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Yousuf Adil Chartered Accountants

THE BANK OF AZAD JAMMU AND KASHMIR ANNUAL AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

> Independent Correspondent Firm to Deloitte Touche Tohmatsu Limited

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.
- 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:

UDIN:

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

		2023	2022
Manual Annual State	Note	Rupees	in '000
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	8	20 12 2 1	
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
			Type .
CONTINGENCIES AND COMMITMENTS	20		0

CONTINGENCIES AND COMMITMENTS

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

President and Chief Executive Officer

Chief Financial Officer

Director Director

Director

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

		2023	2022
	Note	Rupees ir	י '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	1 March 2000	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	6. <u></u>	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		- 1	-
Other charges		-	-
Total non-markup / interest expenses)	1,168,917	914,018
Profit before provisions	<u> </u>	1,111,743	908,727
Provisions and write offs - net	26	505	29,085
Extra ordinary / unusual items		23 - 0	
PROFIT BEFORE TAXATION		1,111,238	879,642
Taxation	27	(573,758)	(421,578)
PROFIT AFTER TAXATION	-	537,480	458,064
		Rupees	
			Restated
Basic and diluted earnings per share	28 _	0.97	0.89
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The annexed notes 1 to 42 form an integral part of these financial statements.

President and Chief Executive Officer

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4 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 Rupees	2022 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 Related deferred tax expense	43,574 (18,843) 24,731	(20,578) 10,547 (10,031)
Total comprehensive income	562,211	448,033
The annexed notes 1 to 42 form an integral part of these financial statements	s.	-la .
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President and Chief Executive Officer

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

а. ж	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, 2021 Other comprehensive income	-	5	458,064		458,064
Surplus on revaluation of available-for-sale securities - net of tax		(10,031)	÷	-	(10,031)
Transfer to statutory reserve	050	2	(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, 2022 Other comprehensive income	,	-	537,480	-	537,480
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)	-	121
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 Chief Executive Officer

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1 Chief Financial Officer

rec Director Director

Director

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THE BANK OF AZAD JAMMU AND KASHMIR CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

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For the reactinged becomber of, 2020			
		2023	2022
	Note	Rupees in	n '000
CASH FLOW FROM OPERATING ACTIVITIES			
		4 4 4 4 000	070.040
Profit before taxation		1,111,238	879,642
Less: Dividend income	s 	(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	1-1229	26,630	25,160
Provision for leave encashment		109,434	46,457
Provision for bonus		62,927	48,009
Other provisions		02,327	
	04		15,534
Loss on sale of security	24	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	Г	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	
Interest paid on loago lighility			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		(622.450)	(0 402 007)
Dividend income received		(622,150)	(8,403,807)
		12,340	10,575
Investments in operating fixed assets		(106,554)	(115,629)
Proceeds from sale of securities	L	148,051	-
Net cash used in investing activities		(568,313)	(8,508,861)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of share capital		r	
Principal paid against lease liability		(20 702)	-
		(29,763)	(39,890)
Net cash generated from financing activities		(29,763)	(39,890)
Increase / (decrease) in cash and cash equivalents		1,768,646	(5,265,445)
Cash and cash equivalents at beginning of the year		5,934,908	11,200,353
Cash and cash equivalents at end of the year	29 —	7,703,554	5,934,908
on and open equivalence at one of the year		1,105,554	3,334,300
The annexed notes 1 to 42 form an integral part of these financial s	tatements.		· ma
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President and Chief Financial Officer Direct	tor Direct	or Directo	or
Chief Executive Officer			

THE BANK OF AZAD JAMMU AND KASHMIR NOTES TO THE FINANCIAL STATEMENTS 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 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: 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 period b	e from eginning o	Accounting 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:		lanuary 01,	2023
	 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. 			
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.		lanuary 01,	2023
IAS 12	Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	J	anuary 01,	2023
IAS 12	Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar Two Model Rules	J	anuary 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 acco period beginning on or af	unting fter
IFRS 16	Leases' -Clarification on how seller-lessee subsequently January 01, 2024 measures sale and leaseback transactions.	
IAS 1	Presentation of Financial Statements' - Non-current liabilities January 01, 2024 with Convents along with Classification of liabilities as current or non-current.	
IAS 7	Statement of Cash Flows' and 'IFRS 7 'Financial instruments January 01, 2024 disclosures' - Supplier Finance Arrangements	
IAS 21	The Effects of Changes in Foreign Exchange Rates' - January 01, 2025 Clarification on how entity accounts when there is long term lack of Exchangeability.	

IFRS -17	Insurance Contracts (including the June 2020 and December
	2021 Amendments to IFRS 17)

Further, the following new standards have been issued by the IASB, which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

January 01, 2026

Standard		Effective Date
IFRS 1	First-time Adoption of International Financial Reporting	January 1, 2004

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 judgement 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 recognised 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 unrealised 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 amortised 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 unrealised 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 realised 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 recognised 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 recognised 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 live 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 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 amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised 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 acturial 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	OPD Criteria				
Days passed due based classification (DPD)		General loans	Housing loans	Enterprise loans	Enterprise loans (Property colletral)
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 recognised 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	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 account	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 15.5	i0% to 20.50% (2022:8.25% to	o 14.25%) per a	nnum.

2023

2022

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	
6	BALANCES WITH OTHER BANKS		Rupees in '000		
	In Pakistan (Azad Jammu and Kashmir)				
	In current account		670,320	494,362	
	In deposit account	6.1 & 6.2	15,862,220	15,594,305	
			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		202	23			2	022	
7.1	Investments by type	Cost/ amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost/ amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	843 68839787 88 987 10				R	upees in '000			
	Available-for-sale								
	Units of open ended mutual funds - note 7.5	55,000	7.1	1,771	56,771	205,000	Ŧ	(41,803)	163,197
	Held-to-maturity 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
]		202	23		1	20)22	
7.2	Investments by segments	Cost/ amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost/ amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	-200				Ri	upees in '000			
	Units of open ended mu Units of open ended mutual funds	utual funds 55,000	1 7 .1	1,771	56,771	205,000	-	(41,803)	163,197
	Non Government debt Securities Unlisted			23		-		* 10000	
	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 certificate	s	Name of	Redeemable value per	2023	2022	Credit rating
	2023	2022	company	certificate		pees	
	10,000	10,000	Pace Pakistan Limited	4.994	49,940	49,940	Un-rated
	Paid up value was Rs. 5,00 recovery of the balance, full	0 per certif amount ha	icate, carrying markup at t as been provided for.	ne rate of KIBOR + 1.5% mat	ured in 2017.		ne non 2022
							s in '000
.4	Particulars of provision for	or diminut	ion in value of investmer	ts			
	Opening belongs		,			49,940	49,940
.4.1	Opening balance						221
	Charge for the year				1	49,940	49,940
	Closing balance					40,040	101010
.4.2	Particulars of provision a	gainst deb	ot securities				4 1212)
	Category of classification			202	3	20)22
				Non		Non	
				performing	Provision	performing Investments	Provision
				Investments			
					Rupe	es in '000	
	Domestic						
	Loss			49,940	49,940	49,940	49,940

		20	23			2	022	
	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 sec	tor - wise							
Units of open ended mutual funds:								
National Investment Unit Trust Fund		2		2-12	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			9 8 8		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

	Perfor	ming	Non perfo	rming	Tota	al
	2023	2022	2023	2022	2023	2022
			Rupee	es 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				(107.007)	(100 704)	(407.007)
- Specific	Q. 5		(126,784)	(127,687)	(126,784)	(127,687)
- General - note 8.1	(86,942)	(86,122)	-	-	(86,942)	(86,122)
	(86,942)	(86,122)	(126,784)	(127,687)	(213,726)	(213,809)
Advances - net of provision	3,864,417	3,283,273	9,730	6,957	3,874,147	3,290,230
		the second se				and the second sec

-

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 ---- Rupees in '000 ---

8.2 Particulars of advances (Gross)

In local currency

8.4

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

	203	23	202	22
Category of classification	Non performing loans	Provision	Non performing loans	Provision
	•••••••	Rupee	s 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	124,087	128,610	126,396
Total	136,514	126,784	134,644	127,687
Particulars of provision against advances			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	8.5	(588)	•	(588)	(3,362)	≅.	(3,362)
	Closing balance		126,784	86,942	213,726	127,687	86,122	213,809
8.4.1	Particulars of provision against advances			2023			2022	
			Specific	General	Total	Specific	General	Total
					Rupee	es in '000		
	In local currency		126,784	86,942	213,726	127,687	86,122	213,809
	32		126,784	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 i	n '000
	Capital work-in-progress	9.1	867	16,002
	Property and equipment	9.2	421,881	349,476
			422,748	365,478

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 suppliers	867	16,002

^{4,087,873 3,504,039}

Property and equipment									
					2023				
	Freehold land	Building on freehold land	Leasehold improvements	Furniture and fixture	Office equipment	Computers	Vehicles	Right of use asset	Total
At January 1, 2023 Cost	69.085	14 407	150 10	100 FFF	-Rupees '000				
Accumulated depreciation		(13,394)	(55,539)	114,121 (68,240)	38,306 (29,791)	63,239 (38.725)	57,110 (31,226)	253,081 (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
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
L/isposals Cost	3						1000 11		
Accumulated depreciation			c a				3 097	х,	(4,908) 3 007
Depreciation charge	•	(169)	(11,014)	(11,311)	(3,962)	(7,506)	(8.228)	(40.831)	(83.021)
Closing net book value	69,085	1,557	44,718	58,611	24,707	37,984	44,610	140,609	421,881
At December 31, 2023 Cost	60.085	15 130	144 274	027 067	007 01				
Accumulated depreciation	-	(13,563)	(66.553)	(79.551)	33.753)	64,215 (46,231)	80,967	(148 020)	845,909
Net book value	69,085	1,557	44,718	58,611	24,707	37,984	44,610	140,609	421.881
Rate of depreciation (percentage)	•	10%	20%	10%-20%	20%	20%	20%	6% - 33%	
					2022				
	Eron hold	Duilding on	1 and the late		2046				
	land	freehold land	Leasenoid improvements	Furniture and fixture	Office equipment	Computers	Vehicles	Right of use asset	Total
At January 1, 2022					Rupees '000 -				
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)
	40,400	2,028	18,460	32,052	8,186	12,265	9,959	120,100	243,450
Year ended December 2022 Opening net book value	40.400	2 028	18 460	32 052	8 186	10 265	0.050	001 001	110 150
Additions	28,685	1	19,095	22.026	3,698	16 776	9,933	62 617	172 680
Disposals)		00101	20001211
Cost	ł	,	76	234	Ē	L	ĸ	17,264	17,574
Accumulated depreciation	ï		(76)	(228)	1		E	(17,264)	(17,568)
	i	(1,015)	(8,863)	(8,203)	(3,369)	(4,527)	(3,858)	(36,825)	(66,660)
Closing net book value At December 31 2022	69,085	1,013	28,692	45,881	8,515	24,514	25,884	145,892	349,476
Cost	69,085	14,407	84.231	114.121	38.306	63 239	57 110	253 081	693 580
Accumulated depreciation	Ţ	(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%	
							and the second se		

-

9.2

- 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.

See. 1

9.4 Detail of disposals of operating fixed assets

Particulars of assets	Cost	Accumulated depreciation	Book value	Sale proceeds
	<i>,</i>	Rupees	s '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)	<u>_</u>	-
	310	(304)	6	12

The vehicle was disposed to an 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	1	-
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
INTANCIDI E ARRETR		

10 INTANGIBLE ASSETS

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

			2	2023	
11	DEFERRED TAX ASSETS	At January 1, 2023	Recognised in P&L A/C	Recogonised in OCI es in 000	At December 31, 2023
	Deductible temporary differences on		Rupe	es 11 000	
	 Deficit on revaluation of investments 	17,975	1	(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	2 4 b	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,	Recognised in	Recogonised in	At December 31,
	2021	P&L A/C	OCI	2021
		Rup	ees 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	(4 3)	69,336
- Provision against non-performing advance	350	329		679
	61,046	28,939	10,547	100,532
Taxable temporary differences on				
 Accelerated tax depreciation 	(31,035)	(19,896)	1 2 1	(50,931)
	30,011	9,043	10,547	49,601

		Note	2023 Rupees i	2022 n '000
12	OTHER ASSETS			
	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).

12.2	Provision held against other assets	Note	2023 Rupees in	2022 '000
	Receivable from Kashmir Council	12.3	4,815	4,815
12.3	Movement in provision held against other assets			
	Opening balance Closing balance		4,815	4,815
13	BILLS PAYABLE			4,010
	In Pakistan		93,259	82,751

DEPOSITS AND OTHER ACCOUNTS 14

			2023			2022	
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
				Rupees	in '000	currencies	
	Customers					***.	
	Current deposits	5,311,831	8 -	5,311,831	5,798,619	-	5,798,619
	Savings deposits	13,132,002	0.	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
		24,144,665		24,144,665	21,004,229		21,004,229
						2023	2022
	2					Rupee	s in '000
14.1	Composition of a	deposits					
	- Individuals					13,183,705	11,204,859
	- Government					10,725,976	9,578,386
	 Private sector 					234,984	220,984
						24,144,665	21,004,229
15	LEASE LIABILITI	ES AGAINST RIGH	T OF USE AS	SFTS		2023	2022
							s in 000
	Lease liabilities i	ncluded in the state	ement of fina	ncial position		167,028	161,246
	of which are:						
	Current lease liabi	lity				50,079	44,372
	Non current lease	liability				116,949	116,874
					ha	167,028	161,246
	Maturity analysis	- contractual undis	scounted cas	hflows			
	Less than one yea	r				53,535	47,439
	One to five years					145,599	140,048
	More than five yea	rs				33,471	46,827
	Total undiscounted	d lease liabilities				232,605	234,314
15.1	The lease contract	s are signed by the	Bank for the p	premises of its	branches. The	terms of lease	contracts range
	free 0	T , , , , , ,	And a second				and a starting of

15.1 from 3 years to 11 years. The internal borrowing rates used for discounting of lease cashflows range from 8.48% e contracts ra to 18.86%.

OTHER LIABILITIES 16

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 cess	A. (11) (A. (1))	60.394	46,113
Others		116.334	167,784
		1,723,814	1.344.311

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 Number o	2022 of shares		2023 Rupees	2022 in '000	
	1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each		10,000,000	
17.2	17.2 Issued, subscribed and paid up share capital					
	2023	2022		2023	2022	
	Number of shares		Ordinary shares	Rupees	in '000	
	514,290,320 38,571,772	514,290,320	Fully paid in cash Issued as bonus shares	5,142,903 	5,142,903	
	552,862,092	514,290,320		5,528,621	5,142,903	

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

	2023	2022	2023	2022
Note	Number	of shares	Rupees	in 000
		514,290,320	5,142,903	5,142,903
	38,571,772		385,718	1
ration			-	-
	552,862,092	514,290,320	5,528,621	5,142,903
		Note Number 514,290,320 17.5 38,571,772 ration	Note Number of shares 514,290,320 514,290,320 17.5 38,571,772 ration -	Note Number of shares

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	SURPLUS ON REVALUATION OF ASSETS	N	ote	2023 Rupe	2022 es 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 (23,828)
20	CONTINGENCIES AND COMMITMENTS				
	Guarantees Commitments Bills for collection	2	0.1 0.2 0.3	87,674 182,307 <u>5,580</u> 275,561	35,867 144,528 10,816 191,211

			Note	2023 Rupees in	2022 1 000
20.1	Guarantees				
	Financial guarantees			87,674	35,867
20.2	Commitments			s.,	
	Loan sanctioned but not disbursed			5,814	109,993
	Unavailed running finance	1		176,493	34,535
10				182,307	144,528
20.3	Bills for collection		20.3.1	5,580	10,816

20.3.1 Bills for collection represent bills drawn in favour of various financial institutions on behalf of the Bank's customers. These are accepted by the Bank as an agent and the Bank does not carry any credit risk in respect of these bills.

				2023	2022
21	21 MARK-UP/ RETURN/ INTEREST EARNED		Note	Note Rupees in	
	On:				
	a)	Loans and advances	21.1	594,554	468,536
	b)	Balances with banks		4,214,940	2,753,858
				4,809,494	3,222,394

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 F	2022 Rupees in '000-
	On: Deposits . Lease liability	22.1	2,551,783 33,650	1,429,392 22,049
			2,585,433	1,451,441

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.

		2023	2022
23	FEE AND COMMISSION INCOME	F	Rupees in '000
	Branch banking customer fees	3,070	3,078
	Commission on cheques books	10.049	5,240
	Credit related fees	7,739	7,571
	Commission on guarantees	1.571	807
	Commission on remittances (including home remittances)	2,789	2,236
	Commission on utility bills	5,871	5,934
	Postage	809	641
	Others	267	2,123
		32,165	27,630

		Note	2023 Rupees ii	2022 n '000
24	OTHER INCOME			
	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
			12,094	13,587
25	OPERATING EXPENSES			
	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 40,831	15,783 36,825
	Depreciation on right of use asset Depreciation		10,728	9,173
	Depresiation		173,925	131,669
	Information technology expenses		-946-947 🖌 946-04-85	A LAN SERVICI I 🕶 A L'ETIC PARTIER.
	Software maintenance		21,610	19,579
	Hardware maintenance		5,742	4,022
	Depreciation		11,465	7,765
	Network charges		14,585	8,626
	Other operating expenses		53,402	39,992
	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 19,019
	Entertainment . Training & development		26,335 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	25.2	2,934	2,431
	Education cess		57,569	43,070
	Others		39,441	39,880 184,359
			<u> </u>	914,018
				2012 10 10 10 10 10 10 10 10 10 10 10 10 10
25.1	Total compensation expense		2023 Rupees i	2022 n '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 26,630	9,790 25,160
	Contribution to defined gratuity fund 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

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		Note	2023 Rupees i	2022 n '000
25.2	Auditors' remuneration	Note	Rupeesi	
	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 Insurance claims received	8.4	505 -	29,085 -
			505	29,085
27	TAXATION			
	Current		574,984	430,621
	Deferred		(1,226)	(9,043)
			573,758	421,578
07.4	Deletionetic between the constant of the deletion of the delet			

27.1 Relationship between tax expense and accounting profit

		2023		2022
	%	Rupees in '000'	%	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

2022

2023

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

28 BASIC AND DILUTED EARNINGS PER SHARE

		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		
CASH AND CASH EQUIVALENTS		2023 Rupees	2022 in '000		
Cash and balance with treasury banks Balance with other banks	00.4	918,340 6,785,214	571,417 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.

2023	2022
Numt	oer
419	427
90	91
509	518
153	154
662	672
	Numt 419 90 509 153

29

30

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 Encahment

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

32.1 Principal actuarial assumptions

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

			Decembe	r 31, 2023
	Discount rate Rate of growth in salary Mortality rates Average expected remaining life of employees Average duration of liability		14.: SLIC 200 10 y	75% 25% 01 - 2005 ears ears
32.2	Amount recognized in balance sheet	Note	Decembe	r 31, 2023
	Present value of defined obligation	32.3		109,434
32.3	Movement in value of defined benefit obligation			
32.4	Balance at January 01, 2023 Service cost Past service cost Interest cost on Defined Benefit Obligation Benefits Paid Actuarial (gain) / loss Present value of defined obligation Amount recognized in profit or loss Current service cost Past service cost Interest cost Experince adjustment		2	81,121 10,986 6,854 11,846 (9,682) <u>8,309</u> 109,434 10,986 6,854 11,846 8,309
32.5	Sensitivity Analysis			37,995
	Present value of defined benefit obligation			
	1% increase in discount rate		116,469,052	57,417,752
	1% decrease in discount rate		141,914,967	71,389,866
	1% increase in salary		142,148,323	71,524,506
	1% decrease in salary		116,050,025	57,186,315

	2023				
	Dire	ctors		Key	
Item	Chairman	Non- Executives	President	management personnel	
		Rupe	es in '000		
Fees and Allowances etc.		8. 55 .).	8,020	23,357	
Managerial Remuneration			· ***		
i) Fixed	-		85		
ii) Variable (bonus)	450	6,350	2,005	5,122	
Contribution to defined contribution provident fund		1948		÷	
Contribution to defined contribution gratuity fund	6 0 0	1 .	608	1,471	
Rent & house maintenance		5 9	2,137	10,511	
Utilities	-	-	366	2,336	
Medical		5 - 5	922	2,336	
Conveyance		-	1,308	3,540	
Vehicle	2 . 3		1. .	1,487	
Boarding & lodging	-	-	-	175	
Fuel expense	19 -1 416	-	1 4 1	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	

	2022					
	Dire	ectors		Key		
Item	Chairman	Non- Executives	President	management personnel		
		Rupe	ees in '000			
Fees and Allowances etc.	3 <u>2</u>	1	7,291	24,673		
Managerial Remuneration						
i) Fixed		2	17.71	-		
ii) Variable (Bonus)	75	2,450	1,066	3,186		
Contribution to defined contribution provident fund	5 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1	2	10 7 10		
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 & lodging						
Fuel expense	2	2	2	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	80.				
		Meeting fees and allowances paid								
				-	or board com	mittees				
		For board meetings	Board HR committee	Risk Manageme nt Committe e	Board audit committee	Board IT committee	Special committee	Total amount paid		
					upees in '000'					
1	Mr. Abdul Majid Khan	250	7	-	-	-		250		
2	Mr. Muhammad Usman Chachar	200	(siii)	3 6 1)	17-1	7. - 7	5	200		
3	Tahir Mehmood Qureshi	150	-		81 7 .		-	150		
4	Mr. Asmatullah Shah	300	150		200	100	100	850		
5	Mr. Dawood Muhammad Bareach	50		-	1	-	1. (50		
6	Mr. Mubashar Nabi	500	200	150	-	150	400	1,400		
7	Mrs. Bushra Naz Malik	300	1	150	250	2000000 20 0 0		700		
8	Mr.Zuilfiqar Abbasi	500	50	(1)	250	-	300	1,100		
9	Mr. Zahid Zaman	50		-	50		50	150		
10	Dr.Muhammad Idress Abbasi	50		3-5	200-040 11 - 1	•	50	100		
11	Mr Irshad Qureshi	400	250	150	0 2 0	50	350	1,200		
12	Mr.Wajahat Rasheed Baig	350			1.00	150	50	550		
13	-,	50	-	-			50	100		
	Total amount paid	3,150	650	450	750	450	1,350	6.800		

					2022	2		
				Mee	ting fees and a	allowances paid		
					or board com	mittees		
	Name of director	For board meetings	Board HR committee	Risk Manageme nt Committee	Board audit committee	Board IT committee	Special committee	Total amount paid
					Rupee	s in '000'		
1	Mr. Abdul Majid Khan	75	<u>_</u>		-	-	-	75
2	Mr. Asmatullah Shah	75	150		175	100	1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 -	500
3	Syed Zahoor Gillani	50				50	-	100
4	Mr. Mubashar Nabi	100	150	125	-	100	- 1	475
5	Syed Haider Abbas	100	-	125	175		50	450
6	Zulfiqar Abbasi	75	-		175		100	350
7	Muhammad Idrees	50	75	50	-	-	-	175
8	Mr. Irshad Qureshi	50	50	50		-	100	250
9	Wajahat Rasheed Baig	50				50	50	150
	Total amount paid	625	425	350	525	300	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	
On balance sheet financial instruments		Rupee	s in '000		
Financial assets - measured at fair value					
Investments					
Mutual funds	56,771		5	56,771	
Financial assets - disclosed but not measured at					
fair value					
Cash and balances with treasury banks	-	-	-	8,218,340	
Balances with other banks	3 - 0		2	16,532,540	
Advances		-	<u></u> .	3,874,147	
Other assets	5 	*	-	3,411,970	
	2022				
	Level 1	Level 2	Level 3	Total	
On balance sheet financial instruments		Rupee	s in '000		
Financial assets - measured at fair value					
Investments					
Mutual funds	163,197	-	840	163,197	
Financial assets - disclosed but not measured at					
fair value					
Cash and balances with treasury banks	1.)	-	÷	6,271,417	
Balances with other banks		5		16,088,667	
Advances	850	=		3,290,230	
Other assets	070		1. 8	2,226,495	
SECMENT INFORMATION					

35 SEGMENT INFORMATION

35.1 Segment details with respect to Business Activities

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

	4		2023		
Profit and loss	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
			-Rupees in '0	00	
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

Statement of financial position	Retail Banking	Commercial Banking	Payment and Settlement	Agency Services	Total
		F	Rupees in '00	0	
Cash & bank balances	12	24,750,880	-	-	24,750,880
Investments	<u>2</u>	56,771	-	33-0	56,771
Advances - performing	3,224,400	726,959	-	5.	3,951,359
- non-performing	48,390	88,124	-	-	136,514
- provision	(127,657)	(86,069)	.	2000	(213,726)
Operating fixed assets	41,511	378,409	2,306	522	422,748
Deferred tax asset	3,141	28,629	174	40	31,984
Others	2,718,515	704,639	173	39	3,423,366
Total assets	5,908,300	26,648,342	2,653	601	32,559,896
Bills payable	-	93,259	-	18	93,259
Deposits and other accounts	-	24,144,665	-	8 .5 8	24,144,665
Lease liability against right of use asset	16,401	149,510	911	206	167,028
Others	117,805	1,453,076	152,921	12	1,723,814
Total liabilities	134,206	25,840,510	153,832	218	26,128,766
Equity	5,774,094	807,832	(151,179)	383	6,431,130
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 '0	00	
Net mark-up/return/profit	416,289	1,354,664		3. 5 .	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)	81 2 9	-	(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 '0	00	
Cash & bank balances		22,360,084	-	-	22,360,084
Investments	3 - 8	163,197	-	1 1 1	163,197
Advances - performing	2,878,180	491,215	29 8 6	5 4 0	3,369,395
- non-performing	44,308	90,336	8 1	-	134,644
- provision	(129,190)	(84,619)	322	-	(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	(120)	21,004,229	2 1 -1	5 - 01	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 paties 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
Advances				Rupees in '000	in '000' ni		
Opening balance				105,283	Ē	<i>.</i>	61,031
Addition during the year Repaid during the year						9 I	- 44.252
Closing balance			•	105,283	T	1	105,283
Deposits and other accounts							
Opening balance		9,578,386		3,239	8,332,479	•	4.384
Received during the year		2,455,560	ł		10,636,140	Ľ	(1,145)
Moting holowoo		(016,100,1)	•		(9,390,233)		
	14.1	10,725,976	•	3,239	9,578,386	1	3,239
Other Liabilities							
Interest / mark-up payable	16.1	184,847	•	•	288,873		ſ
Transactions during the year							
Income							
Mark-up / return / interest earned	21.1	,	8	5,364	i		3.010
Other Income	9.4	•		-	÷	ł	. I ~.
Expense		•		5,364	1		3,010
Mark-up / return / interest paid	22.1	396,656	ï	63	247,904	1	17
Operating expenses	33		6,671	83,873	1	3,348	79,910
		396,656	6,671	83,936	247,904	3,348	79,927

Minimum capital requirement (MCR)

2023 2022 ------Rupees in '000------

mining an explicit requirement (mert)		
Paid-up capital (net of losses)	10,000,000 10,000,0	000
Capital adequacy ratio (CAR)		
Eligible common equity tier 1 (CET 1) capital	6,401,441 5,824,2	278
Eligible additional tier 1 (ADT 1) capital	-	-
Total regulatory adjustment applied to CET1	-	20
Total eligible Tier 1 capital	6,401,441 5,824,2	278
Eligible tier 2 capital	87,845 86,1	
Total eligible capital (Tier 1 + Tier 2)	6,489,286 5,910,4	400
Risk weighted assets (RWAs):		
Credit risk	12,038,043 10,351,5	574
Market risk	141,928 407,9	
Operational risk	3,195,893 2,277,3	
Total	15,375,864 13,036,9	<u></u>
Common equity tier 1 capital adequacy ratio	41.63% 44.68%	2
Tier 1 capital adequacy ratio	41.63% 44.68%	
Total capital adequacy ratio	42.20%	

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 Standardised Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are applied against the Bank's exposures based on eligible collateral under comprehensive approach.

Leverage ratio (LR)	2023	2022	
	Rupees		
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-perfo investm	10. 20	Provision held	
	2023	2022	2023	2022	2023	2022
			Rupees	in '000		
Government bonds	-	8 4 .	-	(# 3)	-	
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	1 ·	2 0	1. 57	(- 3)	(- 0)	-
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)
2						

39.1.2 Advances

Credit risk by industry sector

	Gross advances		Gross advances Non-performing advances		Provision held	
-	2023	2022	2023	2022	2023	2022
			Rupees	in '000		
Agriculture, Forestry, Hunting and Fishing	18,569	14,671	27,891	4,221	25,387	3,341
Wholesale and Retail Trade	721,011	449,405	2,873	58,468	2,115	57,076
Individuals	3,267,119	2,972,396	24,780	47,670	22,339	43,068
Others	81,174	67,567	80,972	24,285	78,775	24,202
=	4,087,873	3,504,039	136,516	134,644	128,616	127,687
Credit risk by public / private sector						
Public/ Government	<u>-</u>	(<u>+</u>)	-	-	-	-
Private	4,087,873	3,504,039	136,516	134,644	128,616	127,687
-	4,087,873	3,504,039	136,516	134,644	128,616	127,687

39.1.3 Contingencies and Commitm	nents		
Credit risk by industry sector		2023	2022
orean nak by material	-	Rupe	es '000
Wholesale and Retail Trade		176,493	34,535
Individuals		11,394	120,809
Others		87,674	35,867
Suleio		275,561	191,211
Credit risk by public / private	sector		
Public/ Government		87,674	35,867
Private		187,887	155,344
1 mate	20	275,561	191,211

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	314,668	243,009	

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		022	
	Amount	Provision held	Amount	Provision held
OAEM	3 .	3-3		22 70
Substandard	-	(-)	(**)	1
Doubtful	8-1	5 -		
Loss	123,498	123,498	102,261	102,261
Total	123,498	123,498	102,261	102,261
	Contraction of the second seco			

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
			Rupe	es in '000		
Cash and balances with treasury banks	8,218,340	in a .	8,218,340	6,271,417	-	6,271,417
Balances with other banks	16,532,540	8 - 8	16,532,540	16,088,667	100	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	Y)#4	31,984	49,601	-	49,601
Other assets	3,423,366	-	3,423,366	2,232,866	-	2,232,866
	32,503,125	56,771	32,559,896	28,298,259	163,197	28,461,456

39.1.3 Contingencies and Commitments

Credit risk by industry sector	2023	2022
ka k	Rupe	es '000
Wholesale and Retail Trade	176,493	34,535
Individuals	11,394	120,809
Others	87,674	35,867
	275,561	191,211
Credit risk by public / private sector		
Public/ Government	87,674	35,867
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	2023	2022
	Rupees	in '000
Funded	226,994	207,142
Non funded	87,674	35,867
Total exposure	314,668	243,009
	and an and the De 207 811 the second (2000).	Do 040 541

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

Total funded classified therein	20	23	2	022
	Amount	Provision held	Amount	Provision held
OAEM	-	- <u>-</u>	12	
Substandard		1963	24	-
Doubtful		100	9	(-
Loss	123,498	123,498	102,261	102,261
Total	123,498	123,498	102,261	102,261

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)

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39.2.1 Balance sheet split by trading and banking books

		2023			2022	
	Banking book	Trading book	Total	Banking book	Trading book	Total
			Rupe	es in '000		
Cash and balances with treasury banks	8,218,340	2 5	8,218,340	6,271,417	(74)	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	1990 1970	3,874,147	3,290,230	20 1 7 11	3,290,230
Fixed assets	422,748	-	422,748	365,478	-	365,478
Deferred tax assets	31,984	W _	31,984	49,601	4400	49,601
Other assets	3,423,366	-	3,423,366	2,232,866	-	2,232,866
	32,503,125	56,771	32,559,896	28,298,259	163,197	28,461,456

39.2.2 Foreign exchange risk

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.

	20	23		2022
	Banking book	Trading book	Banking book	Trading book
		Rupee	s in '000	
Impact of 5% change in equity prices on:				

- Other comprehensive income - 2,839 - 8,160 **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 repricing 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 nonmaturity 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 than translated into Rupees)

Banking book Trading book Banking book Trading book	20	23	20	22
	Banking book	Trading book	Banking book	Trading book

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	Total				Expos	Exposed to Yield/ Interest risk	rest risk				Non-interest
	Yield/			Over 1	Over 3	Over 6	Over 1	Over 2	Over 3	Over 5		bearing
	Interest		Upto 1	to 3	to 6	Months to 1	to 2	to 3	to 5	to 10	Above	financial
	rate		Month	Months	Months	Year	Years	Years	Years	Years	10 Years	instruments
On-balance sheet financial						RI						1
instruments												
Assets Cash and halances with treasury												17 000
banks	18.01%	8,218,340	35,586	200,000	4,000,000	3,300,000	к	i)	r		•	4C1'709
Balances with other banks	6.89%	16.532.540	2,234,947	2,575,000	1,120,000	7,942,273	290,000		r	1,700,000		670,320
nvestments	21.74%	56,771	•		•	•	9 . 1	3	a	·	ĩ	56,771
Advances	15.35%	3,874,147	213,895	273,277	378,477	534,256	404,301	1,046,090	671,393	352,458		•
Other assets		3.391.668	•		•	•						3,391,668
	•	32,073,466	2,484,428	3,048,277	5,498,477	11,776,529	694,301	1,046,090	671,393	2,052,458		4,801,513
Liabilities												
Bills payable		93,259				•	•	•		,		837'SA
Deposits and other accounts	10.57%	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
	18 7	25,584,236	4,040,184	4,407,377	4,052,396	8,806,800	41,690	45,640	192,960	43,350	E	3,953,839
On-balance sheet gap	, st	6,489,230	(1,555,756)	(1,359,100)	1,446,081	2,969,729	652,611	1,000,450	478,433	2,009,108		847,674
Off-balance sheet financial instruments	nents											
Commitments to extend credit		182,307	182,307		•		•	•			•	
Off-balance sheet gap		182,307	182,307				•			1		•
Total Yield/Interest Risk Sensitivity Gap	vity Gap		(1,738,063)	(1,359,100)	1,446,081	2,969,729	652,611	1,000,450	478,433	2,009,108		847,674
			A REAL PROPERTY OF A REAL PROPER	And a second second	the second se		0-0 F-0 F	001 - 100	2 AED 4 44	E 460 340	E 460 740	847 G74

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(533,066) (533,066) (533,066) (533,066) 881,822 2,170,017 82,751 2,681,296 3,645,869 163,197 3,112,803 494,362 285,227 Non-interest instruments bearing financial 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. 462,489 462,489 22,592,537 22,130,048 6,245,290 Above 10 Years 2023 2022 -----Rupees in '000----26,128,766 1,923,941 6,245,290 25,584,236 544,530 544,530 37,569 1,923,942 261,510 1,961,510 1,700,000 37,569 to 10 Years Over 5 174,660 43,298 1,345,982 1,345,982 1,345,982 4,321,348 217,958 1,563,940 1,563,940 Over 3 to 5 Years Reconciliation of total liabilities 21,070 25,595 481,361 528,026 481,361 2,975,366 528,026 481,361 46,665 Balance as per statement of Add: Non financial liabilities Over 2 to 3 Years Exposed to Yield/ Interest risk Total financial liabilities Deferred govt. grant financial position Other Liabilities 13,977 26,490 482,806 482,806 482,806 2,494,005 Rupees in '000' 300,000 223,273 523,273 40,467 . to 2 Years Over 1 2022 7,646,224 13,761 3,140,135 3,140,135 354,379 2,011,199 3,140,135 Months to 1 8,745,741 1,700,000 10,800,120 7,659,985 È Over 6 Year 39.2.6 Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities 3,476,539 1,701,034 1,701,034 3,469,284 7,255 (1,128,936) 1,701,034 4,000,000 000'666 178,573 5,177,573 Over 3 to 6 Months (2,054,586) (2,054,586) (2,829,970) 3,530,034 4,736 (2,054,586) 80,184 3,534,770 200,000 1,200,000 1,480,184 Over 1 to 3 Months (775,384) (775,384) 365,478 62,849 49,601 2,543 (630,856) (630,856) 86,190 27,983,528 477,928 103,617 3,467,684 144,528 2,649,564 3,470,227 144,528 2,839,371 Upto 1 Month 2022 --Rupees in '000---32,073,466 422,748 31,698 31,984 486,430 163,197 3,290,230 2,170,017 21,004,229 161,246 22,130,108 5,853,420 82,751 881,882 144,528 5,853,480 144,528 6,271,417 16,088,667 27,983,528 2023 Total Cumulative Yield/Interest Risk Sensitivity Gap Effective Yield/ 6.81% 6.48% 14.24% nterest 12.76% 6.89% rate On-balance sheet financial instruments Total Yield/Interest Risk Sensitivity Gap Off-balance sheet financial instruments Liability against right of use asset Cash and balances with treasury Reconciliation of total assets Commitments to extend credit Deposits and other accounts Balances with other banks Add: Non financial assets **On-balance sheet gap** Operating fixed assets Off-balance sheet gap Total financial assets Deferred tax asset Other liabilities Other assets Other assets Bills payable nvestments Advances Liabilities Assets banks

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.

28,461,456

32,559,896

Balance as per statement of

financial position

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.

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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.

2023

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

	Total	Upto 1 Day	Over 1 to 7 days	Upto 1 Over 1 to 7 Over 7 to 14 Day days days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 1 to 2 Over 2 to 3 Over 3 to 6 Over 6 to 9 Months Months Months Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 1 to 2 Over 2 to 3 Over 3 to 5 years years Years	Over 3 to 5 Years	Over 5 Years
Accetc							R	Rupees in '000						1
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	8		•					28,386	28,386			•	
Advances	3,874,147	6,900	48,300	48,300	110,385	136,638	136,638	378,476	267,128	267,128	404,301	1,046,090	671,396	352,467
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	69,072
Deferred tax assets	31,984	16	109	109	249	417	417	1,250	1,250	1,250	5,001	5,001	11,690	5,225
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	132.726	929.081	929.081	2.123.560	1.555.805	1.555.805	5 925 914	6.169.837	6 169 848	1.297.003	1.117.189	837.593	3.816.455

Liabilities

Bills payable	93,259	•	Ē.	•	c	46,630	46,629		•	•	Ð	8		•
Deposits and other accounts	24,144,665	151,870	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	310 B
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 1	165,353	165,353 1,157,471 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	(32,627)	6,431,130 (32,627) (228,390)	(228,390)	(522,079)	(1,403,650)	(1,403,644)	1,012,358	1,307,056	1,307,099	1,254,964	1,070,911	633,852	3,663,671

Reserves 458,146 Unappropriated profit 433,460 Surplus on revaluation 601

5,528,621

Share capital

6,431,130

of assets

118,689 91,485 12,415 37,568 81,121 258,233 2,442,601 2,561,290 1,700,000 499,157 Over 5 Years 228,709 12,614 174,657 43,298 10,754 1,440,789 92,941 1,669,498 Over 1 to 2 Over 2 to 3 Over 3 to 5 years years Years 1,563,943 • 21,070 25,595 638 47,303 6,265 533,150 46,162 528,026 580,453 . 4 years 26,490 349 40,816 13,977 1,076,153 223,273 54,673 7,420 531,603 1,116,969 300,000 • , years ŧ Over 6 to 9 Over 9 Months months to 1 100,205 6,881 1,469,330 4,265,363 81,598 177,190 15,516 2,106 235,417 5,734,693 4,158,277 850,000 4,372,866 ì Over 9 year 1,469,326 100,211 15,516 4,158,276 4,265,368 177,190 2,106 6,881 850,000 81,599 5,734,694 4,372,866 235,417 1 Over 3 to 6 Months 150,503 4,297,366 7,255 1,308,499 2,226 4,139,608 178,573 16,402 5,605,865 Rupees in '000-409,664 4,000,000 999,000 x T 2022 Over 2 to 3 Months (1,667,688) 41,375 295,942 2,439,865 5,585 772,177 2,100,180 2,368 100,000 600,000 40,092 758 25,742 (1,667,693) Over 1 to 2 Months 41,376 295,946 2,439,870 5,585 2,368 100,000 40,092 758 25,742 772,177 2,100,180 600,000 ï (276,422) 159,302 11,158 2,135,744 1,312 2,296,358 1,514 191,702 1,622,675 53,473 139,414 2,019,936 Over 14 days to 1 Month 1 69,692 (120,926) 934,388 Over 1 to 7 Over 7 to 14 days days 23,401 1,004,654 709,921 4,879 662 60,998 574 83,867 883,728 ŝ a, 69,692 (120,926) 934,388 4,879 866'09 883,728 574 1,004,654 23,401 662 83,867 709,921 , . (17,275) 9,956 143,522 3,343 8,714 126,247 133,484 82 697 56 11,981 101,417 Upto 1 Day ï ï (23,828) 5,868,919 5,868,919 360,650 389,194 82,751 21,004,229 1,344,311 3,290,230 365,478 49,601 28,461,456 161,246 22,592,537 5,142,903 163,197 2,232,866 6,271,417 16,088,667 Total Deficit on revaluation of assets Cash and balances with Liability against right of Unappropriated profit Balances with other Deferred tax assets Deposits and other treasury banks Other liabilities Share capital Fixed assets Other assets Bills payable Investments Net assets use asset Advances Liabilities Reserves accounts Assets banks

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

Upport Over 1 to 3 Over 1 to 3 Over 1 to 3 Over 1 to 2 Over 3 to 5 Over 3 to 5 <t< th=""><th></th><th></th><th></th><th></th><th></th><th>2023</th><th></th><th></th><th></th><th></th><th></th></t<>						2023							
8.218.340 718.340 200.000 4.000.00 71.20.000 71.300.00		Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	0	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
5.2.08.340 718,340 718,340 718,340 718,340 718,340 718,340 718,340 718,340 713,350 33,42,273 290,000 7,430 6,173 33,42,350 6,173 33,42,356 6,173 33,42,356 6,173 33,42,356 6,173 33,42,356 6,173 33,44,444 6,173 3,111,610 5,523,915 1,127,000 7,117,159 87,156 3,111,410 5,523,915 1,127,000 1,117,159 87,156 3,174 23,559,566 4,114,455 7,7355 4,710,453 7,715,45 7,715,45 7,715,45 7,715,46 3,171,460 5,273,305 3,13,117,169 87,156 3,174 23,559,566 4,114,30 7,715,45 7,715,45 7,715,45 7,715,46 7,255 2,44,33 3,145,65 3,174 23,559,566 4,14,456 7,775,58 4,717,235 2,64,43,35 1,43,174 3,2465 2,64,33 1,43,174 3,2566 2,735 4,43,356 1,43,174 3,2566 4,716,43 3,174 3,2566	Assets					and							
15.524500 2.575.000 1,12000 7.32,273 239.000 - 1,17 3.874,147 213.866 2773,271 373,477 534,566 404,301 1,046,090 617,393 3 3.874,187 213.866 277,271 373,477 534,566 5,001 1,046,090 671,393 3 1 3.874,187 235.93 5,01266 4,716,163 5,001 1,046,090 143,033 3 1 1,046,090 671,393 3 1 <td< td=""><td>Cash and balances with treasury banks</td><td>8,218,340</td><td>718,340</td><td>200,000</td><td>4,000,000</td><td>3,300,000</td><td>•</td><td></td><td>•</td><td>•</td><td>•</td></td<>	Cash and balances with treasury banks	8,218,340	718,340	200,000	4,000,000	3,300,000	•		•	•	•		
66.711 71.316 77.377 73.477 56.771 1.446.06 61.139 3 33.63 37.377 34.477 55.73 34.477 55.73 34.46 44.07 1.446.06 61.13 50.01 1.436.06 51.135 51.01 5.01 1.436.06 50.01 1.436.01 1.436.01	Balances with other banks	16,532,540	2,905,267	2,575,000	1,120,000	7,942,273	290,000	r		1,700,000			
37X,147 2136 272,77 373,477 54,256 40,001 1,444,000 67,430 64,030 1,444,030 64,030 1,444,030 64,030 1,444,030 64,030 74,146 74,120	Investments	56,771	•		•	56,771	•		0		•		
According about accounts 422,748 (1016) 6,378 (1016) 11,016 (1016) 6,524 (123,136) 12,31,003 (111,136) 14,4160 (101,136) 15,304 (1016) 5,003 (1017,136) 14,4160 (2011,137,103) 11,11,116 (2011,137,103) 11,11,116 (2011,137,103) 11,11,116 (2011,137,103) 11,11,116 (2011,137,103) 11,11,116 (2011,137,103) 11,11,116 (2011,136) 11,11,116 (2012,166) 11,21,103 11,11,116 (2012,166) 21,32,335 11,21,103 11,11,116 21,117,116 21,117,116 21,117,116 21,117,116 21,117,116 21,117,116 21,117,116 21,117,116 21,117,116 21,117,116 21,117,116 21,117,116 21,117,116 21,117,117 21,117,116 21,117,117 21,117,117 21,117,117 21,117,116 21,117 21,120	Advances	3,874,147	213,895	273,277	378,477	534,256	404,301	1,046,090	671,393	352,458	•		
37,964 462 8,33 1,125 0,125 2,100 5,001 5,001 5,001 5,001 5,001 1,137 1	Fixed assets	422,748	6,375	11,016	16.524	33.048	66,098	66,098	154,504	,	69,085		
3.423.36 2.70,07 5,148 4,717,56 5,148 4,707,56 3,715,100 1,127,000 1,171,169 5,756 3,756 3,757 2,640 5,756 3,756 3,757 3,640 5,756 3,756 3,757 3,640 3,776 1,127,000 1,171,169 5,753 6,941,130 1,171,169 5,753 6,941,130 1,171,169 5,753 6,943,353 1,127,136 4,775 3,44,65 4,777 5,256 4,775 2,640 2,576 4,725 3,44,556 4,712 1,227,136 4,33,761 1,327,100 1,377 3,44,556 4,712 1,224,36 4,712 1,227,136 4,737,65 4,137,65 4,137,65 4,137,65 4,137,65 4,137,75 4,132,74 4,135,74 4,137,74	Deferred tax assets	31.984	482	833	1.250	2.500	5.001	5.001	11.689	,	5,228		
32,589,66 4,114,455 3,111,610 5,223,915 1,237,003 1,117,159 837,566 3,7 cinfer accounts 14,74,655 4,707,455 5,77,545 3,715,45 3,715,45 3,715,45 4,14,455 4,707,455 5,77,545 4,3,75 5,54,30 20,45 4,3,555 4,3,555 4,3,755 5,54,30 20,45 4,3,555 4,3,75 5,554 4,14,455 3,77,545 5,72,555 2,334 5,555 4,3,755 5,72,555 2,334 5,555 4,3,555 4,3,555 4,3,755 5,543 2,334 5,555 4,3,555 4,3,555 4,3,555 4,3,555 2,3,517 5,555 2,3,555 4,3,575 5,41 2,555 4,557 2,44 2,555 4,557 <td>Other assets</td> <td>3,423,366</td> <td>270.076</td> <td>51.484</td> <td>409.664</td> <td>470.833</td> <td>531,603</td> <td>•</td> <td></td> <td>1.689,706</td> <td></td>	Other assets	3,423,366	270.076	51.484	409.664	470.833	531,603	•		1.689,706			
Other accounts 2,525 4,70,565 5,07,265 4,16,65 4,715,65 4,53,55 15,200 20,45 14,255 14,356 14,3576 26,496 10,0911 533,677 36 explantion of assets 4,447,090 2,607,000 5,721,369 2,614,120 0,0174 0,0176 0,0176 0,0174 <		32,559,896	4,114,435	3,111,610	5,925,915	12,339,681	1,297,003	1,117,189	837,586	3,742,164	74,313		
Offer accounts 24,325 4,707,95 5,932 4,715,45 5,932,55 4,715,45 5,943,55 15,200 20,445 14,662 4,107,455 5,943,55 14,565 24,640 25,640 25,643 23,751 26,81,353 14,565 23,355 23,355 23,355 23,355 23,355 23,355 23,357 23,357 23,357 23,357 23,357 23,357 23,357 23,357 23,357 23,357 23,377 23,377 23,377 23,377 23,377 23,377 23,377 23,377 23,377 23,377 23,377 23,357 23,3337 23,33	Labilities												
41/7208 7/1/208 7/1/208 7/1/200 7/1/200 7/1/200 7/1/200 7/1/200 7/1/200 7/1/200 7/1/200 7/1/200 7/1/200 7/1/200 7/1/200 7/1/200 7/1/200 7/1/200 7/1/200 7/1/200 7/1/200 7/200 7/1/200 7	Sills payable	93,259	- 107 0	93,259	- 745 405	- 100 000			140.653	•	1		
1 1 2 4		441,442	4,101,905	006'7 / n'e	4,713,403	3,403,303	007 00	20,043			10 1		
Print Section	cease itability against right of use asset Other lishilities	1 7 23 814	415 425	747 943	262,1 328 001	13,101	20,430	638 638			109 434		
6.431,130 (1011,489) (2,807,233) 1012,359 2,614,122 1,234,964 (070,911 633,872 3,33 explacion of assets 433,460 6,431,130 2003 2004 5004 5004 5004 5004 5004 5004 5004 5004 703 5004 703 5004 703 5004 703 703 703 703 703 703 703 703 704 700 704 704 704 704 704 704 704 704 704 704 704 704 704 704 704 704 706 7774 805 704 706 7774 805 705 704 706 7774 805 705 706 77		26.128.766	5.125.933	5.918.903	4.913.556	9.725.559	42.039	46.278	203.714	43.350	109,434		
5,528,671 468,145 903 5,228,671 903 5,228,671 903 5,228,671 903 5,228,671 903 5,228,671 903 5,228,571 904 5,004 3,053 5,004 3,053 0,004 3,053 0,004 3,053 0,004 3,053 0,004 3,053 0,004 3,053 0,004 3,053 0,004 3,053 0,004 3,053 0,004 3,004 3,004 3,053 0,004 3,00	Vet assets	6,431,130	(1,011,498)	(2,807,293)	1,012,359	2,614,122	1,254,964	1,070,911	633,872	3,6	(35,121)		
468,146 303 433,460 6,431,130 Corr Jour 3 to 6 Over 6 Months Over 1 to 2 Over 3 to 5 Over 3 to 3 to 5 Over 3 to 3 t	Share capital	5,528,621							. 2				
903 433,460 6,431,130 Job 1 Month Over 3 to 6 Over 3 to 5 Over 3 to 5 <th <<="" colspan="2" td=""><td>Reserves</td><td>468,146</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></th>	<td>Reserves</td> <td>468,146</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>		Reserves	468,146									
433,460 433,460 6,431,130 Colspan="2">Over 3 to 6 Over 3 to 5 Over 3 to 5 <td>Surplus on revaluation of assets</td> <td>903</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Surplus on revaluation of assets	903											
5431.130 2022 G.431.130 2024 2022 Total Upto 1 Month Noer 3 to 6 Over 2 to 3 Over 3 to 5	Inappropriated profit	433.460											
2022 Total Upto 1 Month Over 3 to 6 Over 3 to 5		6,431,130											
Total Upto 1 Month Over 3 to 6 Over 1 to 2 Over 3 to 5 Over 3 to 5 <t< td=""><td></td><td></td><td></td><td></td><td></td><td>202</td><td>22</td><td></td><td></td><td></td><td></td></t<>						202	22						
assury banks 4.447,089 277,089 2670,000 1,500,000		Total	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 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
asury banks 4,447,089 277,089 2,670,000 1,500,000 - 183,775 - 183,775 - 183,775 - 183,775 - 1589,224 6,664,040 5,721,369 183,775 - 1583,224 6,966,040 5,721,369 1,83,775 - 253,389 1,583,252 30,011 1,646 9,572 20,580 3,572 20,580 3,572 20,580 3,572 20,580 3,572 20,580 3,572 20,580 3,573 1,311 2,433 4,522 4,090 7,776 - 156,809 101,822 192,002 - 1,131 2,433 4,522 4,090 7,776 - 156,809 101,822 192,002 - 1,131 2,433 4,522 4,090 7,776 - 156,809 101,822 192,002 - 1,131 2,433 4,522 4,090 7,776 - 156,819 101,822 1,323 3,599 1,689,305 1, 126,612 3,599 1,689,305 1, 156,310 186,588 1,379,906 3,73,996 6,293,056 11,886 29,920 2,99143 - 1,270,523 3,395,756 6,293,056 11,886 29,920 2,99143 - 1,270,523 3,395,756 6,293,056 11,886 29,920 2,99143 - 1,270,523 3,395,756 6,100 3,73,956 6,293,056 11,886 29,920 2,99143 - 1,270,533 3,599 1,689,305 1 1,597 2,3606 1,293,056 1,391 2,507 - 3,591 10,754 - 5,502 1,12,612 2,3606 1,20,107 2,82,236 1,0754 - 5,502 1,0754 - 5,502 1,0754 - 3,715,110 1,597 2,3606 2,9920 2,99143 - 1,0754 - 5,502 1,12,612 2,3606 1,0754 - 3,715,110 1,597 2,3606 1,0754 - 3,597 - 1,0754 - 5,502 1,0775 - 3,293,494 - 5,502 1,077 2,82,236 1,0775 - 2,93,494 - 5,502 1,077 2,82,236 1,0775 - 2,93,494 - 5,502 1,0775 - 3,293,494 - 5,502 1,077 2,82,236 1,0775 - 2,93,494 - 5,502 1,0754 - 3,514 - 1,077 2,82,236 1,0775 - 2,93,494 - 5,502 1,0754 - 3,514 - 1,077 2,82,236 1,0775 - 2,93,494 - 5,502 1,0755 - 3,504 1,077 2,82,236 1,0254 - 1,0254 - 1,0254 - 1,0254 - 1,0254 - 1,0254 - 1,0275 - 3,29,494 - 5,502 1,0775 - 2,92,36 - 1,0254 - 1,0275 - 3,094 - 1,0775 - 3,094 - 1,0775 - 3,094 - 1,0775 - 3,094 - 1,0775 - 3,094 - 1,0775 - 3,094 - 1,0775 - 3,094 - 1,0775 - 3,0244 - 1,0254 - 1,0254 - 1,0254 - 1,0275 - 1,0254 - 1,0254 - 1,0254 - 1,0254 - 1,0254 - 1,0275 - 1,0254 - 1,0254 - 1,0275 - 2,0234 - 1,0254 - 1,0275 - 2,0234 - 1,0254 - 1,0275 - 2,0234 - 1,0254 - 1,0275 - 2,0234 - 1,0254 - 1,0275 - 2,0234 - 1,0254 - 1,0275 - 2,0234 - 1,0275 - 2,0234 - 1,0275 - 2,0234 - 1,0275 - 2,0234 - 1,0275 - 2,0234 - 1,0275 - 2,0234 - 1,0275 - 2,0234 - 1,0275	Assets						Rupees in '00((
14, 774, 633 1, 589, 224 6, 664, 040 5, 721, 369 183, 775 133, 751 133, 751 133, 751 133, 751 133, 751 133, 751 133, 751 133, 751 133, 751 133, 751 133, 751 20, 580 133, 751 2, 733 33, 252 3, 969 1, 65, 785 7, 776 10, 46, 611 56, 809 101, 825 192,002 1, 133 2, 20, 580 10, 182 3, 751, 464 37, 20, 566 1, 186 7, 776 1, 776 <td>Cash and balances with treasury banks</td> <td>4,447,089</td> <td>277,089</td> <td>2,670,000</td> <td>1,500,000</td> <td></td> <td>•</td> <td></td> <td>r</td> <td></td> <td></td>	Cash and balances with treasury banks	4,447,089	277,089	2,670,000	1,500,000		•		r				
183,775 183,775124,613 124,613126,656 90,567 90,56790,567 268,728 91,572183,775 20,580 38,252 24,0901615,744 285,309 7,7762,815,313124,613 16,46612,686 16,46790,567 56,809228,728 36,575143,114 285,309 4,550295,552 4,090 7,7762,815,3131,046 16,61156,809 56,809101,882 192,002192,002 24,332,433 4,5524,522 4,0904,090 7,7763,551,3182,063,3079,570,383 3,395,7567,514,641 435,516435,948 3,339,9931,689,305 4,1561,accounts17,270,623 138,5191,811 186,5883,732,956 3,709,461118,5948 3,730,9561,1,886 6,293,05629,920 6,31,00209,143 6,31,0551,138,5191,811 3,7043,709,461 5,5026,233,056 11,95711,886 3,715,18029,920 6,31,055209,143 6,31,0551,077 3,509,143209,461 6,391,43accounts17,270,623 5,631,110186,588 3,715,1801,591,665 5,991,433,715,180 5,991,4323,606 6,3920209,143 6,10,77209,236 6,10,775,142,903 5,01405,814,155 5,814,1553,715,180 5,991,435,995,549 5,991,4310,774 5,992,44110,754 5,9921,127,65 5,993,454110,774 5,9925,142,903 5,01405,814,155 5,814,1553,715,180 5,993,549150,1077 5,993,549110,772 5,993,454121,265,414 5,993,454910,774 5,993,4415,142,903 5,81	Balances with other banks	14,774,633	1,589,224	6,664,040	5,721,369	4	ł	ï	x	800,000	r		
$ \begin{array}{c ccccc} 2,815,313 & 124,613 & 126,656 & 90,567 & 228,728 & 143,174 & 295,309 & 1,615,744 \\ 2,55,886 & 13,926 & 6,980 & 9,572 & 20,580 & 38,252 & 34,600 & 65,785 \\ 3,0011 & 1,646 & 825 & 1,131 & 2,433 & 4,522 & 4,090 & 7,776 \\ 1,046,611 & 56,809 & 101,882 & 192,002 & & & & & & & & & & & & & & & & & & $	Investments	183,775	9	,		183,775			2012				
253,886 13,926 6,980 9,572 20,580 38,252 34,600 65,785 30,011 1,646 825 1,131 2,433 4,522 4,090 7,776 30,011 1,646 825 1,131 2,433 4,522 4,090 7,776 30,011 56,809 101,882 192,002 5,433 4,522 4,090 7,776 23,551,318 2,063,307 9,570,383 7,514,641 435,516 185,948 333,999 1,689,305 1, 17,270,623 3,397,906 3,732,956 6,293,056 11,886 29,920 20,143 23,507 138,519 1,811 3,704 5,502 11,597 23,606 21,205 43,597 18,130,432 3,584,145 3,715,180 (5,995,549) 150,107 232,306 10,754 5,142,903 661,4003 3,715,180 (5,995,549) 150,107 232,306 10,754 18,130,432 5,681,463 3,715,180 (5,995,549) 150,107 232,306 10,754 5,142,903 360,650 11,597<	Advances	2,815,313	124,613	126,656	0,				, ,		<u> </u>		
30,011 1,646 825 1,131 2,433 4,522 4,090 7,776 1,046,611 56,809 101,882 192,002 -	Fixed assets	253,886	13,926	6,980							7		
1.046.611 56.809 101.882 192.002 -<	Deferred tax assets	30,011	1,646	825							4,776		
ther accounts tight of use asset tight of use asse	Other assets	1,046,611	56,809	101,882	192,002			_	_		ĩ		
ther accounts tight of use asset 158,180 - 158,180 - 158,180 - 138,597,906 3,597,906 3,597,906 3,732,956 6,293,056 11,886 29,920 209,143 (13,851 1,811 3,704 5,502 11,597 23,606 21,205 43,597 (10,754 563,110 186,588 1,29,124 61,003 126,412 3,499 638 10,754 61,003 126,412 3,499 638 10,754 61,003 126,412 3,499 638 (1,520,848) 5,681,469 3,715,180 (5,995,549) 150,107 282,236 1,425,811 1 5,1763 263,494 1ation of assets (23,828) (1,520,848) 5,681,469 3,715,180 (5,995,549) 150,107 282,236 1,425,811 1 5,1763 283,494 1ation of assets (23,828) (1,520,848) 5,681,469 3,715,180 (5,995,549) 150,107 282,236 1,425,811 1 5,1763 283,494 1ation of assets (23,828) (1,520,848) 5,681,469 3,715,180 (5,995,549) 150,107 282,236 1,425,811 1 5,1763 283,494 1ation of assets (23,828) (1,520,848) 5,681,469 3,715,180 (5,995,549) 150,107 282,236 1,425,811 1 1 5,1763 283,494 1ation of assets (23,828) (1,520,848) 5,681,469 3,715,180 (5,995,549) 150,107 282,236 1,425,811 1 1 5,1763 283,494 1ation of assets (23,828) (1,520,848) 5,681,469 3,715,180 (5,995,549) 150,107 282,236 1,425,811 1 1 1,597 (23,995,549) 150,107 282,236 1,425,811 1 1 1,597 (23,995,549) 150,107 282,236 1,425,811 1 1 1,597 (23,995,549) 150,107 282,236 1,425,811 1 1 1,597 (23,995,549) 150,107 282,236 1,425,811 1 1 1,597 (23,995,549) 150,107 282,236 1,425,811 1 1 1,597 (23,995,549) 150,107 282,236 1,425,811 1 1 1,597 (23,995,549) 150,107 282,236 1,425,811 1 1 1,597 (23,995,549) 150,107 282,236 1,425,811 1 1 1,597 (23,995,549) 150,107 282,236 1,425,811 1 1 1,597 (23,995,549) 150,107 282,236 1,425,811 1 1 1,597 (23,995,549) 150,107 282,236 1,425,811 1 1 1,597 (23,995,549) 150,107 282,236 1,425,811 1 1 1,597 (23,995,549) 150,107 282,236 1,425,811 1 1 1,597 (23,995,549) 150,107 282,236 1,425,811 1 1 1,597 (23,995,549) 150,107 282,236 1,425,811 1 1 1,597 (23,995,549) 150,107 282,236 1,425,811 1 1 1,597 (23,995,549) 150,107 282,236 1,425,811 1 1 1,597 (23,995,549) 150,107 282,236 1,425,814 14 14 14 15 14,597 (23,995,549) 150,107 282,236 1,425,814 14 14 14 14 14 14 14 14 14 14 14 14 1	l iahilitios	23,551,318	2,063,307	9,570,383	7,514,641	435,516	185,948			1,525,499	232,720		
ther accounts 17,270,623 3,395,756 3,597,906 3,732,956 6,293,056 11,886 29,920 209,143 9,1811 3,704 5,502 11,597 23,606 21,205 43,597 63,43,597 138,519 1,811 3,704 6,1003 126,412 3,596 6,23,406 21,205 4,3,597 5,549 10,754 5,502 11,5763 23,494 10,754 5,502 11,519 (5,995,549) 150,107 282,236 1,425,811 1 5,163 263,494 10 (5,995,549) 150,107 282,236 1,425,811 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Bills payable	158,180		158,180						L	3		
gainst right of use asset 138,519 1,811 3,704 5,502 11,597 23,606 21,205 43,597 10,754 563,110 186,588 129,124 61,003 126,412 349 638 10,754 18,130,432 3,584,155 3,888,914 3,799,461 6,431,065 35,841 51,763 263,494 5,420,886 (1,520,848) 5,681,469 3,715,180 (5,995,549) 150,107 282,236 1,425,811 1 aution of assets 23,3283 3715,180 (5,995,549) 150,107 282,236 1,425,811 1 arition of assets 23,3283 389,194 3,715,180 (5,995,549) 150,107 282,236 1,425,811 1 arition of assets 23,3283 389,194 3,715,180 (5,995,549) 150,107 282,236 1,425,811 1 arition of assets 23,3283 389,194 3,715,180 (5,995,549) 150,107 282,236 1,425,811 1 arition of assets 23,3283 <td< td=""><td>Deposits and other accounts</td><td>17,270,623</td><td>3,395,756</td><td>3,597,906</td><td>3,73</td><td>6,2</td><td>100.0</td><td>R,</td><td></td><td>•••</td><td>ĸ</td></td<>	Deposits and other accounts	17,270,623	3,395,756	3,597,906	3,73	6,2	100.0	R,		•••	ĸ		
Dods, 110 186, 588 129, 124 61,003 126, 412 549 658 18, 130, 432 3, 584, 155 3, 888, 914 3, 799, 461 6, 431, 065 35, 841 51, 763 263, 494 5, 420, 886 (1, 520, 848) 5, 681, 469 3, 715, 180 (5, 995, 549) 150, 107 282, 236 1, 425, 811 1 5, 142, 903 360, 650 3, 715, 180 (5, 995, 549) 150, 107 282, 236 1, 425, 811 1 1 profit 380, 194 3, 715, 180 (5, 995, 549) 150, 107 282, 236 1, 425, 811 1 3 profit 380, 194 3, 715, 180 (5, 995, 549) 150, 107 282, 236 1, 425, 811 1 1 profit 389, 194 3, 715, 180 (5, 995, 549) 150, 107 282, 236 1, 425, 811 1 3 profit 389, 194 389, 194 33, 715, 180 (5, 995, 549) 150, 107 282, 236 1, 425, 811 1 1 profit 389, 194 389, 194 389, 194 389, 194 389, 194 389, 194	Lease liability against right of use asset	138,519	1,811	3,704					- 93	27,497	- 0		
16,130,432 3,084,155 3,886,914 3,745,180 6,431,055 35,641 1,053 263,494 5,420,686 (1,520,848) 5,681,469 3,715,180 (5,995,549) 150,107 282,236 1,425,811 1 5,142,903 360,650 3,715,180 (5,995,549) 150,107 282,236 1,425,811 1 360,650 (23,828)	Other liablittes	20,100,100	186,588	129,124	ľ		-				46,242		
5,420,886 (1,520,848) 5,661,469 3,715,180 (5,995,549) 150,107 282,236 1,425,811 1 5,142,903 360,650 (23,828) ed profit 5,888 919 5,868 919		18,130,432	3,584,155	3,888,914		6,431,065				1			
5,5 aluation of assets ed profit	Net assets	5,420,886	(1,520,848)	5,681,469		(5,995,549					184,478		
revaluation of assets riated profit	Share capital	5,142,903											
	neserves Deficit on revaluation of assets	300,030 (23,828)	1424										
	Unappropriated profit	389,194							5				
		5,868,919											

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CORRESPONDING FIGURES 40

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.

GENERAL 41

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

DATE OF AUTHORIZATION 42

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

President and Chief Executive Officer

Chief Financial Officer

Director

Director

-yr.

Director

24.1