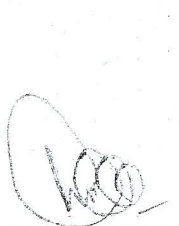
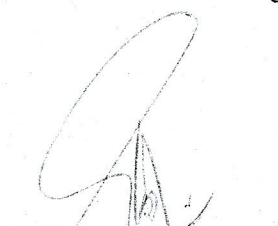



THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

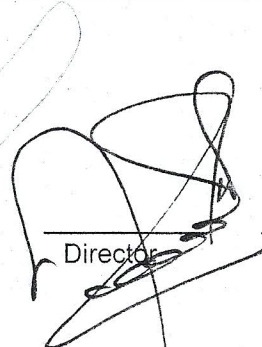
		(Un-audited)	(Audited)
	Note	March 31, 2020	December 31, 2019
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	5	3,188,510	3,005,671
Balances with other banks	6	7,387,312	7,308,507
Lendings to financial institutions		-	-
Investments	7	146,566	178,401
Advances	8	1,815,406	2,036,826
Fixed assets	9	226,985	238,881
Intangible assets		-	-
Deferred tax assets	10	32,785	22,426
Other assets	11	1,092,609	775,623
		13,890,173	13,566,335
LIABILITIES			
Bills payable	12	18,611	21,148
Borrowings		-	-
Deposits and other accounts	13	12,103,125	11,873,535
Liabilities against assets subject to finance lease		116,832	122,388
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	14	398,990	322,201
		12,637,558	12,339,272
NET ASSETS			
		1,252,615	1,227,063
REPRESENTED BY			
Share capital		1,027,192	1,027,192
Reserves		-	-
(Deficit) on revaluation of assets	15	(37,982)	(17,289)
Unappropriated profit		263,405	217,161
		1,252,615	1,227,063
CONTINGENCIES AND COMMITMENTS			
	16		

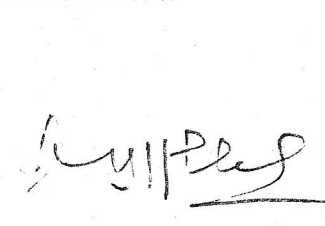
The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.


 President/CEO


 Chief Financial Officer


 Director



 Director


 Director

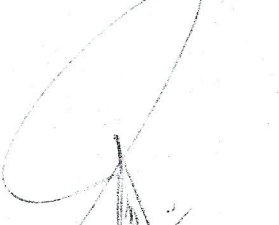
THE BANK OF AZAD JAMMU AND KASHMIR
 CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE THREE MONTHS ENDED MARCH 31, 2020

	Note	January 01 to March 31, 2020	January 01 to March 31, 2019
Mark-up / return / interest earned	17	409,604	246,397
Mark-up / return / interest expensed	18	205,178	144,466
Net mark-up/interest income		<u>204,426</u>	<u>101,931</u>
NON MARK-UP/INTEREST INCOME			
Fee and commission income	19	3,938	3,663
Dividend income		815	-
Foreign exchange income		-	-
Income / (loss) from derivatives		-	-
Gain / (loss) on securities	20	-	-
Other income	21	687	2,647
Total non-markup/interest Income		<u>5,440</u>	<u>6,310</u>
Total Income		<u>209,866</u>	<u>108,241</u>
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	22	125,695	98,737
Workers welfare fund		-	-
Other charges		-	-
Total non-markup/interest expenses		<u>125,695</u>	<u>98,737</u>
Profit before provisions		<u>84,171</u>	<u>9,504</u>
Provisions and write offs - net	23	5,122	(10,442)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		<u>79,049</u>	<u>19,946</u>
Taxation	24	32,805	8,352
PROFIT/(LOSS) AFTER TAXATION		<u>46,244</u>	<u>11,594</u>
-----Rupees-----			
Restated			
BASIC AND DILUTED EARNINGS PER SHARE	25	<u>0.45</u>	<u>0.11</u>


The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.



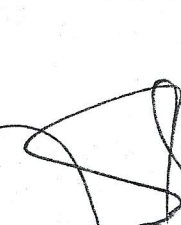
 President/CEO



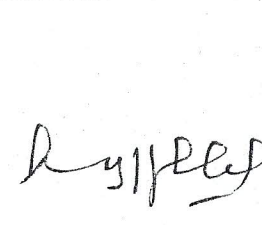
 Chief Financial Officer



 Director



 Director


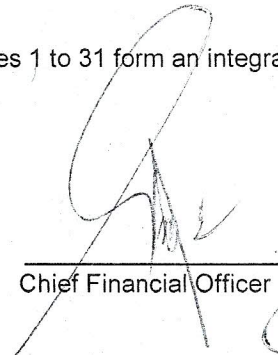
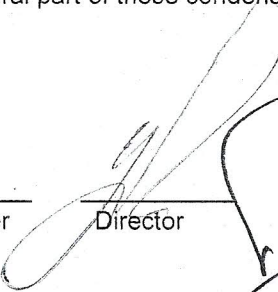
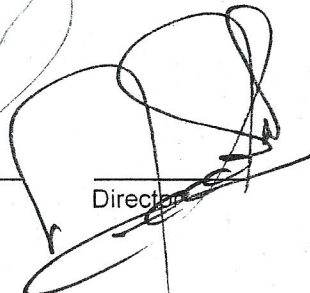
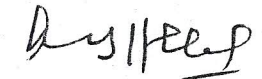


 Director

THE BANK OF AZAD JAMMU AND KASHMIR
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE THREE MONTHS ENDED MARCH 31, 2020

	January 01 to March 31, 2020	January 01 to March 31, 2019
	------(Rupees in '000)-----	
Profit after taxation for the period	46,244	11,594
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments - net of tax	(20,693)	57
Total comprehensive income	<u><u>25,551</u></u>	<u><u>11,651</u></u>

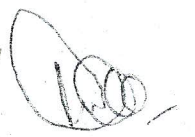
The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.

 _____ President/CEO	 _____ Chief Financial Officer	 _____ Director	 _____ Director	 _____ Director
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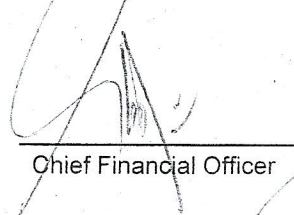
THE BANK OF AZAD JAMMU AND KASHMIR
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE THREE MONTHS ENDED MARCH 31, 2020

	Share capital	Surplus/(deficit) on revaluation of investments	Unappropriated profit	Total
	Rupees in '000			
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 - net of tax	-	57	-	57
Transactions with owners, recorded directly in equity				
Issue of bonus shares	-	-	-	-
Balance as at March 31, 2019	<u>933,811</u>	<u>(18,878)</u>	<u>250,306</u>	<u>1,165,239</u>
Profit after taxation for the nine months ended December 31, 2019	-	-	60,236	60,236
Other comprehensive income - net of tax	-	1,589	-	1,589
Transactions with owners, recorded directly in equity				
Dividend	-	-	-	-
Issue of share capital	93,381	-	(93,381)	-
Balance as at December 31, 2019	<u>1,027,192</u>	<u>(17,289)</u>	<u>217,161</u>	<u>1,227,064</u>
Profit / (loss) after taxation for the current period	-	-	46,244	46,244
Other comprehensive income - net of tax	-	(20,693)	-	(20,693)
Transactions with owners, recorded directly in equity				
Issue of bonus shares	-	-	-	-
Issue of share capital	-	-	-	-
Balance as at March 31, 2020	<u>1,027,192</u>	<u>(37,982)</u>	<u>263,405</u>	<u>1,252,615</u>

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.



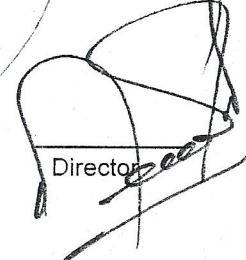
 President/CEO



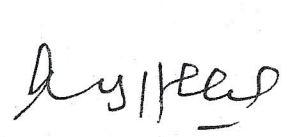
 Chief Financial Officer



 Director



 Director




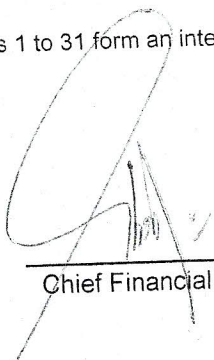
 Director

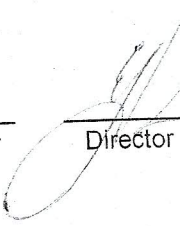
THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2020

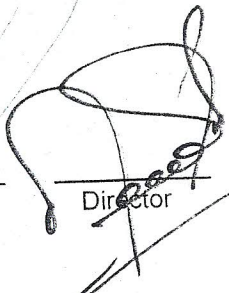
	Note	March 31, 2020	March 31, 2019
Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		79,049	19,946
Less: Dividend income		815	-
		<u>78,234</u>	<u>19,946</u>
Adjustments:			
Depreciation		6,581	5,603
Depreciation on right-of-use assets		6,554	-
Mark-up / return / interest expensed on lease liability against right-of-use assets		2,291	-
Provision and write-offs	23	5,122	(10,442)
(Gain) on sale of fixed assets		-	-
		<u>20,548</u>	<u>(4,839)</u>
		<u>98,782</u>	<u>15,107</u>
(Increase)/ Decrease in operating assets			
Advances		216,298	16,298
Others assets (excluding advance taxation)		(315,872)	(125,626)
		<u>(99,574)</u>	<u>(109,328)</u>
Increase/ (Decrease) in operating liabilities			
Bills Payable		(2,537)	32,320
Deposits		229,590	(797,964)
Other liabilities (excluding current taxation)		56,813	89,730
		<u>283,866</u>	<u>(675,914)</u>
		<u>(14,895)</u>	<u>(26,563)</u>
Income tax paid		268,179	(796,698)
Net cash flow generated from operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		-	-
Dividends received		815	-
Investments in operating fixed assets		(1,794)	(78)
Proceeds from sale of fixed assets		-	-
Net cash flow (used in) investing activities		<u>(979)</u>	<u>(78)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of share capital		-	-
Payment of lease liability against right-of-use assets		(5,556)	-
Dividend paid		-	-
Net cash flow from / (used in) financing activities		<u>(5,556)</u>	<u>-</u>
Increase / (Decrease) in cash and cash equivalents		261,644	(796,776)
Cash and cash equivalents at beginning of the period		10,314,178	9,406,659
Cash and cash equivalents at end of the period		<u>10,575,822</u>	<u>8,609,883</u>

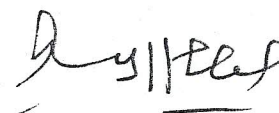
The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.


 President/CEO


 Chief Financial Officer


 Director


 Director


 Director

THE BANK OF AZAD JAMMU AND KASHMIR
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2020

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 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 year end.

The Bank has 70 branches (December 2019: 70 branches; March 31 2019: 70 branches) in Azad Jammu and Kashmir.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements for the three months ended March 31, 2020 are un-audited, and have been prepared in accordance with the requirements of the Act, its Bye-Laws and accounting and reporting standards as applicable in Pakistan for interim financial reporting for Banking

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

- 2.2 The disclosures made in this condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 05 of 2019 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, 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual financial statements of the Bank, for the year ended December 31, 2019.

3.1 Standards, interpretations of and amendments to approved accounting standards that are not yet effective

The following new standards and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard or amendment:

	Effective date (annual periods beginning on or after)
- IFRS 3, Business Combinations (Amendments)	January 1, 2020
- IAS 1, Presentation of Financial Statements (Amendments)	January 1, 2020
- IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020

	Effective date (annual periods beginning on or after)
- IFRS 9, Financial Instruments	January 01, 2021

IFRS 9, Financial Instruments, addresses the recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of an impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has an impact on all assets of the Bank which are exposed to credit risk. The Bank is in the process of assessing the full impact of this standard.

The Bank expects that adoption of the remaining amendments will not affect its financial statements in the period of initial application.

3.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements is the same as that applied in the preparation of the financial statements for the year ended December 31, 2019.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those followed in the preparation of the unconsolidated financial statements for the year ended December 31, 2019.

4.1 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the financial statements of the Bank for the year ended December 31, 2019.

(Un-audited) (Audited)
 March 31, 2020 December 31, 2019
 Rupees in '000

5 CASH AND BALANCES WITH TREASURY BANKS

In hand		
Local currency	133,690	120,859
With National Bank of Pakistan in		
Local currency current accounts	17,442	25,232
Local currency deposit account	77,308	99,580
Local currency Term deposit accounts	2,960,000	2,760,000
	3,054,750	2,884,812
Prize bonds	70	-
	<u>3,188,510</u>	<u>3,005,671</u>

6 BALANCES WITH OTHER BANKS

In Pakistan (Azad Jammu and Kashmir)		
In current accounts	116,176	130,061
In deposit accounts	7,271,136	7,178,446
	<u>7,387,312</u>	<u>7,308,507</u>

7 INVESTMENTS

	(Un-audited)				(Audited)			
	March 31, 2020				December 31, 2019			
7.1 Investments by type:	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in '000							
Available-for-sale securities								
Units of open ended mutual fund	205,000	-	(58,434)	146,566	205,000	-	(26,599)	178,401
Held-to-maturity securities								
Term finance certificates - note	49,940	(49,940)	-	-	49,940	(49,940)	-	-
Total Investments	<u>254,940</u>	<u>(49,940)</u>	<u>(58,434)</u>	<u>146,566</u>	<u>254,940</u>	<u>(49,940)</u>	<u>(26,599)</u>	<u>178,401</u>

(Un-audited) (Audited)
 March 31, 2020 December 31, 2019
 Rupees in '000

7.2 Provision for diminution in value of investments

7.2.1 Opening balance	49,940	49,940
Charge for the period / year	-	-
Closing Balance	<u>49,940</u>	<u>49,940</u>

7.2.2 Particulars of provision against debt securities

Category of classification	(Un-audited)		(Audited)	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
	NPI	Provision	NPI	Provision
Domestic				
Loss	49,940	(49,940)	49,940	(49,940)
Total	<u>49,940</u>	<u>(49,940)</u>	<u>49,940</u>	<u>(49,940)</u>

8 ADVANCES

	Performing		Non Performing		Total	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
	Rupees in '000					
Loans, cash credits, running finances, etc.	1,768,973	1,993,166	223,515	215,620	1,992,488	2,208,786
Advances - gross	1,768,973	1,993,166	223,515	215,620	1,992,488	2,208,786
Provision against advances						
- Specific	(40,166)	(41,867)	(136,916)	(130,093)	(136,916)	(130,093)
- General	(40,166)	(41,867)	(136,916)	(130,093)	(177,082)	(171,960)
Advances - net of provision	1,728,807	1,951,299	86,599	85,527	1,815,406	2,036,826

8.1 Particulars of advances (Gross)

In local currency

(Un-audited) (Audited)
March 31, December 31,
2020 2019
Rupees in '000

1,992,488 2,189,233

8.2 Advances include Rs. 223,515 thousand (2019: 215,620 thousand) which have been placed under non-performing status as detailed below:-

Category of Classification	(Un-audited) March 31, 2020		(Audited) December 31, 2019	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	Rupees in '000			
Domestic	7,614	-	4,986	-
Other Assets Especially Mentioned	30,090	3,971	23,946	3,987
Substandard	14,065	2,040	15,681	5,092
Doubtful	171,746	130,906	171,007	121,014
Loss	223,515	136,917	215,620	130,093
Total				

8.3 Particulars of provision against advances

Opening balance
Charge for the period / year
Reversals
Closing balance

	(Un-audited) March 31, 2020			(Audited) December 31, 2019		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	130,093	41,867	171,960	112,203	48,092	160,295
Charge for the period / year	14,543	-	14,543	48,673	-	48,673
Reversals	(7,720)	(1,701)	(9,421)	(30,783)	(6,225)	(37,008)
	6,823	(1,701)	5,122	17,890	(6,225)	11,665
Closing balance	136,916	40,166	177,082	130,093	41,867	171,960

8.3.1 Particulars of provision against advances

In local currency

	(Un-audited) March 31, 2020			(Audited) December 31, 2019		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	136,916	40,166	-	130,093	41,867	171,960
	136,916	40,166	-	130,093	41,867	171,960

9 FIXED ASSETS

Capital work-in-progress
Property and equipment

9.1 933 932
9.2 226,052 237,949
226,985 238,881

9.1 Capital work-in-progress

Advances to suppliers

933 932

This represents advance to suppliers in respect of purchase of office equipment, computers and furniture.

9.2 This includes right-of-use assets amounting to Rs. 113,994 thousand (2019 : 121,102) due to adoption of IFRS 16.

	(Un-audited) March 31, 2020	(Un-audited) March 31, 2019
	Rupees in '000	
9.2 Additions to fixed assets		
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	1	-
Property and equipment		
Freehold land	-	-
Building on freehold land	-	-
Leasehold Improvements	-	-
Furniture and fixture	810	-
Electrical office and computer equipment	983	78
Vehicles	-	-
Others	-	-
	<u>1,793</u>	<u>78</u>
Right-of-use assets	-	-
Total	<u><u>1,794</u></u>	<u><u>78</u></u>

	(Un-audited) March 31, 2020	Audited December 31, 2019
	Rupees in '000	
10 DEFERRED TAX ASSETS		
Deductible Temporary Differences on		
- Accelerated tax depreciation	7,547	8,330
- Provision against receivable from Kashmir Council	1,685	1,685
- Provision against customer claims	3,101	3,101
- Deficit on revaluation of investments	20,452	9,310
	<u>32,785</u>	<u>22,426</u>
Net deferred tax assets	<u><u>32,785</u></u>	<u><u>22,426</u></u>
11 OTHER ASSETS		
Income/ mark-up accrued in local currency - net of provision - note 11.1	1,055,471	752,590
Advances, deposits, advance rent and other prepayments	4,530	1,254
Advance taxation (payments less provisions)	-	2,706
Branch adjustment account	11,067	11,180
Stationery and stamps in hand	5,514	1,926
Others	20,842	10,782
	<u>1,097,424</u>	<u>780,438</u>
Less: Provision held against other assets	(4,815)	(4,815)
Other Assets (Net of Provision)	<u><u>1,092,609</u></u>	<u><u>775,623</u></u>

11.1 This includes an amount of Rs. NIL (2019: Rs. 1,520 thousand) on account of interest receivable from a related party.

11.2 Provision held against other assets

Receivable from Kashmir Council	<u>4,815</u>	<u>4,815</u>
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	(Un-audited) March 31, 2020	Audited December 31, 2019
	Rupees in '000	
12 BILLS PAYABLE		
In Pakistan	<u><u>18,611</u></u>	<u><u>21,148</u></u>

13 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited)			Audited		
	March 31, 2020			December 31, 2019		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	2,638,271	-	2,638,271	2,687,126	-	2,687,126
Savings deposits	6,230,742	-	6,230,742	5,934,385	-	5,934,385
Term deposits	3,222,309	-	3,222,309	3,190,638	-	3,190,638
Others	11,803	-	11,803	61,386	-	61,386
	<u>12,103,125</u>	<u>-</u>	<u>12,103,125</u>	<u>11,873,535</u>	<u>-</u>	<u>11,873,535</u>

14

OTHER LIABILITIES

Mark-up/ return/ interest payable in local currency - note 15.1
 Accrued expenses
 Income tax payable
 Branch adjustment account
 Provision for bonus to employees
 Provision against customer claims
 Leave encashment
 Education cess
 Others

	(Un-audited) March 31, 2020	Audited December 31, 2019
	Rupees in '000	
Mark-up/ return/ interest payable in local currency - note 15.1	159,776	219,687
Accrued expenses	123,605	3,779
Income tax payable	14,420	-
Branch adjustment account	-	-
Provision for bonus to employees	16,264	16,264
Provision against customer claims	8,861	8,861
Leave encashment	40,800	40,800
Education cess	8,820	6,008
Others	26,444	26,802
	<u>398,990</u>	<u>322,201</u>

14.1 It includes an amount of Rs. 40,693 thousand (2019: Rs. 83,581 thousand) on account of interest payable to related parties.

15 DEFICIT ON REVALUATION OF ASSETS

Deficit on revaluation of
 - Available for sale securities

7.1 (58,434) (26,599)

Deferred tax on surplus / (deficit) on revaluation of:
 - Available for sale securities

20,452 9,310

(37,982) (17,289)

16 CONTINGENCIES AND COMMITMENTS

-Guarantees
 -Commitments
 -Bills for collection

16.1	36,076	36,076
16.2	57,879	336,245
16.3	34,597	9,564
	<u>128,552</u>	<u>381,885</u>

16.1 Guarantees:

Financial guarantees

36,076 38,076

16.2 Commitments:

Loan sanctioned but not disbursed
 Unavailed running finance
 Operating leases

	March 31, 2020	December 31, 2019
	Rupees in '000	
Loan sanctioned but not disbursed	28,470	20,389
Unavailed running finance	29,409	315,856
Operating leases	-	-
	<u>57,879</u>	<u>336,245</u>

16.3 Due to adoption of IFRS-16 there is no commitment in respect of operating lease.

16.4 Bills for collection

Bills for collection represent bills drawn in favour of various financial institutions on behalf of the 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.

