

THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

		(Un-audited)	(Audited)
	Note	September 30, 2023	December 31, 2022
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	5	7,203,061	6,271,417
Balances with other banks	6	16,479,396	16,088,667
Lendings to financial institutions		-	-
Investments	7	158,676	163,197
Advances	8	3,595,298	3,290,230
Fixed assets	9	430,665	365,478
Intangible assets		-	-
Deferred tax assets	10	51,245	49,601
Other assets	11	3,253,944	2,232,866
		31,172,285	28,461,456
LIABILITIES			
Bills payable	12	20,282	82,751
Borrowings		-	-
Deposits and other accounts	13	23,212,812	21,004,229
Liabilities against assets subject to finance lease		160,318	161,246
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	14	1,502,043	1,344,311
		24,895,455	22,592,537
NET ASSETS		6,276,830	5,868,919
REPRESENTED BY			
Share capital		5,142,903	5,142,903
Reserves		442,675	360,650
(Deficit) on revaluation of assets	15	(26,043)	(23,828)
Unappropriated profit		717,295	389,194
		6,276,830	5,868,919
CONTINGENCIES AND COMMITMENTS			
	16		

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

Chief Financial Officer

President/CEO

Director

Director

Director

THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	Note	For the Quarter ended Sep. 30, 2023	For the Quarter ended Sep. 30, 2022	January to September 2023	January to September 2022
Mark-up / return / interest earned	17	1,285,392	888,063	3,377,747	2,228,319
Mark-up / return / interest expensed	18	677,473	431,481	1,846,188	981,084
Net mark-up/interest income		607,919	456,582	1,531,559	1,247,235
NON MARK-UP/INTEREST INCOME					
Fee and commission income	19	8,070	5,898	23,671	18,544
Dividend income		(1,057)	-	11,312	9,096
Foreign exchange income		-	-	-	-
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities		-	-	-	-
Other income	20	(2,391)	(1,538)	5,029	4,574
Total non-markup/interest Income		4,622	4,360	40,012	32,214
Total Income		612,541	460,942	1,571,571	1,279,449
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	21	237,571	201,161	744,937	611,006
Workers welfare fund		-	-	-	-
Other charges		-	-	-	-
Total non-markup/interest expenses		237,571	201,161	744,937	611,006
Profit before provisions		374,970	259,781	826,634	668,443
Provisions and write offs - net	22	14,182	(2,884)	22,557	22,066
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		360,788	262,665	804,077	646,377
Taxation	23	164,684	134,434	393,951	318,954
PROFIT/(LOSS) AFTER TAXATION		196,104	128,231	410,126	327,423
Restated					
BASIC AND DILUTED EARNINGS PER SHARE	24	0.70	0.31	0.83	0.66

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

Chief Financial Officer

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THE BANK OF AZAD JAMMU AND KASHMIR
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	January to September 2023	January to September 2022
Profit after taxation for the period	410,126	327,423
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	(2,215)	(12,455)
Total comprehensive income	<u><u>407,911</u></u>	<u><u>314,968</u></u>

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

 Chief Financial Officer

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THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

Note	January to September 2023	January to September 2022
Rupees in '000		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	804,077	646,377
Less: Dividend income	11,312	9,096
	<u>792,765</u>	<u>637,281</u>
Adjustments:		
Depreciation	28,780	23,872
Depreciation on right-of-use assets	25,354	19,959
Mark-up / return / interest expensed on lease liability against right-of-use assets	18,056	16,122
Provision and write-offs	22,557	22,066
(Gain) on sale of fixed assets	-	-
	<u>94,747</u>	<u>82,019</u>
(Increase)/ Decrease in operating assets	887,512	719,300
Advances	(379,353)	(365,254)
Others assets (excluding advance taxation)	(1,021,078)	(816,297)
	<u>(1,400,431)</u>	<u>(1,181,551)</u>
Increase/ (Decrease) in operating liabilities		
Bills Payable	(62,469)	(143,504)
Deposits	2,208,583	3,381,483
Other liabilities (excluding current taxation)	225,884	398,915
	<u>2,371,998</u>	<u>3,636,894</u>
Income tax paid	(463,748)	(130,186)
Net cash flow generated from operating activities	<u>1,395,331</u>	<u>3,044,457</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	-	-
Dividends received	11,312	9,096
Investments in operating fixed assets	(65,187)	(58,347)
Proceeds from sale of fixed assets	-	-
Net cash flow (used in) investing activities	<u>(53,875)</u>	<u>(49,251)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital	-	-
Payment of lease liability against right-of-use assets	(19,083)	(22,343)
Dividend paid	-	-
Net cash flow from / (used in) financing activities	<u>(19,083)</u>	<u>(22,343)</u>
Increase / (Decrease) in cash and cash equivalents	<u>1,322,373</u>	<u>2,972,863</u>
Cash and cash equivalents at beginning of the period	22,360,084	19,221,722
Cash and cash equivalents at end of the period	<u><u>23,682,457</u></u>	<u><u>22,194,585</u></u>

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

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THE BANK OF AZAD JAMMU AND KASHMIR
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	Share Capital	Surplus/ (deficit) on revaluation of investments	Unappropriated profit	Statutory Reserve	Total
	Rupees in '000				
Balance as at December 31, 2021	5,142,903	(13,797)	22,743	269,037	5,420,886
Profit after taxation for the Nine months ended September 30, 2022	-	-	327,423	-	327,423
Other comprehensive income - net of tax	-	(12,455)	-	-	(12,455)
Transactions with owners, recorded directly in equity					
Balance as at September 30, 2022	<u>5,142,903</u>	<u>(26,252)</u>	<u>350,166</u>	<u>269,037</u>	<u>5,735,854</u>
Profit after taxation for the quarter ended December 31, 2021	-	-	130,641	-	130,641
Other comprehensive income - net of tax	-	2,424	-	-	2,424
Transactions with owners, recorded directly in equity					
transfer to Reserve			(91,613)	91,613	
Balance as at December 31, 2022	<u>5,142,903</u>	<u>(23,828)</u>	<u>389,194</u>	<u>360,650</u>	<u>5,868,919</u>
Profit / (loss) after taxation for the current period			410,126		410,126
Other comprehensive income - net of tax		(2,215)			(2,215)
Transfer to Statutory Reserve			(82,025)	82,025	
Balance as at September 30, 2023	<u>5,142,903</u>	<u>(26,043)</u>	<u>717,295</u>	<u>442,675</u>	<u>6,276,830</u>

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

Chief Financial Officer

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THE BANK OF AZAD JAMMU AND KASHMIR
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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 84 branches (December 2022: 82 branches; September 2022: 80 branches) in Azad Jammu and Kashmir.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements for the Nine Months ended September 30, 2023 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

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, 2022.

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them.

	Effective from accounting period beginning on or after
-IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
-Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
-Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	
-Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
-Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
-Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
-State Bank of Pakistan vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 has directed banks in Pakistan to implement IFRS 9 with effect from 01 January 2021	

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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, 2022.

3. 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, 2022.

4. 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, 2022.

(Un-audited) (Audited)
September December
30, 2023 31, 2022
Rupees in '000

5 CASH AND BALANCES WITH TREASURY BANKS

In hand
Local currency

273,257 283,116

With National Bank of Pakistan in
Local currency current accounts
Local currency deposit account
Local currency Term deposit accounts

31,835	2,111
197,959	86,190
6,700,000	5,900,000
6,929,794	5,988,301

Prize bonds

10

7,203,061 6,271,417

6 BALANCES WITH OTHER BANKS

In Pakistan (Azad Jammu and Kashmir)
In current accounts
In deposit accounts

291,299	494,362
16,188,097	15,594,305
16,479,396	16,088,667

7 INVESTMENTS

	(Un-audited) September 30, 2023				(Audited) December 31, 2022			
	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	-	(46,324)	158,676	205,000	-	(41,803)	163,197
Held-to-maturity securities								
Term finance certificates - note	49,940	(49,940)	-	-	49,940	(49,940)	-	-
Total Investments	254,940	(49,940)	(46,324)	158,676	254,940	(49,940)	(41,803)	163,197

(Un-audited) (Audited)
September December
30, 2023 31, 2022
Rupees in '000

7.2 Provision for diminution in value of investments

7.2.1 Opening balance
Charge for the period / year
Closing Balance

49,940 49,940
- -
49,940 49,940

7.2.2 Particulars of provision against debt securities

Category of classification

	(Un-audited) September 30, 2023		(Audited) December 31, 2022	
	NPI	Provision	NPI	Provision
Domestic				
Loss	49,940	(49,940)	49,940	(49,940)
Total	49,940	(49,940)	49,940	(49,940)

8 ADVANCES

	Performing		Non Performing		Total	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
	Rupees in '000					
Loans, cash credits, running finances, etc. Advances - gross	3,641,290	3,369,395	190,374	134,644	3,831,664	3,504,039
Provision against advances	3,641,290	3,369,395	190,374	134,644	3,831,664	3,504,039
- Specific	-	-	(141,520)	(127,687)	(141,520)	(127,687)
- General	(94,846)	(86,122)	-	-	(94,846)	(86,122)
Advances - net of provision	(94,846)	(86,122)	(141,520)	(127,687)	(236,366)	(213,809)
	3,546,444	3,283,273	48,854	6,957	3,595,298	3,290,230

		(Un-audited)	(Audited)
		September	December
		30, 2023	31, 2022
		Rupees in '000	
8.1	Particulars of advances (Gross)		
	In local currency	3,831,664	3,504,039
8.2	Advances include Rs. 141,520 thousand (2022:134,644 thousand) which have been placed under non-performing status as detailed below:-		

Category of Classification	(Un-audited)		(Audited)	
	September 30, 2023		December 31, 2022	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	Rupees in '000			
Domestic	-	-	-	-
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	18,652	18,652	4,883	854
Loss	354	354	1,151	437
Total	171,368	122,514	128,610	126,396
	190,374	141,520	134,644	127,687

8.3	Particulars of provision against advances	(Un-audited)			(Audited)		
		September 30, 2023			December 31, 2022		
		Specific	General	Total	Specific	General	Total
		Rupees in '000					
	Opening balance	127,687	86,122	213,809	108,487	79,599	188,086
	Charge for the period / year	23,658	8,724	32,382	41,697	6,523	48,220
	Reversals	(9,825)	-	(9,825)	(19,135)	-	(19,135)
	Amount charged off-agriculture financing	13,833	8,724	22,557	22,562	6,523	29,085
	Closing balance	-	-	-	(3,362)	-	(3,362)
		141,520	94,846	236,366	127,687	86,122	213,809

8.3.1	Particulars of provision against advances	(Un-audited)			(Audited)		
		September 30, 2023			December 31, 2022		
		Specific	General	Total	Specific	General	Total
		Rupees in '000					
	In local currency	141,520	94,846	236,366.00	127,687	86,122	213,809
		141,520	94,846	236,366	127,687	86,122	213,809

9	FIXED ASSETS		(Un-audited)	(Audited)
			September 30, 2023	December 31, 2022
			Rupees in '000	
	Capital work-in-progress			
	Property and equipment	9.1	25,973	16,002
		9.2	404,692	349,476
			430,665	365,478
9.1	Capital work-in-progress			
	Advances to suppliers		25,973	16,002

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.143,092 thousand (2022 : 145,892) due to adoption of IFRS 16.

9.2	Additions to fixed assets	(Un-audited)	(Un-audited)
		September 30, 2023	September 30, 2022
		Rupees in '000	
	The following additions have been made to fixed assets during the period:		
	Capital work-in-progress	9,971	5,455
	Property and equipment		
	Freehold land	-	-
	Building on freehold land	11,263	45
	Leasehold Improvements	16,024	2,286
	Furniture and fixture	9,607	5,850
	Electrical office and computer equipment	11,674	-
	Vehicles	41	63
	Others	-	-
	Total	48,609	8,244
		58,580	13,699

(Un-audited) Audited
September 30, December
2023 31, 2022
Rupees in '000

10	DEFERRED TAX ASSETS		
	Deductible Temporary Differences on		
	- Accelerated tax depreciation	5,515	18,405
	- Provision against receivable from Kashmir Council	2,359	2,070
	- Provision against customer claims	20,672	11,151
	- Deficit on revaluation of investments	22,699	17,975
	Net deferred tax assets	51,245	49,601
11	OTHER ASSETS	51,245	49,601

	Income/ mark-up accrued in local currency - net of provision - note 11.1	3,167,233	2,170,017
	Advances, deposits, advance rent and other prepayments	16,260	2,111
	Advance taxation (payments less provisions)	-	-
	Branch adjustment account	-	-
	Stationery and stamps in hand	9,443	6,371
	Others	65,823	59,182
	Less: Provision held against other assets	3,258,759	2,237,681
	Other Assets (Net of Provision)	(4,815)	(4,815)
		3,253,944	2,232,866

11.2

11.2 **Provision held against other assets**

	Receivable from Kashmir Council	(4,815)	4,815
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(Un-audited) Audited
September 30, December
2023 31, 2022
Rupees in '000

12 **BILLS PAYABLE**

	In Pakistan	20,282	82,751
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13 **DEPOSITS AND OTHER ACCOUNTS**

	(Un-audited)			Audited		
	September 30, 2023			December 31, 2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	5,674,066	-	5,674,066	5,798,619	-	5,798,619
Savings deposits	12,162,910	-	12,162,910	10,267,737	-	10,267,737
Term deposits	5,344,958	-	5,344,958	4,761,520	-	4,761,520
Others	30,878	-	30,878	176,353	-	176,353
	23,212,812	-	23,212,812	21,004,229	-	21,004,229

(Un-audited) Audited
September 30, December
2023 31, 2022
Rupees in '000

14 **OTHER LIABILITIES**

	Mark-up/ return/ interest payable in local currency - note 15.1	572,245	669,649
	Accrued expenses	296,396	12,576
	Income tax payable	196,468	264,620
	Branch adjustment account	69,994	30,085
	Provision for bonus to employees	39,241	48,009
	Provision against customer claims	17,672	24,354
	Leave encashment	82,095	81,121
	Education cess	18,129	46,113
	Others	209,803	167,784
		1,502,043	1,344,311

14.1 It includes an amount of Rs. 138,453 thousand (2022: Rs. 288,873 thousand) on account of interest payable to related parties.

(Un-audited) Audited
September 30, December
2023 31, 2022
Rupees in '000

15 **DEFICIT ON REVALUATION OF ASSETS**

	Deficit on revaluation of		
	- Available for sale securities	7.1	(46,324)
	Deferred tax on surplus / (deficit) on revaluation of:		
	- Available for sale securities		22,699
			(23,625)
			(23,828)

16 CONTINGENCIES AND COMMITMENTS

- Guarantees
- Commitments
- Bills for collection

16.1	113,067	35,867
16.2	199,321	144,528
16.4	21,627	10,816
	<u>334,015</u>	<u>191,211</u>

16.1 Guarantees:

Financial guarantees

113,067 35,867

September 30, December
2023 31, 2022
Rupees in '000

16.2 Commitments:

Loan sanctioned but not disbursed
Unavailed running finance

17,178 109,993
182,143 34,535
199,321 144,528

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.

	January to September 2023	January to September 2022
	Rupees in '000	
17 MARK-UP / RETURN / INTEREST EARNED		
On:		
a) Loans and advances	428,922	342,887
b) Investments	-	-
d) Balances with banks	2,948,826	1,885,432
	<u>3,377,748</u>	<u>2,228,319</u>
18 MARK-UP/RETURN/INTEREST EXPENSED		
On:		
a) Deposits	1,828,132	964,962
b) Lease liability against right-of-use- assets	18,056	16,122
	<u>1,846,188</u>	<u>981,084</u>
19 FEE & COMMISSION INCOME		
Branch banking customer fees	2,340	2,322
Commission on cheques books	6,935	3,639
Credit related fees	5,642	3,871
Commission on guarantees	1,088	652
Commission on remittances	2,101	1,281
Commission on call deposit	21	90
Commission on utility bills	4,519	4,345
Postages charges	712	604
Others	313	1,740
	<u>23,671</u>	<u>18,544</u>
20 OTHER INCOME		
other Income	5,029	4,574

25 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

25.1 Fair value of financial assets

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: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Un-Audited September 30, 2023			Total
	Level 1	Level 2	Level 3	
On balance sheet financial instruments				
	Rupees in '000			
Financial assets - measured at fair value				
Investments				
Mutual Fund	158,676	-	-	158,676

	Audited December 31, 2022			Total
	Level 1	Level 2	Level 3	
On balance sheet financial instruments				
	Rupees in '000			
Financial assets - measured at fair value				
Investments				
Mutual Fund	163,197	-	-	163,197

26 Segment details with respect to business activities

	For the Nine months ended September 30, 2023 (Un-audited)				Total
	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	
Profit & Loss					
	Rupees in '000				
Net mark-up/return/profit	345,154	1,186,407	-	-	1,531,561
Non mark-up / return / interest income	133	16,341	18,844	4,693	40,011
Total Income	345,287	1,202,748	18,844	4,693	1,571,572
Segment direct expenses	75,259	664,548	4,107	1,023	744,937
Total expenses	75,259	664,548	4,107	1,023	744,937
Provisions charged / (reversal)	13,833	8,724	-	-	22,557
Profit before tax	256,195	529,476	14,737	3,670	804,078

as at September 30, 2023

	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
Rupees in '000					
Balance Sheet					
Cash & Bank balances	-	23,682,457	-	-	23,682,457
Investments	-	158,676	-	-	158,676
Advances - performing	3,030,658	651,522	-	-	3,682,180
- non-performing	48,013	149,154	-	-	197,167
- provision	(132,331)	(104,035)	-	-	(236,366)
Operating fixed assets	43,509	384,190	2,374	591	430,664
Deferred tax asset	5,176	45,715	283	70	51,244
Others	2,615,587	637,761	478	119	3,253,945
Total Assets	5,610,612	25,605,440	3,135	780	31,219,967
Bills payable	-	20,282	-	-	20,282
Deposits & other accounts	-	23,212,812	-	-	23,212,812
Others	183,294	1,477,848	977	243	1,662,362
Total liabilities	183,294	24,710,942	977	243	24,895,456
Equity	5,427,318	894,498	2,158	537	6,324,511
Total Equity & liabilities	5,610,612	25,605,440	3,135	780	31,219,967

Contingencies & Commitments	38,805	295,210	-	-	334,015
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For the nine months ended September 30, 2022 (Un-audited)

	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
Rupees in '000					
Profit & Loss					
Net mark-up/return/profit	305,677	941,560	-	-	1,247,237
Non mark-up / return / interest income	153	13,643	12,394	5,997	32,187
Total Income	305,830	955,203	12,394	5,997	1,279,424
Segment direct expenses	82,665	523,370	3,350	1,621	611,006
Total expenses	82,665	523,370	3,350	1,621	611,006
Provisions charged / (reversal)	17,246	4,820	-	-	22,066
Profit before tax	205,919	427,013	9,044	4,376	646,352

As at September 30, 2022 (Audited)

	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
Rupees in '000					
Balance Sheet					
Cash & Bank balances	-	22,194,585	-	-	22,194,585
Investments	-	164,613	-	-	164,613
Advances - performing	2,761,001	410,484	-	-	3,171,485
Advances - non-performing	48,013	149,154	-	-	197,167
Advances - provision	(121,904)	(88,248)	-	-	(210,152)
Operating fixed assets	43,209	273,565	1,751	847	319,372
Deferred tax asset	5,143	32,569	208	101	38,021
Others	1,568,401	293,918	398	193	1,862,910
Total Assets	4,303,863	23,430,640	2,357	1,141	27,738,001
Bills payable	-	14,676	-	-	14,676
Deposits & other accounts	-	20,652,106	-	-	20,652,106
Liabilities against assets subject to finance l	-	-	-	-	-
Others	134,717	1,147,270	783	379	1,283,149
Total liabilities	134,717	21,814,052	783	379	21,949,931
Equity	4,169,146	1,616,588	1,574	762	5,788,070
Total Equity & liabilities	4,303,863	23,430,640	2,357	1,141	27,738,001

Contingencies & Commitments

58,645	66,175	-	-	124,820
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27 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence. The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the terms of the

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements are as follows:

	(Un-audited) September 30, 2023		(Audited) December 31, 2022	
	Government of Azad Jammu & Kashmir and its related department	Key management personnel	Government of Azad Jammu & Kashmir and its related department	Key management personnel
	----- (Rupees in '000) -----			
Advances				
Opening balance	-	105,283	-	61,031
Addition/Repaid during the period / year	-	7,230	-	44,252
Closing balance	-	112,513	-	105,283
Provision held against advances	-	-	-	-
Other Assets				
Interest / mark-up accrued	-	-	-	-
Deposits and other accounts				
Opening balance	9,578,386	3,239	8,332,479	4,384
Received/Withdrawal during the period / year	(21,551)	172	1,245,907	(1,145)
Closing balance	9,556,835	3,411	9,578,386	3,239
Other Liabilities				
Interest / mark-up payable	138,453	-	288,873	-
Contingencies and Commitments				
Unavailed running finance	-	-	-	-

RELATED PARTY TRANSACTIONS

	(Un-audited) For the Nine months ended September 30, 2023		(Un-audited) For the Nine months ended September 30, 2022	
	Government of Azad Jammu & Kashmir and its related department	Key management personnel	Government of Azad Jammu & Kashmir and its related department	Key management personnel
	----- (Rupees in '000) -----			
Income				
Mark-up / return / interest earned		3,155	-	2,441
Expense				
Mark-up / return / interest paid	318,796	76	239,283	119

(Un-audited) (Audited)
September December
30, 2023 31, 2022
Rupees in '000

28 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses) 10,000,000 10,000,000

Capital Adequacy Ratio (CAR):

Eligible common equity tier 1 (CET 1) capital	5,860,198	5,824,278
Eligible additional tier 1 (ADT 1) capital	-	-
Total regulatory adjustment applied to CET1	(26,043)	-
Total Eligible Tier 1 Capital	5,834,155	5,824,278
Eligible Tier 2 Capital	94,846	86,122
Total Eligible Capital (Tier 1 + Tier 2)	<u>5,929,001</u>	<u>5,910,400</u>

Risk Weighted Assets (RWAs):

Credit Risk	11,687,154	10,351,574
Market Risk	317,352	407,993
Operational Risk	1,695,464	2,277,353
Total	<u>13,699,970</u>	<u>13,036,920</u>

Common Equity Tier 1 Capital Adequacy Ratio	<u>42.78%</u>	<u>44.68%</u>
Tier 1 Capital Adequacy Ratio	<u>42.59%</u>	<u>44.68%</u>
Total Capital Adequacy Ratio	<u>43.28%</u>	<u>45.34%</u>

Leverage Ratio (LR):

Eligible Tier-1 Capital	5,834,155	5,824,278
Total Exposure	<u>31,285,352</u>	<u>28,652,667</u>
Leverage Ratio	<u>19%</u>	<u>20%</u>

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	23,682,457	22,360,084
Total Net Cash Outflow	<u>5,613,573</u>	<u>10,661,825</u>
Liquidity Coverage Ratio	<u>422%</u>	<u>210%</u>

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	19,719,853	16,107,537
Total Required Stable Funding	<u>13,234,016</u>	<u>13,041,637</u>
Net Stable Funding Ratio	<u>149%</u>	<u>124%</u>

29 GENERAL

Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

30 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors of the Bank on -----.

Chief Financial Officer

President/CEO

Director

Director

Director