Other provision	<u>9,562</u>	<u>12,838</u>
	<u>14,221</u>	<u>17,785</u>
Surplus on revaluation of available for sale securities	<u>4,103</u>	<u>5,060</u>
	<u>18,324</u>	<u>22,845</u>

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
	(Rupees in '000)	
12. DEPOSITS AND OTHER ACCOUNTS		
Fixed deposits	2,730,873	2,841,960
Savings deposits	5,778,286	4,303,343
Current accounts - non remunerative	2,573,749	2,382,571
Others	127,196	19,341
	<u>11,210,104</u>	<u>9,547,215</u>

13. SHARE CAPITAL

Increase in share capital represents issue of 84,892 bonus shares of Rs. 10 each to Government of Azad Jammu and Kashmir.

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
	(Rupees in '000)	
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct credit substitutes		
- Contingent liabilities in respect of guarantees in favour of others	<u>70,358</u>	<u>48,643</u>
14.2 Commitments to extend credit	<u>282,289</u>	<u>228,131</u>
14.3 Bills for collection	<u>61,120</u>	<u>27,792</u>

	(Un-audited) June 30, 2018	(Un-audited) June 30, 2017
	(Rupees in '000)	
15. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to customers	165,298	185,709
On investment held to maturity securities	11,936	26,654
On deposits with financial institutions	<u>262,268</u>	<u>213,882</u>
	<u>439,502</u>	<u>426,245</u>

16. GAIN ON SALE OF SECURITIES

This represents gain on disposal of available for sale investments in units of mutual funds.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

- 17.1** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of traded investments are based on quoted market prices, except for tradable securities classified as 'held-to-maturity' which are carried at amortised cost.

Fair value of fixed-term loans and deposits, other assets and other liabilities cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.3 to the annual financial statements for the year ended December 31, 2017.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are either short-term in nature or, in the case of financings and deposits, are periodically repriced.

17.2 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: Quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) available at MUFAP, Reuters page, Redemption prices and determined by valuers on the panel of Pakistan Banker's Association; and

Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows).

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP.

	June 30, 2018 (Un-audited)			Total
	Level 1	Level 2	Level 3	
	Rupees in '000			
Financial assets:				
Available-for-sale securities	143,278	-	-	143,278
Units of mutual funds				

	December 31, 2017 (Audited)			Total
	Level 1	Level 2	Level 3	
	Rupees in '000			
Financial assets:				
Available-for-sale securities	140,544	-	-	140,544
Units of mutual funds				

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels during the period / year.

(Un-audited) June 30, 2018		(Un-audited) June 30, 2017	
For the quarter ended	For the half year ended	For the quarter ended	For the half year ended
(Rupees in '000)			

18. EARNINGS PER SHARE - BASIC AND DILUTED

	15,489	33,194	64,714	115,350
Profit after taxation				

	Number of shares in thousands			
	('Restated)			
Weighted average number of ordinary shares	93,381	93,381	93,381	93,381
Basic/ diluted earnings per share	0.17	0.36	0.69	1.24

18.1 The comparative figures of weighted average number of shares outstanding and earnings per share have been restated to include the effect of bonus shares issued by the bank during the period.

(Un-audited) (Audited)
June 30, December 31,
2017 2017

19. CASH AND CASH EQUIVALENTS

For the purpose of condensed interim cash flow statement, cash and cash equivalents comprise the following:

Cash and balances with treasury banks	1,964,793	1,755,794
Balances with other banks	7,283,214	5,748,385
	<u>9,248,007</u>	<u>7,504,179</u>

20. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:-

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
For the half year ended June 30, 2018 (Un-audited)							
Rupees in '000							
Total income	-	-	115,361	326,765	6,130	2,082	450,338
Total expenses	-	-	60,603	325,299	2,679	910	389,491
Net income	-	-	54,758	1,466	3,451	1,172	60,847
For the half year ended June 30, 2017 (Un-audited)							
Rupees in '000							
Total income	-	-	121,521	332,815	6,251	1,887	462,474
Total expenses	-	-	34,048	233,844	2,298	693	270,883
Net income	-	-	87,473	98,971	3,953	1,194	191,591
As at June 30, 2018 (Un-audited)							
Rupees in '000							
Segment assets (gross)	-	-	1,457,832	11,071,323	3,508	1,192	12,533,855
Segment non performing loans	-	-	291,484	-	-	-	291,484
Segment provision required	-	-	135,530	-	-	-	135,530
Segment liabilities	-	-	12,229	11,423,380	30	10	11,435,649
Segment return on net assets (ROA) (%)	-	-	0.99%	2.79%	0.05%	0.02%	
Segment cost of funds (%)	-	-	0.57%	3.07%	0.03%	0.01%	
As at December 31, 2017 (Audited)							
Rupees in '000							
Segment assets (gross)	-	-	1,528,213	9,309,756	2,028	662	10,840,659
Segment non performing loans	-	-	295,228	-	-	-	295,228
Segment provision required	-	-	166,707	49,940	4,815	-	221,462
Segment liabilities	-	-	16,376	9,761,021	21	7	9,777,425
Segment return on net assets (ROA) (%)	-	-	2.42%	6.45%	0.13%	0.04%	
Segment cost of funds (%)	-	-	0.94%	6.04%	0.06%	0.02%	

Assumptions used:

- Administrative expenses, other assets and other liabilities have been allocated to segments based on respective segment income.

21. RELATED PARTY TRANSACTIONS

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

Details of balances due to / from related parties at the period end and transactions with them during the period are as follows:

Balances outstanding as at

balances outstanding as at	June 30, 2018 (Un-audited)			
	Key	Directors	Government of Azad	
	management		Jammu and Kashmir	Employee
	personnel		and its related	Funds
			departments	
	(Rupees in '000')			
Advances	41,568	-	283,422	-
Deposits	822	-	5,539,262	21,089
Mark-up / return / interest accrued	-	-	1,976	-
Mark-up / return / interest payable	-	-	33,001	-

Balances outstanding as at

Balances outstanding as at	December 31, 2017 (Audited)			
	Key	Directors	Government of Azad	
	management		Jammu and Kashmir	Employee
	personnel		and its related	Funds
			departments	
	(Rupees in '000')			
Advances	40,751		305,624	-
Deposits	851		4,650,389	1,526
Mark-up / return / interest accrued	-		2,295	-
Mark-up / return / interest payable	-		48,155	-

Transactions during the period half year ended

Transactions during the period half year ended	June 30, 2018 (Un-audited)			
	Key management personnel	Directors	Government of Azad Jammu and Kashmir and its related departments	Employee Funds
			(Rupees in '000')	
Net mark-up / interest expensed	7	-	101,313	204
Mark-up/ interest earned	1,309	-	10,434	-
Contributions to defined contribution plan	-	-	-	2,069
Contributions to defined gratuity fund	-	-	-	2,430
Fee paid	-	1,366	-	-
Dividend paid during the period	-	-	-	-
Bonus shares issued during the period	-	-	84,891	-

Transactions during the period half year ended

Transactions during the period half year ended	June 30, 2017 (Un-audited)			
	Key management personnel	Directors	Government of Azad Jammu and Kashmir and its related departments	Employee Funds
	(Rupees in '000')			
Net mark-up / interest expensed	5	-	89,967	35
Mark-up/ interest earned	1,084	-	10,342	-
Contributions to defined contribution plan	-	-	-	2,993
Contributions to defined gratuity fund	-	-	-	4,597
Fee paid	-	382	-	-
Dividend paid during the period	-	-	15,655	-
Bonus shares issued during the period	-	-	62,943	-

22. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors on _____

Chief Financial Officer

Chairman

Managing Director

Director

Director