

Bridging Dreams and reality

ANNUAL REPORT 2023



BAJK

Bank of Azad Jammu & Kashmir

آپکی پہچان

بینک آف آزاد جموں و کشمیر

ONE BANK ONE TEAM



Bank of Azad Jammu & Kashmir



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vision

To act as a premier financial institution,
fostering socio-economic development of
the people of AJK.



mission

To acquire market leadership through quality banking services, customized products, best business practices, merit and performance culture and participation in development process of the State and the well-being of its people.



TEAM WORK



RESPONSIBILITY



QUALITY



PEOPLE



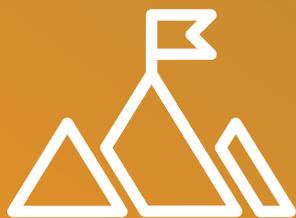
TRUST



INNOVATION



IDEAS



ACHIEVEMENT

CORPORATE INFORMATION

BOARD OF DIRECTORS

• Khan Abdul Majid Khan, Minister Finance & Cooperatives, GoAJ&K	Chairman
• Shahid Shahzad Mir, President/CEO, BAJK	Member
• Lt.(R) Islam Zaib, Secretary Finance, GoAJ&K	Member
• Muhammad Sajjad, Secretary Law, Justice & Parliamentary Affairs, GoAJ&K	Member
• Khalid Mehmood Mirza, Secretary Industries & Commerce, GoAJ&K	Member
• Mubashar Nabi, Social Worker	Member
• Zulfiqar Abbasi, Businessman	Member
• Bushra Naz Malik, Chartered Accountant	Member

HUMAN RESOURCE COMMITTEE

Zulfiqar Abbasi	Chairman
Secretary Finance	Member
Mubashar Nabi	Member
President/CEO BAJK	Member
Divisional Head Human Resource Management Division	Secretary

AUDIT COMMITTEE

Bushra Naz Malik	Chairperson
Secretary Finance	Member
Secretary Law	Member
Zulfiqar Abbasi	Member
Divisional Head, Audit & Inspection Division	Secretary

RISK MANAGEMENT COMMITTEE

Mubashar Nabi	Chairman
Secretary Law	Member
President/CEO BAJK	Member
Bushra Naz Malik	Member
Divisional Head, Risk Management Division	Secretary

I.T COMMITTEE

Secretary Finance	Chairman
Secretary Industries	Member
Mubashar Nabi	Member
President/CEO BAJK	Member
Divisional Head, I.T Division	Secretary

Company Secretary

Dr. Adnan Ullah Khan

AuditorsYousuf Adil
Chartered Accountants

Head Office: Bank Square, Chattar Domel, Muzaffarabad AJK

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MESSAGES

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MESSAGE FROM THE PRESIDENT STATE OF AJ&K

**BARRISTER
SULTAN MEHMOOD CHAUDHRY**

It is with great pleasure and pride that I extend my heartfelt appreciation to the President and entire team of the Bank of Azad Jammu and Kashmir for their outstanding performance and dedication during the year 2023. The Bank of AJK has been playing a pivotal role in driving economic growth, fostering financial inclusion, and supporting the objectives of our people. The unwavering commitment of the Bank to provide excellent financial services has contributed significantly to the socio-economic development of Azad Jammu and Kashmir. I am delighted to acknowledge the remarkable achievements of the Bank of AJK throughout the past year.

The tireless efforts of entire team of the Bank have resulted in accomplishment of robust financial performance, expansion of outstanding services, and achievement of a historical milestone of recording rupees one Billion Profit, which reflects the dedication towards the prosperity and well-being of our citizens. Furthermore, I commend the Bank's proactive role in supporting key sectors of state's economy, including agriculture, small and medium enterprises, and infrastructure development. The strategic interventions and financial solutions have empowered individuals and communities, driving inclusive growth and sustainable development across Azad Jammu and Kashmir. As we embark on the journey ahead, I am confident that the Bank of Azad Jammu and Kashmir will continue to set new benchmarks of excellence and innovation in the banking industry. With the same commitment to integrity, transparency, and customer-centricity, it will pave the way for a brighter and more prosperous future of this state. May you continue to inspire and empower individuals and businesses, driving positive change and prosperity for generations to come.



MESSAGE FROM THE PRIME MINISTER GOAJ&K

**CHAUDHRY
ANWAR UL HAQ**

I am pleased to extend my warmest congratulations and heartfelt appreciation to the entire team of the Bank of Azad Jammu and Kashmir for their exceptional performance and unwavering dedication throughout 2023. The achievements of the Bank of AJK stand as a testament to the dedication and hard work of its management and staff. In a challenging economic environment, the Bank has not only persevered but excelled, achieving significant milestones and contributing to the economic development of the State of the Azad Jammu & Kashmir. On particular note, it is the historic achievement of crossing the landmark of earning 1 billion rupees in profit.

This accomplishment reflects the Bank's commitment to excellence and its ability to navigate through obstacles with resilience and determination. Furthermore, the Bank's focus on financial inclusion, innovation, and customer satisfaction has strengthened its position as a trusted financial institution in Azad Jammu & Kashmir. The growth in assets and the increase in profits underscore the Bank's strategic vision and prudent management practices. I commend the Bank of AJK for its unwavering commitment to serving the people of this state and for its role in promoting economic growth and prosperity. I am confident that the Bank will continue to play a vital role in the development of Azad Jammu & Kashmir in the years to come. On behalf of the Government and the people of Azad Jammu and Kashmir, I extend my sincere gratitude to the Board of Directors, Management and Staff of the Bank of AJK for their outstanding contributions and dedicated commitment to this collective progress and assure our full cooperation on behalf of the Government of Azad Jammu & Kashmir to make this Bank a true success.



MESSAGE FROM THE CHAIRMAN

**KHAN
ABDUL MAJID KHAN**

Minister Finance & Cooperatives, GOAJ&K

As we think about the journey of the Bank of Azad Jammu & Kashmir throughout the year 2023, I am excited here to share with you the remarkable strides we have made in achieving a great success. Despite the challenging times, this institution has been able to surpass significant milestones that underscore our dedication and commitment to excellence. The year 2023 has been nothing short of extraordinary for the Bank of AJK, as we proudly announce the historic achievement of crossing the landmark of earning rupees 1 Billion profit. This monumental feat stands as a testament to the dedication and resilience of our team, as well as the unwavering support and trust of our valued stakeholders. Our financial performance in 2023 has been exemplary, reflecting vigorous growth and unwavering commitment to delivering value to our shareholders. Our profit before tax surged to new heights, showcasing a visible increase compared to the previous year. Furthermore, our profit after tax saw substantial growth, enabling us to provide generous returns to the shareholders.

Notably, our assets experienced significant expansion, underlining our strong financial position and strategic vision for sustainable growth. Our net interest income witnessed impressive growth, reflecting our prudent approach to capital deployment and risk management. In addition to our financial achievements, we have continued to prioritize customer satisfaction and regulatory compliance, ensuring that our operations are conducted with integrity and transparency. Our focus on innovation and customer-centric solutions has enabled us to strengthen our relationships with customers and further solidify our position as a trusted financial partner in the region. As we celebrate the successes of 2023, I extend my heartfelt gratitude to the dedicated staff of the Bank of AJK for their unwavering commitment and untiring efforts. I also express my sincere appreciation to the Government of AJK, our shareholders and stakeholders for their continued trust and support. Looking ahead, we remain steadfast in our commitment to excellence and innovation, as we continue to chart new paths and set new standards of success in the banking industry. With your continued support, I am confident that the Bank of AJK will continue to thrive and prosper in the years to come. Thank you for your unwavering trust and confidence in the Bank of Azad Jammu & Kashmir



MESSAGE FROM THE PRESIDENT/CEO

SHAHID SHAHZAD MIR

It is a matter of privilege for me to be the President/CEO of Bank of AJK and presenting Annual Report for the 18th years of the Bank's foundation. This Annual Report, yet again, is a testimony of the effectiveness of the Bank's business model and robustness of its strategies. It demonstrates our resolve to build further on our accomplishments and strengthens, the conviction entrusted by the Govt. of AJK and account holders.

The priorities of BAJK will be positioning in the market by acquiring the scheduled status. In this chase, concerted efforts are being made to make a convincing business case for the stake holders to muster their support in all directions including legal and financial. The Bank is targeting the establishment of a new institutional image in the market to augment the growth rates in a manner that reflects its optimistic vision for the future of the State's economy particularly in the light of the stability of the political conditions.

In today's banking environment, the Information Technology has become a cutting edge by overtaking all other aspects. The use of IT in banking operations has become inevitable for customer service, internal controls, Risk Management, meeting the KYC/AML requirements and overall economy and efficiency of operations.

In this regard strong technology support will be arranged to remain competitive in the market. All functional areas of the bank will be equipped with technological advancement for acquiring sophisticated banking environment.

Bank of AJK, reaffirms its strong commitments supported by the efficiency of its professional team, confidence of the Govt. of AJK and their strong desire to overcome the challenges of the present time and their swift response to the requirements of future. I offer my sincere thanks to the talented and dedicated employees at the Bank of AJK. The eighteen years' history of BAJK is a story of the people who have contributed to its success through their commitment to public service. Again, we are committed to work for continued expansion and to keep our assets' quality as high as possible and expect to have a good year of lending and deposit retention. Obstacles may come our way, but our entire team is up to the task and will put in the efforts to succeed.

We assure for value driven Banking facilities and services in the efficient and effective manner for the overall growth of economy consistent with the socio-economic objectives of the Bank. I myself and the entire team of the Bank rededicate ourselves for future of this bank which appears promising. All the vital parameters indicate a favorable operating environment in the near future. With the continued patronage and support of its customers, Bank of AJK will achieve newer heights in business for the mutual benefit of all stakeholders.

We are excited about our future and opportunities lie ahead.

DIRECTORS' PROFILE



Khan Abdul Majid Khan

Minister Finance & Cooperatives, GOAJ&K
Chairman, Bank of Azad Jammu & Kashmir

Khan Abdul Majid Khan is currently Minister for Finance & Cooperatives of the State of AJ&K and is also Chairman Board of Directors of Bank of Azad Jammu and Kashmir. Mr. Khan belongs to a respectable and reputable family having deep political links to Pakistan/Kashmir politics since time tracing back to independence days. Having diverse political career and experience with more than 16 years of struggle in the political arena of Azad Jammu & Kashmir, he successfully elected for four successive times by winning four consecutive AJK General Elections since 2006. Khan Abdul Majid Khan holds a Bachelors degree of Political Science, History and also LLB from University of Punjab. Previously, the Honorable Minister also successfully handled the portfolio of Rehabilitation, AKMIDC, Population Welfare, Information (Media), Agriculture, Livestock & Minerals in Govt. of AJK. He also remained Advisor to Prime Minister AJK on TEVTA and Information Technology. Mr. Khan has represented Kashmir issue at various international forums such as European Parliament, House of Lords, UK and Human Rights Commission. He also was part of dialogue on Kashmir issue in USA, Turkey and France. Mr. Khan being a young and energetic political figure also remained member of major Standing Committees of AJ&K Assembly pertaining to Finance, Planning & Development, LG&RD, S&GAD, C&W, Law, Food Department and also Public Accounts Committee (PAC), GoAJ&K. He also chaired Higher Education Commission, GoAJ&K.



Shahid Shahzad Mir

President/CEO

Shahid Shahzad Mir is a prominent banker. At the time of his appointment as President/CEO (A), Bank of Azad Jammu Kashmir (BAJK), Mr. Mir was serving as Executive Vice President and Chief Financial Officer (CFO) of BAJK and was responsible for Financial Management, Strategic Leadership and Executive Decision-making.

Shahid Shahzad Mir started his journey with Bank of Azad Jammu and Kashmir in 2006. Initially joined the bank as OG-II. Through his unwavering commitment, hard work and intelligence, he achieved promotions gradually. In 2014, in recognition of his hard work and dedication, he was promoted to Divisional Head of Financial Control Division and Treasury. Prior to joining Bank of AJK, Shahid Mir was associated with Sehgal Group of Industries, one of the most prominent business groups in Pakistan. In addition to his core responsibilities, he has also held key leadership roles within the Bank. Mr. Mir's academic journey reflects a commitment to continuous learning and professional development. Along with a Master's Degree in Economics and an MBA in Finance, he also holds a Diploma and Certification in Islamic Banking and Finance and is a certified Islamic Fund Manager, further developing his expertise in this specialized domain.

DIRECTORS' PROFILE



Lt. (Retd.) Islam Zaib

Secretary Finance, GOAJK / Director BAJK

Mr. Islam Zaib, currently posted as Secretary of Finance Government of AJK, is a Federal Civil Servant from the Pakistan Administrative Service (PAS). He has over twenty-two years of work experience at different key positions in the Federal Government, the Provincial Government of Khyber Pakhtunkhwa (KP), and erstwhile FATA (Federally Administered Tribal Areas). His professional career includes both field and secretariat level positions in different public sector organizations. He has worked in areas of Immigration & Passport, Economic Affairs, Planning & Development, Public Financial Management (PFM), Law Enforcement, Governance including Local Governance, Public Policy, and Service Delivery at the National, Provincial, and District levels. Having experience of working with different tiers of the Government, Mr. Zaib is well versed in the procedures at all levels of the Government and the Parliamentary Affairs.

Mr. Islam Zaib is a fellow of Hubert H. Humphrey in Public Policy Analysis and Public Administration from the University of Syracuse, New York State. He also holds a certificate of Advanced Studies in Public Administration from Maxwell School of Citizenship, University of Syracuse, New York State and MBA (Public Service) – International Department for Development (IDD) from University of Birmingham, United Kingdom.



Mubashar Nabi

Founder President ACT International, Life time member of HRDN, Member Board of Director's PRIZE/Director BAJK

Mubashar Nabi is Founder President and Ex-CEO of ACT. With a vast and diversified background of above 30 years of experience he contributed to policy work and designed & piloted number of national programs & development initiatives across Pakistan & AJ&K. He has vast experience on his credit with exclusive thirteen years practical understanding of working with international and national organizations aiming at poverty alleviation through community mobilization.

He specializes in the field of community mobilization with special perspective of forming institutions, linking them up with donor organizations and facilitating the BODs of these institutions to envision from the perspective of institutional development in their local perspective.

Being an associate of MDF Holland, Mr. Nabi had contributed widely to strengthening national & regional level institutions through capacity building initiatives linked with microfinance and infrastructure development including TRDP, MRDP, SAFCOW, JWS, IRC, BRSP, KWO, WWOP, HRDN, etc. He had initiated, implemented and managed large projects funded by UNDP, WB, WFP, UNICEF, DIFD, USAID and Save the Children (US & UK). He was also part of the formation of Human Resource Development Network which sets a milestone in the history of capacity building endeavors in the country. His special interest revolves around Institutional Development & Organizational Strengthening, Leadership Management, Capacity Building, Program Management and Innovate divergent programs in the field of poverty alleviation, microfinance, disaster preparedness, livelihood, social sector, reconstruction and social mobilization.

DIRECTORS' PROFILE



Ch. Muhammad Sajjad

Secretary Law, Justice & Parliamentary Affairs & Human Rights, GOAJK/Director BAJK

Mr. Muhammad Sajjad started his career as a Civil Judge in 2006 with a passion for fair and efficient dispute resolution and proficiency in applying the law to uphold justice. In 2021, promoted to the position of District & Sessions Judge, unveiling his experience and expertise in the Legal Domain. Mr. Muhammad Sajjad served in three Divisions of Azad Kashmir, District Haveli, Kotli, and Muzaffarabad. Due to his diverse legal capabilities, he had the honor to serve as Judge Ehtesab Court Mirpur in 2023, having powers of the Banking Court. From March 2024 his services have been hired by the Government of AJ&K as Secretary of Law, Justice, Parliamentary Affairs, and Human Rights.



Bushra Naz Malik

Chartered Accountant/Director BAJK

Bushra Naz Malik is a fellow member of the Institute and Chartered Accountants of Pakistan and CA/CPA from Chartered Professional Accountants, Ontario, Canada. Ms. Malik is an MBA graduate of Kellogg Business School in the United States and the Schulich Business School, Canada. She also has an LLB degree from the Punjab College and Advanced Management Program certification from the Harvard Business School, Boston, USA. Currently, she is Chairperson of the Independent Audit Oversight Committee UNHCR, Geneva, Switzerland. She is also a Director of MHM Consulting, a management service provider firm. She is also a Member of Competition Commission of Pakistan which is a quasi-judicial institution for promoting competitiveness and fair trade in Pakistan. Between 2010 and 2013, she was a Director and Chairperson of the Audit Committee at the Lahore Stock Exchange Ltd in Pakistan. She has also served as Group Finance Director and member of the Board of Directors of Kohinoor Maple Leaf Group, Lahore, a consortium of publicly listed firms headquartered in Pakistan, from 2007 to 2010. Ms. Malik was a member of the CGIAR System Management Board (SMB) in 2017-2018, chairing its Audit and Risk Committee, and a member of the Board of Directors of the Pakistan Industrial Development Corporation, also chairing its Audit Committee. She is committed to the cause of women and provides consultancy services to a local NGO dubbed 'All Mothers Educated Now' based in Pakistan. In 2012 she served as a member of the Commonwealth Business Women, Pakistan Steering Group.

DIRECTORS' PROFILE



Khalid Mehmood Mirza

Secretary Industries, Commerce, Labour Welfare, Weights & Measures, Mineral Resources, Sericulture & Printing Press Department, GOAJK/Director BAJK

Mr. Khalid Mehmood Mirza, currently posted as Secretary Industries Government of AJK, is an officer from Secretariat Service Group AJK. Mr. Mirza started his career as a Section Officer in 1999. He has a vast working experience and has worked in various departments such as Service & General Administration, Works and Communication, Energy & Water Resources, and the Mangla Dam Raising Project. In 2016, he was promoted to BPS-20. Thereafter, has served as Special Secretary S&GAD, Health Department, Elementary and Secondary Education Department, and Finance Department GoAJK. Besides, he has also served as Director General of Civil Defense. In 2022. He was elevated as Secretary to Government and has served in the Higher Education Department, Planning and Development Department, and Information Technology Department.



ZULFIQAR ABBASI

Businessman/Director BAJK

Mr. Zulfiqar Abbasi, is a private Director on the Board of Bank of Azad Jammu & Kashmir. He holds Masters Degree in English Literature and also Alumni of the National Defense University (NDU), Islamabad (NS4W). Mr. Abbasi is the former President of Jammu & Kashmir Joint Chamber of Commerce & Industry (a joint Chamber of AJK and Indian Held Kashmir) and also Presided AJ&K Chamber of Commerce and Industry, Mirpur. Mr. Abbasi also remained President of Center for Peace, Development and Reforms (CPRD), an AJ&K based think tank working on AJK Constitutional amendments and generated various publications on Youth affairs, Tourism in Kashmir, Environmental issues, Local Bodies elections, Electoral Reforms, Cross LOC Trade, Women status and host of other issues.

Mr. Abbasi also served as Chief Executive of various companies set up and owned at Mirpur, A.K such as:

- Kohsar Hydro Power Pvt. Ltd, Pakistan's first private sector Hydro Power Project.
- Mangla Metals Pvt. Ltd, A steel Industry based on self-generated hydropower.
- Kashmir Foods Pvt. Ltd, A food distribution and manufacturing industry.

Mr. Zulfiqar Abbasi, also worked as Director at the Board of various State owned Institutions and Corporations including AJ&K Hydro Electric Board, AJ&K Technical and Vocational Training Authority (TEVTA), AJ&K Mineral and Industrial Development Corporation (AKMIDC), AJ&K Information Technology Board and AJ&K Small Industries Corporation.



MANAGEMENT TEAM



SHAHID SHAHZAD MIR
PRESIDENT / CEO



RAHILA JAVED
Divisional Head HRMD



ZAMURRAD HUSSAIN
Divisional Head Operations



AHTASHAM MALIK
Divisional Head CAD



RAJA GHULAM MUSTAFA
Divisional Head CRBD



AKHTAR HUSSAIN
Divisional Head RMD



SYED TASHFEEN GILANI
Divisional Head TMD



MUHAMMAD JAVED IQBAL
CCO



MUHAMMAD IMTIAZ SHAHEEN
Divisional Head CMD



TARIQ MEHMOOD KHAN
Divisional Head A&ID



GULZAR A RAO
Divisional Head ITD (A)



MUHAMMAD ASLAM AWAN
Divisional Head IBD (A)



MASOOD ILYAS KHAN
Divisional Head SAMD (A)



2014 - 2023

10 YEARS AT A GLANCE

Rupees in Million

BALANCE SHEET	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Assets	32,560	28,461	23,551	16,819	13,566	12,411	10,840	8,936	8,455	7,585
Advances (net)	3,874	3,290	2,815	2,247	2,037	2,029	2,407	2,609	2,834	2,257
Investments/Placements	24,806	22,240	19,206	13,206	10,372	9,464	7,745	5,677	5,094	4,783
Equity	6,431	5,869	5,421	2,385	1,227	1,153	1,063	949	880	810
Deposits	24,145	21,004	17,271	13,700	11,873	11,063	9,547	7,845	7,440	6,642

OPERATING RESULTS

Markup Interest Earned	4,809	3,222	1,673	1,511	1,279	936	843	808	794	723
Markup Interest Expense	2,585	1,451	668	737	703	385	327	333	376	378
Net Markup Based Income	2,224	1,771	1,004	774	577	551	516	475	418	346
Non Markup Based Income	56	52	36	34	27	22	52	51	39	56
Non Markup Based Expenses	1,169	914	600	519	470	422	363	325	285	243
Operating Profit	1,112	909	440	289	134	151	204	201	172	159
Provision	1	29	37	31	8	(22)	(63)	112	47	53
Net Profit Before Tax	1,111	880	403	258	125	173	267	90	125	106
Net Profit After Tax	537	458	238	153	72	100	157	51	70	80

OTHER INFORMATION

Earning per share (Rupees)	0.97	0.89	0.79	1.27	0.64	1.07	1.68	0.65	0.89	1.22
Number of Branches	85	82	77	70	70	70	68	65	64	59

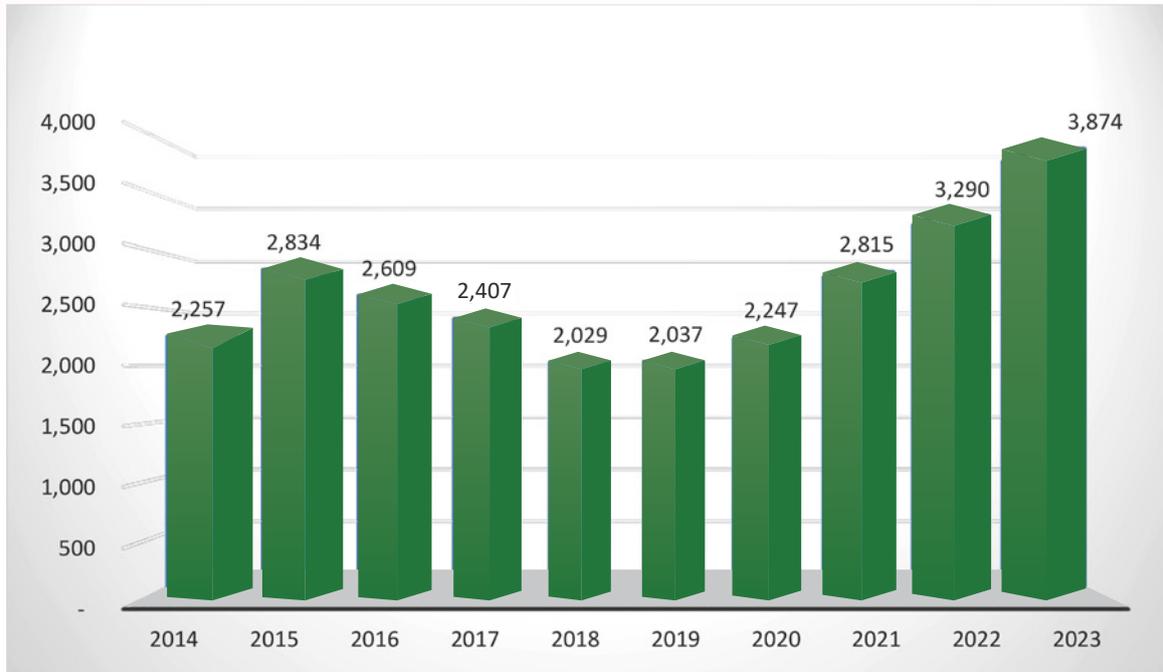
FINANCIAL HIGHLIGHTS



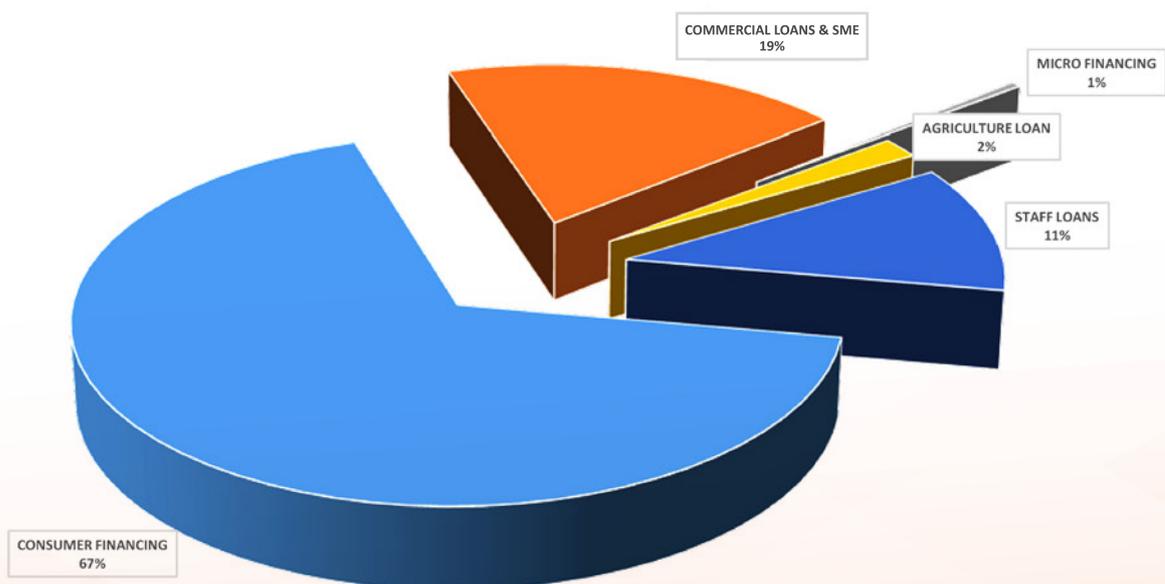
FINANCIAL HIGHLIGHTS

ADVANCES

Rupees in Million



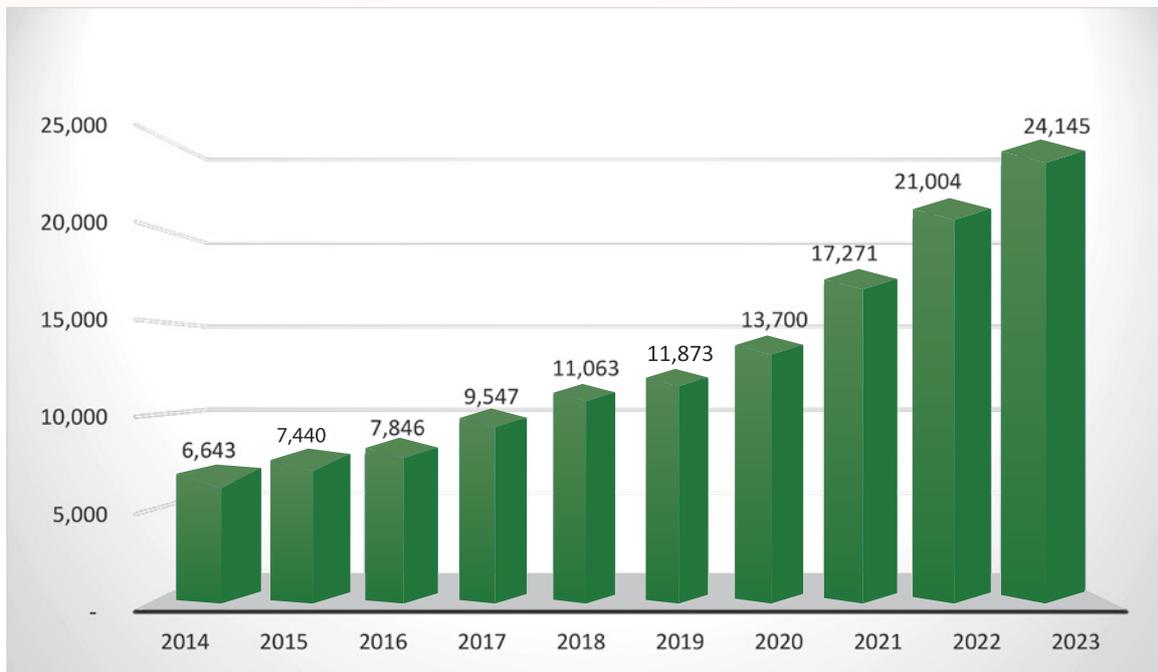
ADVANCES Mix (%)



FINANCIAL HIGHLIGHTS

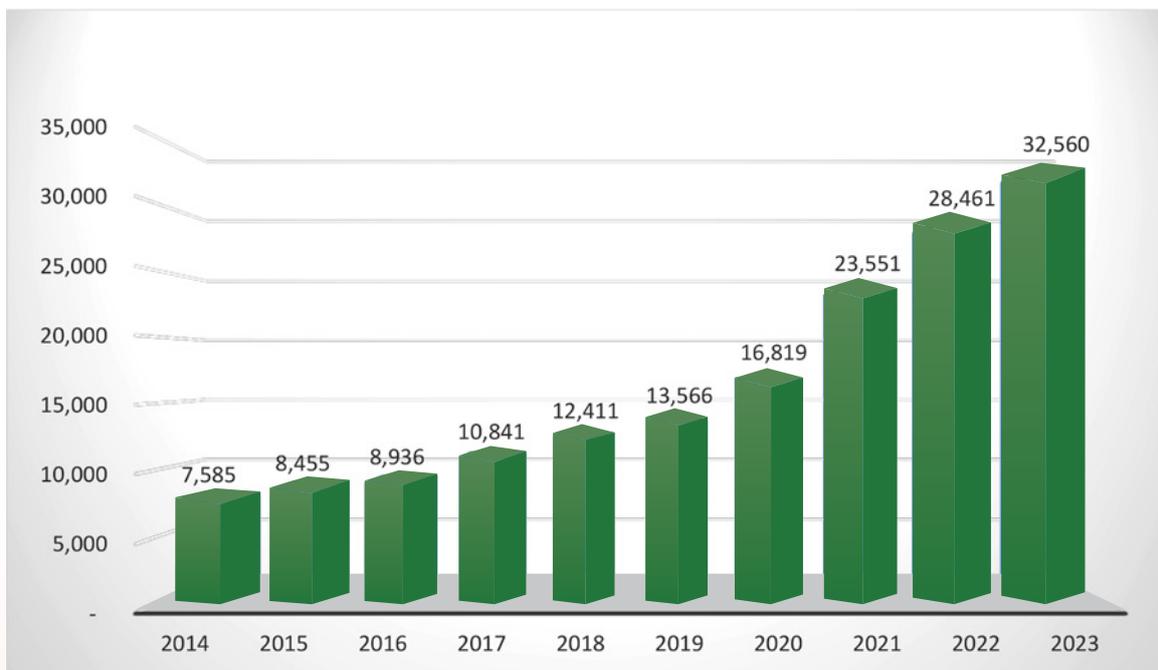
DEPOSITS

Rupees in Million



ASSETS

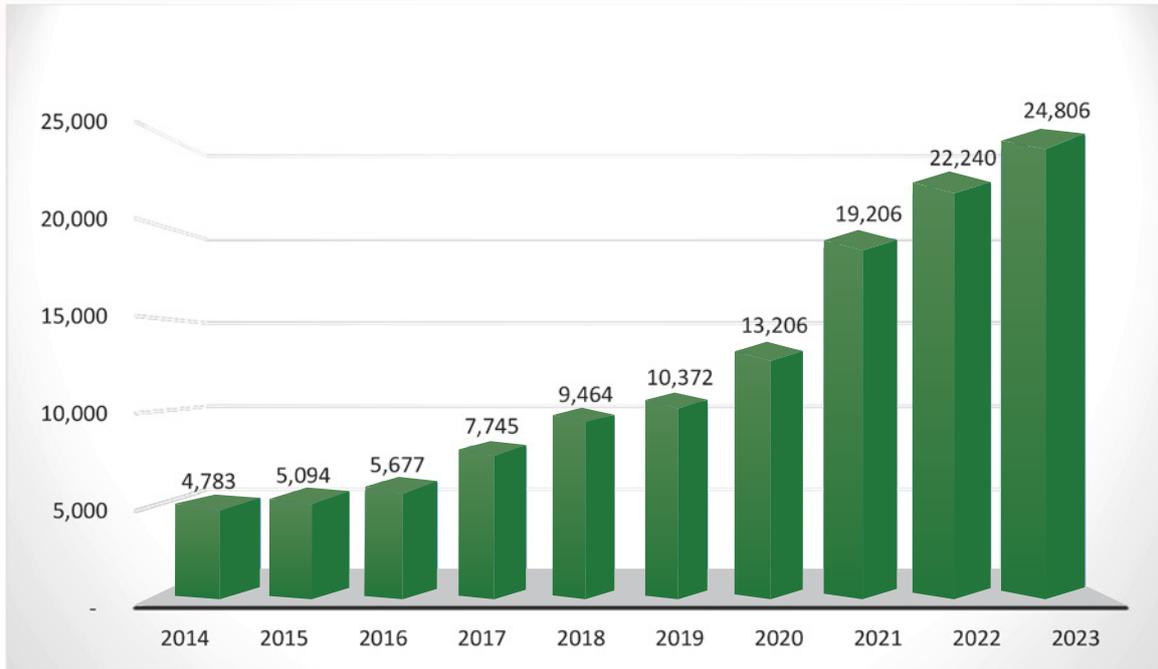
Rupees in Million



FINANCIAL HIGHLIGHTS

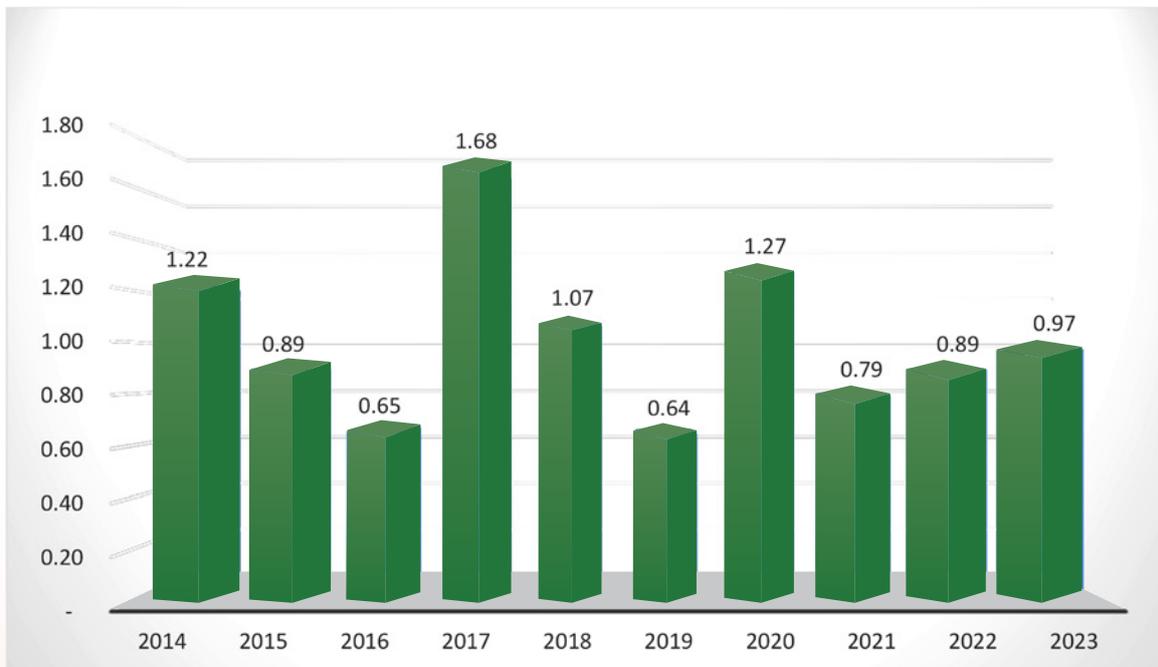
INVESTMENTS/PLACEMENTS

Rupees in Million



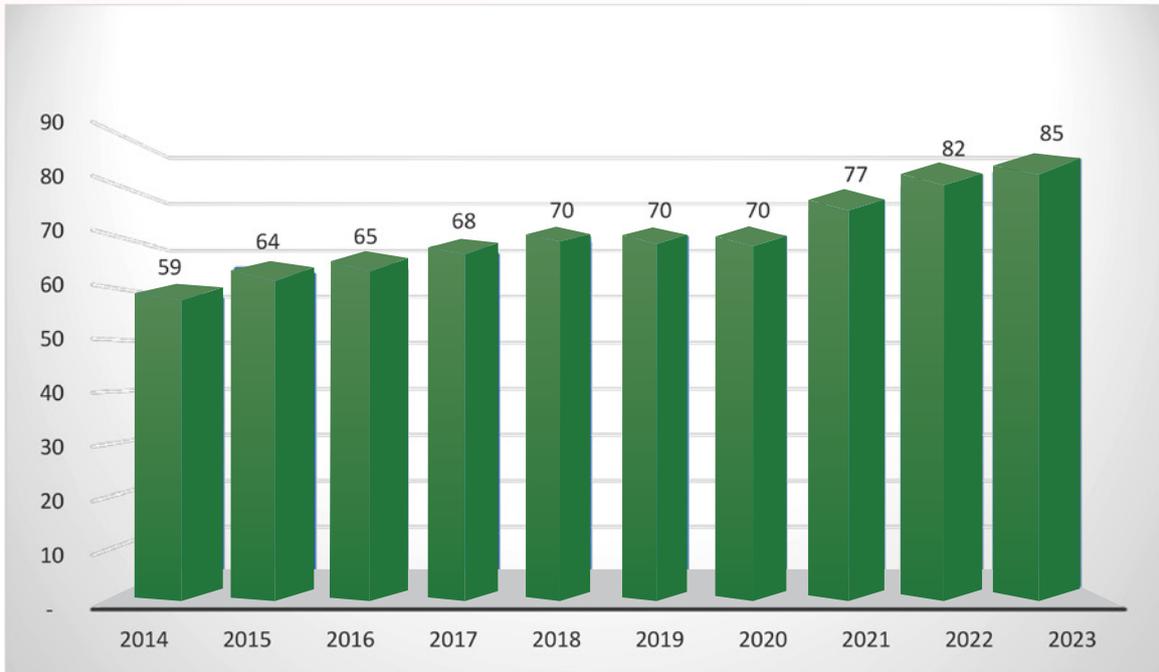
EARNING PER SHARE

Rupees



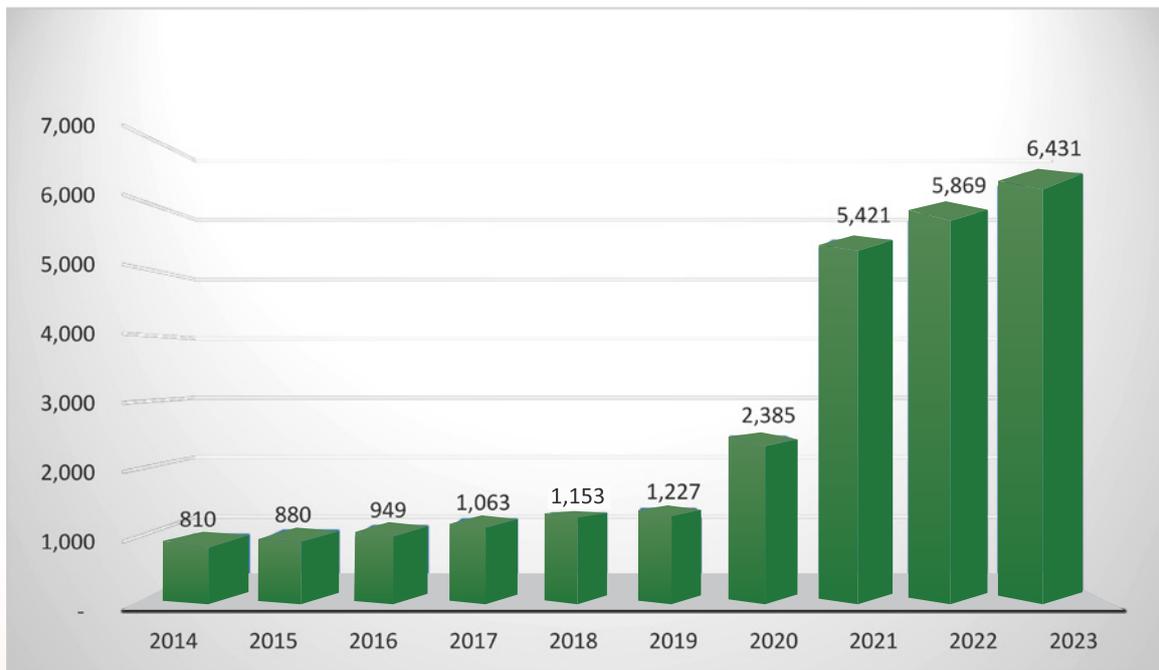
FINANCIAL HIGHLIGHTS

NO. OF BRANCHES



EQUITY

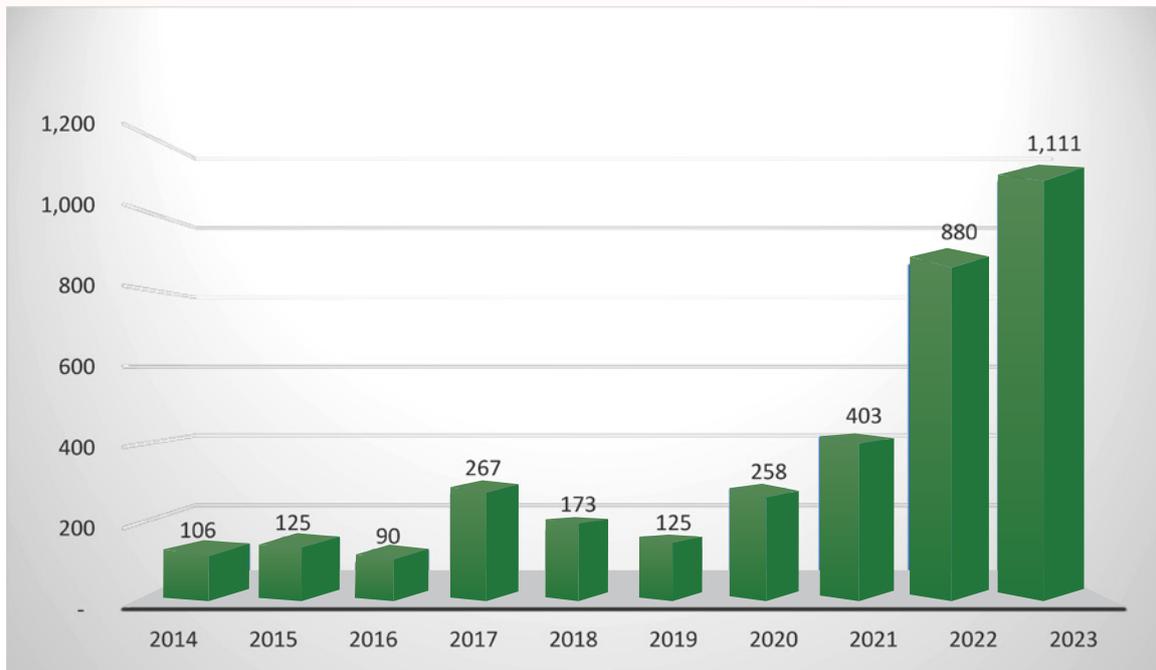
Rupees in Million



FINANCIAL HIGHLIGHTS

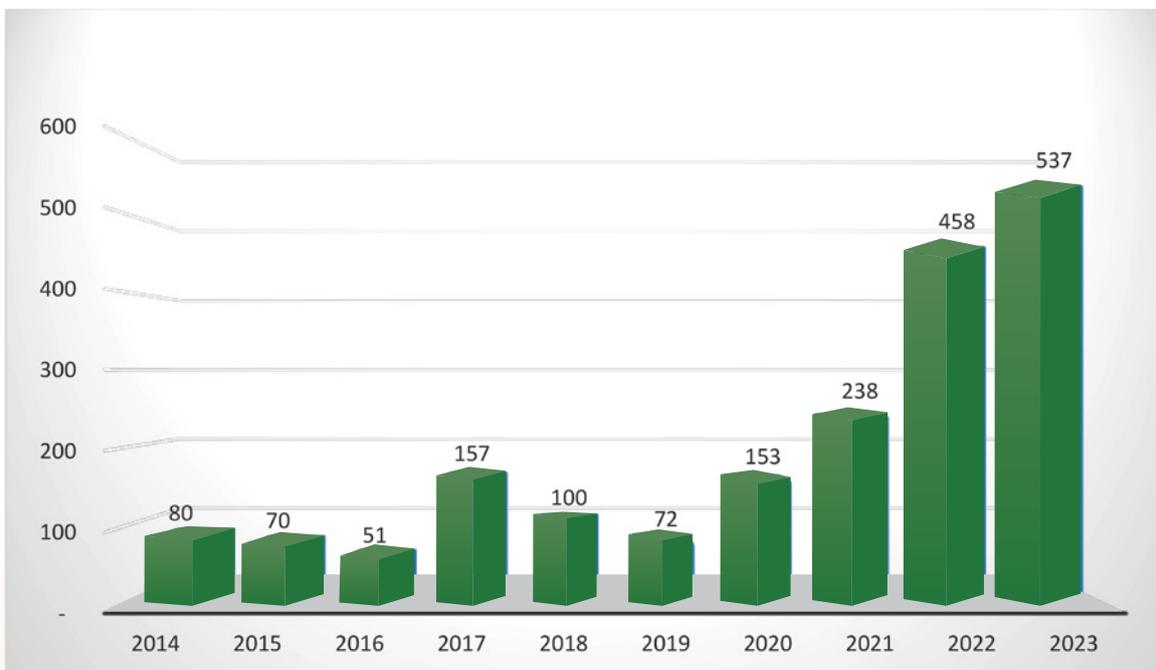
PROFIT BEFORE TAX

Rupees in Million



PROFIT AFTER TAX

Rupees in Million



Customized Products

CONSUMER FINANCING

Advance Salary Scheme

Don't worry about your urgent Domestic/ personal/ family needs like education of kids, marriage of children and medical requirements. BAJK provides you a hassle free finance against your salary.

Gold Loan

Save Gold- spend money. Keep your gold in safe hands and enjoy consumption of money there against for your urgent needs on lowest mark-up rates.

House Loan

BAJK offers loan facility for Construction/ Renovation / Purchase of residential house/ apartments in AJK at reasonable/ affordable easy terms.

Personal Loan

To facilitate your urgent domestic and personal needs, BAJK makes it possible by providing financial facility in shape of Personal Loan so that you could easily take care of your children's education, marriages, house renovation etc. Just avail this facility and enjoy tension-free life.

Car Finance

Enjoy comfortable traveling with your family. Facilitate pick and drop of your kids. BAJK offers purchase of brand new cars for domestic and personal use.

Motorcycle Finance

For quick fulfillment of family needs with economical mode of traveling. Easy and quick approach to your destination. Purchase of Motorcycle for domestic and personal use on affordable monthly installments.

Home Appliances Finance

Purchase of modern electronic appliances/ gadgets of your choice and provide comfort to your life.

COMMERCIAL/SME FINANCE

Running Finance

Purchase of stock and to meet working capital requirement of your business. Financial limits are available for your existing business/ planned expansion.

Auto Finance

For all business persons, Companies, Government Institution, Autonomous Corporations of AJK to fulfill the traveling and cargo need.

Demand Finance

For purchase of Machinery/ Equipment/Assets for your existing business/ planned expansion. Choose BAJK as your business partner and enjoy financial support at easy terms and conditions.

House Finance Commercial

Construction Finance for Commercial Building/Shopping Malls

BAJK offers loan facility for construction/ renovation/purchase of commercial



buildings/plazas/shops etc. on easy terms.

Health Care Services Finance

BAJK offers financial facility to setup/expansion/ renovation/modernization of medical/ health facilities in AJK.

Tourism Promotion Finance

To finance the infrastructure facilities to promote/facilitate tourists activities and movements in tourist attractions in AJK. The tourist's infrastructural facilities include establishment of tourist huts, refurbishment/renovation of existing guesthouses, erecting additional accommodation within existing residential houses of the locals in AJK.



Agriculture Production Loan

For provision of Agri inputs and working capital i.e. short term loans for purchase of seeds, pesticides, fertilizers, etc. to boost agriculture growth and employment generation in the State of AJK.

Agriculture Development Loan

For purchase of assets (farm equipment/machinery), Dairy, Poultry, Goat-Sheep and Fish farms as well as for other agricultural development activities.

Small Business Trade Finance

To ensure easy access of businessmen/traders community for their working capital requirement on soft terms.

Advance Salary Scheme

Loan Features	Don't worry about your urgent Domestic/personal/family needs like education of kids, marriage of children and medical requirements. BAJK provides you a hassle free finance against your salary.
Eligibility	Permanent employees of Government/Semi Government Departments / Autonomous bodies, Corporation with at least 01 year service.
Age Limit	18-60 years
Loan Limit	Maximum up to Rs. 3,000,000/-
Tenure	Maximum 48 months (The loan should be settled six months prior to date of retirement).
Repayment	Equal Monthly Installments
DSR	40% (Maximum)
Primary Security	Hypothecation of House Hold Items up to the value of loan amount.
Secondary Security	01 Personal Guarantee of Government Officer . Guarantor should be in equivalent or above grade of the borrower but not less than Grade 11.
Insurance	Life Insurance of the borrower.



اہم خصوصیات:

- انتہائی کم مارک اپ
- انتہائی آسان اقساط
- تیز ترین پراسسنگ
- کوئی پوشیدہ چارجز نہیں
- فوری ادائیگی
- بغیر جرمانے کے قبل از وقت ادائیگی کی سہولت
- آسان شرائط



Gold Loan

گولڈ لون

سونار کھوائیں پیسے لے جائیں

سونے کی مالیت کا 80%
تک قرض کی سہولت حاصل کریں



اہم خصوصیات:

- حد قرضہ 20 لاکھ روپے تک
- انتہائی کم مارک اپ
- انتہائی آسان اقساط
- تیز ترین پراسسنگ
- کوئی پوشیدہ چارجز نہیں
- فوری ادائیگی
- بغیر جرمانے کے قبل از وقت ادائیگی کی سہولت
- آسان شرائط

بینک کی شرائط و ضوابط لاگو ہوں گی۔

مزید معلومات حاصل کرنے کے لئے
آج ہی BAJK کی متعلقہ برانچ سے رابطہ
کریں۔

Housing Finance

Making your Dream Home Ownership Come True

Eligibility:

Age: 18 to 60 Years

Minimum 3 Years in Service/ Business



SALIENT FEATURES

- Tenure upto 20 Years
- Finance Amount up to Rs.10 Million
- Affordable Mark- up Rate
- Applicant must be AJK Resident having Valid CNIC
- Clean eCIB/Data Check
- BAJK Account Holder
- The Property having a clear Title and Approved Building Plan
- Life and Property Insurance
- Partial/ Premature Adjustment Allowed



For more information
Please visit
BAJK's Nearest Branch

Personal Loan

- ➔ **Purpose:** To facilitate your urgent domestic and personal needs, BAJK makes it possible by providing financial facility in shape of Personal Loan so that you could easily take care of your needs. Just avail this facility and enjoy tension-free life.
- ➔ **Eligibility:** AJK /Pakistani National
- ➔ **Loan Limit:** 95% against Government Securities
 - 95% (First party) and 90% (Third party) against bank's own deposits
 - 90% against deposits with others banks
- ➔ **Tenure:** upto 36 months
- ➔ **Repayment:** Installments /Lump Sum (as per convenience borrower)
- ➔ **Security:** Lien on deposits / Pledge of instruments (TDR's, DSC's, NSC's)
- ➔ **Secondary Security:** Hypothecation of House Hold Items (in case of 3rd party security)
- ➔ **Insurance:** Life insurance of Borrower (Optional)

سرمایہ محفوظ

ذاتی ضرورت کے لیے فوری قرض

95% سرمائے کا

تک قرض کی سہولت حاصل کریں



Car Finance

Loan Features	Enjoy a comfortable traveling with your family. Facilitate pick and drop of your kids. BAJK offers purchase of brand new cars for domestic and personal use.
Eligibility	Must be AJK/Pakistani National. <ul style="list-style-type: none"> • Permanent Employee of Government/Semi Government Departments and Autonomous Corporations with at least 03 years of service. • Professional/Self Employed/Businessmen having established business for last three years.
Age Limit	18-60 years
Loan Limit	Upto Rs. 3,000,000/-
Tenure	Upto 1000 CC: 60 months above 1000 CC: 36 months
Repayment	Equal Monthly Installments
DSR	40% (including insurance premium)
Down Payment/ Equity	Minimum 30%
Primary Security	Joint Registration of the vehicle in the name of BAJK and borrower under HPA.
Secondary Security	01 Personal Guarantee of Government Officer BPS-17 and above OR Postdated Cheques equivalent to the number of Installments.
Insurance	Comprehensive Insurance of the vehicle.



Motorcycle Loan

A Drive that Worths it!



SALIENT FEATURES

- | | |
|--|--|
| <input checked="" type="checkbox"/> Tenure up to 3 Years | <input checked="" type="checkbox"/> BAJK Account Holder |
| <input checked="" type="checkbox"/> Finance Amount as per actual cost of Motorcycle | <input checked="" type="checkbox"/> Debt Service Ratio 35% |
| <input checked="" type="checkbox"/> Lowest Mark- up Rate | <input checked="" type="checkbox"/> Equally Monthly Installments |
| <input checked="" type="checkbox"/> Applicant must be AJK Resident having Valid CNIC | <input checked="" type="checkbox"/> Fast Track Processing |
| <input checked="" type="checkbox"/> Clean eCIB/Data Check Report | <input checked="" type="checkbox"/> No Hidden Charges |

ELIGIBLE CUSTOMERS:

- All Permanent Employees of the Government/ Semi Government Departments/Autonomous Corporations of the Government of AJK Having 3 Years of Services
- Business and Self-Employed Professionals

For more information
Please visit
BAJK's Nearest Branch

Home Appliances *Finance*

Making Comfortable Living Possible!

SALIENT FEATURES

- Loan Amount up to Rs. 200,000
- Tenure up to 3 Years
- Affordable Monthly Installments
- Lowest Mark up Rate
- Applicant must be AJK Resident having Valid CNIC
- Clean eCIB or Data Check Report
- BAJK Account Holder
- Fast Track Processing
- No Hidden Charges



For more information
Please visit
BAJK's Nearest Branch

www.bankajk.com
بینک کی شرائط و ضوابط لاگو ہوں گی۔

Running *Finance*

Finance Working Capital for your business

To Meet the working Capital Needs of Businessmen/ Firms Having Existing Business

SALIENT FEATURES

Loan Features	Purchase of stock and fulfilling of operational expenses of your business. Financial limits are available for your existing business/planned expansion.
Eligibility	<ul style="list-style-type: none"> • Account holder of the bank. • Reasonable turnover to justify the limit requested. • Existing business/planned expansion.
Loan Limit	As per justified business requirement
Tenure	01 Year (Renewable)
Repayment	Principal lump sum and markup monthly/quarterly basis.
Primary Security	Hypothecation of stock
Secondary Security	Mortgage of property / lien on Deposits / pledge of Gold.
Insurance	Insurance cover of Hypothecated Stock and Mortgaged Property as per Bank's policy



Auto Finance *Commercial*

For all business persons, Companies, Government Institution, Autonomous Corporations of AJK to fulfill the traveling and cargo need.

SALIENT FEATURES

- ➔ AJK/ Pakistani National Identity Card Holders
- ➔ Age: 18 to 60 Years
- ➔ Lowest Mark-up Rate
- ➔ Tenure: up to 5 Year
- ➔ Affordable Mark- up Rate
- ➔ Partial and Premature Adjustment Allowed
- ➔ Insurance and Tracker Available
- ➔ No Hidden Charges
- ➔ Quick Processing

For more information
Please visit
BAJK's Nearest Branch



Demand Finance

Shouldering Your Business to Next Level

Procurement of Assets for
Businessmen/ Firms Having
Existing Business

SALIENT FEATURES

- Tenure up to 5 Years
- Applicant must be AJK Resident having Valid CNIC
- Equally Monthly Installments
- Security Hypothecation of Stock and Mortgage of Property.
- Lowest Mark- up Rate
- Clean eCIB/Data Check Report
- BAJK Account Holder
- Comprehensive Insurance of Assets to be Purchased
- Fast Track Processing
- No Hidden Charges



Tourism Promotion *Finance*

Loan Amount Upto Rs. 5.00 Million

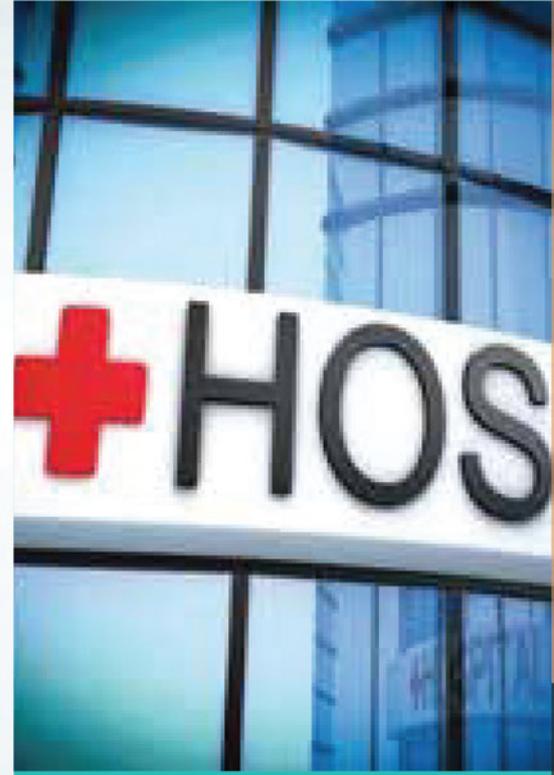
Loan Features	To finance the infrastructure facilities to promote/facilitate tourists activities and movements in tourist attractions in AJK. The tourists infrastructural facilities include establishment of tourist Huts, refurbishment/renovation of existing guest houses, erecting additional accommodation within existing residential houses of the locals in AJK.
Eligibility	<ul style="list-style-type: none"> • House should be suitably located having a motor able approach. • Permission of concerned Government organization for Conversion/ Renovation / Refurbishment of House into Hotel/Guest House. • Hotel/Guest House should be preferably managed by the owner himself.
Age Limit	18-60 years
Loan Limit	Up to Rs. 5.00 Million
Tenure	Up to 05 years
Repayment	Monthly installments with 03 months grace period for construction cases.
Equity Contribution	20% Minimum
Primary Security	Hypothecation of all Moveable Assets/Furniture & Fixture etc.
Secondary Security	Mortgage of property / lien on Deposits / pledge of Gold
Insurance	Insurance cover of hypothecated stock and mortgaged property as per Bank's policy



Healthcare Services *Finance*

SALIENT FEATURES

- Upto Rs. 10.00 Million
- Tenure: Upto 5 years
- Affordable Mark- up Rate
- Partial and Premature Adjustment Allowed
- Insurance Available
- No Hidden Charges
- Fast Track Processing



**TODAY WE BUILD
A BRIGHTER TOMORROW**

بینک کی شرائط و ضوابط لاگو ہوں گی۔ مزید معلومات حاصل کرنے کے لئے آج ہی BAJK کی متعلقہ برانچ سے رابطہ کریں

www.bankajk.com

Agriculture *Finance*

Earn Livelihood and Contribute towards food security Loan for growing crops, vegetables, orchards, floriculture etc. Household and commercial level financing for agricultural inputs, implements, tractors and other agricultural machinery.

Agriculture Production / Development Loan

Loan Features	Agri Production: For purchase of seeds, pesticides fertilizers etc. Agri Development: For purchase of assets (farm equipment/machinery), dairy, poultry, goat-sheep and fish farms development as well as other agricultural development activities
Eligibility	Progressive and willing farmers in the category of individuals, joint ventures and group initiatives having own or leased land for farming/agricultural activities
Age Limit	18 to 60 Years
Loan Limit	Agri Production: Upto Rs. 200,000 Agri Development: Upto Rs. 1,000,000
Tenure	Up to 5 years
Repayment	Monthly/Quarterly/Half Yearly Installments
Primary Security	Hypothecation of stock
Secondary Security	up to Rs. 200,000/- One P.G of BPS-11 or lien on deposits / pledge of gold Above Rs. 200,000/- Mortgage of property or lien on deposits / pledge of gold
Insurance	As per Bank's policy / Live Stock to be Tagged
Margin	20% in case of purchase of Tractor, machinery



Agri Development

- Dairy farms
- Sheep and goat Farms
- Poultry Farms
- Small Scale Household Based) Livestock fattening/milching units
- Small scale (House Based) Poultry units
- commercial Fish farming
- Processing of Pickles/Jams /Jellies/marmalade
- Apiculture/Honey bees
- Nursery for fruits and ornamental plants
- Fruit Orchard

Agri Production

- Pesticides • Seeds • Fertilizers • Crops
- Tractor/agriculture machinery
- Dairy/poultry farm machinery
- Setting up grinding units/machine
- Green tunnels(walk-in tunnels and high tunnels)
- Construction of protection walls around agricultural lands
- cold storage units
- Water-powered flour machine(Jander/pan.chaki)
- Establishment of water pumping machine/equipment for irrigation
- construction of irrigation channels/irrigation system improvement
- Marketing of fruits and vegetable



Micro Enterprise *Loan*

Loan Features	To encourage small scale enterprises, create self-employment opportunities, generate economic activities and reduce poverty
Eligibility	AJK Nationals, especially low income groups and skilled persons
Age Limit	18 to 60 years
Loan Limit	Up to Rs. 100,000/-
Tenure	up to 36 Months
Repayment	Equal Monthly Installments
Primary Security	Hypothecation of stock
Secondary Security	One P.G of Govt. Employee of BPS-11 or above Or lien on deposits /cash collaterals
Insurance	Insurance coverage for Hypothecated stock as per Bank's policy
Margin	10% to 25% on Stocks



DIRECTORS' REVIEW REPORT



On behalf of the Board of Directors, it gives us immense pleasure to present the 18th Annual Report of the Bank of Azad Jammu and Kashmir for the year ended 31st December 2023.

Pakistan's economy faced a sharp slowdown in FY23 amid intensifying external pressures with key indicators remaining stressed. GDP contracted by 0.2 percent in FY23, with decline in economic activity stemming from both local and external shocks, including domestic political uncertainty, government restrictions on imports and capital flows, the continued impact of the devastating floods in 2022, surging world commodity prices and tighter global financing. Significant pressure remained on domestic prices, fiscal and external accounts and the exchange rate.

Recent indicators at the start of FY24 however, started to depict some improvement in economic activity. Real GDP is expected to rebound in FY24, with growth projected at 2 percent, with post flood recovery in the agricultural sector compensating for still subdued activity in the industrial and service sectors, with signs of weak aggregate demand. Over the medium-term, prudent policies and the implementation of long overdue structural reforms will allow growth to rise, supported by stronger investment and exports.

In 2023, Pakistan experienced an unprecedented average inflation rate of 31 percent, driven mainly by the surge in prices of food, gas, electricity and fuel. Responding to the escalating inflationary trends, the SBP raised the policy rate by 600bps, which was increased from 16 percent in December 2022 to a historic high of 22 percent in June 2023. In the last MPC meeting held in December 2023, the SBP's MPC had opted to keep the policy rate unchanged at 22 percent.

Going forward, headline CPI inflation is projected to remain above 20 percent (YoY) in the second half of FY24, as the necessary recent increases in gas and electricity tariffs are likely to contribute to persistently high energy inflation, while food and core inflation is expected to ease albeit gradually. Maintaining a real policy rate in clear positive territory as inflation eases and reacting to any signs of new demand pressures or increasing inflation expectations will help re-anchor inflation expectations and guide down core inflation from FY24H2 onwards, provided there is no resumption in administrative import compression.

After a series of surpluses driven by deep import contraction in the second half of FY23, the current account returned to a deficit in the first half of FY24. The Current Account Deficit for Jul-Dec FY24 stood at USD 831 million, much lower than USD 3.63 billion in the same period of last year. FDI reached USD 862.6 million during Jul-Dec FY2024, indicating an increase of 35 percent against last year, while remittances stood at USD 13.4 billion during Jul-Dec FY2024 at the back of structural reforms related to exchange companies and consequent convergence of exchange rate in interbank and open market. The approval of the International Monetary Fund (IMF) Stand-By Arrangement (SBA) in July 2023 unlocked new external financing and averted a balance of payments crisis. Short-term macroeconomic stability depends on the robust implementation of the SBA and continued –fiscal restraint and external –financing inflows. The IMF’s Executive Board has recently completed the first review and approved the release of second tranche of USD 700 million for Pakistan under the USD 3 billion SBA program.

Gross SBP reserves have increased significantly from USD 4.5 billion at end-FY23 to USD 8.0 billion at end-December 2023, owing to the realization of committed inflows and SBP purchases. With foreign exchange (FX) market conditions normalizing, imports are expected to pick up in the coming months alongside somewhat stronger remittances, leading to a projected FY24 current account deficit (CAD) of USD 5.7 billion for FY24.

During July-Dec FY24, exports totaled USD 19.1 billion, while forex spending on imports and goods and services totaled USD 30.4 billion, resulting in a trade deficit of USD 11.4 billion. Growth in remittances as well as export earnings therefore remain paramount for managing the trade deficit in the coming days.

On the –fiscal front, successful implementation of consolidation measures led to a significant rise in revenues, which have outpaced the growth in expenditures, leading to a reduction in the fiscal deficit as a percentage of GDP. Cautious expenditure management has also played an instrumental role in controlling non-essential spending, however, the challenge of higher markup payments still persists, and it can be expected that the government will continue with the current fiscal strategy to achieve set targets, emphasizing both revenue enhancement and prudent expenditure control.

Despite the challenges being posed by elevated external risks and the efforts needed to continue to sustainably resolve macroeconomic and external imbalances, the overall economic outlook is optimistic marked by receding inflationary pressures, positive prospects in agriculture, signs of potential recovery in the industrial sector reflected by positive trends in high-frequency indicators, imports, and a favorable external environment.

The optimistic economic outlook is also evident by the 2.13 percent growth achieved in the first quarter of FY2024, largely contributed by agriculture and industry. Further, the twin deficit is on a downward trajectory signifying better economic management. This lays the foundation for progressing towards higher and sustainable economic growth. It is therefore expected that this positive momentum will further strengthen in the upcoming months.

The ongoing regional conflict in the middle east, and the Red Sea crisis are already taking a toll on global trade in the form of disruptions in supplies and higher cost of shipments. The biggest challenge for the new government following elections scheduled for February will be to tackle internal as well external pressures facing the economy. Careful economic management and deep structural reforms will be required to ensure macroeconomic stability going forward.

Financial Position

(Rupees in Million)

	2023	2022
Shareholders' Equity	6,431	5,869
Total Deposits	24,145	21,004
Total Assets	32,560	28,461
Advances- net	3,874	3,290
Investments-net	57	163

Financial Performance

	2023	2022
Net Markup Income	2,224	1,771
Non-Markup Income	43	42
Non-Markup Expenses	1,168	914
Operating Profit	1,112	909
Provisions and write-offs(net)	0.50	29
Profit before Tax	1,111	880
Profit after Tax	537	458
Basic and Diluted earnings per share – Rupees	0.97	0.89

The performance of the Bank in 2023 is witness to the extraordinary commitment of our employees who supported clients, while facing their own personal challenges. Performance growth of the Bank and its continuity with reflection of improvements in all major key indicators was encouraging during the year. Our results for the year 2023 were outstanding despite of the toughest market environment. With a vision to fulfill the needs of our clients, we are now on the path of progress and serving the society at larger scale.

During the year 2023, by the grace of ALLAH SWT, BAJK had made head way towards growth and development. It has crossed many milestones like growth in deposits, advances and profitability. Tremendous achievements were made in Deposits growth, Remittances and Profit during the period under review due to result-oriented marketing strategies, tireless efforts and blended teamwork. The Bank managed to achieve the unprecedented performance by posting a record amount of operating profit of Rs. 1,112 Million by the end of December, 2023. Likewise, deposits of the Bank which stood at Rs. 21.004 Billion in December, 2022 increased to Rs.24.145 Billion by December, 2023. Inward Home Remittances increased to record level of Rs.5.5 Billion by December, 2023.

ACKNOWLEDGMENT

On behalf of the Board of Directors of the Bank we would like to express my tremendous gratitude to the Honorable President of the State and the Prime Minister of Azad Government of the State of Jammu and Kashmir for taking keen interest in patronizing BAJK and all the Government functionaries for its support to promote the activities of the Bank. We owe sincere gratitude to the valued customers for their continued patronage and reposing trust all the time and also acknowledge the unremitting efforts of the entire BAJK team for hard-work, dedication and commitment.

May All Almighty bestow His blessings upon us.

For and on behalf of the Board

Shahid Shahzad Mir
President/CEO



AUDITORS' REPORT

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE BANK OF AZAD JAMMU AND KASHMIR
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS****Opinion**

We have audited the financial statements of the Bank of Azad Jammu and Kashmir (the Bank), which comprise statement of financial position as at December 31, 2023, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and the notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2023 and of its financial performance and its cash flows for the year then ended in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Bank of Azad Jammu and Kashmir Act, 2005 (the Act) and its Bye-Laws 2007 (the Bye-Laws).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based





on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Act and the Bye-Laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intend to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



YOUSUF ADIL

Yousuf Adil
Chartered Accountants

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Syed Asmatullah.

Chartered Accountants

Islamabad

Date: May 27, 2024

UDIN: AR202310414hMpLdXH75

FINANCIAL STATEMENTS



THE BANK OF AZAD JAMMU AND KASHMIR STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

	Note	2023 -----Rupees in '000-----	2022
ASSETS			
Cash and balances with treasury banks	5	8,218,340	6,271,417
Balances with other banks	6	16,532,540	16,088,667
Lendings to financial institutions		-	-
Investments	7	56,771	163,197
Advances	8	3,874,147	3,290,230
Fixed assets	9	422,748	365,478
Intangible assets	10	-	-
Deferred tax assets	11	31,984	49,601
Other assets	12	3,423,366	2,232,866
		32,559,896	28,461,456
LIABILITIES			
Bills payable	13	93,259	82,751
Borrowings		-	-
Deposits and other accounts	14	24,144,665	21,004,229
Lease liabilities against right of use assets	15	167,028	161,246
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	16	1,723,814	1,344,311
		26,128,766	22,592,537
NET ASSETS			
		6,431,130	5,868,919
REPRESENTED BY			
Share capital	17	5,528,621	5,142,903
Reserves	18	468,146	360,650
Surplus on revaluation of assets	19	903	(23,828)
Unappropriated profit		433,460	389,194
		6,431,130	5,868,919
CONTINGENCIES AND COMMITMENTS			
	20		
The annexed notes 1 to 42 form an integral part of these financial statements.			



President and CEO



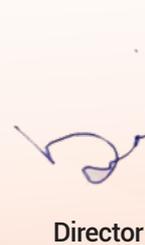
Chief Financial Officer



Director



Director

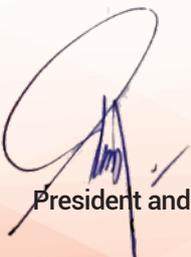


Director

THE BANK OF AZAD JAMMU AND KASHMIR PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		-----Rupees in '000-----	
Mark-up / return / interest earned	21	4,809,494	3,222,394
Mark-up / return / interest expensed	22	2,585,433	1,451,441
Net mark-up / interest income		2,224,061	1,770,953
NON MARK-UP/INTEREST INCOME			
Fee and commission income	23	32,165	27,630
Dividend income		12,340	10,575
Other income	24	12,094	13,587
Total non-markup / interest income		56,599	51,792
Total income		2,280,660	1,822,745
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	25	1,168,917	914,018
Workers welfare fund		-	-
Other charges		-	-
Total non-markup / interest expenses		1,168,917	914,018
Profit before provisions		1,111,743	908,727
Provisions and write offs - net	26	505	29,085
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		1,111,238	879,642
Taxation	27	(573,758)	(421,578)
PROFIT AFTER TAXATION		537,480	458,064
Basic and diluted earnings per share	28	0.97	0.89

The annexed notes 1 to 42 form an integral part of these financial statements.



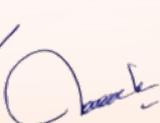
President and CEO



Chief Financial Officer



Director



Director

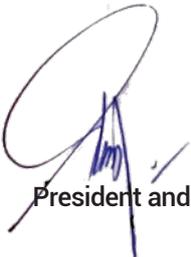


Director

**THE BANK OF AZAD JAMMU AND KASHMIR
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023	2022
	-----Rupees in '000-----	
Profit after taxation for the year	537,480	458,064
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit and loss account in subsequent periods		
Movement in surplus on revaluation of investments - net	43,574	(20,578)
Related deferred tax expense	(18,843)	10,547
	24,731	(10,031)
Total comprehensive income	562,211	448,033

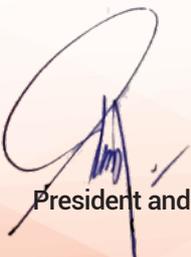
The annexed notes 1 to 42 form an integral part of these financial statements.

				
President and CEO	Chief Financial Officer	Director	Director	Director

THE BANK OF AZAD JAMMU AND KASHMIR STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023

	Share capital	Surplus/ (deficit) on revaluation	Unappropriated Profit	Statutory Reserve	Total
-----Rupees in '000-----					
Balance as at January 01, 2022	5,142,903	(13,797)	22,743	269,037	5,420,886
Profit after taxation for the year ended December 31, 2022	-	-	458,064	-	458,064
Other comprehensive income					
Surplus on revaluation of available-for-sale securities - net of tax	-	(10,031)	-	-	(10,031)
Transfer to statutory reserve	-	-	(91,613)	91,613	-
Transactions with owners, recorded directly in equity					
Balance as at January 01, 2023	5,142,903	(23,828)	389,194	360,650	5,868,919
Profit after taxation for the year ended December 31, 2023	-	-	537,480	-	537,480
Other comprehensive income					
Surplus on revaluation of available-for-sale securities - net of tax	-	24,731	-	-	24,731
Transfer to statutory reserve	-	-	(107,496)	107,496	-
Issue of bonus shares - note 17.5	385,718	-	(385,718)	-	-
Closing balance as at December 31, 2023	5,528,621	903	433,460	468,146	6,431,130

The annexed notes 1 to 42 form an integral part of these financial statements.



President and CEO



Chief Financial Officer



Director



Director

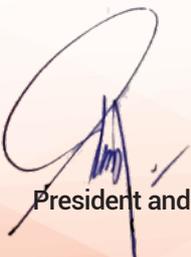


Director

THE BANK OF AZAD JAMMU AND KASHMIR STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		-----Rupees in '000-----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,111,238	879,642
Less: Dividend income		(12,340)	(10,575)
		1,098,898	869,067
Adjustments:			
Depreciation	9.2	83,021	66,660
Provision and write-offs		505	29,085
Interest expense on lease liability	22	33,650	22,049
Provision for gratuity		26,630	25,160
Provision for leave encashment		109,434	46,457
Provision for bonus		62,927	48,009
Other provisions	24	-	15,534
Loss on sale of security		1,949	(6)
		318,116	252,948
		1,417,014	1,122,015
(Increase)/decrease in operating assets			
Advances		(584,422)	(504,002)
Others assets (excluding advance taxation)		(1,190,500)	(1,186,255)
		(1,774,922)	(1,690,257)
Increase/(decrease) in operating liabilities			
Bills payable		10,508	(75,429)
Deposits		3,140,436	3,733,606
Other liabilities (excluding current taxation)		170,174	446,356
		3,321,118	4,104,533
		2,963,210	3,536,291
Interest paid on lease liability		(32,212)	(22,049)
Income tax paid		(564,276)	(230,936)
Net cash generated from operating activities		2,366,722	3,283,306
CASH FLOW FROM INVESTING ACTIVITIES			
Net proceeds from placements with banks		(622,150)	(8,403,807)
Dividend income received		12,340	10,575
Investments in operating fixed assets		(106,554)	(115,629)
Proceeds from sale of securities		148,051	-
Net cash used in investing activities		(568,313)	(8,508,861)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of share capital		-	-
Principal paid against lease liability		(29,763)	(39,890)
Net cash generated from financing activities		(29,763)	(39,890)
Increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		1,768,646	(5,265,445)
Cash and cash equivalents at end of the year		5,934,908	11,200,353
	29	7,703,554	5,934,908

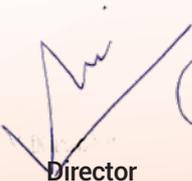
The annexed notes 1 to 42 form an integral part of these financial statements.



President and CEO



Chief Financial Officer



Director



Director



Director

THE BANK OF AZAD JAMMU AND KASHMIR STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023

1 STATUS AND NATURE OF BUSINESS

The Bank of Azad Jammu and Kashmir (the Bank) is a public unlisted Bank which was incorporated in 2006 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 and Behood Fund & Group Insurance - Government autonomous body own 100 percent of ordinary shares of the Bank as on December 31, 2023 in proportion of 97.59% and 2.41% (2022: 100% and 0%) respectively.

The Bank has 85 branches (2022: 82 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 BPRD Circular No 02 dated January 25, 2018, the Act and its Bye-Laws 2007 (the Bye-Laws).

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates. The financial statements are presented in Pak Rupee, which is the Bank's functional and presentation currency.

2.1 Statement of Compliance

Bye-Laws of the Bank require that the statement of financial position 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 (SBP) and Section 34 of the Banking Companies Ordinance, 1962. Accordingly, these financial statements have been prepared in accordance with the requirements of the Act, its Bye-Laws and approved accounting and reporting standards as applicable in Pakistan. Approved accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified by SECP under the Companies Act, 2017; and
- Provisions of and directives issued by the SBP under the Banking Companies Ordinance, 1962.

Whenever the requirements of the directives issued by the SBP differ with the requirements of IFRS, the requirements of the said directives shall prevail.

"The SBP vide its BPRD circular letter No. 07 of 2023 dated April 13, 2022 has extended the implementation date of IFRS 9 from January 01, 2023 to January 01, 2024 for banks having assets size of PKR 500 billion or more as of December 31, 2022. However, during the transition period, the banks are required to carry out the parallel run reporting.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39 - 'Financial Instruments: Recognition and Measurement' and IAS 40 - 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of IFRS 7 - 'Financial Instruments: Disclosures' through its notification S.R.O 633(I)/2014 dated July 10, 2014. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

2.2 Standards, interpretations of and amendments to published approved accounting standards that are effective for the year ended December 31, 2023

The following amendments are effective for the year ended December 31, 2023. These amendments are either not relevant to the Company's / Bank's operations or are not expected to have significant impact on the Company's / Bank's financial statements other than certain additional disclosures.

		Effective from accounting period beginning on or after
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by: <ul style="list-style-type: none"> - Replacing the requirement for entities to disclose their significant' accounting policies with a requirement to disclose their 'material' accounting policies; and - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. 	January 01, 2023
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.	January 01, 2023
IAS 12	Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
IAS 12	Amendments to IAS 12 ' Income taxes' - International Tax Reform – Pillar Two Model Rules.	January 01, 2023

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

The following standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's / Bank's operations or are not expected to have significant impact on the Company's / Bank's financial statements other than certain additional disclosures.

		Effective from accounting period beginning on or after
IFRS 16	Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions.	January 01, 2024
IAS 1	Presentation of Financial Statements' - Non-current liabilities with Convents along with Classification of liabilities as current or non-current.	January 01, 2024
IAS 7	Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
IAS 21	The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability.	January 01, 2025
IFRS -17	Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
Standard		Effective Date
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2024

The Bank expects that the adoption of the above standards will have no material effect on the Bank's financial statements, in the period of initial application.

2.3.1 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

2.4 Use of critical accounting estimates and judgments

The preparation of financial statements is in conformity with approved accounting standards as applicable in Pakistan requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The Bank uses estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements (mentioned in respective notes) are as follow:

- i) Classification and provisioning against investment (note 4.2)
- ii) Provision against advances (note 4.3)
- iii) Valuation and impairment of available for sale securities (note 4.2.5)
- iv) Useful life/depreciation of property and equipment (note 4.4) and valuation of right of use asset and lease liability (note 4.6)
- v) Current and deferred taxation (note 4.9)

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention as modified for certain investments which are carried at fair values and right of use assets and their lease liabilities which are carried at present values.

4 MATERIAL ACCOUNTING POLICY INFORMATION

During the year/ period, the Bank adopted Disclosure of Accounting Policies (Amendments to IAS 1) from January 01, 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves.

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

4.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash & balances with treasury banks and balances with other banks in current & deposit account.

4.2 Investments

4.2.1 Classification

Held for trading

These are securities included in a portfolio in which a pattern of short-term trading exists or which are acquired for generating a profit from short-term fluctuations in market prices or interest rate movements.

Held to maturity

These are securities with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold till maturity.

Available for sale

These are investments, other than investments in subsidiaries, associates and joint ventures, that do not fall under the held for trading or held-to-maturity categories.

4.2.2 Regular way contracts

All purchases and sales of investments that require delivery within the time frame established by Prudential Regulations of the State Bank of Pakistan or market convention are recognized at the trade date. The trade date is the date on which the Bank commits to purchase or sell the investment.

4.2.3 Initial measurement

In the case of investments classified as held-for-trading, transaction costs are expensed through the profit and loss account. Transaction costs associated with investments other than those classified as held-for-trading are included in the cost of the investments.

4.2.4 Subsequent measurement

Held-for-trading

Investments classified as held-for-trading are subsequently measured at fair value. Any unrealized gain / loss arising on revaluation is taken to the profit and loss account.

Held-to-maturity

Investments classified as held-to-maturity are subsequently measured at amortized cost using the effective interest rate method, less any impairment.

Available-for-sale

Listed securities if any, are classified as available-for-sale are subsequently measured at fair value. Any unrealized surplus / deficit arising on revaluation is recorded in the surplus / deficit on revaluation of securities account (shown as part of equity in statement of financial position) and is taken to the profit and loss account either when realized upon disposal or when the investment is considered to be impaired.

Unlisted equity securities, if any are carried at the lower of cost and break-up value. The break-up value is calculated with reference to the net assets of the investee Bank as per its latest available audited financial statements. Other unlisted securities are valued at cost less impairment, if any.

4.2.5 Impairment

Impairment loss if any in respect of investments classified as available for sale and held to maturity (except sukuk) is recognized based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. Provision for diminution in the value of sukuk is made as per the Prudential Regulations issued by the SBP. In case of impairment of available for sale securities, the cumulative loss that previously reported in other comprehensive income is transferred to profit and loss account for the year. For investments classified as held to maturity, the impairment loss is recognized in the profit and loss account.

4.3 Advances

Advances are stated net of provisions for non-performing advances. The Bank reviews its loan portfolio to assess the amount of non-performing loans and advances and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrower, the forced sale value of securities and requirements of the Prudential Regulations are considered. For portfolio impairment provision on consumer advances, the Bank follows the general provision requirement set out in Prudential Regulations.

The provisions against non-performing advances are charged to the profit and loss account. Advances are written off when there is no realistic prospect of recovery.

4.4 Fixed assets and depreciation

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

Tangible assets

Fixed assets are stated at cost less impairment losses and accumulated depreciation except for freehold land which is not depreciated.

Depreciation

Depreciation is computed on monthly basis over the estimated useful life of the related assets on monthly basis. The cost of assets is depreciated on a straight line basis. Depreciation is charged for the full month of availability for use of an asset while no depreciation is charged in the month of disposal of an asset. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposal of fixed assets are taken to the profit and loss account.

In making estimates of the depreciation, the management uses useful life and residual value which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The useful life and the residual value are reviewed at each financial year end and any change in these estimates is adjusted prospectively.

4.5 Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Kashmir Council of Government of AJK acquired and donated Core Banking Information System (Helios) to the Bank. This system is currently installed in certain branches. The Bank has initially recorded this system at nominal value, all subsequent maintenance charges are expensed out.

4.6 Right-of-use assets and their related lease liability**4.6.1 Right of-use assets**

At the commencement date of the lease, the right-of-use asset is initially measured at the present value of lease liability. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any premeasurement of lease liabilities and prepayments.

Right-of-use assets are depreciated over the shorter of the lease term or the expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

4.6.2 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. The lease liability is also premeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognized as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.7 Impairment

The carrying amount of the Bank's assets are reviewed at the reporting date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.8 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to the profit and loss account on a time proportion basis.

4.9 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or equity.

Current

Provision for current tax is the expected tax payable on the taxable profit for the year using tax rates applicable at the date of statement of financial position and any adjustment to tax payable for previous years.

Deferred

Deferred tax is provided for by using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the date of statement of financial position. A deferred tax asset is recognized only to the extent that it is probable that the future taxable profit will be available and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax, on revaluation of investments, if any, is recognized as an adjustment to surplus / deficit arising on such revaluation.

4.10 Staff retirement benefits

Gratuity scheme

The Bank operates funded defined contributory gratuity scheme for all its permanent employees. Contributions are made by the Bank on monthly basis at the rate of one month last drawn basic pay for each completed year of service. However, no contribution will be made for those employees who are on deputation in the Bank or on extraordinary leave. Gratuity for service rendered during any part of the year shall be payable proportionately.

Provident fund

The Bank operates funded defined contributory provident fund scheme for all its permanent employees. Equal monthly contributions are made by the Bank and the employees at the rate of 8.33% of basic pay.

Leave encashment

The Bank provides compensated absences to all its employees. Provision is based on actuarial valuation and latest valuation is carried out at year ended December 31, 2023.

4.11 Revenue recognition

Mark-up / interest on advances and return on investments is recognized on accrual basis except on classified advances and investments which is recognized on receipt basis. Mark-up / interest on rescheduled / restructured advances and investments is recognized as permitted by the regulations of the SBP, except where in the opinion of the management it would not be prudent to do so.

Classification	DPD Criteria			
	General loans	Housing loans	Enterprise loans	Enterprise loans (Property collateral)
Days passed due based classification (DPD)				
OAEM	30-59	90-179	90-179	90-179
Substandard	60-89	180-364	180-364	180-364
Doubtful	90-179	365-729	365-544	365-544
Loss	180-209	730-1944	545-1214	545-1944
Write Off	=>210	=>1945	=>1215	=>1945
Suspension Percentage				
OAEM	0%	0%	100%	100%
Substandard	100%	100%	100%	100%
Doubtful	100%	100%	100%	100%
Loss	100%	100%	100%	100%
Write Off	100%	100%	100%	100%

Fee, commission and brokerage income is recognized on an accrual basis.

Dividend income is recognized when the Bank's right to receive the dividend is established.

4.12 Government grant

Government grant related to assets are reflected in the statement of financial position as deferred government grant which is recognized as income over the useful life of the depreciable assets equivalent to related depreciation charge.

Revenue grants are recognized as income necessary to match these grants with the related expenses incurred.

4.13 Foreign currency transactions

Transactions in foreign currencies are translated to Pakistan Rupees at the exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing on the date of the statement of financial position. There have been no foreign currency transactions during the year.

4.14 Provisions

Provisions other than provision on advances are recognized when the Bank has a present legal and constructive obligation arising as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

4.15 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Bank intends either to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

4.16 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing product or services within a particular economic environment, which is subject to risks and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments.

4.16.1 Business segment

Retail banking

Retail banking segment provides retail lending and deposits, banking services, trust and estates, investment advice, merchant / commercial / corporate cards and private labels and retail.

Commercial banking

Commercial banking segment provides services related to project finance, real estate, export finance, trade finance, factoring, leasing, lending, guarantees and bills of exchange to corporate customers.

Payment and settlement

Payment and settlement includes income from payments and collections, funds transfer, clearing and settlement.

Agency service

Agency service include escrow, depository receipts, securities lending (customers) corporate actions and issuing and paying agents.

4.16.2 Geographical segments

The Bank only operates in Azad Jammu and Kashmir.

4.17 Earning per share

The Bank presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

	Note	2023	2022
-----Rupees in '000-----			
5 CASH AND BALANCES WITH TREASURY BANKS			
In-hand			
Local currency		308,314	283,116
With National Bank of Pakistan in			
Local currency current account		374,440	2,111
Local currency deposit account	5.1	35,586	86,190
Local currency term deposit accounts	5.2	7,500,000	5,900,000
		7,910,026	5,988,301
Prize bonds		-	-
		8,218,340	6,271,417

5.1 This represents deposit accounts carrying markup rates ranging from 15.50% to 20.50% (2022:8.25% to 14.25%) per annum.

5.2 This represents term deposits carrying markup rates ranging from 20.00% to 22.60% (2022: 10.30% to 15.60%) per annum having maturities within one year.

		2023	2022
-----Rupees in '000-----			
6 BALANCES WITH OTHER BANKS			
In Pakistan (Azad Jammu and Kashmir)		670,320	494,362
In current account	6.1 & 6.2	15,862,220	15,594,305
In deposit account		16,532,540	16,088,667
6.1	This includes saving deposit accounts amounting Rs. 1,304,947 thousands (2022: Rs. 1,011,533 thousands) carrying markup rates ranging from 15.50% to 20.50% (2022: 8.25% to 14.5%) per annum.		
6.2	This includes term deposits carrying markup at rates ranging between 16.50% to 24.00% (2022: 10.60% to 22.50%) per annum. Term deposits have maturities ranging from 3 months to 1 year except for two term deposits amounting to Rs. 500,000 thousand and Rs. 1,200,000 thousand placed with a bank maturing in 2029 and 2032 respectively.		

7 INVESTMENTS	2023				2022			
	Cost/ amortised cost	Provision for diminution	Surplus/ (deficit)	Carrying value	Cost/ amortised cost	Provision for diminution	Surplus/ (deficit)	Carrying value
7.1 Investments by type	-----Rupees in '000-----							
Available-for-sale securities								
Units of open ended mutual funds - note 7.5	55,000	-	1,771	56,771	205,000	-	(41,803)	163,197
Held-to-maturity securities								
Term finance certificates-note 7.3	49,940	(49,940)	-	-	49,940	(49,940)	-	-
Total Investments	104,940	(49,940)	1,771	56,771	254,940	(49,940)	(41,803)	163,197

7.2 Investments by segments	2023				2022			
	Cost/amortised cost	Provision for diminution	Surplus/(deficit)	Carrying value	Cost/amortised cost	Provision for diminution	Surplus/(deficit)	Carrying value
-----Rupees in '000-----								
Units of open ended mutual funds								
Units of open ended mutual funds	55,000	-	1,771	56,771	205,000	-	(41,803)	163,197
Non Government debt Securities								
Unlisted								
Term finance certificates	49,940	(49,940)	-	-	49,940	(49,940)	-	-
Total investments	104,940	(49,940)	1,771	56,771	254,940	(49,940)	(41,803)	163,197

7.3 Particulars of held to maturity investment

No. of certificates		Name of company	"Redeemable value per certificate (Rupees)"	2023	2022	Credit rating
2023	2022			Rupees in '000		
10,000	10,000	Pace Pakistan Limited	4.994	49,940	49,940	Un-rated

Paid up value was Rs. 5,000 per certificate, carrying markup at the rate of KIBOR + 1.5% matured in 2017. Considering the non recovery of the balance, full amount has been provided for.

7.4 Particulars of provision for diminution in value of investments

	2023	2022
7.4.1 Opening balance	49,940	49,940
Charge for the year	-	-
Closing balance	49,940	49,940

7.4.2 Particulars of provision against debt securities

Category of classification	2023		2022	
	Non performing Investments	Provision	Non performing Investments	Provision
-----Rupees in '000-----				
Domestic				
Loss	49,940	49,940	49,940	49,940

7.5 Details regarding Quality of available for sale securities is as follows:

	2023				2022			
	No. of units	Cost (Rupees in '000)	Market value (Rupees in '000)	Market value per unit (Rs)	No. of units	Cost (Rupees in '000)	Market value (Rupees in '000)	Market value per unit (Rs)
Listed companies sector - wise								
Units of open ended mutual funds								
National Investment Unit Trust Fund	-	-	-	-	1,313,081	100,000	75,922	57.82
NIT Government Bond Fund	3,184,047	30,000	35,015	11.00	3,184,047	30,000	33,423	10.50
NIT Islamic Equity Fund	-	-	-	-	4,329,197	50,000	31,170	7.20
MCB Dynamic Cash Fund	197,647	25,000	21,756	118.95	213,822	25,000	22,682	114.74
		55,000	56,771			205,000	163,197	

8 ADVANCES

Performing		Non performing		Total	
2023	2022	2023	2022	2023	2022

-----Rupees in '000-----

Loans, cash credits, running finances, etc.	3,951,359	3,369,395	136,514	134,644	4,087,873	3,504,039
Advances - gross	3,951,359	3,369,395	136,514	134,644	4,087,873	3,504,039

Provision against advances

- Specific

- General - note 8.1

-	-	(126,784)	(127,687)	(126,784)	(127,687)
(86,942)	(86,122)	-	-	(86,942)	(86,122)
(86,942)	(86,122)	(126,784)	(127,687)	(213,720)	(213,809)

Advances - net of provision

3,864,417	3,283,273	9,730	6,957	3,874,147	3,290,230
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- 8.1 General provision includes provision amounting to Rs. 86,942 thousand (2022: Rs. 86,122 thousand) against consumer & SME finance portfolio as required by the Prudential Regulations issued by the SBP.

2023 2022

8.2 Particulars of advances (Gross)

-----Rupees in '000-----

In local currency

4,087,873 3,504,039

- 8.3 Advances include Rs. 136,514 thousand (2022: Rs. 134,644 thousand) which have been placed under non-performing status as detailed below:-

Category of classification	2023		2022	
	Non performing loans	Provision	Non performing loans	Provision
-----Rupees in '000-----				
Domestic				
Other assets especially mentioned	1,382	103	-	-
Substandard	7,929	1,922	4,883	854
Doubtful	1,344	672	1,151	437
Loss	125,859	124,086	128,610	126,396
Total	136,514	126,783	134,644	127,687

8.4 Particulars of provision against advances

2023

2022

	2023			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 year	12,666	820	13,486	41,697	6,523	48,220
Reversals	(12,981)	-	(12,981)	(19,135)	-	(19,135)
	(315)	820	505	22,562	6,523	29,085
Amounts charged off- agriculture financing	(588)	-	(588)	(3,362)	-	(3,362)
Closing balance	126,783	86,942	213,726	127,687	86,122	213,809

8.4.1 Particulars of provision against advances

2023

2022

	2023			2022		
	Specific	General	Total	Specific	General	Total

-----Rupees in '000-----

In local currency	126,783	86,942	213,726	127,687	86,122	213,809
	126,783	86,942	213,726	127,687	86,122	213,809

- 8.5** These represent non-performing advances for agriculture finance which have been classified as loss, are fully provided and are in default for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with the SBP's Prudential Regulations for Agriculture Financing. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.
- 8.6** The FSV benefit availed as at December 31, 2023 is 2,015 thousand (2022: Rs. 3,956 thousand). Had the FSV benefit not been availed, Bank's profit before and after tax would have been decreased by Rs. 1,834 thousand (2022: Rs. 2,719 thousand) and Rs. 845 thousand (2022: Rs. 1,417 thousand) respectively. under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

9 FIXED ASSETS

	Note	2023	2022
-----Rupees in '000-----			
Capital work-in-progress	9.1	867	16,002
Property and equipment	9.2	421,881	349,476
		<u>422,748</u>	<u>365,478</u>

9.1 Capital work-in-progress

This represents advances to suppliers in respect of purchase of vehicles and furniture.

	2023	2022
-----Rupees in '000-----		
Advances to supplier	<u>867</u>	<u>16,002</u>

9.2 Property and Equipment

2023								
Freehold land	Building on freehold land	Leasehold improvements	Furniture and fixture	Office equipment	Computers	Vehicles	Right of use asset	Total

-----Rupees in '000-----

At January 1, 2023

Cost	69,085	14,407	84,231	114,121	38,306	63,239	57,110	253,081	693,580
Accumulated depreciation	-	(13,394)	(55,539)	(68,240)	(29,791)	(38,725)	(31,226)	(107,189)	(344,104)
Net book value	<u>69,085</u>	<u>1,013</u>	<u>28,692</u>	<u>45,881</u>	<u>8,515</u>	<u>24,514</u>	<u>25,884</u>	<u>145,892</u>	<u>349,476</u>

Year ended December 2023

Opening net book value	69,085	1,013	28,692	45,881	8,515	24,514	25,884	145,892	349,476
Additions	-	713	27,040	24,041	20,154	20,976	28,765	35,548	157,237
Disposals									
Cost	-	-	-	-	-	-	(4,908)	-	(4,908)
Accumulated depreciation	-	-	-	-	-	-	3,097	-	3,097
Depreciation charge	-	(169)	(11,014)	(11,311)	(3,962)	(7,506)	(8,228)	(40,831)	(83,021)
Closing net book value	<u>69,085</u>	<u>1,557</u>	<u>44,718</u>	<u>58,611</u>	<u>24,707</u>	<u>37,984</u>	<u>44,610</u>	<u>140,609</u>	<u>421,881</u>

At December 31, 2023

Cost	69,085	15,120	111,271	138,162	58,460	84,215	80,967	288,629	845,909
Accumulated depreciation	-	(13,563)	(66,553)	(79,551)	(33,753)	(46,231)	(36,357)	(148,020)	(424,028)
Net book value	<u>69,085</u>	<u>1,557</u>	<u>44,718</u>	<u>58,611</u>	<u>24,707</u>	<u>37,984</u>	<u>44,610</u>	<u>140,609</u>	<u>421,881</u>
Rate of depreciation (percentage)	-	10%	20%	10%-20%	20%	20%	20%	6% - 33%	

2022								
Freehold land	Building on freehold land	Leasehold improvements	Furniture and fixture	Office equipment	Computers	Vehicles	Right of use asset	Total

-----Rupees in '000-----

At January 1, 2022

Cost	40,400	14,407	65,060	91,861	34,608	46,463	37,327	207,728	537,854
Accumulated depreciation	-	(12,379)	(46,600)	(59,809)	(26,422)	(34,198)	(27,368)	(87,628)	(294,404)
Net book value	40,400	2,028	18,460	32,052	8,186	12,265	9,959	120,100	243,450

Year ended December 2021

Opening net book value	40,400	2,028	18,460	32,052	8,186	12,265	9,959	120,100	243,450
Additions	28,685	-	19,095	22,026	3,698	16,776	19,783	62,617	172,680
Disposals									
Cost	-	-	76	234	-	-	-	17,264	17,574
Accumulated depreciation	-	-	(76)	(228)	-	-	-	(17,264)	(17,568)
Depreciation charge	-	(1,015)	(8,863)	(8,203)	(3,369)	(4,527)	(3,858)	(36,825)	(66,660)
Closing net book value	69,085	1,013	28,692	45,881	8,515	24,514	25,884	145,892	349,476

At December 31, 2021

Cost	69,085	14,407	84,231	114,121	38,306	63,239	57,110	253,081	693,580
Accumulated depreciation	-	(13,394)	(55,539)	(68,240)	(29,791)	(38,725)	(31,226)	(107,189)	(344,104)
Net book value	69,085	1,013	28,692	45,881	8,515	24,514	25,884	145,892	349,476
Rate of depreciation (percentage)	-	10%	20%	10%-20%	20%	20%	20%	6% - 33%	

9.2.1 Property and equipment includes cost of Rs. 5,485 thousand (2022: Rs. 5,485 thousand) and accumulated depreciation amounting to Rs. 5,485 thousand (2022: Rs. 5,485 thousand) in respect of assets donated by the Government of Azad Jammu and Kashmir.

9.3 The total cost includes fixed assets of Rs. 148,561 thousand (2022: Rs. 135,067 thousand) having zero book value on which no depreciation was charged during the year.

9.4 Detail of disposals of operating fixed assets**Particulars of assets**

Cost	Accumulated depreciation	Book value	Sale proceeds
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-----Rupees in '000-----

2023

Vehicles	4,908	(3,097)	1,811	2,044
Furniture and fixture	-	-	-	-
Leasehold improvements	-	-	-	-
Total	4,908	(3,097)	1,811	2,044

2022

Furniture and fixture	234	(228)	6	12
Leasehold improvements	76	(76)	-	-
Total	310	(304)	6	12

The vehicle was disposed to a Managing Director and Executive Personnel at 10% of the cost and at net book value of the vehicle respectively, as per the transport policy of the Bank.

9.5 The cost of fully depreciated fixed assets that are still in the Bank's use is as follows:

	2023	2022
	-----Rupees in '000-----	
Buildings & Lease hold improvements	-	-
Furniture and fixtures	34,763	39,266
Office equipments	20,334	18,588
Computer equipments	35,546	29,365
Vehicles	28,368	28,605
Leasehold improvements	25,295	14,988
Building on Freehold land	4,255	4,255
Total	148,561	135,067

10 INTANGIBLE ASSETS

Kashmir Council of Government of AJK acquired and donated Core Banking Information System (Helios) to the Bank under capacity building program.

11 DEFERRED TAX ASSETS

2023				
	At January 1, 2023	Recognised in P&L A/C	Recognised in OCI	At December 31, 2023
-----Rupees in '000-----				
Deductible temporary differences on				
- Deficit on revaluation of investments	17,975	-	(18,843)	(868)
- Provision against customer claims	10,472	(2,303)	-	8,169
- Provision against receivable from Kashmir Council	2,070	289	-	2,359
- Lease liabilities against right of use assets	69,336	12,508	-	81,844
- Provision against non-performing advances	679	1,230	-	1,909
	100,532	11,724	(18,843)	93,413
Taxable temporary differences on				
- Accelerated tax depreciation	(50,931)	(10,498)	-	(61,429)
	49,601	1,226	(18,843)	31,984

2022				
	At January 1, 2022	Recognised in P&L A/C	Recognised in OCI	At December 31, 2022
-----Rupees in '000-----				
Deductible temporary differences on				
- Deficit on revaluation of investments	7,428	-	10,547	17,975
- Provision against customer claims	3,101	7,371	-	10,472
- Provision against receivable from Kashmir Council	1,685	385	-	2,070
- Lease liabilities against right of use assets	48,482	20,854	-	69,336
- Provision against non-performing advances	350	329	-	679
	61,046	28,939	10,547	100,532
Taxable temporary differences on				
- Accelerated tax depreciation	(31,035)	(19,896)	-	(50,931)
	30,011	9,043	10,547	49,601

12 OTHER ASSETS

	Note	2023	2022
-----Rupees in '000-----			
Income/mark-up accrued in local currency - net of provision	12.1	3,391,668	2,170,017
Advances, deposits, advance rent and other prepayments		18,101	2,111
Stationery and stamps in hand		11,396	6,371
Others		7,016	59,182
		3,428,181	2,237,681
Less: Provision held against other assets	12.2	(4,815)	(4,815)
Other assets (net of provision) - total		3,423,366	2,232,866

12.1 This balance has been arrived at after adjusting interest in suspense account of Rs. 151,281 thousand (2022: Rs. 139,879 thousand).

	Note	2023	2022
-----Rupees in '000-----			
12.2 Provision held against other assets			
Receivable from Kashmir Council	12.3	<u>4,815</u>	<u>4,815</u>
12.3 Movement in provision held against other assets			
Opening balance		<u>4,815</u>	<u>4,815</u>
Closing balance		<u>4,815</u>	<u>4,815</u>
13 BILLS PAYABLE			
In Pakistan		<u>93,259</u>	<u>82,751</u>
14 DEPOSITS AND OTHER ACCOUNTS			

	2023			2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
-----Rupees in '000-----						
Customers						
Current deposits	5,311,831	-	5,311,831	5,798,619	-	5,798,619
Savings deposits	13,132,002	-	13,132,002	10,267,737	-	10,267,737
Term deposits	5,599,705	-	5,599,705	4,761,520	-	4,761,520
Others	101,127	-	101,127	176,353	-	176,353
	<u>24,144,665</u>	-	<u>24,144,665</u>	<u>21,004,229</u>	-	<u>21,004,229</u>

	2023	2022
-----Rupees in '000-----		
14.1 Composition of deposits		
- Individuals	13,183,705	11,204,859
- Government	10,725,976	9,578,386
- Private sector	234,984	220,984
	<u>24,144,665</u>	<u>21,004,229</u>

15 LEASE LIABILITIES AGAINST RIGHT OF USE ASSETS

	2023	2022
-----Rupees in '000-----		
Lease liabilities included in the statement of financial position	167,028	161,246
of which are:		
current lease liability	50,079	44,372
Non current lease liability	116,949	116,874
	<u>167,028</u>	<u>161,246</u>
Maturity analysis - contractual undiscounted cashflows		
Less than one year	53,535	47,439
One to five years	145,599	140,048
More than five years	33,471	46,827
Total undiscounted lease liabilities	<u>232,605</u>	<u>234,314</u>

15.1 The lease contracts are signed by the Bank for the premises of its branches. The terms of lease contracts range from 3 years to 11 years. The internal borrowing rates used for discounting of lease cash flows range from 8.48% to 18.86%.

16 OTHER LIABILITIES	Note	2023	2022
		-----Rupees in '000-----	
Mark-up/ return/ interest payable in local currency	16.1	921,737	669,649
Accrued expenses		8,120	12,576
Income tax payable		275,328	264,620
Branch adjustment account		152,868	30,085
Provision for bonus to employees		62,927	48,009
Provision against customer claims		16,672	24,354
Leave encashment	32.2	109,434	81,121
Education		60,394	46,113
Others		116,334	167,784
		<u>1,723,814</u>	<u>1,344,311</u>

16.1 It includes an amount of Rs. 184,847 thousand (2022: Rs. 288,873 thousand) on account of interest payable to related parties.

17 SHARE CAPITAL

17.1 Authorized capital

2023	2022		2023	2022
Number of shares			-----Rupees in '000-----	
<u>1,000,000,000</u>	<u>1,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>10,000,000</u>	<u>10,000,000</u>

17.2 Issued, subscribed and paid up share capital

2023	2022		2023	2022
Number of shares		Ordinary shares	-----Rupees in '000-----	
514,290,320	514,290,320	Fully paid in cash	5,142,903	5,142,903
38,571,772		Issued as bonus shares	385,718	-
<u>552,862,092</u>	<u>514,290,320</u>		<u>5,528,621</u>	<u>5,142,903</u>

17.3 The Government of Azad Jammu and Kashmir and Behbood Fund & Group Insurance - Government autonomous body own 100% percent of ordinary shares of the Bank as on December 31, 2023 in proportion of 97.59% and 2.41% (2022: 97.59% and 2.41%) respectively.

17.4 Reconciliation of number of ordinary shares

	Note	2023	2022	2023	2022
		Number of shares		-----Rupees in '000-----	
Shares at the beginning of the year		514,290,320	514,290,320	5,142,903	5,142,903
Bonus shares issued during the year	17.5	38,571,772		385,718	-
Shares issued against cash consideration		-		-	-
Shares at the year end		<u>552,862,092</u>	<u>514,290,320</u>	<u>5,528,621</u>	<u>5,142,903</u>

17.5 During the year the Bank has issued 38,571,800 (2022: nil) bonus shares amounting to Rs. 385,718 (2022: Rs. Nil) thousand to its shareholders.

18 RESERVES

This represents statutory reserve voluntarily created by the Bank in accordance with Section 21 (i) of Banking Companies Ordinance, 1962. The Bank has transferred 20% of profits after tax of the year in current year and 20% of profits after tax since the incorporation to end of prior year into the reserve account during prior year.

19 DEFICIT ON REVALUATION OF ASSETS

	Note	2023	2022
-----Rupees in '000-----			
Deficit on revaluation of:			
- Available for sale securities	7.1	1,771	(41,803)
Deferred tax on deficit on revaluation of:			
- Available for sale securities		(868)	17,975
		<u>903</u>	<u>(23,828)</u>

20 CONTINGENCIES AND COMMITMENTS

Guarantees	20.1	87,674	35,867
Commitments	20.2	182,307	144,528
Bills for collection	20.3	5,580	10,816
		<u>275,561</u>	<u>191,211</u>

20.1 Guarantees

Financial guarantees		<u>87,674</u>	<u>35,867</u>
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20.2 Commitments

Loan sanctioned but not disbursed		5,814	109,993
Unavailed running finance		176,493	34,535
		<u>182,307</u>	<u>144,528</u>

20.3 Bills for collection

20.3.1	<u>5,580</u>	<u>10,816</u>
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20.3.1 Bills for collection represent bills drawn in favor 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.

21 MARK-UP/RETURN/INTEREST EARNED

	Note	2023	2022
-----Rupees in '000-----			
On:			
a) Loans and advances	21.1	594,554	468,536
b) Balances with banks		4,214,940	2,753,858
		<u>4,809,494</u>	<u>3,222,394</u>

21.1 This includes an amount of Rs. 5,364 thousands (2022: Rs.3,010 thousands) on account of interest earned on advances given to related parties.

22 MARK-UP/RETURN/INTEREST EXPENSED

	Note	2023	2022
-----Rupees in '000-----			
On:			
Deposits	22.1	2,551,783	1,429,392
Lease liability		33,650	22,049
		<u>2,585,433</u>	<u>1,451,441</u>

22.1 This includes an amount of Rs. 396,719 thousand (2022: Rs. 247,921 thousand) on account of interest expense on related party deposits.

23 FEE AND COMMISSION INCOME

	2023	2022
	-----Rupees in '000-----	
Branch banking customer fees	3,070	3,078
Commission on cheque books	10,049	5,240
Credit related fees	7,739	7,571
Commission on guarantees	1,571	807
Commission on remittances	2,789	2,236
Commission on utility bills	5,871	5,934
Postage	809	641
Others	267	2,123
	<u>32,165</u>	<u>27,630</u>

24 OTHER INCOME

	2023	2022
	-----Rupees in '000-----	
Gain on sale of fixed assets	-	6
Loss on sale of securities	(1,949)	-
Site visits and fee collection charges	5,763	9,330
Recovery against advances written off	2,856	4,229
Others	5,424	22
	<u>12,094</u>	<u>13,587</u>

25 OPERATING EXPENSES

	2023	2022
	-----Rupees in '000-----	
Total compensation expense	25.1 690,935	557,998
Property expense		
Rent & taxes	-	60
Insurance	-	1,998
Utilities cost	40,339	30,550
Security (including guards)	57,963	37,280
Repair & maintenance (including janitorial charges)	24,064	15,783
Depreciation on right of use asset	40,831	36,825
Depreciation	10,728	9,173
	173,925	131,669
Information technology expenses		
Software maintenance	21,610	19,579
Hardware maintenance	5,742	4,022
Depreciation	11,465	7,765
Network charges	14,585	8,626
	53,402	39,992

Other operating expenses		2023	2022
		-----Rupees in '000-----	
Directors' fees and allowances		7,296	3,423
Legal & professional charges		18,219	6,294
Travelling & conveyance		32,060	19,631
Depreciation		19,998	13,099
Entertainment		26,335	19,019
Training & development		2,739	4,008
Postage & courier charges		4,812	4,185
Communication		5,073	4,632
Stationery & printing		27,149	19,195
Marketing, advertisement & publicity		7,030	5,492
Auditors remuneration		2,934	2,431
Education cess	25.2	57,569	43,070
Others		39,441	39,880
		250,655	184,359
		1,168,917	914,018
25.1 Total compensation expense			
		2023	2022
		-----Rupees in '000-----	
Fees and allowances etc.		306,490	251,505
Managerial remuneration			
i) Fixed		-	-
ii) Variable - cash bonus		62,578	57,562
Contribution to defined contribution plan		12,077	9,790
Contribution to defined gratuity fund		26,630	25,160
Rent & house maintenance		88,202	75,946
Utilities		19,438	16,781
Medical		22,482	18,372
Conveyance		153,038	102,882
		690,935	557,998
25.2 Auditors' remuneration			
		2023	2022
		-----Rupees in '000-----	
Audit fee		2,210	2,210
Out-of-pocket expenses		724	221
		2,934	2,431
26 PROVISIONS AND WRITE OFFS - NET			
Charge of provisions against loans & advances - net	8.4	505	29,085
Insurance claims received		-	-
		505	29,085
27 TAXATION			
Current		574,984	430,621
Deferred		(1,226)	(9,043)
		573,758	421,578

27.1 Relationship between tax expense and accounting profit

	%	2023 Rupees in '000	%	2022 Rupees in '000
Profit before taxation		1,111,238		879,642
Applicable tax rate/expense	39%	433,383	39.00%	343,060
Super tax	10%	111,124	10.00%	87,964
Expense not allowed	3%	29,251	-1.07%	(9,446)
Actual tax rate/expense	52%	573,758	47.93%	421,578
Total tax charge as per financial statements		573,758		421,578

28 BASIC AND DILUTED EARNINGS PER SHARE

	2023	2022
	-----Rupees in '000----- Restated	
Profit for the year	537,480	458,064
Weighted average number of ordinary shares (Number)	553,543,731	552,862,120
Basic and diluted earnings per share (Rupees)	0.97	0.89

29 CASH AND CASH EQUIVALENTS

	2023	2022
	-----Rupees in '000-----	
Cash and balance with treasury banks	918,340	571,417
Balance with other banks	6,785,214	5,363,491
	29.1	
	7,703,554	5,934,908

29.1 Cash and cash equivalents include the cash in hand, balances in savings deposits and term deposits with maturity of less than 3 months.

30 STAFF STRENGTH

	2023	2022
	-----Number-----	
Permanent	419	427
On bank contract	90	91
Bank's own staff strength at the end of the year	509	518
Outsourced Staff (Including guarding and janitorial services)	153	154
Total staff strength at the end of the year	662	672

31 DEFINED CONTRIBUTION PLANS**31.1 General description**

General description of the type of defined contribution plans and policy is disclosed in note 4.10 to these financial statements.

31.2 Gratuity

The Bank contributed Rs. 26,629 thousand (2022: Rs. 25,160 thousand) for 419 (2022: 427) of its permanent employees during the year towards employees gratuity fund.

31.3 Provident fund

The Bank contributed Rs. 10,199 thousand (2022: 9,790 thousand) in respect of 419 (2022: 427) of its employees during the year towards employees contributory provident fund. Employee contribution deducted from employees' salary with similar amount is also contributed to the fund along with employer's contribution.

32 Leave Encashment

General description of the type of defined contribution plans and policy is disclosed in note 4.10 to these financial statements.

32.1 Total compensation expense

The latest actuarial valuation of the leave encashment was carried out at December 31, 2023. Following are the significant assumptions used in the valuation;

		DECEMBER 31, 2023
Discount rate		14.75%
Rate of growth in salary		14.25%
Mortality rates		SLIC 2001 - 2005
Average expected remaining life of employees		10 years
Average duration of liability		10 years
	Note	DECEMBER 31, 2023
32.2 Amount recognized in balance sheet		
Present value of defined obligation	32.3	<u>109,434</u>
32.3 Movement in value of defined benefit obligation		
Balance at January 01, 2023		81,121
Service cost		10,986
Past service cost		6,854
Interest cost on Defined Benefit Obligation		11,846
Benefits Paid		(9,682)
Actuarial (gain) / loss		8,309
Present value of defined obligation		<u>109,434</u>
32.4 Amount recognized in profit or loss		
Current service cost		10,986
Past service cost		6,854
Interest cost		11,846
Experience adjustment		8,309
32.5 Sensitivity Analysis		37,995
Present value of defined benefit obligation		
1% increase in discount rate		<u>116,469,052</u> <u>57,417,752</u>
1% decrease in discount rate		<u>141,914,967</u> <u>71,389,866</u>
1% increase in salary		<u>142,148,323</u> <u>71,524,506</u>
1% decrease in salary		<u>116,050,025</u> <u>57,186,315</u>

33 TOTAL COMPENSATION EXPENSE

Item	2023			
	Directors		President	Key management personnel
	Chairman	Non-Executives		
	-----Rupees in '000-----			
Fees and Allowances etc.	-	-	8,020	23,357
Managerial Remuneration				
i) Fixed	-	-	-	-
ii) Variable (bonus)	450	6,350	2,005	5,122
Contribution to defined contribution provident fund	-	-	-	-
Contribution to defined contribution gratuity fund	-	-	608	1,471
Rent & house maintenance	-	-	2,137	10,511
Utilities	-	-	366	2,336
Medical	-	-	922	2,336
Conveyance	-	-	1,308	3,540
Vehicle	-	-	-	1,487
Boarding & lodging	-	-	-	175
Fuel expense	-	-	-	13,552
Others (mobile charges, TA & DA)	-	321	739	3,882
Total	450	6,671	16,105	67,769
Number of Persons	1	9	1	13

Item	2022			
	Directors		President	Key management personnel
	Chairman	Non-Executives		
	-----Rupees in '000-----			
Fees and Allowances etc.	-	-	7,291	24,673
Managerial Remuneration				
i) Fixed	-	-	-	-
ii) Variable (Bonus)	75	2,450	1,066	3,186
Contribution to defined contribution provident fund	-	-	-	-
Contribution to defined contribution gratuity fund	-	-	533	1,593
Rent & house maintenance	-	-	1,943	10,393
Utilities	-	-	332	2,310
Medical	-	-	1,437	2,574
Conveyance	-	-	1,034	9,462
Vehicle	-	-	-	3,464
Boarding & loading	-	-	-	4,193
Others (mobile charges, TA & DA)	-	898	408	4,018
Total	75	3,348	14,044	65,866
Number of Persons	1	9	1	13

33.1 Remuneration paid to directors for participation in Board and Committee meetings

2023						
Meeting fees and allowances paid						
Name of director	For board meetings	For board committees				Total amount paid
		Board HR committee	Risk Management Committee	Board audit committee	Board IT committee	
----- Rupees in '000' -----						
1 Mr. Abdul Majid Khan	250	-	-	-	-	250
2 Mr. Muhammad Usman Chachar	200	-	-	-	-	200
3 Tahir Mehmood Qureshi	150	-	-	-	-	150
4 Mr. Asmatullah Shah	300	150	-	200	100	850
5 Mr. Dawood Muhammad Bareach	50	-	-	-	-	50
6 Mr. Mubashar Nabi	500	200	150	-	150	1,400
7 Mrs. Bushra Naz Malik	300	-	150	250	-	700
8 Mr. Zuilfiqar Abbasi	500	50	-	250	-	1,100
9 Mr. Zahid Zaman	50	-	-	50	-	150
10 Dr. Muhammad Idress Abbasi	50	-	-	-	-	100
11 Mr. Irshad Qureshi	400	250	150	-	50	1,200
12 Mr. Wajahat Rasheed Baig	350	-	-	-	150	550
13 Syed Haider Abbas	50	-	-	-	-	100
Total amount paid	3,150	650	450	750	450	6,800

2022						
Meeting fees and allowances paid						
Name of director	For board meetings	For board committees				Total amount paid
		Board HR committee	Risk Management Committee	Board audit committee	Board IT committee	
----- Rupees in '000' -----						
1 Mr. Abdul Majid Khan	75	-	-	-	-	75
2 Mr. Asmatullah Shah	75	150	-	175	100	500
3 Syed Zahoor Gillani	50	-	-	-	50	100
4 Mr. Mubashar Nabi	100	150	125	-	100	475
5 Syed Haider Abbas	100	-	125	175	-	450
6 Zulfiqar Abbasi	75	-	-	175	-	350
7 Muhammad Idrees	50	75	50	-	-	175
8 Mr. Irshad Qureshi	50	50	50	-	-	250
9 Wajahat Rasheed Baig	50	-	-	-	50	150
Total amount paid	625	425	350	525	300	2,525

34 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 investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities and fixed term deposits 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.

34.1 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 categorized. There was no transfer between the fair value levels during the year.

	2023			
	Level 1	Level 2	Level 3	Total
----- Rupees in '000' -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Mutual funds	56,771	-	-	56,771
Financial assets - disclosed but not measured at fair value				
Cash and balances with treasury banks	-	-	-	8,218,340
Balances with other banks	-	-	-	16,532,540
Advances	-	-	-	3,874,147
Other assets	-	-	-	3,411,970

2022				
	Level 1	Level 2	Level 3	Total
----- Rupees in '000' -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Mutual funds	163,197	-	-	163,197
Financial assets - disclosed but not measured at fair value				
Cash and balances with treasury banks	-	-	-	6,271,417
Balances with other banks	-	-	-	16,088,667
Advances	-	-	-	3,290,230
Other assets	-	-	-	2,226,495

35 SEGMENT INFORMATION

35.1 Segment details with respect to Business Activities

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

2023

Profit and loss	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
	----- Rupees in '000' -----				
Net mark-up/return/profit	475,060	1,749,001	-	-	2,224,061
Non mark-up/return/interest income	2,947	23,035	26,550	6,016	58,548
Total income	478,007	1,772,036	26,550	6,016	2,282,609
Segment direct expenses	(114,779)	(1,046,318)	(6,375)	(1,445)	(1,168,917)
Provisions charged/(reversal)	1,534	(1,450)	-	-	84
Profit before tax	364,762	724,268	20,175	4,571	1,113,776

Statement of financial position	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
	----- Rupees in '000' -----				
Cash & bank balances	-	24,750,880	-	-	24,750,880
Investments	-	56,771	-	-	56,771
Advances - performing	3,224,400	728,134	-	-	3,952,534
- non-performing	48,390	88,124	-	-	136,514
- provision	(127,656)	(86,069)	-	-	(213,725)
Operating fixed assets	41,511	378,409	2,306	522	422,748
Deferred tax asset	3,141	28,629	174	40	31,984
Others	2,717,734	705,420	173	39	3,423,366
Total assets	5,907,520	26,650,298	2,653	601	32,559,896
Bills payable	-	93,259	-	-	93,259
Deposits and other accounts	-	24,144,665	-	-	24,144,665
Lease liability against right of use asset	16,401	149,510	911	207	167,029
Others	117,785	1,453,096	152,921	12	1,723,814
Total liabilities	134,206	25,840,510	153,832	219	26,128,767
Equity	5,774,094	807,832	(151,179)	382	6,432,305
Total equity and liabilities	5,908,300	26,648,342	2,653	601	32,559,896
Contingencies and commitments	23,153	29,331	5,580	87,674	145,738

2022

Profit and loss	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
	----- Rupees in '000' -----				
Net mark-up/return/profit	416,289	1,354,664	-	-	1,770,953
Non mark-up / return / interest income	4,407	19,703	19,825	7,857	51,792
Total Income	420,696	1,374,367	19,825	7,857	1,822,745
Segment direct expenses	(117,441)	(788,849)	(5,534)	(2,193)	(914,018)
Total expenses	(117,441)	(788,849)	(5,534)	(2,193)	(914,018)
Provisions charged / (reversal)	(15,799)	(13,286)	-	-	(29,085)
Profit before tax	287,456	572,232	14,291	5,664	879,642

Statement of financial position	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
	----- Rupees in '000' -----				
Cash & bank balances	-	22,360,084	-	-	22,360,084
Investments	-	163,197	-	-	163,197
Advances - performing	2,878,180	491,215	-	-	3,369,395
- non-performing	44,308	90,336	-	-	134,644
- provision	(129,190)	(84,619)	-	-	(213,809)
Operating fixed assets	46,960	315,428	2,213	877	365,478
Deferred tax asset	6,373	42,808	300	120	49,601
Others	1,817,943	414,391	381	151	2,232,866
Total assets	4,664,574	23,792,840	2,894	1,148	28,461,456
Bills payable	-	82,751	-	-	82,751
Deposits and other accounts	-	21,004,229	-	-	21,004,229
Lease liability against right of use asset	20,718	139,164	976	388	161,246
Others	105,640	1,208,494	30,151	26	1,344,311
Total liabilities	126,358	22,434,638	31,127	414	22,592,537
Equity	4,538,216	1,358,202	(28,233)	734	5,868,919
Total Equity and liabilities	4,664,574	23,792,840	2,894	1,148	28,461,456
Contingencies and Commitments	23,153	29,331	10,816	35,867	99,167

36 TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities.

37 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.

The Banks 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 contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

		2023			2022		
		Government of Azad Jammu & Kashmir and its related department	Directors	Key management personnel	Government of Azad Jammu & Kashmir and its related department	Directors	Key management personnel
----- Rupees in '000' -----							
Advances							
		-	-	105,283	-	-	61,031
		-	-	-	-	-	-
		-	-	-	-	-	44,252
		-	-	105,283	-	-	105,283
Deposits and other accounts							
		9,578,386	-	3,239	8,332,479	-	4,384
		2,455,560	-	-	10,636,140	-	(1,145)
		(1,307,970)	-	-	(9,390,233)	-	-
	14.1	10,725,976	-	3,239	9,578,386	-	3,239
Other Liabilities							
	16.1	184,847	-	-	288,873	-	-
Transactions during the year							
Income							
	21.1	-	-	5,364	-	-	3,010
	9.4	-	-	-	-	-	-
		-	-	5,364	-	-	3,010
Expense							
	22.1	396,656	-	63	247,904	-	17
	33	-	6,671	83,873	-	3,348	79,910
		396,656	6,671	83,936	247,904	3,348	79,927

38 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2023	2022
	-----Rupees in '000-----	
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	6,401,441	5,824,278
Eligible additional tier 1 (ADT 1) capital	-	-
Total regulatory adjustment applied to CET1	-	-
Total eligible Tier 1 capital	6,401,441	5,824,278
Eligible tier 2 capital	87,845	86,122
Total eligible capital (Tier 1 + Tier 2)	6,489,286	5,910,400
Risk weighted assets (RWAs):		
Credit risk	12,038,043	10,351,574
Market risk	141,928	407,993
Operational risk	3,195,893	2,277,353
Total	15,375,864	13,036,920
Common equity tier 1 capital adequacy ratio	41.63%	44.68%
Tier 1 capital adequacy ratio	41.63%	44.68%
Total capital adequacy ratio	42.20%	45.34%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs.10,000 million by the year ending December 31, 2015. The paid-up capital of the Bank for the year ended December 31, 2023 stood at Rs.5,529 million (2022: Rs.5,143 million). Banks are also required to maintain a minimum CAR of 10.00% plus capital conservation buffer of 2.50% and High Loss Absorbency Requirement of 1.00% of the risk weighted exposures of the Bank.

Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.00% and 7.50%, respectively, as at December 31, 2023.

Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigates are applied against the Bank's exposures based on eligible collateral under comprehensive approach.

	2023	2022
	-----Rupees in '000-----	
Leverage ratio (LR)		
Eligible tier-1 capital	6,401,441	5,824,278
Total exposures	32,835,457	28,652,667
Leverage ratio	19%	20%
Liquidity coverage ratio (LCR)		
Total high quality liquid assets	24,750,880	22,360,084
Total net cash outflow	12,098,286	10,661,825
Liquidity coverage ratio	205%	210%
Net stable funding ratio (NSFR)		
Total available stable funding	18,478,261	16,107,537
Total required stable funding	15,767,680	13,041,637
Net stable funding ratio	117%	124%

39 RISK MANAGEMENT

The Bank's activities expose to a variety of financial risks, including the credit and interest rate risk associated with various financial assets and liabilities respectively.

The Bank finances its operations through equity, deposits and management of working capital with a view to maintaining a reasonable mix between the various sources of finance to minimize risk.

Taken as a whole, risk arising from the Bank's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments. Bank regularly reviews and updates policy manuals and procedures in accordance with domestic regulatory environment and industry practices.

39.1 Credit Risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability is impaired resulting in economic loss to the Bank. The Bank takes necessary measures to control such risk by monitoring credit exposures, limiting transactions with specific counter parties with increased likelihood of default and continually assessing the creditworthiness of counter parties.

39.1.1 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
----- Rupees in '000' -----						
Government bonds	-	-	-	-	-	-
Construction - TFC	49,940	49,940	(49,940)	(49,940)	(49,940)	(49,940)
	49,940	49,940	(49,940)	(49,940)	(49,940)	(49,940)

Credit risk by public/private sector

Public	-	-	-	-	-	-
Private	49,940	49,940	(49,940)	(49,940)	(49,940)	(49,940)
	49,940	49,940	(49,940)	(49,940)	(49,940)	(49,940)

39.1.2 Advances

Credit risk by industry sector

	Gross investments		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
----- Rupees in '000' -----						
Agriculture, Forestry, Hunting & Fishing	19,744	14,671	4,221	4,935	3,341	4,936
Wholesale and Retail Trade	721,011	449,405	58,468	59,882	57,076	35,623
Individuals	3,267,119	2,972,396	47,670	41,238	43,068	37,244
Others	81,174	67,567	24,285	30,684	24,202	30,684
	4,089,048	3,504,039	134,644	136,739	127,687	108,487

Credit risk by public/private sector

Public/Government	-	-	-	-	-	-
Private	4,089,048	3,504,039	136,516	134,644	128,616	127,687
	4,089,048	3,504,039	136,516	134,644	128,616	127,687

39.1.3 Contingencies and Commitments**Credit risk by industry sector**

	2023	2022
	-----Rupees in '000-----	
Wholesale and Retail Trade	176,493	34,535
Individuals	11,394	120,809
Others	87,674	35,867
	<u>275,561</u>	<u>191,211</u>
Credit risk by public/private sector		
Public/Government	87,674	35,867
Private	187,887	155,344
	<u>275,561</u>	<u>191,211</u>

39.1.4 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs 314,668 thousand (2022: Rs. 243,009 thousand) are as following:

	2023	2022
	-----Rupees in '000-----	
Funded	226,994	207,142
Non funded	87,674	35,867
Total exposure	<u>314,668</u>	<u>243,009</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 327,811 thousand (2022: Rs. 248,541 thousand)

Total funded classified therein

	2023		2022	
	Amount	Provision held	Amount	Provision held
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	123,498	123,498	102,261	102,261
Total	<u>123,498</u>	<u>123,498</u>	<u>102,261</u>	<u>102,261</u>

39.1.5 Advances - Province/Region-wise Disbursement & Utilization

Total amount of disbursement and utilization is in Azad Jammu and Kashmir of Rs. 2,143,327 thousands (2022: 1,610,553 thousands)

39.2 Market Risk

Market Risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. Thus market risk can be further described into Interest Rate Risk, Foreign Exchange Risk and Equity Position Risk.

39.2.1 Balance sheet split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	-----Rupees in '000-----					
Cash and balances with treasury banks	8,218,340	-	8,218,340	6,271,417	-	6,271,417
Balances with other banks	16,532,540	-	16,532,540	16,088,667	-	16,088,667
Investments	-	56,771	56,771	-	163,197	163,197
Advances	3,874,147	-	3,874,147	3,290,230	-	3,290,230
Fixed assets	422,748	-	422,748	365,478	-	365,478
Deferred tax assets	31,984	-	31,984	49,601	-	49,601
Other assets	3,423,366	-	3,423,366	2,232,866	-	2,232,866
	<u>32,503,125</u>	<u>56,771</u>	<u>32,559,896</u>	<u>28,298,259</u>	<u>163,197</u>	<u>28,461,456</u>

39.2.2 Balance sheet split by trading and banking books

Foreign exchange risk/currency risk is defined as risk of loss to earnings and capital arising from adverse movements in currency exchange rates. The Bank is not exposed to the foreign exchange risk since all the Bank's assets and liabilities are held in the local currency i.e. Pak Rupees.

39.2.3 Equity position Risk

It is the risk of loss to earnings or capital as a result from unfavorable fluctuations in prices of securities in which the Bank takes long and / or short positions, in its trading book.

Assets and Liabilities Committee (ALCO) is responsible for making investment decisions in the capital market and setting limits that are a component of the risk management framework. Portfolio limits are assigned by the ALCO to guard against concentration risk and these limits are reviewed and revised periodically. Limit monitoring is done on daily basis. Limit breaches if any are promptly reported to ALCO with proper reason and justification.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
-----Rupees in '000-----				
Impact of 5% change in equity prices on				
- Other comprehensive income	-	<u>2,839</u>	-	<u>8,160</u>

39.2.4 Yield/Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Yield curve risk is the risk that a financial instrument will suffer either a decline because future changes in prevailing interest rates impact assets more or less than they impact liabilities. Risk is addressed by ALCO that reviews the interest rate dynamics at regular intervals and decides re-pricing of assets and liabilities to ensure that the spread of the Bank remains at an acceptable level.

Yield/ Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. This also refers to the non-trading market risk. Apart from the gap analysis between the market rate sensitive assets and liabilities as per the table given below:-

- The nature of IRRBB and key assumptions, including assumptions regarding loan repayments and behavior of non-maturity deposits, and frequency of IRRBB measurements.
- The increase (decline) in earnings or economic value (or any other relevant measures used by management) for upward and downward shocks according to management's method for measuring IRRBB, broken down by currencies (if any, and then translated into Rupees)

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
-----Rupees in '000-----				
Impact of 1% change in interest rates on				
- Profit and loss account	(151,753)	-	(34,869)	-

39.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

Yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date.

Effective Yield/ Interest rate	Total	2023 Exposed to Yield/Interest risk							Non-interest bearing financial instruments	
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years		Over 5 to 10 Years
----- Rupees in '000 -----										
On-balance sheet financial instruments										
Assets										
Cash and balances with treasury banks	8,218,340	35,586	200,000	4,000,000	3,300,000	-	-	-	-	682,754
Balances with other banks	16,532,540	2,234,947	2,575,000	1,120,000	7,942,273	290,000	-	-	1,700,000	670,320
Investments	56,771	-	-	-	-	-	-	-	-	56,771
Advances	3,874,147	215,042	273,277	378,476	534,256	404,301	1,046,090	671,393	352,459	-
Other assets	3,391,668	-	-	-	-	-	-	-	-	3,391,668
	32,073,466	2,485,575	3,048,277	5,498,476	11,776,529	694,301	1,046,090	671,393	2,052,459	4,801,513
Liabilities										
Bills payable	93,259	-	-	-	-	-	-	-	-	93,259
Deposits and other accounts	24,144,665	4,037,641	4,402,641	4,045,141	8,793,039	15,200	20,045	149,662	-	2,681,296
Liability against right of use asset	167,028	2,543	4,736	7,255	13,761	26,490	25,595	43,298	43,350	-
Other liabilities	1,179,284	-	-	-	-	-	-	-	-	1,179,284
	25,584,236	4,040,184	4,407,377	4,052,396	8,806,800	41,690	45,640	192,960	43,350	3,953,839
On-balance sheet gap	6,489,230	(1,554,609)	(1,359,100)	1,446,080	2,969,729	652,611	1,000,450	478,433	2,009,109	847,674
Off-balance sheet financial instruments										
Commitments to extend credit	182,307	182,307	-	-	-	-	-	-	-	-
Off-balance sheet gap	182,307	182,307	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap	(1,736,916)	(1,359,100)	(1,359,100)	1,446,080	2,969,729	652,611	1,000,450	478,433	2,009,109	847,674
Cumulative Yield/Interest Risk Sensitivity Gap	(1,736,916)	(3,096,016)	(1,649,936)	(1,319,793)	1,319,793	1,972,404	2,972,854	3,451,287	5,460,396	847,674

Effective Yield/ Interest rate	Total	2022										Non-interest bearing financial instruments
		Exposed to Yield/ Interest risk										
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	6,271,417	86,190	200,000	4,000,000	1,700,000	-	-	-	-	-	-	285,227
Balances with other banks	16,088,667	2,649,564	1,200,000	999,000	8,745,741	300,000	-	-	1,700,000	-	-	494,362
Investments	163,197	-	-	-	-	-	-	-	-	-	-	163,197
Advances	3,290,230	103,617	80,184	178,573	354,379	223,273	528,026	1,563,940	261,510	-	-	-
Other assets	2,170,017	-	-	-	-	-	-	-	-	-	-	2,170,017
	27,983,528	2,839,371	1,480,184	5,177,573	10,800,120	523,273	528,026	1,563,940	1,961,510	-	-	3,112,803
Liabilities												
Bills payable	82,751	-	-	-	-	-	-	-	-	-	-	82,751
Deposits and other accounts	21,004,229	3,467,684	3,530,034	3,469,284	7,646,224	13,977	21,070	174,660	-	-	-	2,681,296
Liability against right of use asset	161,246	2,543	4,736	7,255	13,761	26,490	25,595	43,298	37,569	-	-	-
Other liabilities	881,882	-	-	-	-	-	-	-	-	-	-	881,822
	22,130,108	3,470,227	3,534,770	3,476,539	7,659,985	40,467	46,665	217,958	37,569	-	-	3,645,869
On-balance sheet gap	5,853,420	(630,856)	(2,054,586)	1,701,034	3,140,135	482,806	481,361	1,345,982	1,923,941	-	-	(533,066)
	5,853,480	(630,856)	(2,054,586)	1,701,034	3,140,135	482,806	481,361	1,345,982	1,923,942	-	-	(533,066)
Off-balance sheet financial instruments												
Commitments to extend credit	144,528	144,528	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	144,528	144,528	-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap	(775,384)	(2,054,586)	1,701,034	3,140,135	482,806	481,361	1,345,982	1,923,942	1,923,942	-	-	(533,066)
Cumulative Yield/Interest Risk Sensitivity Gap	(775,384)	(2,829,970)	(1,128,936)	2,011,199	2,494,005	2,975,366	4,321,348	6,245,290	6,245,290	-	-	(533,066)
Yield Risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.												

39.2.6 Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

	2023	2022
	-----Rupees in '000-----	
Reconciliation of total assets		
Total financial assets	32,073,466	27,983,528
Add: Non financial assets		
Operating fixed assets	422,748	365,478
Other assets	31,698	62,849
Deferred tax asset	31,984	49,601
	486,430	477,928
Balance as per statement of financial position	32,559,896	28,461,456
Reconciliation of total liabilities		
Total financial liabilities	25,584,236	22,130,048
Add: Non financial liabilities		
Other Liabilities	544,530	462,489
Deferred govt. grant	544,530	462,489
Balance as per statement of financial position	26,128,766	22,592,537

39.3 Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. The Bank's operational risk management framework, as laid down in the operational risk policy, duly approved by BOD, is flexible enough to implement in stages and permits the overall risk management approach to evolve in the light of organizational learning and the future needs of the Bank. Operational loss events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve control procedures with respect to design and operative effectiveness.

39.3.1 Operational Risk-Disclosures Basel II Specific

The banks / DFIs are required to make disclosure of reasons for using the approaches to assess the capital charge for operational risk. The details of losses arising from the perspective of operational risk definition should also be indicated along with the measures taken to improve the processes.

39.4 Liquidity Risk

Liquidity Risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses. To mitigate this risk, the Board of Directors have put in place an assets and liabilities committee (ALCO), which manages specific assets with liquidity in mind and monitors the liquidity position regularly. The purpose of liquidity management is to ensure that there are sufficient cash flows to meet all of the Bank's liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking sustained damage to the Bank's reputation.

39.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank

	2023													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
-----Rupees in '000-----														
Assets														
Cash and balances with treasury banks	8,218,340	23,173	162,211	162,211	370,745	100,000	100,000	4,000,000	1,650,000	1,650,000	-	-	-	-
Balances with other banks	16,532,540	93,718	656,028	656,028	1,499,491	1,287,500	1,287,500	1,120,000	3,971,132	3,971,143	290,000	-	-	1,700,000
Investments	56,771	-	-	-	-	-	-	-	28,386	28,386	-	-	-	-
Advances	3,874,147	6,936	48,552	48,552	110,961	136,638	136,638	378,476	267,128	267,128	404,301	1,046,090	671,396	351,351
Fixed assets	422,748	206	1,442	1,442	3,295	5,508	5,508	16,524	16,524	16,524	66,098	66,098	154,507	69,073
Deferred tax assets	31,984	16	109	109	249	417	417	1,250	1,250	1,250	5,001	5,001	11,690	5,226
Other assets	3,423,366	8,713	60,991	60,991	139,395	25,742	25,742	409,664	235,417	235,417	531,603	-	-	1,689,691
	32,559,896	132,762	929,333	929,333	2,124,136	1,555,805	1,555,805	5,925,914	6,169,837	6,169,848	1,297,003	1,117,189	837,593	3,815,341
Liabilities														
Bills payable	93,259	-	-	-	-	46,630	46,630	-	-	-	-	-	-	-
Deposits and other accounts	24,144,665	151,870	1,063,090	1,063,090	2,429,920	2,536,483	2,536,483	4,715,465	4,731,682	4,731,648	15,200	20,045	149,689	-
Liability against right of use asset	167,028	82	574	574	1,312	2,368	2,368	7,255	6,881	6,881	26,490	25,595	43,298	43,350
Other liabilities	1,723,814	13,401	93,807	93,807	214,407	373,974	373,969	190,836	124,218	124,220	349	638	10,754	109,434
	26,128,766	165,353	1,157,471	1,157,471	2,645,639	2,959,455	2,959,449	4,913,556	4,862,781	4,862,749	42,039	46,278	203,741	152,784
Net assets	6,431,130	(32,591)	(228,136)	(228,136)	(521,503)	(1,403,650)	(1,403,644)	1,012,358	1,307,056	1,307,099	1,254,964	1,070,911	633,852	3,662,557
Share capital	5,528,621													
Reserves	468,146													
Unappropriated profit	433,460													
Surplus on revaluation of assets	903													
	6,431,130													

2022

	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
Assets													
Cash and balances with treasury banks	11,981	83,867	83,867	191,702	100,000	100,000	4,000,000	850,000	850,000	-	-	-	-
Balances with other banks	101,417	709,921	709,921	1,622,675	600,000	600,000	999,000	4,372,866	4,372,866	300,000	-	-	1,700,000
Investments	-	-	-	-	-	-	-	81,599	81,598	-	-	-	-
Advances	3,343	23,401	23,401	53,473	40,092	40,092	178,573	177,190	177,190	223,273	528,026	1,563,943	258,233
Fixed assets	697	4,879	4,879	11,158	5,585	5,585	16,402	15,516	15,516	54,673	46,162	92,941	91,485
Deferred tax assets	95	662	662	1,514	758	758	2,226	2,106	2,106	7,420	6,265	12,614	12,415
Other assets	8,714	60,998	60,998	139,414	25,742	25,742	409,664	235,417	235,417	531,603	-	-	499,157
	126,247	883,728	883,728	2,019,936	772,177	772,177	5,605,865	5,734,694	5,734,693	1,116,969	580,453	1,669,498	2,561,290
Liabilities													
Bills payable	-	-	-	-	41,376	41,375	-	-	-	-	-	-	-
Deposits and other accounts	133,484	934,388	934,388	2,135,744	2,100,180	2,100,180	4,139,608	4,158,276	4,158,277	13,977	21,070	174,657	-
Liability against right of use asset	82	574	574	1,312	2,368	2,368	7,255	6,881	6,881	26,490	25,595	43,298	37,568
Other liabilities	9,956	69,692	69,692	159,302	295,946	295,942	150,503	100,211	100,205	349	638	10,754	81,121
	143,522	1,004,654	1,004,654	2,296,358	2,439,870	2,439,865	4,297,366	4,265,368	4,265,363	40,816	47,303	228,709	118,689
Net assets	(17,275)	(120,926)	(120,926)	(276,422)	(1,667,693)	(1,667,688)	1,308,499	1,469,326	1,469,330	1,076,153	533,150	1,440,789	2,442,601
Share capital													
Reserves	5,142,903												
Unappropriated profit	360,650												
Deficit on revaluation of assets	389,194												
	(23,828)												
	<u>5,868,919</u>												

39.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

2023											
Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Rupees in '000	
										Over 6 Months to 1 Year	Over 1 to 2 Years
Assets											
Cash and balances with treasury banks	8,218,340	718,340	200,000	4,000,000	3,300,000	-	-	-	-	-	-
Balances with other banks	16,532,540	2,905,267	2,575,000	1,120,000	7,942,273	290,000	-	-	1,700,000	-	-
Investments	56,771	-	-	-	56,771	-	-	-	-	-	-
Advances	3,874,147	215,042	273,277	378,476	534,256	404,301	1,046,090	671,393	352,458	-	-
Fixed assets	422,748	6,375	11,016	16,524	33,048	66,098	154,504	-	-	69,085	-
Deferred tax assets	31,984	482	833	1,250	2,500	5,001	11,689	-	-	5,226	-
Other assets	3,423,366	270,076	51,484	409,664	470,833	531,603	-	-	1,689,706	-	-
	32,559,896	4,115,582	3,111,610	5,925,914	12,339,681	1,297,003	1,117,189	837,586	3,742,164	-	74,311
Liabilities											
Bills payable	93,259	-	93,259	-	-	-	-	-	-	-	-
Deposits and other accounts	24,144,665	4,707,965	5,072,965	4,715,465	9,463,363	15,200	20,045	149,662	-	-	-
Lease liability against right of use asset	167,028	2,543	4,736	7,255	13,761	26,490	25,595	43,298	43,350	-	-
Other liabilities	1,723,814	415,425	747,943	190,836	236,378	349	638	10,754	-	-	109,434
	26,128,766	5,125,933	5,918,903	4,913,556	9,713,502	42,039	46,278	203,714	43,350	-	109,434
Net assets	6,431,130	(1,010,351)	(2,807,293)	1,012,358	2,626,179	1,254,964	1,070,911	633,872	3,698,814	(35,123)	(35,123)
Share capital	5,528,621										
Reserves	468,146										
Surplus on revaluation of assets	903										
Unappropriated profit	433,460										
	6,431,130										
2022											
Rupees in '000											
Assets											
Cash and balances with treasury banks	4,447,089	277,089	2,670,000	1,500,000	-	-	-	-	-	-	-
Balances with other banks	14,774,633	1,589,224	6,664,040	5,721,369	-	-	-	-	-	800,000	-
Investments	183,775	-	-	-	183,775	-	-	-	-	-	-
Advances	2,815,313	124,613	126,656	90,567	228,728	143,174	295,309	1,615,744	2,978	187,544	-
Fixed assets	253,886	13,926	6,980	9,572	20,580	38,252	34,600	65,785	23,791	40,400	-
Deferred tax assets	30,011	1,646	825	1,131	2,433	4,522	4,090	7,776	2,812	4,776	-
Other assets	1,046,611	56,809	101,882	192,002	-	-	-	-	695,918	-	-
	23,551,318	2,063,307	9,570,383	7,514,641	435,516	185,948	333,999	1,689,305	1,525,499	232,720	-
Liabilities											
Bills payable	158,180	-	158,180	-	-	-	-	-	-	-	-
Deposits and other accounts	17,270,623	3,395,756	3,597,906	3,732,956	6,293,056	11,886	29,920	209,143	-	-	-
Lease liability against right of use asset	138,519	1,811	3,704	5,502	11,597	23,606	21,205	43,597	27,497	-	-
Other liabilities	563,110	186,588	129,124	61,003	126,412	349	638	10,754	-	48,242	-
	18,130,432	3,584,155	3,888,914	3,799,461	6,431,065	35,841	51,763	263,494	27,497	48,242	-
Net assets	5,420,886	(1,520,848)	5,681,469	3,715,180	(5,995,549)	150,107	282,236	1,425,811	1,498,002	184,478	(184,478)
Share capital	5,142,903										
Reserves	360,650										
Deficit on revaluation of assets	(23,828)										
Unappropriated profit	389,194										
	5,868,919										

40 CORRESPONDING FIGURES

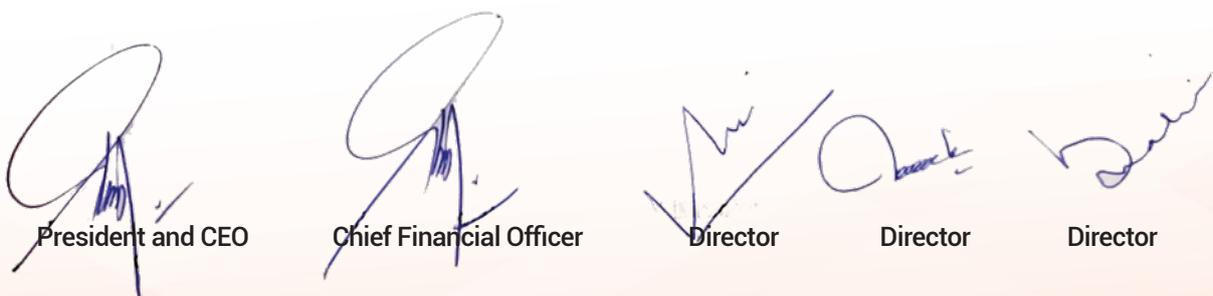
Changes have been made in corresponding figures under cash flow from operating activities in the cash flow statement to conform to current year's presentation.

41 GENERAL

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

42 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors of the Bank on March 11, 2024



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KOTLI REGION

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Chakothi Branch (0037)

Main Bazar Chakhoti, District Hattian, AJK
 TEL: 05822-921826
 E-mail: manager0037@bankajk.com

District Complex Muzaffarabad Branch (0040)

Old Secretariat, District Complex,
 Muzaffarabad
 TEL: 05822-920043
 05822-920187
 E-mail: manager0040@bankajk.com

Sharda Branch (0043)

Main Bazar Sharda, District Neelum, AJK
 TEL: 05821-920802
 E-mail: manager0043@bankajk.com

Jooria Branch (0052)

Jooria, District Neelum, AJK
 TEL: 05821-920502
 E-mail: manager0052@bankajk.com

Ladies Branch, Muzaffarabad (0053)

Hashim Plaza, Poultry Farm Road,
 Muzaffarabad, AJK
 TEL: 05822-923007
 05822-923008
 E-mail: manager0053@bankajk.com

Upper Adda Branch (0061)

Near Shah Anayat Darbar, Upper Adda
 Muzaffarabad
 TEL: 05822-920746
 05822-920747
 E-mail: manager0061@bankajk.com

Chathian Branch (0062)

Srinagar Road, Chathian Bazar
 TEL: 05822-922514
 E-mail: manager0062@bankajk.com

Kutton Branch (0063)

Kutton, Tehsil Athmuqam, District Neelum
 E-mail: manager0063@bankajk.com

Gojra Bypass Branch (0067)

Gojra Bypass Road, Muzaffarabad
 TEL: 05822-923019
 05822-923020
 E-mail: manager0067@bankajk.com

Kundal Shahi Branch (0069)

Main Bazar, Kundal Shahi, Tehsil Athmuqam,
 District Neelum
 Tel: 05821-920342
 05821-920343
 E-mail: manager0069@bankajk.com

Brarkot Branch (0070)

Abbotabad Road Brarkot,
 Tehsil & District Muzaffarabad AJK
 E-mail: manager0070@bankajk.com

Chinari Branch (0076)

Main Bazar Chinari,
 Jehlum Valley, AJK
 TEL: 05822 921716
 E-mail: manager0076@bankajk.com

Prime Minister House Road Branch (0077)

Jalalabad, Muzaffarabad
 TEL: 05822-920862
 E-mail: manager0077@bankajk.com

Leepa Branch (0084)

Main Bazar Leepa, Jhelum Valley
 TEL: 05822-922867
 E-mail: manager0084@bankajk.com

Chela Bandi Branch (0085)

Neelum Valley road Chela, Muzaffarabad
 TEL: 05822-943021
 E-mail: manager0085@bankajk.com

BRANCH NETWORK

RAWALAKOT REGION

Main Branch Rawalakot (0006)

Gulf Shopping Complex,
Katchary Road, Rawalakot

TEL: 05824-920068
05824-920069

E-mail: manager0006@bankajk.com

Bagh Branch (0010)

Main Bazar Bagh, AJK

TEL: 05823-920103
05823-920104

E-mail: manager0010@bankajk.com

Arja Branch (0011)

Bagh/Rawalakot Chowk Arja,
District Bagh, AJK

TEL: 05823 921005

E-mail: manager0011@bankajk.com

Pallandri Branch (0013)

Main Bazar Pallandri, AJK

TEL: 05825 920010

E-mail: manager0013@bankajk.com

Hajeera Branch (0016)

Main Bazar Hajeera, District Poonch,
Azad Kashmir

TEL: 05824 920233
05824 920234

E-mail: manager0016@bankajk.com

Dheerkot Branch (0023)

Main Bazar Dheerkot, District Bagh, AJK

TEL: 05823 921213

E-mail: manager0023@bankajk.com

Abbaspur Branch (0025)

Pul Bazar Bandi Abbaspur,
District Poonch, AJK

TEL: 05824 921027

E-mail: manager0025@bankajk.com

Khai-gala Branch (0030)

Main Bazar Khai-gala, District Poonch, AJK

TEL: 05824-920911

E-mail: manager0030@bankajk.com

Tararkhal Branch (0032)

Main Bazar Trar-khal, District Sudhanoti,
AJK

TEL: 05825 920223
05825 920224

E-mail: manager0032@bankajk.com

Kahutta Branch (0038)

Main Bazar Kahutta, District Haveli, AJK

TEL: 05823-921746
05823-921772

E-mail: manager0038@bankajk.com

Paniola Branch (0039)

Main Bazar Paniola, District Poonch, AJK

TEL: 05824-921608

E-mail: manager0039@bankajk.com

Bloch Branch (0041)

Main Bazar Baloch, District Sudhanoti AJK

TEL: 05825-920316

E-mail: manager0041@bankajk.com

Talian Branch (0049)

Main Bazar Talian, District Sudhanoti, AJK

TEL: 05826-471319

E-mail: manager0049@bankajk.com

Thorar Branch (0050)

Main Bazar Thorar, District Poonch, AJK

TEL: 05824 921313

E-mail: manager0050@bankajk.com

CMH Road Branch (0056)

CMH Road, Rawalakot, AJK

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05824 920545

E-mail: manager0056@bankajk.com

Banbehk Branch (0060)

Tehsil & District Poonch, AJK

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E-mail: manager0060@bankajk.com

Mang Branch (0068)

Near AC Office, Mang Bazar.

TEL: 05825- 920715
05825- 920716

E-mail: manager0068@bankajk.com

Muslimabad Branch (0071)

Muslimabad Bazar, Pattan Sher Khan,
Tehsil Mang, District Sudhanoti, AJK

E-mail: manager0071@bankajk.com

Islamnagar Branch (0072)

Islamnagar Bazar, Pattan Sher Khan,
Tehsil Mang, District Sudhanoti, AJK

E-mail: manager0072@bankajk.com

Panthal Branch (0074)

Main Bazar Panthal
Tehsil Pallandri, District Sudhanoti, AJK

E-mail: manager0074@bankajk.com

Public Housing Scheme (0083)

Bank Road, Rawalakot AJK

Tel: 05824-920040

05824-920049

E-mail: manager0083@bankajk.com

Hari Ghel Branch (0086)

Bagh District Azad Kashmir, AJK

TEL: 05824-920833

E-mail: manager0086@bankajk.com

MIRPUR REGION

Main Branch Mirpur (002)

Nishat Plaza, Allama Iqbal Road,
Mirpur Azad Kashmir,

TEL: 05827-921446
05827-921448
05827-921442

E-mail: manager0002@bankajk.com

Dadyal Branch (0003)

Maqbool Butt Shaheed Chowk, Dadyal

TEL: 05827 923070

E-mail: manager0003@bankajk.com

Chaksawari Branch (0004)

Kotli Road, Naqeebi Plaza, Chaksawari

TEL: 05827 922663

E-mail: manager0004@bankajk.com

Islamgarh Branch (0009)

Main Bazar Islamgarh, District Mirpur, AJK

TEL: 05827 922562

E-mail: manager0009@bankajk.com

Bhimber Branch (0012)

Main Bazar Bhimber, AJK

TEL: 05828 920505

E-mail: manager0012@bankajk.com

Mirpur F-3 Branch (0015)

Sector F-3 Mirpur, AJK

TEL: 05827 920439

E-mail: manager0015@bankajk.com

Pulmanda Branch (0027)

Main Bazar Pulmanda, District Mirpur, AJK

TEL: 05827 922260

E-mail: manager0027@bankajk.com

Barnala Branch (0029)

Main Bazar Barnala, District Bhimber, AJK

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E-mail: manager0029@bankajk.com

BRANCH NETWORK

Chowki Branch (0033)

Main Bazar Chowki, District Bhimber, AJK
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Poona Branch (0035)

Main Bazar Poona, District Bhimber, AJK
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Jatlan Branch (0045)

Main Bazar Jatlain, District Mirpur, AJK
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Mian Muhammad Town Branch (0046)

Main Muhammad Town, District Mirpur
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Jhatti Dheri Branch (0047)

Jhatti Dheri Cross, District Mirpur, AJK
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Ladies Branch Mirpur (0054)

Haris Plaza Chowk, Shaheedan
Sector C-2 Mirpur, AJK
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E-mail: manager0054@bankajk.com

Main Bazar Chaksawari Branch (0057)

Main Bazar Chaksawari, Tehsil Islamghar,
District Mirpur, AJK
TEL: 05827-922666
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Ratta Branch Mirpur (0058)

Allah Abad Market Ratta, Tehsil Dadyal,
District Mirpur, AJK
TEL: 05827-923011
E-mail: manager0058@bankajk.com

Moil Branch (0059)

Main Bazar Moil, Tehsil & District Bhimber.
E-mail: manager0059@bankajk.com

Samahni Branch (0073)

Near PWD Guest House Samahni, District
Bhimber, AJK
TEL: 05828-922165-66
E-mail: manager0073@bankajk.com

Kot Jamal Branch (0078)

Kot Jamel, District Bhimber, AJK
Tel: 05828-922068
Email: manager0078@bankajk.com

Kotli Road Branch (0079)

Azam Plaza, Near BISE Mirpur, District
Mirpur, AJK
Tel: 05828-940751-920407
Email: manager0079@bankajk.com

Mangla Hamlet Branch (0080)

Mangla Hamlet, District Mirpur, AJK
Tel: 05827-922449-48
Email: manager0080@bankajk.com

Khanabad Branch (0081)

Khanabad, District Mirpur, AJK
Tel: 05827-922654
Email: manager0081@bankajk.com

Chechian Branch (0087)

Main Bazar Chechian District Mirpur, AJK
Tel: 05827-922264
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KOTLI REGION

Main Branch Kotli (0005)

Qadri Business Centre, Ground Floor,
Opposite GPO
Kotli, AJK
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E-mail: manager0005@bankajk.com

Sehnsa Branch (0007)

Main Bazar Sehnsa, AJK
TEL: 05826 923062
E-mail: manager0007@bankajk.com

Nar Branch (0014)

Main Bazar Nar, District Kotli, AJK
TEL: 05826 921061
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Bratla Branch (0020)

Main Bazar Bratla, District Kotli, AJK
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Khuiratta Branch (0021)

Bypass Road, khuiratta, District Kotli, AJK
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E-mail: manager0021@bankajk.com

Sarsawa Branch (0026)

Main Bazar Sarsawa, District Kotli, AJK
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Khad-Gujran Branch (0031)

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Charhoi Branch (0036)

Main Bazar Charhoi, District Kotli, AJK
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Tatta-Pani Branch (0042)

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Mi-Toti Branch (0044)

Main Bazar Mi-toti, District Kotli, AJK
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Dhanna Branch (0048)

Dhanna Bazar, District Kotli, AJK
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Seharmandi Branch (0055)

Main Bazar Seharmandi,
Tehsil Sehensa, District Kotli, AJK
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E-mail: manager0055@bankajk.com

Jarahi Branch (0064)

Tehsil Dolya Jattan, District Kotli, AJK
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Goi Branch (0065)

Main Bazar Goi District Kotli, AJK
TEL: 05826-480649
E-mail: manager0065@bankajk.com

Lorry Adda Kotli Branch (0066)

Near Tanveer Ahmed Saheed Girls Post
Graduate college Kotli, AJK
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05826-920248
E-mail: manager0066@bankajk.com

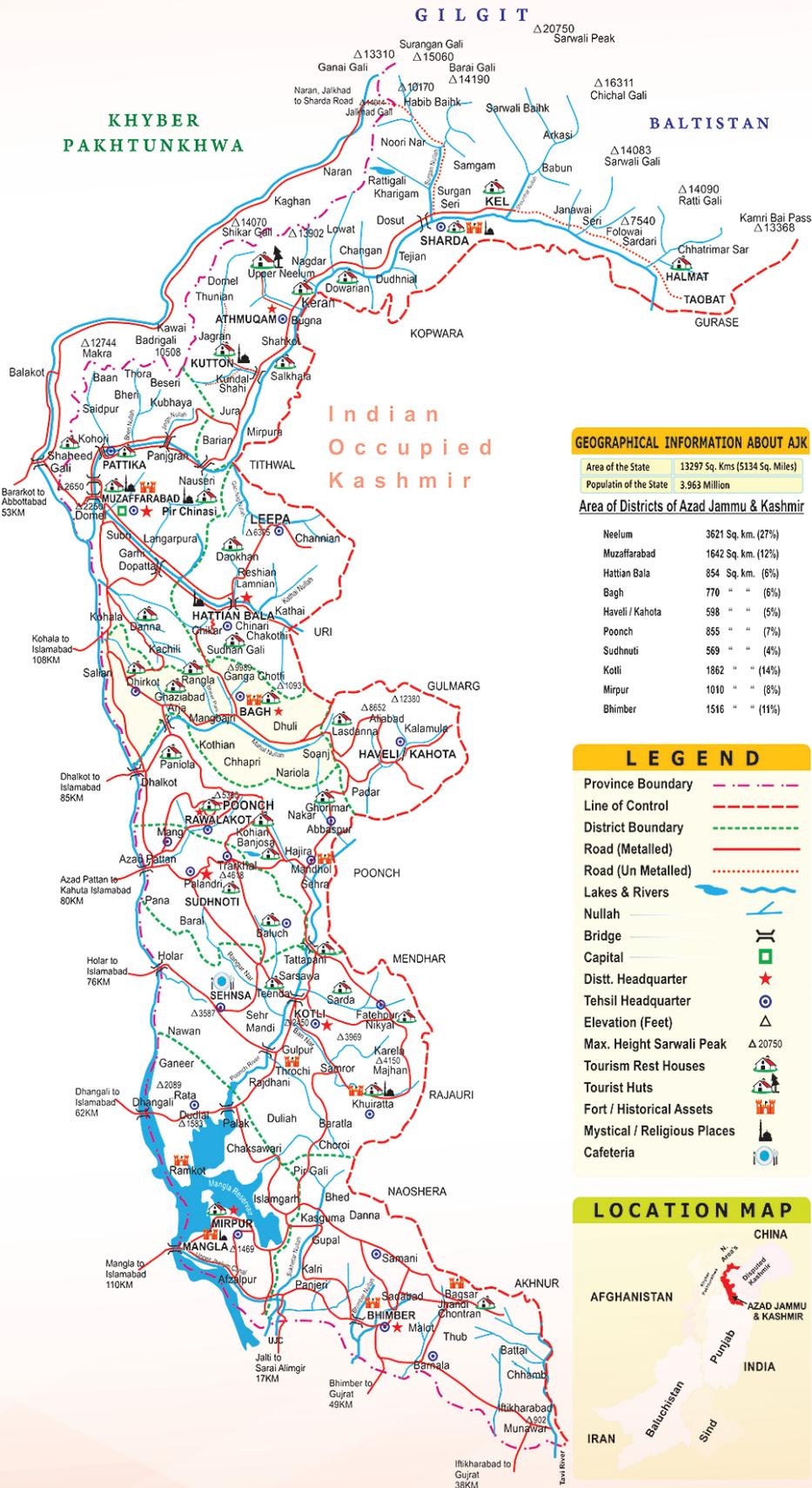
Nakyal Branch (0075)

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Bypass Road Branch Kotli (0082)

Bypass Road Gulhar Shareef Chowk,
Kotli, AJK
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AZAD JAMMU & KASHMIR



GEOGRAPHICAL INFORMATION ABOUT AJK

Area of the State	13297 Sq. Kms (5134 Sq. Miles)
Population of the State	3.963 Million

Area of Districts of Azad Jammu & Kashmir

Neelum	3621 Sq. km. (27%)
Muzaffarabad	1642 Sq. km. (12%)
Hattian Bala	854 Sq. km. (6%)
Bagh	770 " " (6%)
Haveli / Kahota	538 " " (5%)
Poonch	855 " " (7%)
Sudhnuti	569 " " (4%)
Kotli	1862 " " (14%)
Mirpur	1010 " " (8%)
Bhimber	1516 " " (11%)

LEGEND

- Province Boundary
- Line of Control
- District Boundary
- Road (Metalled)
- Road (Un Metalled)
- Lakes & Rivers
- Nullah
- Bridge
- Capital
- Distt. Headquarter
- Tehsil Headquarter
- Elevation (Feet)
- Max. Height Sarwali Peak
- Tourism Rest Houses
- Tourist Huts
- Fort / Historical Assets
- Mystical / Religious Places
- Cafeteria

LOCATION MAP



AJ&K falls within the Himalayan organic belt. As such, its topography is mainly hilly divided into Northern and southern parts. The northern districts (Neelum, Muzaffarabad, Hattian, Bagh, Haveli, Poonch, and Sudhnoti) are generally mountainous while southern districts (Kotli, Mirpur, and Bhimber) are relatively plain. The mountain environments are unstable and have low inherent productivity. Within this fragile environment, there is a great variety of natural niches on which people base their livelihood. Small land holdings and shortage of cultivable land are the main factors limiting on-farm income generation. The area is full of natural beauty with thick forest, fast flowing rivers and winding streams. Main rivers are Jhelum, Neelum and Poonch. The local economy of Azad Jammu and Kashmir (AJK) depends heavily on agriculture and livestock as well as remittances. Industry and tourism are one of the viable options but so far remained underdeveloped in this region. Azad Jammu and Kashmir is rich in water and mineral resources and nature has been generous in bestowing scenic beauty to this part of the world. Present regime of Azad Jammu and Kashmir has granted a number of incentives to the investors for promotion of Industrial activities in the State. The State of Azad Jammu and Kashmir offers great opportunity to the investors, including five lac overseas Kashmiri nationals possessing dual nationality to invest in industrialization, Hydel power generation, Mineral exploitation, and Kashmiri Handicrafts and Tourism industry. At the time of independence in 1947, the economy of Azad Jammu & Kashmir was on subsistence level. It was early 70's, when economic development of the area started. Despite financial constraints, efforts were made in developing infrastructure for the rapid development of the area. The State of Azad Jammu & Kashmir by virtue of its topography, meteorology, hydrology and administrative set up provides adequate opportunities of investment in various sectors. The Govt. of Azad Jammu and Kashmir is encouraging investment in the following sector:-

INVESTMENT OPPORTUNITIES IN AJK

1. **Hydropower Generation**
2. **Mineral Resources**
3. **Kashmiri Handicrafts**
4. **Tourism**
5. **Manufacturing**





1. HYDROPOWER GENERATION

Hydro Power generation is the most emerging sector of AJK. Some of the projects have already been completed and rest are in process of completion.

COMPLETE PROJECTS COMMISSIONED / OPERATIONAL PROJECTS

Sr. #	Power Stations	Cap. (MW)	Investment Cost (M. Rs.)	Year of Completion	Status
1	Kundal Shahi	2.00	100.00	1997	Isolation mode
2	Kathai	3.20	150.00	1998	—
3	Leepa	1.60	102.00	1999	—
4	Jagran-1	30.40	3800.00	2000	Grid Mode
5	Changan	0.05	1.00	2008	Isolation mode
6	Sharian	3.20	400.00	2011	—
7	Halmat	0.32	32.00	2013	—
8	Ranger-I	0.60	69.00	2013	—
9	Qadirabad	3.00	400.00	2014	—
10	Rehra	3.20	400.00	2015	—
11	Sharda	3.00	400.00	2015	—
12	Kel	0.75	134.00	2016	—
13	Pattika	0.50	85.00	2016	—
14	Battar	4.80	780.00	2016	—
15	Dhannan	1.7	299.00	2018	—
16	Galater	1.0	279.886	2018	—
17	Kel	0.500	160.359	2019	—
18	Kappa Banamula	2.00	454.840	2019	—
19	Hajira	1.60	459.527	2019	—
20	Hillan	0.600	124.00	2019	—
21	Rangar-II	0.45	96.534	2019	—
22	Guin Nullah	0.25	79.969	2019	—
23	Jhing	14.4	1909.00	2021	Grid Mode
24	Bhedi Doba	1.0	382.00	2022	Isolation Mode
	Total	80.12			

S #	Name of Power Station	Capacity (MW)	Cost Million US\$	Sponsors	Status
1.	<u>Kharri Mirpur</u>	3.5	7.00	<u>Kohsar Hydro (Pvt) Ltd</u>	In operation since 2003
2.	<u>New Bong Escape Mirpur</u>	84.0	149.00	<u>Laraib Energy (Pvt) Ltd</u>	In operation Since 2013
3.	<u>Patrind Muzaffarabad</u>	147.0	362	<u>Star Hydro (Pvt) Ltd</u>	In operation Since 2017
4.	<u>Gulpur Kotli</u>	100.98	323.82	<u>Mira Power (Pvt) Ltd</u>	In operation since 2020
5.	<u>Karot HPP</u>	720.00	1600.00	<u>China three Gorges</u>	In operation Since June, 2022
Total		1055.48			

ON-GOING PROJECTS

ii. On-Going Projects

Sr.#	Name of Project	Capacity(MW)	Cost(M.Rs)	Completion Date/Status
1	<u>Jagran-II HPP, District Neelum Valley</u>	48.0	11274.0	Expected to be completed by Dec. 2024.
2	<u>Chamfall HPP, District Jhelum Valley</u>	3.20	702.00	Expected to be completed by Feb. 2024.
3	<u>Narrdajian HPP District Jhelum Valley</u>	3.20	700.534	Expected to be completed in June, 2025.
4	<u>Ext. of Kappa Banamullah Phase-II</u>	2.00	350.00	PC-I's approved by AKDWP on 27-02-2023.
5	<u>Pathyali, HPP, District Muzaffarabad</u>	0.50	398.00	PC-I's approved by AKDWP on 27-02-2023.
6	<u>Haryala, HPP, District Muzaffarabad</u>	0.50	395.00	PC-I's approved by AKDWP on 27-02-2023.
Total		57.4		

UNDER IMPLEMENTATION/DONOR FUNDING COMMITTED (Medium Size Projects)

Sr.#	Name of Project	Capacity MW	Project Cost (MRS)	Status
1	<u>Shauntar District Neelum Valley</u>	48.00	11274.311	Loan agreement initiated by SFD on 21-10-2022. Signing of Loan agreement is awaited.
2	<u>Jagran-IV District Neelum Valley</u>	22.00	6674.306	
3	<u>Dawarian District Neelum Valley</u>	40.00	9396.461	Loan committed by Kuwait Fund for Arab Economic Development (KFAED).
4	<u>Nagdar District Neelum Valley</u>	35.00	9587.379	
Total		145.00		

Sr.#	Name of Project	Capacity MW	Sponsors/Company	Status
1	<u>Kohala</u>	1124	<u>KHCL subsidiary of China Three Gorges South Asia Investment Limited.</u>	The Projects are included in the list of priority project under CPEC. The concession agreements have been signed.
2	<u>Azad Pattan</u>	700	<u>Azad Pattan Power Private Limited a subsidiary of China Gezhouba Group Company.</u>	
3	<u>Riali-II</u>	7.08	<u>Sachal Engineering works</u>	The project is under construction and expected COD is December 2024.
4	<u>Mahl</u>	640	<u>Mahl Power Company (Pvt.) Ltd. a subsidiary of CTG South Asia Investment Limited (CSAIL)</u>	These projects are withheld with CPPA-G due to non-inclusion in IGCEP 2021-30.
5	<u>Athmuqam</u>	350	<u>M/s KHNP consortium with Daelim Industrial Co. Ltd and Lotte Engineering & Construction</u>	
6	<u>Ashkot</u>	300	<u>M/s Ashkot Energy Limited</u>	
7	<u>Kathai-II</u>	8.0	<u>M/s JDW Sugar Mills</u>	
8	<u>Bheri</u>	2.85	<u>M/s Power Impact (Pvt.) Ltd.</u>	
Total		3131.93		

PROJECTS UNDER PROCESS

Sr.#	Name of Project	Capacity MW	Sponsors/Company	Status
1	<u>Jagran-III</u>	35	<u>M/s Siddiqsons (Pvt.) Ltd.</u>	These projects are withheld with CPPA-G due to non-inclusion in IGCEP 2021-30.
2	<u>Harighel</u>	40.32	<u>M/s SAANI Power (Pvt.) Ltd.</u>	
3	<u>Luat</u>	49.0	<u>M/s Neelum Green Energy (Pvt.) Limited</u>	
4	<u>Gumat Nar</u>	49.5	<u>M/s Bedrock (Pvt.) Ltd.</u>	
5	<u>Rajdhani</u>	132	--	
Total		305.82		

FUTURE PROJECTS

(With Complete Feasibility Study)

Sr. #	Name of Project	Estimated Cost (M.Rs.)	Capacity (MW)
1	Riali-I, District Muzaffarabad	350.00	1.60
2	Sharda-II HPP, District Neelum	950.00	5.00
3	Tajian HPP, District Neelum	750.00	3.00
4	Paddar, District Bagh	750.00	3.00
5	Daar Banggan, District Poonch	780.00	3.00
6	Kasorkot Talwari, Jhelum Valley	580.00	2.90
7	Kalamula, District Haveli	440.00	2.20
8	Hundi Chapan Haveli, District Haveli	800.00	3.50
9	Bhango Aronta, District Poonch	420.00	2.10
10	Gharata Bhango, District Poonch	340.00	1.70
11	Balmi, District Kotli	400.00	2.00
12	Malkan Sarsawah, District Kotli	440.00	2.20
13	Panagh Dandali, District Kotli	360.00	1.80
14	Gurha Panag, District Kotli	300.00	1.50
15	Sandoa Cross, District Bhimber	350.00	1.75
16	Kappa Banamula Phase-II	350.00	2.00
17	Janawahi, District Neelum	1600.00	8.00
18	Taobut, District Neelum	2000.00	10.00

Projects Under 50MW

Sr.#	Name of Project	Capacity MW	Sponsors/Company	Status
1	Jhing-II	6.05	M/s Taybah Jhing Energy (Pvt.) Ltd.	Awaiting consent of Purchase of Power from CPAA-G which is linked with inclusion of Projects in IGECP.
2	Riali-III	3.07	M/s Green Energy (Pvt.) Ltd.	
3	Ghail	1.1	M/s Ali Power Generation Ltd.	
4	Dachhor Miran	3.0	M/s Premier Power Generation Ltd.	
5	Naushera	2.0	M/s Naushera Energy (Pvt.) Ltd.	
6	Sankaya	7.0	M/s Sankaya (Pvt.) Limited	
7	Sahng	10.0	M/s Alam Energy (Pvt.) Ltd.	
	Total	32.22		



2) MINERAL RESOURCES

The geological environment of AJK comprises of three types of rocks, i.e. Sedimentary, Igneous and Metamorphic. The type of mineral deposits found are; Industrial Minerals, Gemstones, precious Metals and Base Metals. The Industrial minerals and base metals are found in all the three rock types and thus spread in the whole of the AJK territory, whereas gemstones are confined to metamorphic terrain and thus occur in the upper parts of Neelum Valley.

a) Exploitation of Ruby Deposit in Azad Kashmir

The Ruby deposits of Azad Kashmir are found at Nangimali area of Upper Neelum Valley. The area falls in Survey of Pakistan Topo sheet No.43- J/5. Nangimali is about 25 km from Kel. The Kel is about 160 Kilometers north east of Muzaffarabad. Kel is linked with Muzaffarabad by partially metaled road open for about 8/9 months, whereas onwards by a fair weather road open 5 to 6 months.

3) KASHMIRI HANDICRAFTS

The tradition of Kashmiri crafts can be traced back from the era of pre-recorded history. It has maintained itself and flourished despite the rise & fall of various civilizations. The craft tradition got major boost in the 14th century, when Mir Syed Ali Hamdani visited Kashmir along with several hundred craftsmen, Artisans and experts. This event revolutionized the religious life of Kashmiris and also infused the ideas of productive economy in Kashmir. These Arts and crafts received the state patron-ship during the era of Zain-ul-Abidin. Till the recent time, in AJK development and promotion of Kashmir handicrafts has been of the major endeavors of the government, with a view to promote productivity of the crafts sector, employment generation and diversification of markets.

Investment opportunities are available in almost all traditional Handicrafts and investor can establish production units at local level at low cost and due to huge demand of Kashmiri Handicrafts in domestic & international level can sell in Pakistan and other countries. Following are the key features of this opportunity in AJK :-



- Raw-material – available
- Trained skilled force – available
- A relatively low marketing cost is involved in this business because Kashmiri crafts are known world-wide since centuries.
- Plots could be allotted to investors in the Industrial Estates.
- Technical advisory is available for project preparation & feasibility studies.

4) TOURISM

Azad Kashmir has great potential for development of tourism. Its numerous picturesque spots, dense forests, winding rivers, turbulent foaming streams, majestic towering mountains, flora & fauna, bracing climate and historical & cultural heritage all together make it an excellent tourist resort. Despite the tourism potential available in abundance, it could not be explored for a long time. It was mainly due to the absence of the infrastructure, paucity of funds and other problems of varied type. However, with the overall improvement of the conditions in the area, tourism also got some attention since 2008 and since then efforts are being made to develop and provide basic amenities for the tourists in Azad Kashmir.

The AJK Tourism Department initially confined its development activities to such areas which were linked with good roads and where some other basic infrastructure was available. However, with the gradual improvement of general infrastructure and in view of the growing requirements of the tourists the scope of the tourist activities was enlarged. The AJK Tourism Department since 1975 onwards has implemented various development projects with the main objective to develop reasonable accommodation facilities at places of tourist interest. With the result the AJK Tourism Department has established a network of Tourist Lodges throughout the State. In addition to these activities, emphasis was also laid to provide recreational and transport facilities to the tourists.

Resort development has now become the corner stone of the tourism related activities throughout the world. In Azad Jammu & Kashmir also it has become imperative that tourism developmental activities should be shifted to resort development. In this regard, the AJK Tourism Department has got prepared Master Planning for promotion of tourism and tourist resort in Azad Jammu & Kashmir through a renowned consultant firm. The consultant after conducting detailed survey of Azad Jammu & Kashmir has identified following areas for development of tourist resorts.

- Neelum Valley area.
- Muzaffarabad, Saran/Pirchinassi area,
- Dao Khan, Leepa Valley area,
- Dhirkot, Neelabutt, Hanschowki including Danna area,
- Chikkar, Loonbagla, Sudhangali and Ganga-Choti area,
- Rawalakot, Banjonsa, Ghorimar, Tolipir including Lasdana Area,
- Tatta Pani -Kotli, Sehnsa area,
- Mirpur -Mangla, Bhimber & Samahni area



Azad Jammu & Kashmir has also great potential for promotion of adventure tourism particularly because of its topography, scenic beauty, location accessibility and close proximity to Islamabad. To tap this potential AJK Tourism Department has initially focused on White Water Rafting, Rock Climbing, Para Gliding, Hiking & Trekking, Mountaineering and camping. In this regard various events have been successfully launched with the technical and logistic support of Alpine Club of Pakistan (ACP), Adventure Foundation Pakistan (AFP) and Pakistan Association of Free Flying (PAFF).

5. Manufacturing

The State of AJK by virtue of its geography, weather & administrative setup provides huge opportunities of investment in various sectors. The Government has adopted the Industrial policy of Federal Govt. which entails that every industries is allowed to be established in the territory of AJK except arms & ammunition, security printing, explosive material and radioactive material.

In Mirpur industrial zone, there are a few large scale and sub-sector industries available including pharmaceutical, food and beverages etc. In this industrial zone around 30,000 people are employed. To uplift industrial sector in Azad Jammu Kashmir, the government decided to set up a new mega industrial zone in Mirpur. The new mega industrial zone is to be constructed near Moori village on Mirpur Jatlan Road for which the required land was being acquired by the government to materialize the plan.



The background is a rich, golden-yellow color with a subtle gradient. Several bright, diagonal rays of light cut across the frame, creating a sense of depth and movement. Scattered throughout are numerous small, sparkling particles and larger, multi-pointed starburst effects, giving the overall appearance a festive and celebratory feel.

1 Year at a Glance

BOARD OF DIRECTORS' / COMMITTEE MEETINGS



MANAGEMENT MEETINGS



BUSINESS REVIEWS MEETINGS



TRAININGS & WORKSHOPS



BUSINESS PROMOTION CONFERENCES/MEETINGS



CUSTOMER SERVICE CAMPAIGNS





MEETING WITH GOVERNOR STATE BANK OF PAKISTAN

A delegation from Bank of AJK lead by Mr. Abdul Majid Khan, Minister Finance and Inland Revenue met with Mr. Jameel Ahmed, Governor State Bank of Pakistan. Governor State Bank of Pakistan (SBP), Mr. Jameel Ahmed, while appreciating the performance of Bank of Azad Jammu and Kashmir (BAJK) and the steps taken to achieve Scheduled Bank status, agreed in principle with the position of the SBP to issue the license to BAJK and said that the Government Financial Institution of AJK is playing positive role in the socio-economic development of the State and the way BAJK is moving towards speedy progress, it is not difficult to predict that this bank will soon become one of the most successful banks. Governor SBP expressed these views in a meeting with Chairman Bank of Azad Jammu and Kashmir Mr. Khan Abdul Majid Khan and President/CEO. Minister for Finance, Cooperatives and Inland Revenue Mr. Abdul Majid Khan, who is also the Chairman of the Bank's Board of Directors, highlighted the importance of BAJK in the state's economy and usefulness of issuance of license for conferring scheduled status. Moreover, he also articulated the recent steps taken in this regard by AJK State Government and Bank's Management for attaining scheduled status. The Chairman further said that Bank of AJK needs development and patronage of the Federal Government. The Bank needs to be included by the Government of Pakistan's Special Incentives Schemes like hydropower, tourism, agriculture and housing sector, which will further accelerate the growth. In addition, SBP was requested to nominate a focal person from SBP to assist/guide BAJK for obtaining licensing along with approval for opening a corporate office of the bank in Islamabad to accelerate the processes. Earlier, the Governor was briefed by President/CEO BAJK on the history of the bank and the status of financial progress during the last three years including expanding network, customer reach and paid-up capital. Mr. Mubasher Nabi, Member BoD and Chief Financial Officer Mr. Shahid Shehzad Mir were also present on the occasion. The Governor agreed in principle on the position of BAJK to achieve scheduled bank status and appreciated the performance and measures taken by the management of BAJK. On this occasion, souvenirs were presented to the head of SBP on behalf of the Government of AJK and BAJK.



LAUNCH OF SMALL BUSINESS TRADE FINANCE SCHEME

Bank of Azad Jammu and Kashmir is playing an important role in the socio-economic development of the people by promoting business activities in the state. For the promotion of business, the bank is providing loans up to Rs. 5 lacs to small traders and entrepreneurs under the "Small Business Trade Finance" (SBTF) scheme. Loans are being given to the business community on very easy terms and minimum markup which have the fastest processing. The business community of the region is benefiting from this scheme. The SBTF scheme was launched at the beginning of current year. Earlier, easy access of customers to loan schemes like advance salary loan, gold loan, housing finance, personal loan, car financing, motorcycle loan, home appliances, SME, micro, commercial, tourism development and healthcare etc. are accelerating the socio-economic development of the region. Apart from this, under the patronage of AJK Government, Board of Directors and supervision of President/CEO, hard work of staff, support of customers, the bank is surpassing business goals.

BUSINESS CAMPAIGNS



Ministers of AJK Government visits Main Branch and head office Muzaffarabad

FIELD/BRANCH VISITS



AWARDS/PRIZES



WOMEN DAY CELEBRATIONS



CORPORATE SOCIAL RESPONSIBILITY



CODE OF CONDUCT & BUSINESS PRACTICES

The background of the page is an aerial night view of a city, likely Srinagar, with numerous illuminated buildings and streets. Overlaid on this image is a complex network of glowing digital lines in various colors (blue, purple, red, green) that connect different points across the city, symbolizing technology, data, and business practices. The lines are thin and have small circular nodes at their ends, creating a web-like structure that spans the entire width and height of the image.



1. CODE OF CONDUCT, DISCIPLINE & BUSINESS PRACTICES

1.1 Introduction

The employees entering into the service of Bank, both permanent and on contract shall have to abide by the rules, regulations and are desired to display highest standards of ethics, honesty, integrity, efficiency, obedience, allegiance to the institution, faithfulness, adherence to business practices and code of conduct. All employees must ensure that their actions and conduct protect and promote the reputation and image of the Bank. Whatever an employee does or says should not cause the Bank embarrassment or bring the Bank into disrepute in the public eye, especially as regards the impartiality and fairness of the Bank.

This Code:

- a. Is mandatory for compliance by all employees, whether full or part time, employed, directly or indirectly through a service contract and wherever located.
- b. Also applies as a general guideline to the Directors, mutatis mutandis.
- c. Sets out maximum standards of good banking practices and lays down core values relating to the lawful and ethical conduct of our business activities and provides guidance to all. While the Code provides guidance on the aspects of integrity and impartiality, it cannot and does not cover every situation an employee may encounter. If an employee is uncertain about what to do in a particular situation, guidance should be sought from the Reporting Officer or the concerned Manager.
- d. Does not alter or replace the duties and responsibilities of some of the employees as specifically defined in Banking and Corporate Laws applicable to the Bank.
- e. May be amended or varied generally or specifically with the approval of the Board of Directors for changes due to regulations, laws and practice.
- f. Is not meant to be a complete record of our relationship with customers. Specific products and services have their own terms and conditions, and these will continue to govern customer relationships with regard to the use of those products and services.

Each employee must be fully aware of the provisions of this Code.

1.2 General Guideline

Every employee shall:-

- Conform to and abide by the Bank rules and obey all lawful orders and directives which may, from time to time, be given by any person or persons under whose jurisdiction, superintendence or control he may, for time being, be placed. He shall undertake at all times to comply with all applicable laws, regulations and policies of the Bank.
- Stand firmly against supporting the activities of any group or individual that unlawfully threatens public order safety. He shall not be a member of any political party, take part in, subscribe in aid of or assist in any way, any political movement in and out of Azad Jammu & Kashmir/Pakistan or relating to the affairs of Azad Jammu & Kashmir/Pakistan. He shall not express views detrimental to the ideology, sovereignty of state of Azad Jammu & Kashmir/Pakistan.
- Not confess or otherwise interfere or use his influence in connection with or take part in any election as a candidate of legislative/local body or issue statement or address the electorate or in any manner announce or allow to be announced publicly as a candidate or prospective candidate whether in Azad Jammu & Kashmir/Pakistan or elsewhere. He may, however, exercise his right to vote.
- Not bring or attempt to bring political or other pressure/influence directly or indirectly to bear on the authorities/superior officers or indulge in derogatory pamphleteering, contribute, or write letters to news papers, anonymously or in his name with an intent to induce the authority/superior officers to act in a manner inconsistent with the rule, in respect of any matters relating to appointment, promotion, transfer, retirement, or for any other conditions of service employment.

1.3 Integrity

Every employee shall:-

- Conduct the highest standards of ethics, professional integrity and dignity in all dealings with public, clients, investors, employees of Bank. He shall not engage in act of discrediting the Bank. If he becomes aware of any irregularity that might affect the interest of the Bank, he will inform the Bank immediately.
- Avoid all such circumstances in which there is personal interest conflict or appears to be in conflict with the interest of Bank or its customers.
- Not use his status to seek personal gain from those doing business or seeking business from BOAJK, or accept any gains if offered. He shall not accept any sort of gifts, favor, benefits, frequency of which exceeds normal business contact from a customer, constituent likely to have dealing with BOAJK and candidates for employment in the Bank.
- Not accept any benefit from the estate of, or a trust created by a customer or from an estate or trust of which Bank's company or business unit is an executor, administrator or trustee.

1.4 Conflict of Interest

Circumstances should be avoided in which personal interest conflicts, or may appear to conflict, with the interest of the Bank or its customers.

Circumstances may arise where an employee, his/her spouse or family member directly or indirectly hold a business interest which conflicts or may conflict with the Bank's interest. In order to ensure that the Bank makes objective decisions, employee must declare in advance such interest to the Management through Reporting Officer.

Any involvement in an outside activity or any external position held by an employee:

- a. Must not give rise to any real or apparent conflict with a customer's interest;
- b. Must not adversely reflect on the Bank; and
- c. Must not interfere with an employee's job performance.

Employees must not negotiate or contract on behalf of the Bank with an enterprise in which they have a direct or indirect interest.

Employees on the payroll of BAJK must not undertake any other employment, whether part time, temporary or other, or act as consultant, director or partner of another enterprise except with the prior permission of the President of the Bank.

In case of doubt about whether a particular circumstance/situation would create conflict of interest, employees should first consult their Reporting Officer or the concerned Manager for seeking guidance before taking action.

1.5 Professionalism

Every employee shall:-

- Serve the Bank honestly and faithfully and shall strictly serve Bank's affairs and the affairs of its constituents. He shall use his utmost endeavor to promote the interest and goodwill of the Bank and will show courtesy and attention in all acts/transactions/correspondences.
- Disclose and assign to Bank all interest in any invention, improvement, discovery or work of authorship that he may make or conceive. If his employment is terminated, all rights to intellectual property and information generated or obtained as part of his employment shall be terminated, and shall remain the exclusive property of the Bank.

1.6 Know Your Customer

Commonly referred to as KYC, is the process to ensure that the Bank is not used for any unlawful transactions. This is achieved by obtaining sufficient information about the customers to reasonably satisfy us as to their reputation, their standing and the nature of their business activities.

Effective use of "Know Your Customer" and customer's due diligence discourages money laundering, which uses

Banks as vehicles to disguise or "launder" the proceeds of criminal activities. Involvement in such activities undermines Bank's integrity, damages its reputation, deters honest customers and leads the Bank to severe sanctions.

All employees, particularly working in the customer services areas, must establish the identity of every new customer from reliable identifying documents. For existing customers, they must remain vigilant and aware of:

- a. Activities not consistent with customer's business;
- b. Unusual characteristics or activities;
- c. Attempts to avoid reporting or record keeping requirement;
- d. And unusual or erratic movement of funds.

A suspicion that funds transacted with the Bank stems from illegal activities, must be reported internally to the Reporting Officer or concerned Manager.

1.7 Personal Investments

Personal transactions actual or intended transactions, usually in marketable investments, by employees for their own account, or in which employees have direct power to make decisions or influence the decisions of persons connected with them by reason of family or business relationship.

Employees must ensure that no conflict of interest arises between their personal transactions and corporate and customer responsibilities. Employees must never attempt to use their position in BOAJK to obtain an advantage to buy and sell investments.

Employees in doubt about the propriety of any proposed personal transaction should consult their Reporting Officer or the concerned Manager.

Employees shall not, at any time, carry out:

- a. Short sales of marketable securities or currencies or any other form of trading which is speculative in nature in their own account or for the account of their spouse or family members.
- b. Trading in shares, securities or currencies which involve improper use of unpublished price sensitive information for personal benefit.

1.8 Relations with Regulators

Relationship with Regulators is one of the most important relations, which BOAJK maintains with the aim of developing mutual confidence and trust.

All employees must comply in letter and spirit, with legal and regulatory requirements applicable to the activities in which we engage.

In case a regulation appears to conflict with the provision of any other regulation or laws, or compliance appears to be impractical or against the general banking ethics, it must be reported to the competent authority for appropriate action. Under no circumstances a violation of a regulation should be committed.

1.9 Relationship with Competitors

Except in situations where the Bank is participating in a transaction with other Bank(s), no employee shall have any agreement, understanding or arrangement with any competitor with respect to pricing of services, profit rates and/or marketing policies, which may adversely affect the Bank's business.

1.10 Gifts and Entertainment

Gifts, business entertainment or other benefits from a customer or a supplier/vendor, which appear or may appear to compromise commercial relationships must not be accepted by the employees.

Employees may, however, accept normal business entertainment or promotional items appropriate to the circumstances with prior intimation to the Reporting Officer or the Manager.

In the event that a gift must be accepted for reason of customer's insistence and sensitivity of relationship, such gifts

must be surrendered to the Head of Human Resources Division along with reasons of acceptance.

Under no circumstances an employee shall either directly or indirectly accept any amount of money, however small, as gift, gratuity, subscription or reward from any employee of the Bank, customer, supplier or vendor.

Customers who wish to express gratitude for the services of BOAJK should be requested to send a letter of appreciation.

1.11 Office Attendance

Every employee shall attend the office in time and shall not leave the office before closing hours. An employee coming late shall hold himself liable for disciplinary action and to the debit of one earned leave from his leave account.

1.12 Corporate Culture

The Bank recognizes its staff members' personal behavior and interaction with others as a vital part of their duties in a particular position. In order to achieve the desired level of performance and corporate objectives, preservation of congenial and professional working environment is encouraged.

BAJK seeks to create an environment where all persons are treated equally and with respect, where person's rights are respected, efforts of staff encouraged and their achievements given due recognition.

1.13 Customer Relationship

Knowing our customers and their needs is the key to our business success. Fairness, truthfulness and transparency govern our customer relationships in determining the transactional terms, conditions, rights and obligations.

All employees must be committed to the continued development of excellence in service culture in which BAJK consistently seeks to exceed customers' expectations. Employees should seek to understand customers' financial circumstances and needs to be able to provide them with the most suitable products and services.

All employees must ensure that any advice given to the customer is honest and fairly expressed and restricted only to those services or products where the Bank has the relevant expertise and authority.

1.14 Business/Work Ethics/Discipline

Every employee shall:-

- Respect colleagues and work as a team. He shall all times be courteous and not let any personal differences affect his work. He shall treat every customer of BAJK with respect and courtesy.
- Make sure good attendance and punctuality and demonstrate a consistently good record in this area. For any absence during work hours during his placement to BAJK clients, he shall obtain written permission of his immediate supervisor.
- Maintain standard of personal hygiene and dress appropriately for attendance at work. Appearance must inspire confidence and convey a sense of professionalism.
- In person responsible for safe guarding both tangible and intangible assets of BAJK that are under his personal control. He shall not use Bank's asset for his personal benefits except where permissible and customary.
- Help in maintaining a healthy and productive work environment, shall not engage in selling, distributing, using any illegal substance or being under influence of illegal drug while on job.
- Ensure strict adherence to all health and safety policies as may be implemented from time to time by the Bank.
- Intimate BAJK of any changes in the personal circumstances relating to his employment or benefits.
- Not accept or seek any outside employment or office whether stipendiary or honorary.
- Not undertake part time work for a private or public body or private person, or accept fee thereof, during the services of Bank.

1.15 Women at Work Place

BAJK is destined to provide its employees, irrespective of gender and without prejudices, a working environment where they feel completely secured and satisfied to perform at the optimum level. Being an equal opportunity

employer, the Bank provides a progressive environment for all its employees to progress and contribute regardless of their cast, creed, religion or gender. Female employees form a formidable work force of the Bank and essentially deserve complete protection. They are mutually respected and protected by the fellow employees and the complaints of mistreatment, bias or prejudices are rare. However, in order to benefit them from State's commitment to effectively safeguard them from perpetrators, the Bank has decided to adopt and enforce provisions of 'The Protection against Harassment of Women at the Workplace Act 2010', in all the branches and offices, forthwith.

1.16 Maintaining Confidentiality

Confidential information comprises of:-

- a. any non-public, written or oral, information received directly or indirectly from a customer, prospective customer or a third party with the expectation that such information shall be kept confidential and used solely for the business purposes of the customer, prospective customer or the third party; and
- b. BOAJK's proprietary information that includes any analysis or plans created or obtained by any BOAJK Division, Department or Branch.

All BAJK employees have a duty to safeguard confidential information, which may come to their possession during their day-to-day work. Respect for customer's private affairs, requires the same care as does the protection of the Bank's own affairs or other interests.

This duty of confidentiality involves not divulging information to third parties other than in the following circumstances:

- i. Where the customer concerned has given permission to do so;
- ii. Where the Bank is legally compelled to do so;
- iii. Where there is a duty to disclose information to public; and
- iv. Where it is necessary for the Bank to present its case - e.g. in court or in other circumstances of a related nature.

Confidentiality applies whether the information has been obtained from those to whom the Bank does business or from sources within the Bank. All such information should only be used for the purpose for which it is intended and must not be used for the personal benefit of an employee, his / her spouse or family member.

All employees must sign a declaration of confidentiality / secrecy and must comply with the procedures and regulations.

1.17 Dress Code

In order to keep the office environment professional, it is mandatory for all employees to follow a strict dress code.

1.17.1 Male

The following dress code is permissible for all male employees of the organization.

1. Dress Shirt and Trouser -In neutral colors, which must be clean and neatly pressed. Shirts should be properly buttoned. Ties shall be properly knotted.
2. Shalwar Kameez -Although Shalwar Kameez is our national dress and people should be encouraged to wear the national dress, extra care should be taken when opting to wear Shalwar Kameez, as it can look very shabby if not properly maintained. Shalwar Kameez should be in neutral colors, it must be clean and immaculately pressed. Kameez should be properly buttoned along-with waistcoats.

1.17.2 Female

The following dress code is permissible for all female employees of the organization.

Shalwar, Kameez and Dupatta- In subtle color, clean and neatly pressed. Female staff should avoid dressing garishly by avoiding jewellery and hair clips as much as possible. Small sized ear-rings are permissible as part of jewellery.

1.18 Compliance

All BAJK employees are fully committed to ensuring that all business decisions and actions comply with all applicable laws and regulations and to observe good standards of behavior and practice in accordance with the industry

practices. Accordingly, all employees must acquaint themselves with all applicable laws and regulations.

Senior Management will ensure that:

- a. All employees are aware of this Code;
- b. No employee shall be asked to do anything that would contravene this Code; and
- c. Queries and concerns arising under this Code will be dealt with properly and may be addressed to the Human Resource Management Division at Head office.

1.19 Special Conditions

Every employee shall not indulge in any of the following:-

- Borrow money from or in any way place himself under pecuniary obligations to a broker, moneylender, and client, employee of the Bank or of any firm or person having dealing with the Bank.
- Buy or sell stocks, shares or securities of any description without funds to meet the full cost in the case of purchase or scripts for delivery in the case of sale. However he can make a bona-fide investment of his own funds in such stocks, shares and securities as he may wish to buy.
- Lend money in his private capacity to a constituent of the Bank or have personal dealings with a constituent in the purchase or sale of bills of exchange, Government papers or any other securities.
- Act as an agent for insurance company otherwise than as an agent for or on behalf of the Bank.

1.20 Certification

Each employee in the Bank shall be required to read/review this Code each year and certify in writing that he/she understands his/her responsibilities to comply with the provisions set forth herein.

1.21 Workplace Safety and Security

It is expected from all employees of the Bank that they will participate in the protection of their workplaces and in helping the Management of the Bank to secure a healthy and safe work environment. Towards this objective they are required to:

- a. Immediately inform their supervisor, manager or senior executive of any alarming developments like the occurrence of smoke, fire, pungent odor or gas leaks;
- b. Participate in any safety drills organized by the Bank from time to time;
- c. Be vigilant of dangerous practices that may be practiced by a colleague or staff member and take proactive action in preventing such practices;
- d. Refrain from taking part in or supporting any act of violence or unruly behavior by any person that may cause bodily harm to any person, or damage property, within any premises of the Bank, its offices and branches, and;
- e. Be vigilant of suspicious behavior or practice that may be displayed by an unidentified person within their immediate workspace or workplace.

