

THE BANK OF AZAD JAMMU AND KASHMIR

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2017

Notes

(Un-audited)
September, 30
2017

(Audited)
December, 31
2016

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

6

7

1,407,168	1,299,452
5,083,522	3,843,415
-	-
342,641	604,748
2,492,840	2,609,430
133,023	115,638
16,115	13,386
587,611	450,252
10,062,920	8,936,321

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

14,934	8,716
-	-
8,717,784	7,845,625
-	-
-	-
-	-
-	-
274,395	132,659
9,007,113	7,987,000
1,055,807	949,321

NET ASSETS

REPRESENTED BY

Share capital
Advance against issue of share
Reserves
Unappropriated profit

Surplus/ (deficit) on revaluation of assets - net

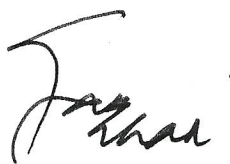
848,919	785,977
-	-
-	-
216,120	145,225
1,065,039	931,202
(9,232)	18,119
1,055,807	949,321

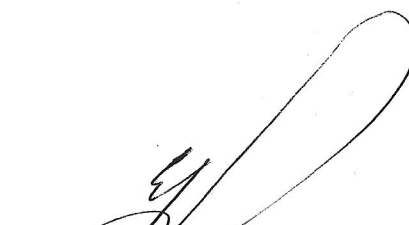
CONTINGENCIES AND COMMITMENTS

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


Managing Director



Director


Director

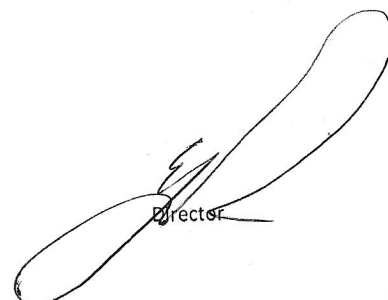
THE BANK OF AZAD JAMMU AND KASHMIR
PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	For the Quarter ended September 30, 2017 (Un-Audited)	For the Nine Months ended September 30, 2017 (Un-Audited)	For the Quarter ended September 30, 2016 (Un-Audited)	For the Nine Months ended September 30, 2016 (un-Audited)
Notes				
	Rupees in '000			
Mark-up / return / interest earned	209,101	635,346	192,883	607,877
Mark-up / return / interest expensed	85,638	248,014	76,765	251,507
Net mark-up / interest income	123,463	387,332	116,118	356,370
Provision against lending to financial institutions	-	-	-	-
Provision against Non-Performing Loans	218	(61,301)	54,297	60,640
Impairment loss on available for sale investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	218	(61,301)	54,297	60,640
Net mark-up / interest income after provisions	123,245	448,633	61,821	295,730
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	4,038	12,287	3,703	13,068
Dividend income	4,997	4,997	-	11,643
Income from dealing in foreign currencies	-	-	-	-
Gain on sale of securities - net	362	27,102	10,847	15,117
Unrealized gain / (loss) on revaluation of investments classified as held for trading	-	-	-	-
Other income	756	1,996	1,612	5,854
	10,153	46,382	16,162	45,682
Total non-markup / interest income	133,398	495,015	77,983	341,412
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	76,381	246,407	72,018	227,817
Other provisions / write offs	-	-	-	-
Other charges	-	-	-	-
Total non-markup / interest expenses	76,381	246,407	72,018	227,817
	57,017	248,608	5,965	113,595
Extraordinary / unusual items	-	-	-	-
	57,017	248,608	5,965	113,595
PROFIT BEFORE TAXATION				
Taxation – current	19,842	86,387	6,756	44,302
– prior years	-	5,702	-	5,542
– deferred	3,032	7,026	-	132
	22,874	99,115	6,756	49,976
PROFIT AFTER TAXATION	34,143	149,493	(791)	63,619
Unappropriated profit brought forward		66,627		94,519
Profit available for appropriation		216,120		158,138
Basic/ diluted earnings per share - Rupees		1.76		0.75

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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

September 30, 2017 (Un-Audited)	September 30, 2016 (Un-Audited)
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Rupees '000

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	248,608	111,651
Less: Dividend	4,997	1,389
	<u>243,611</u>	<u>110,262</u>

Adjustment for non-cash charges

Provision against lending to financial institutions	15,568	15,127
Depreciation	(61,301)	26,118
Provision against Non-Performing Loans	-	-
Provision for impairment in the value of investment	-	-
Amortization of deferred government grant	-	-
Fixed Assets written off	-	-
	<u>(45,733)</u>	<u>41,245</u>
	<u>197,878</u>	<u>151,507</u>

(Increase) / decrease in operating assets

Lending to financial Institution	-	-
Advances	177,891	(406,161)
Other assets	(141,015)	32,507
	<u>36,876</u>	<u>(373,654)</u>

Increase / (decrease) in operating liabilities

Bills payable	6,218	6,187
Deposits	872,159	72,171
Other liabilities (excluding current taxation)	125,011	24,093
	<u>1,003,388</u>	<u>102,451</u>

Less : Tax Paid

	<u>1,238,142</u>	<u>(119,696)</u>
	<u>(71,708)</u>	<u>(26,723)</u>
	<u>1,166,434</u>	<u>(146,419)</u>

Net cash inflow from operating activities

CASH FLOW FROM INVESTING ACTIVITIES

Net Investment in available for sale securities	(25,000)	(25,000)
Net Investment in Held for maturities securities	250,000	(3,135)
Dividend Income	4,997	1,389
Investment in Operating Fixed Assets	(32,953)	(36,602)
Net Cash Outflow from Financing Activities	<u>197,044</u>	<u>(63,348)</u>


Shares issued during the period	62,943	-
Dividend Paid During the period	(78,598)	-
	<u>(15,655)</u>	<u>-</u>


INCREASE IN CASH AND CASH EQUIVALENTS	<u>1,347,823</u>	<u>(209,767)</u>
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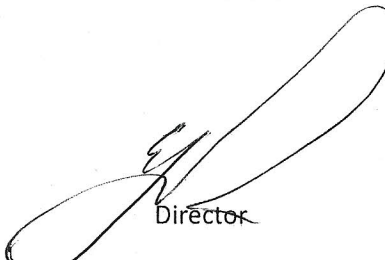
Cash and cash equivalents at beginning of the period	5,142,867	3,669,512
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Cash and cash equivalents at end of the period	<u>6,490,690</u>	<u>3,459,745</u>
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The annexed notes 1 to 10 form an integral part of these financial statements.


Managing Director

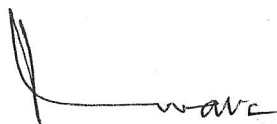

Director


Director

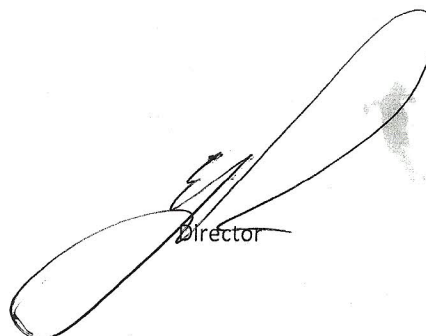
THE BANK OF AZAD JAMMU AND KASHMIR
STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	Share capital	Unappropriated profit (Rupees '000)	Total
Balance as at January 01, 2016 (audited)	785,977	94,519	880,496
Net Profit for the year ended December 31, 2016 (audited)	-	50,706	50,706
Balance as at December 31, 2016 (audited)	785,977	145,225	931,202
Transactions with owner directly recorded in equity			
-Issuance of Shares	62,943	-	62,943
-Dividend		(78,598)	(78,598)
Net Profit for the nine months ended September 30, 2017	-	149,493	149,493
Balance as at September 30, 2017	848,919	216,120	1,065,039

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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

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 66 branches (December 2016: 65 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, 2016.

6. INVESTMENTS

6.1 Investment by types

September 30, 2017 (Un Audited)			December 31, 2016 (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	25,000	-	25,000
MCB Dynamic Cash Fund	25,000	-	25,000	25,000	-	25,000
	155,000	-	155,000	130,000	-	130,000

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

49,940	-	49,940	49,940	-	49,940
196,873	-	196,873	446,873	-	446,873
246,813	-	246,813	496,813	-	496,813
401,813	-	401,813	626,813	-	626,813
(49,940)	-	(49,940)	(49,940)	-	(49,940)
351,873	-	351,873	576,873	-	576,873
(9,232)	-	(9,232)	27,875	-	27,875
342,641	-	342,641	604,748	-	604,748

September 30,
2017
(Un-Audited)

December 31,
2016
Audited)

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

823,934	860,515
258,790	327,643
45,363	69,220
1,442,279	1,499,199
90,896	82,576
2,661,262	2,839,153
-	-
2,661,262	2,839,153
(112,302)	(172,313)
(56,120)	(57,410)
(168,422)	(229,723)
2,492,840	2,609,430

1 Particulars of provision against loans and advances

	September 30, 2017 (Un-Audited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
Opening Balance	172,313	57,410	229,723	94,059	56,804	94,059
Charge for the period	-	-	-	79,105	606	79,105
Reversal for the period	(60,011)	(1,290)	(61,301)	-	-	-
Amount written off	-	-	-	(851)	-	(851)
Closing Balance	112,302	56,120	168,422	172,313	57,410	172,313

7.2 Advances include Rs.311,202 thousand which have been placed under non-performing status as detailed below:

Advances include Rs.311,202 thousand which have been placed under non-performing status as detailed below.

September 30,2017 (Un Audited)					
	Classified Advances			Provision required	Provision Held
	Domestic	Overseas	Total		
OAEM	47,660	-	47,660	-	
Substandard	70,863	-	70,863	14,670	14,670
Doubtful	73,168	-	73,168	8,221	8,221
Loss	119,511	-	119,511	89,411	89,411
	311,202	-	311,202	112,302	112,302

September 30, 2017 (Un-Audited)	December 31, 2016 Audited)
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Rupees in "000"

8 CONTINGENCIES AND COMMITMENTS

8.1 Commitments to extend credit	243,146	283,995
8.2 Transaction related Contingent Liabilities (Guarantee)	46,909	2,330
8.2 Bills for collection	31,317	69,963

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:-

September 30, 2017 (Un-Audited)	December 31, 2016 Audited)
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Rupees in "000"

Balances

The Government of AJK and its related departments

- Deposits	4,381,630	3,665,349
- Advances	315,053	250,500
- Markup/return/interest payable on deposits	39,625	25,829
- Markup/return/interest accrued on advances	3,947	1,872

Transactions

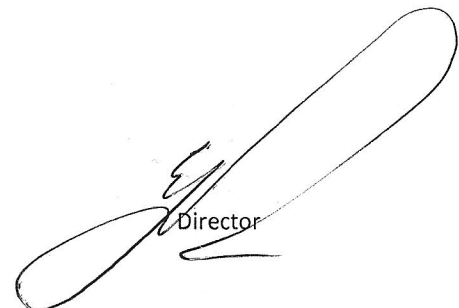
- Mark-up/return/interest Expensed on Deposits	163,480	212,290
- Mark-up/return/interest earned on Advances	13,885	27,755
- Dividend Paid during the Period	78,598	-
- Shares Issued During the period	62,943	-

10. DATE OF AUTHORIZATION

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


Managing Director


Director


Director