



INDEPENDENT AUDITOR'S REPORT

To the Administrator of The Punjab Provincial Cooperative Bank Limited Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the annexed financial statements of The Punjab Provincial Cooperative Bank Limited (the Bank), which comprise the statement of financial position as at June 30, 2023, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, along with unaudited certified returns received from the branches except for audited certified returns received from the branches' component auditors and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that, except for the matters described in paragraph a to c of Basis of Adverse Opinion section below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and the explanations given to us, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan, and, do not give the information as required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Bank's affairs as at June 30, 2023, and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

- a. The Bank has not charged off loans and advances outstanding for more than three years, which are 100%, provided for and already classified as "Loss", as per the requirement of Prudential Regulations for Agriculture Financing, R-11, Annexure II. In the absence of relevant information, resultant adjustments and consequential quantification effects thereof, if any, on the financial statements remains unascertained.
- b. Advances as disclosed in note 7 to the financial statements include advances amounting to Rs. 51.042 million and markup on these advances amounting to Rs. 34.003 million included in "Other assets" as disclosed as memorandum account in note 12.1.2, and balance of Rs. 37.43 million (June 30, 2022: 37.43 million) included in "Other liabilities", remain unverified. These balances have been inherited from Central Bank at the time of its dissolution in 1976. For the purpose of this audit engagement, we were unable to determine the plausibility of these figures due to lack of information on the balances. The Bank intends to seek Board's consultation and approval (once the Board is reconstituted) on whether these balances should be removed from Bank's statement of financial position.
- c. Other assets as disclosed in note 12 to the financial statements include a provision of Rs. 74.585 million (June 30, 2022: 66.479 million), which remains unsubstantiated. In the absence of reasonable explanation and assumptions used by the management, resultant adjustments and consequential impact thereof, if any, on the financial statements remains unascertained.



We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. 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 ethical 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 adverse opinion.

Emphasis of Matters

Without further qualifying our report, we draw attention to the following matters:

- a) As referred in note 7.4 to the financial statements, the Bank has not adjusted its nonperforming loans amounting to Rs. 707.259 million (2022: Rs. 706.475 million) including mark-up thereon against properties decreed in favor of the Bank due to pending possession disputes.
- b) As referred in note 8.1.4 to the financial statements, the ultimate outcome of disputed properties amounting to Rs. 459.90 million (2022: Rs. 175.687 million) cannot be presently determined, and hence no impairment in this context has been made in these financial statements.
- c) As referred in note 39.1 to the financial statements regarding compliance status of CAR reporting under BASEL I for the time being with parallel compliance to some of the requirements of BASEL III.
- d) As referred in note 19.3 State Bank of Pakistan (SBP) vide letter No .BPRD/BACPD/629/023472/15 dated October 26, 2015 relaxed the Minimum Capital Requirement (MCR) for the Bank to Rs. 6 Billion (net of losses) subject to the conditions as fully disclosed in the referred note.
- e) The Bank has Disposed of its fixed assets having net book value of Rs: 8.8 Million, during the audit we were unable to verify the assets cost, date of purchase, accumulated depreciation, resultantly net book value of these fixed assets, in the absence of proper fixed assets register. Bank intends to write off the freehold land of PKR: 32.850 Million in future but no provision for such write off was accounted for.
- f) The Bank has dispose of the fixed assets having net book value amounting to Rs: 8.8 Million. In the absence of Proper Fixed Asset register, Cost, Purchase Date, and net book value remind unverified. As well as the free hold land includes the properties amounting to 32.850 Million whom bank consider likely that bank will have write off in future and no provision was accounted for.
- g) The State Bank of Pakistan taken penal action and impose the penalty on observations/violations of regulatory instruction amounting to Rs: 12.29 Million as on June 30, 2023, we are not aware the compliance observations/violations of regulatory instruction and consequential impact thereof, if any, on the financial statements remains unascertained.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following are the key audit matters:

Key audit matter	How the matter was addressed in our audit
<p>Refer to Bye Law 32 of the Punjab Provincial Cooperative Bank Limited Bye Laws 2010: “The BOD shall consist of: a) Registrar, who shall be its Chairman; b) President; c) Two non-official professionals nominated by the Registrar under Bye-law 6(b); and d) Three elected members, who are qualified to be elected as Director under the election rules.”</p> <p>Whereas, the Bank has no BOD since 2005. In view of the difficulties being faced from time to time in the performance of day to day affairs, we consider this a key audit matter.</p>	<p>We reviewed and understood the requirements of the Punjab Provincial Cooperative Bank Limited Bye-Laws 2010. Our audit procedures included the following:</p> <ul style="list-style-type: none"> • considered the management’s response over the absence of BOD; • obtained relevant underlying supports for appointment of the Administrator and the President by the Govt. of Punjab and ensured their appropriateness for the sufficient audit evidence; • determined the powers and duties of the Administrator and ensured appropriateness of the requirements as to the management of the Bank; • Substantiated the appropriateness of the disclosures provided regarding the formation of BOD in the financial statements.

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. Because of the significance of the matters discussed in Basis of Adverse Opinion section of our report, we have concluded that other information is materially misstated for the same reasons.

Responsibilities of Management and the Administrator for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) 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 related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.



The Administrator is 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 as applicable in Pakistan 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 as applicable in Pakistan, 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 the administrator 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.

We also provide the administrator with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Administrator, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a



matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

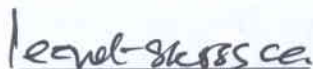
- a) because of the significance of the matters described in Basis for Adverse Opinion section of our report, proper books of account have not been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
- b) because of the significance of the matters described in Basis for Adverse Opinion section of our report, the statement of financial position, the profit and loss account and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows (together with the notes thereon have not been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017), however, are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

We confirm that for the purpose of our audit, we have covered more than sixty per cent of the total Loans and Advances of the Bank.

Other Matters

- a) The annual financial statements of the Bank for the year ended June 30, 2022 were audited by another firm of chartered accountants whose audit report dated September 30, 2023 expressed an adverse opinion.
- b) The audit of financial statements for the year ended June 30, 2023 comprising 151 branches had been allotted by the Registrar, Co-operative Societies, Punjab, to Two different component auditors. Thus, for purpose of consolidation, the audited certified financial statements furnished by the component auditors have been relied upon.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Aslam Khan-FCA.



IECnet S.K.S.S.S

Chartered Accountants

Place: Lahore

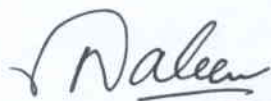
Date: September 28, 2023

UDIN Number: AR202310218juR1xEJez

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023	2022
Rupees in '000'			
ASSETS			
Cash and balances with treasury banks	4	739,719	841,158
Balances with other banks	5	1,261,162	1,750,165
Investments	6	3,311,637	4,128,609
Advances	7	10,625,612	8,159,485
Fixed assets	8	15,538,777	15,442,990
Intangible assets	9	6,472	8,755
Right-of-use assets	10	88,527	78,534
Deferred tax assets	11	-	-
Other assets	12	1,093,222	888,531
		32,665,127	31,298,227
LIABILITIES			
Bills payable	14	20,188	30,605
Deposits and other accounts	15	6,223,905	5,015,374
Lease liabilities	16	89,890	74,984
Deferred tax Liability	17	15,644	-
Other liabilities	18	2,317,887	2,739,104
		8,667,514	7,860,067
NET ASSETS		23,997,614	23,438,160
REPRESENTED BY			
Share capital	19	7,885,547	7,885,488
Reserves		1,167,338	1,012,675
Surplus on revaluation of assets	20	15,529,872	15,630,838
Accumulated loss		(585,144)	(1,090,841)
		23,997,614	23,438,160
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 43 form an integral part of these financial statements.



A. President/CEO



Chief Financial Officer

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		Rupees in '000'	
Mark-up / return / interest earned	22	2,689,048	2,000,823
Mark-up / return / interest expensed	23	636,191	211,008
Net mark-up / interest income		<u>2,052,857</u>	<u>1,789,815</u>
NON MARK-UP / INTEREST INCOME			
Fee and commission income	24	91,062	68,138
Dividend income		42,920	38,658
Other income	25	147,122	50,100
Total non mark-up / interest income		<u>281,104</u>	<u>156,896</u>
Total income		<u>2,333,961</u>	<u>1,946,711</u>
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	26	1,762,221	1,534,116
Other charges	27	12,879	40,366
Total non mark-up / interest expenses		<u>1,775,100</u>	<u>1,574,482</u>
PROFIT BEFORE PROVISIONS AND TAXATION		<u>558,861</u>	<u>372,229</u>
(Reversal) / provisions and write offs - net	28	(146,046)	(1,606)
PROFIT BEFORE TAXATION		<u>704,907</u>	<u>373,835</u>
Taxation	29	82,095	17,128
PROFIT AFTER TAXATION		<u>622,812</u>	<u>356,707</u>
Basic and diluted earnings per share	30	<u>7.90</u>	<u>4.52</u>

The annexed notes 1 to 43 form an integral part of these financial statements.



A. President / CEO



Chief Financial Officer

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	Rupees in '000'	
Profit after taxation	622,812	356,707
Other comprehensive income / (loss):		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments - net of tax	<u>(95,480)</u>	<u>(122,525)</u>
	(95,480)	(122,525)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	48,747	230,273
Others(Recognition of Deferred tax Assets)	<u>(15,644)</u>	<u>-</u>
	33,103	230,273
Total comprehensive income	<u><u>560,435</u></u>	<u><u>464,455</u></u>

The annexed notes 1 to 43 form an integral part of these financial statements.



A. President / CEO



Chief Financial Officer

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Share capital		General Reserves		Surplus / (deficit) on revaluation of		Accumulated loss	Total
	Statutory reserve	Common good fund	Investments	Fixed / non banking assets				
Balance as at July 1, 2021	7,885,471	916,266	6,435	617,682	6,868,774	(1,591,744)	14,702,884	
Profit after taxation for the prior year	-	-	-	-	-	356,707	356,707	
Other comprehensive income - net of tax	-	-	-	(122,525)	-	230,273	107,748	
Transfer of revaluation surplus on disposal	-	-	-	-	(3,100)	3,100	-	
Transfer to statutory reserve	-	89,177	-	-	-	(89,177)	797	
Medical aid to staff	-	-	797	-	-	-	8,270,007	
(Surplus) / Deficit on revaluation of assets	-	-	-	-	8,270,007	-	-	
Transactions with equity owners:							17	
Issue of shares	17	-	-	-	-	-	-	
Balance as at July 1, 2022	7,885,488	1,005,443	7,232	495,157	15,135,681	(1,090,841)	23,438,160	
Profit after taxation for the current year	-	-	-	-	-	622,812	622,812	
Other comprehensive loss - net of tax	-	-	-	(95,480)	-	33,103	(62,377)	
Transfer of revaluation surplus on disposal	-	-	-	-	(5,486)	5,486	-	
Transfer to statutory reserve	-	155,703	-	-	-	(155,703)	-	
Medical aid to staff	-	-	(1,040)	-	-	-	(1,040)	
Surplus/Addition on revaluation of assets	-	-	-	-	-	-	-	
Transactions with equity owners:							59	
Issue of shares	59	-	-	-	-	-	-	
Balance as at June 30, 2023	7,885,547	1,161,146	6,192	399,677	15,130,195	(585,144)	23,997,614	

Rupees in '000'

The annexed notes 1 to 43 form an integral part of these financial statements.



A. Naleen / CEO



Chief Financial Officer

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		Rupees in '000'	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		704,907	373,835
Less: Dividend income		(42,920)	(38,658)
		<u>661,987</u>	<u>335,177</u>
Adjustments:			
Depreciation on property and equipment	8.1	13,249	12,416
Depreciation on right-of-use assets	10	21,234	25,674
Interest on lease liabilities	16	11,287	14,169
Amortization	9.1	2,284	2,665
Loss/(Gain) on disposal of assets		-	3,100
Charge for defined benefit plan	26.1	178,279	240,114
		<u>226,333</u>	<u>298,138</u>
		888,320	633,315
Decrease in operating assets			
Advances		(2,466,127)	725,665
Others assets		(204,688)	47,756
		<u>(2,670,815)</u>	<u>773,421</u>
Decrease in operating liabilities			
Bills payable		(10,417)	9,068
Deposits		1,208,531	860,783
Other liabilities (excluding current taxation and defined benefits)		58,794	44,193
		<u>1,256,908</u>	<u>914,044</u>
Taxes paid		(73,282)	(36,481)
Defined benefits and contribution paid		(594,797)	(526,502)
Medical aid paid to employees from common good fund		(1,040)	797
Net cash flow generated from operating activities		<u>(1,194,706)</u>	<u>1,758,594</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in held-to-maturity securities		721,491	(710,264)
Dividends received		42,920	38,658
Lease rentals paid		(42,368)	(39,780)
Payment for acquisition of fixed assets		(117,837)	(32,539)
Net cash flow used in from investing activities		<u>604,206</u>	<u>(743,925)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Issues of share capital		59	17
Net cash flow generated from financing activities		<u>59</u>	<u>17</u>
Increase / (decrease) in cash and cash equivalents		(590,442)	1,014,686
Cash and cash equivalents at beginning of the year	31	<u>2,591,323</u>	<u>1,576,637</u>
Cash and cash equivalents at end of the year	31	<u><u>2,000,881</u></u>	<u><u>2,591,323</u></u>

The annexed notes 1 to 43 form an integral part of these financial statements.



A. President / CEO



Chief Financial Officer

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 STATUS AND NATURE OF BUSINESS

The Punjab Provincial Cooperative Bank Limited (the Bank) was incorporated in 1924 as a Cooperative Bank under the Cooperative Societies Act, 1912 (repealed) (now the Cooperative Societies Act, 1925). It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) with effect from November 07, 1955. The Bank is operating under the supervision of the Cooperative Department, Government of Punjab and the State Bank of Pakistan (SBP). The principal activity of the Bank is to carry out the business of agriculture credit and other activities as defined in the Cooperative Societies Act, 1925 and its Rules. The Bank operates through its 151 (2022: 151) branches in the whole province of Punjab. The registered office of the Bank is located at the Bank Square, The Mall, Lahore, Pakistan.

The Bank currently does not have a Board of Directors. Board was dissolved in 2005 by Registrar and the Bank is currently in the process of formulating a new Board.

2 BASIS OF PRESENTATION

2.1 Functional and presentation currency

The financial statements are presented in Pakistani Rupee, which is the Bank's functional currency.

2.2 Statement of compliance

These financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. These comprise of:

-International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

-Provisions of and directives issued under the Banking Companies Ordinance, 1962 ("the Ordinance"), the Cooperative Societies Act, 1925 ("the Act"), the Cooperative Societies Rules, 1927 ("the Rules"), and the Companies Act, 2017 and;

-Directives issued by the SBP and the Securities & Exchange Commission of Pakistan (SECP) from time to time.

Whenever the requirements of the Ordinance, the Act, the Rules, and the Companies Act, 2017 or the directives issued by the SBP differ with the requirements of IFRS, requirements of the Ordinance, the Act, the Rules, the Companies Act, 2017 and the said directives shall

2.3 Standards, interpretations of and amendments to existing accounting and reporting standards that are effective in the current year

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after July 01, 2022. These are considered either to not be relevant or to not have any significant impact on these financial statements.

2.4 Standards, interpretations of and amendments to existing accounting and reporting standards that are not yet effective

IFRS 9, 'Financial Instruments: Classification and Measurement', addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'expected credit losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has an impact on all assets of the Bank which are exposed to credit risk. The Bank is in the process of assessing the full impact of this standard. The State Bank of Pakistan vide BPRD circular Letter No. 3 of 2022 dated 05.07.2022 has decided to implement the IFRS-9 from 01.01.2024 instead of 01.01.2022. In case of PPCBL the financial year is closed on 30th June therefore, the implementation date would be considered as 01.07.2024.

The following other standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2022:

Standard	Effective Date
IAS-1 Accounting policy disclosures' (amendments)	January 01, 2023
IAS-1 Non current liabilities with covenants (amendments)	January 01, 2024
IAS-16 Sale and leaseback (amendments) January 1, 2024	January 01, 2024
IAS- 8 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 01, 2023
IAS- 12 'Income taxes' (amendments)	January 01, 2023
IAS-37 Onerous Contracts (Amendments)	January 01, 2022
IAS-16 Proceeds Before Intended Use (Amendments)	January 01, 2022
IAS-1 Classification of Liabilities as Current or Non-Current (Amendments)	January 01, 2022



THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized prospectively in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements are as follows:-

i) Classification and provisioning against investment	note 3.3 & 6
ii) Impairment of 'available for sale' equity investments	note 3.3.2
iii) Assets acquired in satisfaction of claim	note 3.10
iv) Impairment of assets	note 3.11
v) Contingencies	note 3.15
vi) Taxation	note 3.8, 11 & 28
vii) Classification and provisioning against advances	note 3.4, 7.2 & 7.3
viii) Depreciation and revaluation of operating fixed assets	note 3.5 & 8.1
ix) Amortization of intangible assets	note 3.6 & 9.1
x) Staff retirement benefits	note 3.7, 32 & 33

2.6 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except as otherwise stated under relevant policy notes.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements have been applied consistently to all periods presented.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with treasury banks and balances with other banks in current and deposit accounts.

3.2 Deposits

Deposits are recorded at the amount of proceeds received. The cost of deposits is recognized as an expense in the period in which it is incurred.

3.3 Investments

The Bank classifies its investments as follows:

3.3.1 Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity in respect of which the Bank has the positive intent and ability to hold to maturity.

3.3.2 Available-for-sale

These are investments that do not fall under the 'held for trading' or 'held to maturity' categories.

Investments are initially recognized at cost which in case of investments other than 'held for trading' include transaction costs associated with the investment. Transaction costs on investments held for trading are expensed in the profit and loss account.

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

In accordance with the requirements of the State Bank of Pakistan, quoted securities, other than those classified as 'held to maturity', are subsequently re-measured to market value. Surplus / deficit arising on revaluation of quoted securities which are classified as 'available for sale', is taken to surplus / deficit on revaluation of investments through statement of comprehensive income in equity till disposal at which time it is recorded in profit and loss account.

Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee as per the latest available financial statements. Investments classified as 'held to maturity' are carried at amortized cost less accumulated impairment losses, if any.



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Provision for impairment in the value of securities is made currently assessed on yearly basis. The Bank determines that 'available for sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, the impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee and sector performance, changes in technology and operational / financial cash flows.

3.4 Advances

Advances are stated net of and specific general provisions. Specific provision is determined in accordance with the requirements of the Prudential Regulations and other directives issued by State Bank of Pakistan and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Provisions against unidentified losses includes general provision against Consumer and Small Enterprise (SEs) loans made in accordance with the requirements of the Prudential Regulations issued by SBP and provision based on historical loss experience on advances. Advances are written off when there are no realistic prospect of recovery.

3.5 Fixed assets

Property and equipment, other than land, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount less subsequent accumulated impairment losses, if any.

Depreciation on all property and equipment (excluding land) is charged using diminishing balance method at the rates specified in note 8.1 to these financial statements, except vehicles which are being depreciated on straight line method. Depreciation on additions is charged from the day the assets are available for use till the day of disposal. The residual values (in case of vehicles), useful lives (in case of vehicles), depreciation rates and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. These are transferred to specific assets as and when assets become available for use.

Gain / losses on sale of property and equipment are credited / charged to the profit and loss account currently, except that the related surplus on revaluation of land (net of deferred taxation) is transferred directly to accumulated loss.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit and loss account.

Land is revalued by independent professionally qualified valuers with sufficient regularity to ensure that their net carrying amount does not differ materially from their fair value. If an asset's carrying value increases as a result of revaluation, such increase or surplus arising on revaluation is credited to the surplus on revaluation of assets. However, if the increase reverses a deficit on the same asset previously recognized in the profit and loss account, such increase is also recognized in the profit and loss account to the extent of the previous deficit and thereafter in the surplus on the revaluation of assets.

Surplus on revaluation of assets (net of deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to accumulated losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the net asset and the net amount restated at the revalued amount of the asset.

3.6 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangible assets are amortized over their estimated useful lives, using the straight line method. Amortization is calculated so as to write down the assets to their residual values over their expected useful lives at the rates stated in note 9.1 to these financial statements. Amortization is charged from the day the assets are available for use till the day of disposal. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each reporting date.

3.7 Staff retirement benefits

The Bank operates a post-retirement contribution plan and post retirement benefit plans which include provident fund and pension fund.

For defined contribution plan, the Bank pays contributions to the fund on a periodic basis, and such amounts are charged to the profit and loss account when the payment obligation is established. The Bank has no further payment obligations once the contributions have been

For funded defined benefit plans, the liability recognized in the statement of financial position is the present value of the defined benefit obligations less the fair value of plan assets as at the statement of financial position date. Contributions to the fund are made by the Bank on a periodic basis.

For non-funded defined benefit plans, the liability recognized in the statement of financial position is the present value of the defined benefit obligations at the statement of financial position date.

The liability in respect of all obligations under defined benefit plan is calculated annually by an independent actuary using the Projected Unit Credit Method.



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3.7.1 Actuarial gains and losses

Actuarial gains and losses that arise out of experience adjustments and changes in actuarial assumptions are recognized in statement of comprehensive income with no subsequent recycling through the profit and loss account. Gains and losses on remeasurement of the liability for compensated absences are recognized in the profit and loss account immediately.

3.7.2 Past Service Cost

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. The Bank recognizes past service cost as an expense when the plan amendment or curtailment occurs.

3.8 Taxation

a) Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation. The charge for current tax is calculated using the prevailing tax rates or tax rates expected to apply to the profits for the year. The charge for current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

b) Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. The Bank records deferred tax asset / liability using the tax rates enacted or substantively enacted by the balance sheet date expected to be applicable at the time of its reversal.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Bank also recognizes deferred tax asset / liability on deficit / surplus on revaluation of securities and deferred tax liability on surplus on revaluation of fixed assets which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standards 12 'Income Taxes'.

3.9 Revenue recognition and other items

Mark-up income / interest on advances and returns on investments are recognized on a time proportion basis except that mark-up income / interest on non-performing advances and investments recognized is on receipt basis in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan. Interest / returns / mark-up on rescheduled / restructured advances and investments are recognized as permitted by the State Bank of Pakistan.

Fees, commission, brokerage, and other income is recognized at amount that reflects consideration to which the Bank expects to be entitled in exchange for providing the services. The Bank recognizes fees earned on transaction based arrangements at point in time, when the Bank has provided the services to customer. where the contract requires services to be provided over time, income is recognized on systematic basis over the period of arrangement.

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

Gain / loss on sale of investments is credited / charged to profit and loss account at the time of sale.

3.10 Assets acquired in satisfaction of claims

Non-banking assets (NBA) acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of NBA is credited to the 'surplus on revaluation of non banking assets' account through statement of comprehensive income in equity and any deficit arising on revaluation is taken to profit and loss account directly. All direct costs of acquiring title to asset are charged to profit and loss account.

3.11 Impairment of assets

The carrying amount of the assets are reviewed at each date of statement of financial position for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to profit and loss account except for impairment loss on revalued assets which is adjusted against the revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.



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3.12 Financial instruments

3.12.1 Financial assets and financial liabilities

Financial assets and liabilities carried on the statement of financial position include cash and balances with treasury banks, balances with other banks, investments, advances, other assets, bills payable, deposits and other liabilities. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

3.12.2 Derivative financial instruments

Derivative financial assets and liabilities are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value using valuation techniques. All the derivative financial instruments are carried as an asset when the fair value is positive and as a liability when the fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

3.12.3 Off setting

Financial assets and financial liabilities are off set and the net amount is reported in these financial statements when there is a legally 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.

3.13 Provision

Provisions are recognized when the Bank has a legal or constructive obligation as a result of a past events; it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each statement of financial position date and are adjusted to reflect current best estimates.

3.14 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the equity.

3.15 Contingencies

Contingent liabilities are not recognized in the statement of financial position as they are possible obligations where it has yet to be confirmed whether a liability, which will ultimately result in an outflow of economic resources to settle the obligation, will arise. In cases where the probability of an outflow of economic resources is considered remote, it is not disclosed as a contingent liability.

Contingent asset is not recognized but is only disclosed when inflow of economic benefits becomes probable.

3.16 Business segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Bank's functional and management reporting structure. The Bank's primary segment reporting is based on following business segments:

a. Retail banking

It includes deposits and banking services to customers of the Bank.

b. Retail finance lending

It includes loans of individuals, agriculture customers and SME. Products offered to customers include salary finance, house finance, livestock finance, dairy finance etc.

c. Others

This includes head office related activities, and all other activities not tagged to the segments above.

3.17 Geographical segment reporting

Geographically, the Bank operates only in the province of Punjab, Pakistan.

3.18 Earnings per share

The Bank presents basic and diluted earnings per share (EPS). Basic 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. Diluted earnings per share is not calculated separately, as the Bank does not have any convertible instruments in issue.



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4 CASH AND BALANCES WITH TREASURY BANKS	Note	2023		2022	
		Rupees in '000'			
In hand					
Local currency			212,064		365,672
With State Bank of Pakistan in					
- Local currency current account	4.1		421,867		375,199
With National Bank of Pakistan in					
- Local currency current account			30,869		25,368
- Local currency deposit account (NIDA)	4.2		74,919		74,919
			105,788		100,287
			<u>739,719</u>		<u>841,158</u>

4.1 This represents current accounts maintained with the State Bank of Pakistan under the Cash Reserve Requirement of section 22 of the Banking Companies Ordinance, 1962.

4.2 This represents deposit accounts maintained with the National Bank of Pakistan. Rate of profit on NIDA account is at 19.50% per annum (June 30, 2022: 12.25% per annum).

5 BALANCES WITH OTHER BANKS	Note	2023		2022	
		Rupees in '000'			
In Pakistan					
In current accounts			4,983		819,129
In deposit accounts	5.1		1,256,179		931,036
			<u>1,261,162</u>		<u>1,750,165</u>

5.1 These represent deposit accounts which carry profit rates ranging from 12.75% to 19.75% per annum (June 30, 2022: 6.15% to 12.75% per annum).

6 INVESTMENTS	2023				2022			
	Cost / amortized cost	Provision for diminution	Surplus	Carrying value	Cost / amortized cost	Provision for diminution	Surplus	Carrying value
6.1 Investments by type:	Rupees in '000'							
Available-for-sale securities:								
Shares	10,574	(1,589)	399,677	408,662	10,574	(1,589)	495,157	504,142
Held-to-maturity securities:								
Federal Government securities	2,902,975	-	-	2,902,975	3,624,467	-	-	3,624,467
Non-Government debt securities	88,059	(88,059)	-	2,902,975	88,059	(88,059)	-	3,624,467
	2,991,034	(88,059)	-	2,902,975	3,712,526	(88,059)	-	3,624,467
Total Investments	<u>3,001,608</u>	<u>(89,648)</u>	<u>399,677</u>	<u>3,311,637</u>	<u>3,723,100</u>	<u>(89,648)</u>	<u>495,157</u>	<u>4,128,609</u>

6.2 Investments by segments:	2023				2022			
	Cost / amortized cost	Provision for diminution	Surplus	Carrying value	Cost / amortized cost	Provision for diminution	Surplus	Carrying value
Federal Government Securities:								
- Market treasury bills	2,902,975	-	-	2,902,975	3,624,467	-	-	3,624,467
Non-Government debt securities:								
- Unlisted	88,059	(88,059)	-	-	88,059	(88,059)	-	-
Shares:								
- Listed	7,023	-	399,677	406,700	7,023	-	495,157	502,180
- Unlisted	3,551	(1,589)	-	1,962	3,551	(1,589)	-	1,962
	10,574	(1,589)	399,677	408,662	10,574	(1,589)	495,157	504,142
Total Investments	<u>3,001,608</u>	<u>(89,648)</u>	<u>399,677</u>	<u>3,311,637</u>	<u>3,723,100</u>	<u>(89,648)</u>	<u>495,157</u>	<u>4,128,609</u>

6.3 Provision for diminution in value of investments	2023		2022	
	Rupees in '000'			
Opening balance		89,648		89,648
Charge / reversals				
Charge for the year		-		-
Reversals for the year		-		-
Reversal on disposals		-		-
Transfers - net		-		-
Amounts written off		-		-
Closing balance		<u>89,648</u>		<u>89,648</u>

6.4 Particulars of provision against debt securities	2023		2022	
	Rupees in '000'			
Category of classification	NPI	Provision	NPI	Provision
Domestic	88,059	88,059	88,059	88,059
Loss	<u>88,059</u>	<u>88,059</u>	<u>88,059</u>	<u>88,059</u>



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6.5 Quality of Available for Sale Securities

2023 2022

Cost
Rupees in '000'

Details regarding quality of Available for Sale (AFS) securities are as follows:

Shares

Listed Companies

Paper and board
Textile composite

6,708	6,708
315	315
<u>7,023</u>	<u>7,023</u>

2023		2022	
Cost	Breakup value	Cost	Breakup value

Rupees in '000'

Unlisted Companies

Coop: Insurance Society of Pakistan
National Coop. Supply Corporation
Coop: Investment & Management Agency
Oberoi Coop: Society Sialkot
Shahdara Pioneer Coop: M.P. Society
Lahore Central Coop: Store
Jhelum Distt. Coop: Society
All Pakistan Coop: Multi Purpose Society
Punjab Prov. Coop: Cotton Corp.
Anjuman Imdad-e-Bahami M.P. Society
Pioneer Coop: Leather & Rubber Society
Punjab Prov. Coop: Marketing
West Pakistan Coop: Consumer Society
Sargodha Distt. Coop: Society
Multan Distt. Coop: Multi Purpose Society
Lyalpur Distt. Coop: Multi Purpose Society
Lyalpur Distt. Coop: Store
Montgomery Coop: Society
Bahawalpur Coop: Society
Arifwala Mills Society
Rawalpindi Multi Purpose Union

1,919	10	1,919	10
43	100	43	100
341	100	341	100
71	1,000	71	1,000
300	100	300	100
536	100	536	100
1	100	1	100
11	1,000	11	1,000
65	500	65	500
12	100	12	100
30	1,000	30	1,000
2	500	2	500
1	100	1	100
18	500	18	500
8	50	8	50
10	100	10	100
1	100	1	100
102	100	102	100
25	100	25	100
45	100	45	100
10	50	10	50
<u>3,551</u>		<u>3,551</u>	

6.6 Particulars relating to Held to Maturity securities are as follows:

Note

2023	2022
Cost	

Rupees in '000'

Federal Government Securities - Government guaranteed

Market Treasury Bills

2,902,975 3,624,467

Non Government Debt Securities

Unlisted

6.6.1

88,059 88,059

6.6.1 The Bank has filed a petition against Trust Investment Bank Limited (TIBL) in Honorable Lahore High Court, Lahore for recovery of Rs. 88,059 thousand plus markup (not incorporated in accounts being doubtful of recovery) as on September 15, 2015. However, based on financial health of TIBL, a provision for diminution of Rs. 88,059 thousand has already been made in the financial statements.

7 ADVANCES

	Performing		Non Performing		Total	
	2023	2022	2023	2022	2023	2022

Rupees in '000'

Loans, cash credits, running finances, etc.
Bills discounted and purchased
Advances - gross

10,391,556	7,671,924	1,789,825	2,189,376	12,181,381	9,861,300
-	-	184	184	184	184
<u>10,391,556</u>	<u>7,671,924</u>	<u>1,790,009</u>	<u>2,189,560</u>	<u>12,181,565</u>	<u>9,861,484</u>

Provision against advances
- Specific
- General

-	-	1,555,575	1,701,621	1,555,575	1,701,621
-	-	378	378	378	378
-	-	<u>1,555,953</u>	<u>1,701,999</u>	<u>1,555,953</u>	<u>1,701,999</u>

Advances - net of provision

<u>10,391,556</u>	<u>7,671,924</u>	<u>234,056</u>	<u>487,561</u>	<u>10,625,612</u>	<u>8,159,485</u>
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7.1 Particulars of advances (gross)

In local currency
In foreign currencies

2023	2022
Rupees in '000'	
12,181,565	9,861,484
-	-
<u>12,181,565</u>	<u>9,861,484</u>

7.2 Advances include Rs. 1,789,825 thousand (2022: Rs. 2,189,376 thousand) which have been placed under non performing status as detailed below:

Category of Classification

2023		2022	
Non Performing Loans	Provision	Non Performing Loans	Provision

Rupees in '000'

Domestic
Other Assets Especially Mentioned
Substandard
Doubtful
Loss
Total

44,322	-	116,029	50
60,453	589	151,746	2,230
92,870	7,851	224,602	26,679
1,592,180	1,547,413	1,696,999	1,673,040
<u>1,789,825</u>	<u>1,555,853</u>	<u>2,189,376</u>	<u>1,701,999</u>
<u>1,789,825</u>	<u>1,555,853</u>	<u>2,189,376</u>	<u>1,701,999</u>



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7.3 Particulars of provision against advances

	2023			2022		
	Specific	General	Total	Specific	General	Total
	Rupees in '000'					
Opening balance	1,701,621	378	1,701,999	1,703,227	378	1,703,605
Exchange adjustments	-	-	-	-	-	-
Charge for the year	(146,046)	-	(146,046)	(1,606)	-	(1,606)
Reversals	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-
Closing balance	1,555,575	378	1,555,953	1,701,622	378	1,701,999

Particulars of provision against advances

In local currency	1,555,575	378	1,555,953	1,701,621	378	1,701,999
	1,555,575	378	1,555,953	1,701,621	378	1,701,999

7.4 The Bank has not adjusted its non performing loans amounting to Rs. 707,259 thousand (2022: Rs. 706,475 thousand) including mark-up thereon, against properties decreed in favor of the Bank due to pending possession disputes.

8 FIXED ASSETS

	Note	2023		2022	
		Rupees in '000'			
Capital work in progress			95,531		39,989
Property and equipment	8.1		15,443,246		15,403,001
			15,538,777		15,442,990

8.1 Property and Equipment

	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Telephone exchange and conference	Arms and ammunitions	Total
Rupees '000'										
At July 1, 2022										
Cost / revalued amount	14,622,936	624,000	163,909	6,314	54,875	102,320	78,724	1,221	277	15,654,576
Accumulated depreciation	-	-	(66,138)	(2,750)	(49,602)	(59,195)	(72,470)	(1,169)	(251)	(251,575)
Net book value	14,622,936	624,000	97,771	3,564	5,273	43,125	6,254	52	26	15,403,001
Year ended June 30, 2023										
Opening net book value	14,622,936	624,000	97,771	3,564	5,273	43,125	6,254	52	26	15,403,001
Revaluation surplus	-	-	-	-	7,110	15,125	10,143	42	-	62,295
Additions	-	-	29,875	-	(232)	(5)	(0)	-	-	(8,801)
Disposals	(5,684)	-	(2,880)	-	(2,704)	(5,305)	(1,533)	(24)	(2)	(13,249)
Depreciation charge	-	-	(3,580)	(101)	(2,704)	(5,305)	(1,533)	(24)	(2)	(13,249)
Transfer of CWIP	-	-	-	-	-	-	-	-	-	-
Closing net book value	14,617,252	624,000	121,186	3,463	9,447	52,940	14,864	70	24	15,443,246
At June 30, 2023										
Cost / revalued amount	14,617,252	624,000	190,904	6,314	61,753	117,440	88,867	1,263	277	15,708,070
Accumulated depreciation	-	-	(69,718)	(2,851)	(52,306)	(64,500)	(74,003)	(1,193)	(253)	(264,824)
Net book value	14,617,252	624,000	121,186	3,463	9,447	52,940	14,864	70	24	15,443,246
Rate of depreciation (percentage)	-	-	2.5%	2.5%	20%	20%	20%	20%	20%	20%
At July 1, 2021										
Cost / revalued amount	6,403,310	576,719	158,002	6,314	54,180	97,792	78,703	1,221	277	7,376,518
Accumulated depreciation	-	-	(63,640)	(2,649)	(47,003)	(55,276)	(69,871)	(1,145)	(248)	(239,832)
Net book value	6,403,310	576,719	94,362	3,665	7,177	42,516	8,832	76	29	7,136,686
Year ended June 2021										
Opening net book value	6,403,310	576,719	94,362	3,665	7,177	42,516	8,832	76	29	7,136,686
Revaluation surplus	8,222,726	47,281	-	-	695	4,528	21	-	-	11,151
Additions	-	-	5,907	-	-	-	-	-	-	(3,100)
Disposals	(3,100)	-	-	-	-	-	-	-	-	(12,416)
Depreciation charge	-	-	(2,498)	(101)	(2,599)	(4,592)	(2,599)	(24)	(3)	(12,416)
Other adjustments / transfers	-	-	-	-	-	673	-	-	-	673
Transfer of CWIP	-	-	-	-	-	-	-	52	26	15,403,001
Closing net book value	14,622,936	624,000	97,771	3,564	5,273	43,125	6,254	52	26	15,403,001
At June 30, 2022										
Cost / revalued amount	14,622,936	624,000	163,909	6,314	54,875	102,320	78,724	1,221	277	15,654,576
Accumulated depreciation	-	-	(66,138)	(2,750)	(49,602)	(59,195)	(72,470)	(1,169)	(251)	(251,575)
Net book value	14,622,936	624,000	97,771	3,564	5,273	43,125	6,254	52	26	15,403,001
Rate of depreciation (percentage)	-	-	2.5%	2.5%	20%	20%	20%	20%	20%	20%

8.1.1 Included in cost of property and equipment are fully depreciated assets that are still in use of the Bank. Moreover, the Bank has policy to report fully depreciated asset at nominal value for identification purposes.

8.1.2 Freehold land was revalued on June 29, 2022 by Arch e' decon, an independent professional valuer firm, on the basis of fair market value. This revaluation resulted in surplus of Rs. 8,222,726 thousand in respect of freehold land. However, without the effect of revaluation, the carrying amount of the land would have been Rs.107,181 million (2022: Rs.107,379 million). Fair value has been assessed under 'fair value hierarchy: level 3'.

8.1.3 Leasehold land was revalued on June 29, 2022 by Arch e' decon, an independent professional valuer firm, on the basis of fair market value. This revaluation resulted in surplus of Rs. 47,281 thousand in respect of leasehold land. However, without the effect of revaluation, the carrying amount of the land would have been Rs. Nil (2022: Rs. Nil). Fair value has been assessed under 'fair value hierarchy: level 3'.



THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

8.1.4 The value of land and buildings include properties under litigation / disputes amounts to Rs. 459.900 million (2022: Rs. 175.687 million) for which legal title has been acquired but the physical possession is under dispute. The ultimate outcome of disputes cannot be determined properly and management is of the view that no impairment is required to be recognized in these financial statements.

8.1.5 Fair value of property and equipment excluding land is not expected to be materially different from their carrying amount.

9 INTANGIBLE ASSETS

	Note	2023	2022
Rupees in '000'			
9.1 Cost		11,420	22,207
Addition		11,420	-
Accumulated amortization		(15,735)	(10,787)
Net book value	9.2	<u>7,105</u>	<u>11,420</u>
Year ended June			
Opening net book value		8,755	11,420
Amortization charge		(2,284)	(2,665)
Closing net book value		<u>6,472</u>	<u>8,755</u>
At June 30			
Cost		6,472	8,755
Accumulated amortization and impairment		-	-
Net book value		<u>6,472</u>	<u>8,755</u>
Rate of amortization (percentage)		<u>20%</u>	<u>20%</u>

9.2 This includes an intangible asset that relates to the Bank Smart Software system used by the Bank which is fully amortized now.

10 RIGHT OF USE OF ASSETS

	2023	2022
Rupees in '000'		
Opening balance	78,534	-
Add: Initial application of IFRS 16 on July 1, 2022	-	92,162
Add: Prepaid lease rentals as at June 30, 2021	-	3,613
Add: Additions during the year	41,439	8,433
Less: Depreciation charge for the year	(31,446)	(25,674)
Closing balance	<u>88,527</u>	<u>78,534</u>
Lease Term (Years)	<u>1 to 10 Years</u>	<u>1 to 10 Years</u>

There are no variable lease payments in the lease contracts. There were no leases with residual value guarantees or leases not yet commenced to which the Company is committed.

11 DEFERRED TAX ASSETS

Deductible Temporary Differences on

Post retirement benefits
 Provision against other assets
 Provision for salary payable
 Decelerated tax amortization
 Provision against advances

2023			
At July 1, 2022	Recognized in P&L	Recognized in OCI	At June 30, 2023
Rupees in '000'			
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

Taxable Temporary Differences on

Accelerated tax depreciation
 Surplus on revaluation of investments
 Right-of-Use Assets

2023			
At July 1, 2022	Recognized in P&L	Recognized in OCI	At June 30, 2023
Rupees in '000'			
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

Temporary differences for which no deferred tax is recognized

Tax Rate

Deferred Tax Assets

35%	39%
-	-

Deductible Temporary Differences on

Post retirement benefits
 Provision against other assets
 Provision for salary payable
 Decelerated tax amortization
 Provision against advances

2022			
At July 1, 2021	Recognized in P&L	Recognized in OCI	At June 30, 2022
Rupees in '000'			
2,952,148	-	-	2,420,696
66,478	-	-	66,479
-	-	-	-
7,994	-	-	9,022
1,703,605	-	-	1,701,999
4,730,225	-	-	4,198,196

Taxable Temporary Differences on

Accelerated tax depreciation
 Surplus on revaluation of investments
 Right of Use of Assets

54,529	-	-	59,897
528,034	-	-	405,509
-	-	-	78,534
582,563	-	-	543,940

Temporary differences for which no deferred tax is recognized

4,147,662	-	-	3,654,256
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THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

12 OTHER ASSETS	Note	2023		2022	
		Rupees in '000'			
Income / mark-up accrued in local currency		834,150		710,082	
Advances, deposits, advance rent and other prepayments		2,497		1,981	
Sundry debtors		1,387		2,362	
Crop insurance recoverable		93,192		89,227	
Live stock insurance recoverable		8,561		5,300	
Branch adjustment		114,706		28,585	
Memorandum account	12.1.2	-		-	
Others		113,314		117,473	
		1,167,807		955,010	
Less: Provision held against other assets	12.1	(74,585)		(66,479)	
Other assets (net of provision)		1,093,222		888,531	
		1,093,222		888,531	
12.1 Provision held against other assets					
Others	12.1.1	(74,585)		(66,479)	
12.1.1 Movement in provision held against other assets					
Opening balance		(66,479)		(66,479)	
Charge for the year		(8,106)		-	
Reversals		-		-	
Amount written off		-		-	
Closing balance		(74,585)		(66,479)	

12.1.2 Bank maintains a balance of memorandum account amounting to Rs. 2,601,001 thousand as at June 30, 2023 (June 30, 2022: Rs. 2,795,889 thousand) as per requirement of SBP.

13 CONTINGENT ASSETS
The Bank has 88 cases pending with authorities for recoveries and settlement of properties. However, inflow of economic benefits from such cases are not probable and therefore are not being disclosed here.

14 BILLS PAYABLE	2023		2022	
	Rupees in '000'			
In Pakistan		20,188		30,605

15 DEPOSITS AND OTHER ACCOUNTS	Note	2023			2022		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
		Rupees in '000'					
Customers							
Current deposits - non remunerative		1,127,638	-	1,127,638	1,152,546	-	1,152,546
Savings deposits - remunerative		4,386,802	-	4,386,802	3,227,261	-	3,227,261
Fixed deposits		594,257	-	594,257	577,667	-	577,667
Call deposits		829	-	829	1,904	-	1,904
Other deposits	15.1	114,379	-	114,379	55,996	-	55,996
		6,223,905	-	6,223,905	5,015,374	-	5,015,374

15.1 Other deposits include staff security deposits and employees' provident fund deposits.

15.2 Composition of deposits	2023		2022	
	Rupees in '000'			
Individuals		5,706,491		4,448,325
Government (Federal and Provincial)		22,471		131,711
Private sector		494,943		435,338
		6,223,905		5,015,374

15.3 The above deposits include eligible deposits amounting to Rs. 5,780,593 thousand (2022: Rs. 4,803,988 thousand) vide DPC Circular No. 04 of 2018 dated 22 June 2018.

16 LEASE LIABILITIES	2023		2022	
	Rupees in '000'			
Opening balance		74,984		-
Add: Initial application of IFRS 16 on July 1, 2022		-		92,162
Add: Accrued lease rentals as at June 30, 2022		-		-
Add: Additions during the year		39,347		8,433
Add: Interest expense		17,927		14,169
Less: Lease payments		(42,368)		(39,780)
Gross liability		89,890		74,984
Less: Current portion		-		-
Closing balance		89,890		74,984

16.1 Maturity analysis of contractually undiscounted cash flows	At June 30, 2023		
	Within One Year	Between Two to Five Years	Later than Five Years
	2,347,623	40,939,412	100,267,597



THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

17 DEFERRED TAX ASSETS /(LIABILITIES)

At July 1, 2022	2023		At June 30, 2023
	Recognized in P&L	Recognized in OCI	
Rupees in '000'			
-	178,279	-	178,279
-	-	-	-
-	7,076	-	7,076
-	-	-	-
-	89,890	-	89,890
-	275,245	-	275,245

Deductible Temporary Differences on

Post retirement benefits
Provision against other assets
Provision for salary payable
Decelerated tax amortization
Provision against advances
Liabilities against assets - Finance Lease

At July 1, 2022	2023		At June 30, 2023
	Recognized in P&L	Recognized in OCI	
Rupees in '000'			
-	65,002	-	65,002
-	-	-	-
-	-	399,677	399,677
-	8,106	-	8,106
-	88,527	-	88,527
-	161,635	399,677	561,312
-	113,610	(399,677)	(286,067)

Taxable Temporary Differences on

Accelerated tax depreciation
Surplus on revaluation of investments-T.Bills & U Shares
Surplus on revaluation of investments-L. Shares
Provision against other assets
Right-of-Use Assets

Temporary differences for which deferred tax is recognized

Allocation of Temporary differences on basis of Tax Rate

@ 39% (2022: 35%)
@ 15% (2022: 15%)

-	113,610	-	113,610
-	-	(399,677)	(399,677)
-	113,610	(399,677)	(286,067)

Deferred Tax Assets/(Liabilities)

At July 1, 2021	2022		At June 30, 2022
	Recognized in P&L	Recognized in OCI	
Rupees in '000'			
2,952,148	-	-	2,420,696
66,478	-	-	66,479
-	-	-	-
7,994	-	-	9,022
1,703,605	-	-	1,701,999
4,730,225	-	-	4,198,196
54,529	-	-	59,897
528,034	-	-	405,509
-	-	-	78,534
582,563	-	-	543,940
4,147,662	-	-	3,654,256

Deductible Temporary Differences on

Post retirement benefits
Provision against other assets
Provision for salary payable
decelerated tax amortization
Provision against advances

Taxable Temporary Differences on

Accelerated tax depreciation
Surplus on revaluation of investments
Right of Use of Assets

Temporary differences for which no deferred tax is recognized

18 OTHER LIABILITIES

Note	2023	2022
Rupees in '000'		
	51,208	61,169
	39,752	19,229
	-	30,430
	106,076	70,682
	(1,680)	40,615
	37,427	37,427
	142,263	111,739
	1,513,299	2,056,265
	314,666	267,485
	56,290	5,182
18.1	-	-
	58,586	38,882
	2,317,887	2,739,105

Mark-up / return / interest payable in local currency
Accrued expenses
Accrued rent
Sundry creditors
Provision for Income Tax (Less Advance taxation)
Dissolved bank payable
Provision for employees' gratuity
Provision for employees' pension fund
Provision for employees' compensated absences
Withholding tax payable
Memorandum account
Others

18.1 Bank maintains a balance of memorandum account amounting to Rs. 2,601,001 thousand as at June 30, 2023 (June 30, 2022: Rs.2,795,889 thousand) as per requirement of SBP.

19 SHARE CAPITAL

19.1 Authorized Capital

The authorized share capital consist of an unlimited number of shares of the value of one hundred rupees, as per Section 4 of the Punjab Provincial Cooperative Bank Limited Bye-laws 2010.



THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

19.2 Issued, subscribed and paid up capital

	Note	2023	2022	2023	2022
		Number of Shares		Rupees in '000'	
Ordinary shares of Rs. 100 each					
Fully paid in cash		78,492,691	78,492,691	7,849,269	7,849,269
Issued as bonus shares		375,730	375,730	37,573	37,573
		<u>78,868,421</u>	<u>78,868,421</u>	<u>7,886,842</u>	<u>7,886,842</u>
Total shares refunded / issued till date	19.2.1	(12,950)	(13,541)	(1,295)	(1,354)
		<u>78,855,471</u>	<u>78,854,880</u>	<u>7,885,547</u>	<u>7,885,488</u>

19.2.1 Shares refunded

As at July, 1		13,541	13,711	1,354	1,371
Refunded during the year		-	-	-	-
Issued during the year		(590)	(170)	(59)	(17)
As at June, 30		<u>12,951</u>	<u>13,541</u>	<u>1,295</u>	<u>1,354</u>

This represents the amount against shares refunded to societies in the event of cessation of membership of a member society the amount of share shall be refunded to the society or liquidator after deduction of bank dues as per bye-law 13 of the Punjab Provincial Cooperative Bank Limited Bye-Laws 2010.

19.3 State Bank of Pakistan (SBP) vide letter No. BPRD/BACPD/629/023472/15 dated October 26, 2015 relaxed the Minimum Capital Requirement (MCR) for the Bank to Rs. 6 Billion (net of losses) subject to the conditions given below:

- 1 - Increase the Bank's paid up capital (net of losses) to Rs. 6 billion by December 31, 2015. Currently Bank meets MCR requirements prescribed by SBP.
- 2 - Appointment of Bank's full time / regular president and constitution of its Board of Directors in line with the SBP's Fit and Proper Test (FPT) criteria and other applicable laws, rules and regulations by November 30, 2015. Currently full time president has been appointed with effect from Dec 2021. However, the matter with regard to constitution of Board is under consideration with Govt of Punjab.
- 3 - The Bank will submit a strategic plan to function in a self sustainable manner duly meeting applicable regulatory requirements in the areas of risk management, capital, corporate governance etc. The strategic plan should further outline Bank business model, proposed commercial Banking products / practices and competitive policies, duly supporting the future viability of PPCBL. Strategic plan has been submitted to SBP.
- 4 - With the exception of expenses towards Banks, sovereigns and PSEs, per party exposure limits for all other customers will be 50% of the PRs limit. Per party exposure limits are fully observed.

20 SURPLUS ON REVALUATION OF ASSETS

	Note	2023	2022
		Rupees in '000'	
Surplus on revaluation of			
Available for sale securities	6.1	399,677	495,157
Fixed assets	20.1	15,130,195	15,135,681
		<u>15,529,872</u>	<u>15,630,838</u>
Deferred tax on surplus on revaluation of:			
Available for sale securities	11	-	-
Fixed assets	11	-	-
		<u>-</u>	<u>-</u>
		<u>15,529,872</u>	<u>15,630,838</u>

20.1 Surplus on revaluation of assets

Surplus on revaluation of assets - Opening balance	20.2	15,135,681	6,868,774
Addition/(Deletion) during the year		(5,486)	8,266,907
Surplus on revaluation of assets - Closing balance		<u>15,130,195</u>	<u>15,135,681</u>

20.2 Freehold and leasehold land was revalued on June 29, 2022 by Arch e' decon, an independent professional valuer firm, on the basis of fair market value. This revaluation resulted in surplus of Rs. 8,266,907 thousand.

21 CONTINGENCIES AND COMMITMENTS

		2023	2022
		Rupees in '000'	
Commitments	21.1	40,808	53,070
Other contingent liabilities	21.2	9,000	9,000
		<u>49,808</u>	<u>62,070</u>
21.1 Commitments			
Civil work		21,002	9,875
Intangible assets		19,806	43,195
		<u>40,808</u>	<u>53,070</u>

21.2 Other contingent liabilities

These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote.

21.2.1 Sales tax notice

The sales tax department had issued a show cause notice dated: 14-07-2003 to the bank stating as to why the sales tax amounting to Rs.5,041 thousand had not been paid to the Government in regard to sale of machinery valuing Rs. 33,600 thousand of Rahwali Sugar Mills to M/s Ali Industrial and Engineering Works, Karachi. The bank filed petition against the above show cause notice on the ground that bank had sold debris, scrap and non-operative machinery which were not sales tax leviable items, on which Lahore High Court has suspended the show cause notice vide order dated: 06-08-2003. The case has been remanded back to Sales tax department by the Lahore High Court on 18-06-2010, now pending adjudication before the Department.

21.2.2 Income tax status / exposure:

The Income Tax Returns up to the tax year 2022 have been filed under Self Assessment Scheme with the Income Tax Department of Federal Board of Revenue (FBR) which are "deemed assessment orders" unless selected for Audit or revised under respective sections of Income Tax Ordinance by the FBR Authorities.



THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

21.2.3 The Bank is in litigation for tax year 2010 on account of Section 161/ 205/ 221(1) of the Income Tax Ordinance 2001, where FBR filed appeal before LHC with the involvement of Rs. 29 thousand and Rs. 1,597 thousand respectively.

21.2.4 The bank is in litigation with the Income Tax Department where by appeals and cross appeals for the assessment year 1999-2000 to 2002-2003 on account of orders passed under Section 62 of the Income Tax Ordinance 1979 (Repealed Ordinance), for tax years 2003 to 2007 on account of 122(1) / 122(5A) of the Income Tax Ordinance 2001, for the tax year 2010 on account of Section 161/ 205/ 221(1) of the Income Tax Ordinance, 2001 where PPCBL and FBR, both are in crossed appeal before Appellate Tribunal Inland Revenue with the involvement of Rupees 29 thousands and 1,597 thousand respectively, as well as for years 2008 and 2010 and months of July - June 2013 on account of Section 34 of the Federal Excise Act, were pending adjudication before the Appellate Tribunal Inland Revenue, however in case of Tax Year 2003, 2008 & 2010 in combined appeal, Appellate Tribunal Inland Revenue has passed an order dated 25.04.2018 wherein Tribunal disallowed the expenses of Rs. 63 million and 22 million in the Tax year 2003 and 2010 respectively whereas PPCBL has filed appeal before LHC in terms of Tax Year 2003 & 2010 and in case of 2008 ATIR has remanded back it to the ACIR. The management of the Bank as well as its tax advisor is of the view that Bank has fair chance to get the decision of these appeals in its favor.

21.2.5 Tax return for the year 2008 was selected for audit under section 177(4) of Income Tax Ordinance, 2001. Accordingly Income Tax Department raised a demand of Rs. 435,226 thousand vide order dated September 29, 2009. Afterwards, CIR (Appeals) vide his order dated January 20, 2010 annulled such assessed amount. Later on, Department went into appeal against the order of CIR (Appeals). ITAT has remanded back the case to Department. The Bank has filed appeal before Lahore High Court.

21.2.6 In case of assessment years 2012, 2013 and 2014, Additional CIR passed an order u/s 122(5A) dated 30.05.2018 and created liability of Rs. 544 thousand, Rs. 16,855 thousand and Rs. 725 thousand respectively. Appeal has been filed before ATIR, who remanded back the cases to CIR.

21.2.7 In case of tax year 2014, the Bank has filed an appeal against an order passed by CIR u/s 182(1) amounting to Rs. 463 thousand on account of filing of late return for tax year 2014 before Appellate Tribunal Inland Revenue.

21.2.8 In case of assessment years 2016, Additional CIR passed an order u/s 122(5A) dated 30.11.2017 and created liability of Rs. 17,122 thousand Appeal has been filed before ATIR and case was remanded back to CIR (Appeals).

21.2.9 PRA had conducted the audit of PST, resultantly liability of Rs. 685 thousand was created. Bank filed an appeal before Punjab Revenue Appellate Authority, but not heard. In parallel PPCBL has obtained stay order against recovery of the said amount from Honorable Lahore High Court till the decision of the case by PRA Appellate Authority.

22 MARK-UP/RETURN/INTEREST EARNED

	Note	2023	2022
		Rupees in '000'	
On:			
Loans and advances		1,851,606	1,557,405
Investments		671,689	352,013
Balances with banks		165,753	91,405
		<u>2,689,048</u>	<u>2,000,823</u>

23 MARK-UP / RETURN / INTEREST EXPENSED

Deposits		<u>636,191</u>	<u>211,008</u>
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24 FEE AND COMMISSION INCOME

Branch banking customer fees		3,981	3,216
Commission on utility bills collection		9,181	9,060
Advances & guarantees fee		76,943	55,094
Rent on lockers		957	768
		<u>91,062</u>	<u>68,138</u>

25 OTHER INCOME

Gain on Sale of Assets		18,366	-
Rent on property		128,756	50,100
		<u>147,122</u>	<u>50,100</u>

26 OPERATING EXPENSES

Total compensation expense	26.1	1,343,356	1,209,866
Property expense			
Rent and taxes		17,302	6,225
Building repair and maintenance (including janitorial charges)		3,663	2,520
Interest on lease liability		11,287	14,169
Loss on disposal of property		-	3,100
Depreciation on right-of-use assets	10	21,234	25,674
Depreciation on property and equipment	8.1	3,681	2,599
		<u>57,167</u>	<u>54,287</u>
Intangible assets			
Amortization	9.1	2,284	2,665
Other operating expenses			
Legal and professional charges		6,252	10,495
Travelling and conveyance		66,211	49,064
Depreciation		9,568	9,817
Training & development		1,027	1,664
Postage and courier charges		4,957	12,325
Communication		17,990	16,813
Stationery and printing		6,170	3,345
Marketing, advertisement and publicity		2,858	2,605
Insurance		4,424	4,733
Utilities cost		66,316	47,854
Security expenses		42	37
Repair and maintenance (Furniture & Electrical)		2,820	1,843
Auditors' remuneration	26.2	4,873	4,140
Others		165,906	102,562
		<u>359,414</u>	<u>267,297</u>
		<u>1,762,221</u>	<u>1,534,115</u>



THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022																							
Rupees in '000'																										
26.1 Total compensation expense																										
Salary and allowances		1,164,224	968,975																							
Fees and allowances etc		853	777																							
Charge for defined benefit plan		178,279	240,114																							
		<u>1,343,356</u>	<u>1,209,866</u>																							
26.2 Auditors' remuneration																										
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">2023</th> <th rowspan="2" style="text-align: center;">2022</th> </tr> <tr> <th style="text-align: center;">M/s IECNET S.K.S.S & Co</th> <th style="text-align: center;">M/s NAVEED ZAFAR ASHFAQ JAFFRI & Co</th> <th style="text-align: center;">total</th> </tr> </thead> <tbody> <tr> <td colspan="4" style="text-align: center;">Rupees in '000'</td> </tr> <tr> <td style="text-align: center;">2,863</td> <td style="text-align: center;">2,010</td> <td style="text-align: center;">4,873</td> <td style="text-align: center;">4,140</td> </tr> <tr> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: center;"><u>2,863</u></td> <td style="text-align: center;"><u>2,010</u></td> <td style="text-align: center;"><u>4,873</u></td> <td style="text-align: center;"><u>4,140</u></td> </tr> </tbody> </table>		2023			2022	M/s IECNET S.K.S.S & Co	M/s NAVEED ZAFAR ASHFAQ JAFFRI & Co	total	Rupees in '000'				2,863	2,010	4,873	4,140	-	-	-	-	<u>2,863</u>	<u>2,010</u>	<u>4,873</u>	<u>4,140</u>
2023			2022																							
M/s IECNET S.K.S.S & Co	M/s NAVEED ZAFAR ASHFAQ JAFFRI & Co	total																								
Rupees in '000'																										
2,863	2,010	4,873	4,140																							
-	-	-	-																							
<u>2,863</u>	<u>2,010</u>	<u>4,873</u>	<u>4,140</u>																							
Audit fee																										
IT Audit fee																										
27 OTHER CHARGES																										
Penalties imposed by State Bank of Pakistan		12,879	40,366																							
28 (Reversal) / provisions and write offs - net																										
(Reversal) / provisions against loans and advances		(146,046)	(1,606)																							
		<u>(146,046)</u>	<u>(1,606)</u>																							
29 TAXATION																										
Current		115,594	37,585																							
Prior years		(33,499)	(20,457)																							
Deferred	11	-	-																							
		<u>82,095</u>	<u>17,128</u>																							
29.1 Relationship between tax expense and accounting profit																										
Profit before taxation		704,907	373,835																							
Tax on income at 39% (2022: 35%)		274,914	130,842																							
Tax on separate block of income		6,438	5,777																							
Super Tax at 4% (2022: 0%)		8,993	-																							
Others		(208,250)	(119,491)																							
		<u>82,095</u>	<u>17,128</u>																							
30 BASIC AND DILUTED EARNINGS PER SHARE																										
Profit after taxation (Rupees)		622,812	356,707																							
Weighted average number of ordinary shares (Numbers)		78,855,471	78,854,881																							
Basic and diluted earnings per share (Rupees)		7.90	4.52																							
There is no dilutive effect on basic earnings per share during the year.																										
31 CASH AND CASH EQUIVALENTS																										
Cash and balance with treasury banks	4	739,719	841,158																							
Balance with other banks	5	1,261,162	1,750,165																							
		<u>2,000,881</u>	<u>2,591,323</u>																							

31.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

Balance as at July 01, 2022
Changes from financing cash flows
Cash based
- Issue of shares
- Refund of shares
- Medical aid to staff
- Non-cash based / revaluation
Liability-related
- Cash based
- Non-cash based
Balance as at June 30, 2023

2023			
Rupees in '000'			
Liabilities	Equity		
Other liabilities	Share capital	Reserves	Accumulated loss
2,739,104	7,885,488	16,643,513	(1,090,841)
-	59	-	-
-	-	-	-
-	-	(1,040)	-
-	-	71,061	505,698
-	59	70,021	505,698
(599,496)	-	-	-
178,279	-	-	-
(421,217)	-	-	-
<u>2,317,887</u>	<u>7,885,547</u>	<u>16,713,534</u>	<u>(585,143)</u>



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2022			
Rupees in '000'			
Liabilities	Equity		
Other liabilities	Share capital	Reserves	Accumulated loss
3,230,923	7,885,471	8,409,157	(1,591,744)
-	17	-	-
-	-	797	-
-	-	8,233,559	500,904
-	17	8,234,356	500,904
(731,933)	-	-	-
240,114	-	-	-
(491,819)	-	-	-
2,739,104	7,885,488	16,643,513	(1,090,840)

Balance as at July 01, 2021
Changes from financing cash flows
Cash based
- Issue of shares
- Refund of shares
- Medical aid to staff
Non-cash based

Liability-related
Cash based
Non-cash based

Balance as at June 30, 2022

32 STAFF STRENGTH

Permanent
On bank contract
Bank's own staff strength at the end of the year

2023	2022
(Number)	
995	980
21	22
1,016	1,002

In addition to the above, 775 (2022:725) employees of outsourcing services companies as at end of the year to perform services of guarding, tea, and janitorial services.

33 DEFINED BENEFIT PLAN

33.1 General description

The Bank operates an unfunded gratuity scheme and a defined benefit plan, for all its employees who have completed the minimum qualifying service period. Under the scheme, the bank pays a lump-sum benefit equal to last drawn monthly gross salary for each year of service to members whereas the members are not required to make any contributions to the scheme. The scheme is administered by the management of the bank under the supervision and directions of the administrator of the bank. The amount recognized on statement of financial position represents present value of defined benefit obligation. Actuarial gains and losses that arise out of experience adjustments and changes in actuarial assumptions are recognized in statement of comprehensive income with no subsequent recycling through the profit and loss account.

33.2 Number of employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2023	2022
	(Number)	
Pension fund	1,131	1,140
Gratuity fund	484	390
Leave encashment scheme	507	570

33.3 Principal actuarial assumptions

The actuarial valuations were carried out for June 30, 2023 based on the Projected Unit Credit Method, using the following significant assumptions:-

	Pension fund		Gratuity Fund		Compensated Absence	
	2023	2022	2023	2022	2023	2022
	Rupees in '000'					
Discount rate	15.75%	13.50%	15.75%	13.50%	15.75%	13.25%
Short term salary increase rate	10.75%	5.25%	10.75%	5.25%	10.75%	5.25%
Long term salary increase rate	14.75%	12.50%	14.75%	9.25%	14.75%	12.50%
Pension indexation rate	7.00%	6.25%	-	-	-	-
Expected return on plan asset	15.75%	13.50%	-	-	-	-

The expected return on plan assets is based on the market expectations and depends on the asset portfolio of the Bank, at the beginning of the year, for returns over the entire life of the related obligation.

33.4 Reconciliation of payable to defined benefit plans

	Pension fund		Gratuity Fund		Compensated Absence	
	2023	2022	2023	2022	2023	2022
	Rupees in '000'					
Present value of obligations	5,422,651	5,236,539	142,265	117,740	314,659	267,485
Fair value of plan assets	(3,909,351)	(3,180,274)	-	-	-	-
Net payable at the year end	1,513,300	2,056,265	142,265	117,741	314,659	267,485



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33.5 Movement in defined benefit obligations	Pension fund		Gratuity Fund		Compensated Absence	
	2023	2022	2023	2022	2023	2022
	Rupees in '000'					
Obligations at the beginning of the year	5,236,539	5,014,637	111,739	107,658	267,485	290,761
Current / past service cost	24,130	23,179	4,444	3,915	9,128	8,042
Interest cost	529,461	444,877	14,317	10,774	36,110	27,829
Benefits paid by the Bank	(406,990)	(373,143)	(11,369)	(5,084)	-	(38,513)
Re-measurement loss / (gain)	39,511	126,990	23,134	(5,523)	1,936	(20,634)
Impact of Pension increase / past payments	-	-	-	-	-	-
Obligations at the end of the year	5,422,651	5,236,540	142,265	111,740	314,659	267,485

33.6 Movement in fair value of plan assets	Pension Fund		Gratuity Fund		Compensated Absence	
	2023	2022	2023	2022	2023	2022
	Rupees in '000'					
Fair value at the beginning of the year	3,180,274	2,460,904	-	-	-	-
Interest income on plan assets	441,247	257,868	-	-	-	-
Contribution by the Bank - net	583,428	482,905	-	-	-	-
Benefit payments from plan	(406,990)	(373,143)	-	-	-	-
Re-measurements: Net return on plan assets (excluding interest income)	111,392	351,740	-	-	-	-
Fair value at the end of the year	3,909,351	3,180,274	-	-	-	-

33.7 Movement in payable under defined benefit schemes	Pension fund		Gratuity Fund		Compensated Absence	
	2023	2022	2023	2022	2023	2022
Present value at beginning of the year	2,056,265	2,553,732	111,739	107,657	267,485	290,761
Charge for the year	112,344	210,188	18,761	14,689	47,174	15,237
Contributions paid	(583,428)	(482,905)	-	-	-	-
Benefits paid	-	-	(11,369)	(5,084)	-	(38,513)
Re-measurement loss / (gain) recognized in OCI	(71,881)	(224,750)	23,134	(5,523)	-	-
Present value as at end of year	1,513,300	2,056,265	142,265	111,739	314,659	267,485

33.8 Charge for defined benefit plans

33.8.1 Cost recognized in profit and loss

Current service cost	24,130	23,179	4,444	3,915	9,128	8,042
Net interest on defined benefit asset / liability	529,461	444,877	14,317	10,774	36,110	27,829
Past service cost	-	-	-	-	-	-
Actuarial (gain) / loss	(441,247)	(257,868)	-	-	1,936	(20,634)
	112,344	210,188	18,761	14,689	47,174	15,237

33.8.2 Re-measurements recognized in OCI during the year

Loss / (gain) on obligation						
- Experience adjustment	39,511	126,990	23,134	(5,523)	-	-
Return on plan assets over interest income	(111,392)	(351,740)	-	-	-	-
Total re-measurements recognized in OCI	(71,881)	(224,750)	23,134	(5,523)	-	-

33.9 Components of plan assets

	2023	
	Pension fund	
	Rupees in	
Cash and cash equivalents	2,095,922	
Government Securities	1,813,429	
	<u>3,909,351</u>	

33.9.1 Investment in Government securities are subject to credit risk and interest rate risks. These risks are regularly monitored by the Trustees of the employee fund.

33.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption while keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	2023		
	Pension fund	Gratuity fund	Compensated absence
	Rupees in '000'		
Defined benefit obligation	5,422,651	142,265	314,659
1% increase in discount rate	5,021,920	133,108	301,414
1% decrease in discount rate	5,885,260	152,837	328,717
1% increase in expected rate of salary increase	5,551,747	153,051	328,885
1% decrease in expected rate of salary increase	5,301,000	132,771	301,038
1% increase in expected rate of pension increase	5,798,564	-	-
1% decrease in expected rate of pension increase	5,094,686	-	-
1% increase in expected rate of mortality set back	5,464,738	-	-
1% decrease in expected rate of mortality set forward	5,350,496	-	-

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied.

33.11 Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the pension and gratuity funds as per actuarial expected charge for the next financial year.

33.12 Expected charge for the next financial year

Based on actuarial advice, management estimates that the charge in respect of defined benefit plans for the year ending June 30, 2024 would be as follows:



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2024		
Pension fund	Gratuity fund	Compensated absence
Rupees in '000'		
324,501	28,202	59,354

Expected charge / (reversal for the year)

33.13 Maturity profile

The weighted average duration of the obligation

Pension fund	Gratuity fund	Compensated absence
Years		
8	7	4

33.14 Funding policy

The Bank endeavors to ensure that liabilities under the various employee benefit plans are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

33.15 Risks associated with defined benefit plans

The defined benefit plans may expose the bank to actuarial risks such as longevity risk, investment risk, salary increase risk and withdrawal rate risk as described below:

Longevity risk

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Investment risk

The risk arises when the actual performance level of investment levels is lower than expectation and thus creating a shortfall in the funding objectives.

Salary increase

The most common type of retirement benefit is one where the final benefit is linked with final salary. The risk arises when the actual increases are higher than expectations and impact the liability accordingly.

Withdrawal rate

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

34 DEFINED CONTRIBUTION PLAN

The Bank operates an approved contributory provident fund for 307 (2022: 364) employees who did not opt for pension in lieu of gratuity. The employer and employee each contribute 10.00% of the basic salary to fund every month.

35 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

35.1 Total compensation expense

Items	2023						
	Directors			Members Sharia Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	Rupees in '000'						
Fees and allowances etc	-	-	-	-	-	-	-
Managerial Remuneration	-	-	-	-	18,900	19,934	-
i) Fixed	-	-	-	-	-	-	-
ii) Total Variable	-	-	-	-	-	-	-
of which	-	-	-	-	-	-	-
a) Cash bonus / awards	-	-	-	-	-	-	-
b) Bonus & awards in shares	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	-	-	-
Contribution to defined contribution plan	-	-	-	-	2,400	6,126	-
Rent & house maintenance	-	-	-	-	1,440	1,731	-
Utilities	-	-	-	-	1,800	3,023	-
Medical	-	-	-	-	682	7,064	-
Conveyance	-	-	-	-	4,164	10,493	-
Others	-	-	-	-	29,386	48,371	-
Total	-	-	-	-	1	16	-
Number of persons	-	-	-	-	1	16	-

35.2 Total compensation paid during the year to President / CEO represents amount paid to acting president.



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35.3	Items	2022									
		Directors			Members Sharia Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers			
		Chairman	Executives (other than CEO)	Non- Executives							
		Rupees in '000'									
	Fees and allowances etc	-	-	-	-	-	-	-	-	-	-
	Managerial Remuneration	-	-	-	-	-	10,868	15,125	-	-	-
	i) Fixed	-	-	-	-	-	-	-	-	-	
	ii) Total Variable	-	-	-	-	-	-	-	-	-	
	of which										
	a) Cash bonus / awards	-	-	-	-	-	-	-	-	-	
	b) Bonus & awards in shares	-	-	-	-	-	-	-	-	-	
	Charge for defined benefit plan	-	-	-	-	-	-	-	-	-	
	Contribution to defined contribution plan	-	-	-	-	-	1,467	2,302	-	-	
	Rent & house maintenance	-	-	-	-	-	801	235	-	-	
	Utilities	-	-	-	-	-	1,064	1,064	-	-	
	Medical	-	-	-	-	-	-	3	-	-	
	Conveyance	-	-	-	-	-	1,148	7,782	-	-	
	Others	-	-	-	-	-	15,348	26,511	-	-	
	Total	-	-	-	-	-	-	-	1	15	
	Number of persons	-	-	-	-	-	-	-	1	15	

36 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 carrying amount of unquoted equity securities, 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 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.

36.1 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).

36.2 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:

Carrying Value	Level 1	Level 2	Level 3	Total
	Rupees in '000'			

June 30, 2023

On balance sheet financial instruments

Financial assets - measured at fair value

	Carrying Value	Level 1	Level 2	Level 3	Total
Investments					
Shares	406,700	406,700	-	-	406,700

Financial assets - disclosed but not measured at fair value

	Carrying Value	Level 1	Level 2	Level 3	Total
Cash and balances with treasury banks	739,719	-	-	-	739,719
Balances with other banks	1,261,162	-	-	-	1,261,162
Investments	2,904,937	-	-	-	2,904,937
Advances	10,625,612	-	-	-	10,625,612
Other assets	1,093,222	-	-	-	1,093,222

Financial liabilities - measured at fair value

Financial liabilities - disclosed but not measured at fair value

	Carrying Value	Level 1	Level 2	Level 3	Total
Bills payable	20,188	-	-	-	20,188
Deposits and other accounts	6,223,905	-	-	-	6,223,905
Other liabilities	2,317,887	-	-	-	2,317,887

June 30, 2022

On balance sheet financial instruments

Financial assets - measured at fair value

	Carrying Value	Level 1	Level 2	Level 3	Total
Investments					
Shares	502,180	502,180	-	-	502,180

Financial assets -

	Carrying Value	Level 1	Level 2	Level 3	Total
Cash and balances with treasury banks	841,158	-	-	-	841,158
Balances with other banks	1,750,165	-	-	-	1,750,165
Investments	3,626,429	-	-	-	3,626,429
Advances	8,159,485	-	-	-	8,159,485
Other assets	888,531	-	-	-	888,531

Financial liabilities - measured at fair value

Financial liabilities - disclosed but not measured at fair value

	Carrying Value	Level 1	Level 2	Level 3	Total
Bills payable	30,605	-	-	-	30,605
Deposits and other accounts	5,015,374	-	-	-	5,015,374
Other liabilities	2,739,104	-	-	-	2,739,104



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36.3 Fixed assets include land which is carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in note 8.1. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. Leasehold land was revalued on June 29, 2022 by Arch e' decon, an independent professional valuer firm, on the basis of fair market value.

37 SEGMENT INFORMATION

37.1 Segment details with respect to business activities

June 30, 2023

Profit and loss

Net mark-up / return / profit	91,062
Non mark-up / return / interest income	256,815
Total Income	649,070
Segment direct expenses	649,070
Total expenses	(146,046)
Provisions	(538,301)
Profit before tax	1,851,606

Balance sheet

Cash and bank balances	-
Investments	-
Net inter segment lending	-
Lendings to financial institutions	-
Advances - performing	-
Advances - non performing	-
Right-of-use assets	12,631
Others	12,631
Total assets	12,631
Bills payable	20,188
Deposits and other accounts	6,223,905
Net inter segment borrowing	-
Lease liabilities	-
Deferred Tax Liability	51,208
Others	6,295,301
Total liabilities	6,295,301
Equity	-
Total equity and liabilities	6,295,301

Contingencies & Commitments

June 30, 2022

Profit and loss

Net mark-up / return / profit	91,405
Inter segment revenue - net	68,138
Non mark-up / return / interest income	159,543
Total Income	251,374
Segment direct expenses	251,374
Inter segment expense allocation	(1,606)
Total expenses	(93,437)
Provisions	1,557,405
Profit before tax	(1,093,345)

Balance sheet

Cash and bank balances	-
Investments	-
Net inter segment lending	-
Lendings to financial institutions	-
Advances - performing	-
Advances - non performing	-
Right of Use of Assets	6,683
Others	6,683
Total assets	6,683
Bills payable	30,605
Deposits and other accounts	5,015,374
Net inter segment borrowing	-
Lease Liabilities	-
Others	61,169
Total liabilities	5,107,148
Equity	-
Total equity and liabilities	5,107,148

	Retail banking	Retail finance lending	Others	Total
Rupees in '000'				
June 30, 2023				
Profit and loss				
Net mark-up / return / profit	165,753	1,851,606	671,689	2,689,048
Non mark-up / return / interest income	91,062	-	190,042	281,104
Total Income	256,815	1,851,606	861,731	2,970,152
Segment direct expenses	649,070	-	1,762,221	2,411,291
Total expenses	649,070	-	1,762,221	2,411,291
Provisions	(146,046)	-	-	(146,046)
Profit before tax	(538,301)	1,851,606	(900,490)	704,907
Balance sheet				
Cash and bank balances	-	-	2,000,881	2,000,881
Investments	-	-	3,311,637	3,311,637
Net inter segment lending	-	-	-	-
Lendings to financial institutions	-	10,391,556	-	10,391,556
Advances - performing	-	234,056	-	234,056
Advances - non performing	-	-	88,527	88,527
Right-of-use assets	12,631	821,519	15,804,320	16,638,470
Others	12,631	11,447,131	21,205,365	32,665,127
Total assets	20,188	-	-	20,188
Bills payable	6,223,905	-	-	6,223,905
Deposits and other accounts	-	-	-	-
Net inter segment borrowing	-	-	89,890	89,890
Lease liabilities	-	-	15,644	15,644
Deferred Tax Liability	51,208	-	2,266,679	2,317,887
Others	6,295,301	-	2,372,213	8,667,514
Total liabilities	6,295,301	-	23,997,614	23,997,614
Equity	6,295,301	-	26,369,826	32,665,127
Total equity and liabilities	-	-	-	-
June 30, 2022				
Profit and loss				
Net mark-up / return / profit	91,405	1,557,405	352,013	2,000,823
Inter segment revenue - net	68,138	-	88,758	156,896
Non mark-up / return / interest income	159,543	1,557,405	440,771	2,157,719
Total Income	251,374	-	1,534,116	1,785,490
Segment direct expenses	251,374	-	1,534,116	1,785,490
Inter segment expense allocation	(1,606)	-	-	(1,606)
Total expenses	(93,437)	1,557,405	(1,093,345)	373,835
Provisions	-	-	-	-
Profit before tax	-	-	-	-
Balance sheet				
Cash and bank balances	-	-	2,591,323	2,591,323
Investments	-	-	4,128,609	4,128,609
Net inter segment lending	-	-	-	-
Lendings to financial institutions	-	7,671,924	-	7,671,924
Advances - performing	-	487,561	-	487,561
Advances - non performing	-	-	78,534	78,534
Right of Use of Assets	6,683	703,399	15,630,195	16,340,276
Others	6,683	8,862,884	22,428,661	31,298,227
Total assets	30,605	-	-	30,605
Bills payable	5,015,374	-	-	5,015,374
Deposits and other accounts	-	-	-	-
Net inter segment borrowing	-	-	74,984	74,984
Lease Liabilities	-	-	2,677,935	2,739,104
Others	61,169	-	2,752,919	7,860,067
Total liabilities	5,107,148	-	23,438,160	23,438,160
Equity	5,107,148	-	26,191,079	31,298,227
Total equity and liabilities	-	-	-	-



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38 RELATED PARTY TRANSACTIONS

Related parties comprise of key management personnel, provident fund trust, pension fund trust, Registrar Co-operative Societies and the Government of Punjab.

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	2023			2022		
	Key management personnel	Provident fund trust	Pension fund trust	Key management personnel	Provident fund trust	Pension fund trust
	Rupees in '000'					
Advances						
Opening balance	8,344	-	-	9,328	-	-
Addition during the year	10,231	-	-	5,555	-	-
Repaid during the year	(4,778)	-	-	(6,539)	-	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	<u>13,797</u>	-	-	<u>8,344</u>	-	-
Other liabilities						
Payable to staff retirement fund	-	-	1,513,299	-	-	2,056,265
	-	-	<u>1,513,299</u>	-	-	<u>2,056,265</u>
Income						
Mark-up / return / interest earned	869	-	-	3,038	-	-
	<u>869</u>	-	-	<u>3,038</u>	-	-
Expense						
Total compensation expense	77,758	-	-	41,861	-	-
Contribution for the year	-	11,935	583,428	-	7,623	482,905
	<u>77,758</u>	<u>11,935</u>	<u>583,428</u>	<u>41,861</u>	<u>7,623</u>	<u>482,905</u>

39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

6,000,000

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

8,398,988

Eligible Additional Tier 1 (ADT 1) Capital

7,798,563

Total Eligible Tier 1 Capital

8,398,988

Eligible Tier 2 Capital

3,317,056

Total Eligible Capital (Tier 1 + Tier 2)

11,716,044

Eligible Tier 2 Capital

10,754,442

Risk Weighted Assets (RWAs):

Credit Risk

25,207,163

Market Risk

23,418,480

Operational Risk

813,400

Total

3,182,953

29,203,516

28,178,145

Common Equity Tier 1 Capital Adequacy ratio

28.76

27.68

Tier 2 Capital Adequacy Ratio

28.76

27.68

Total Capital Adequacy Ratio

40.12

38.17

39.1 State Bank of Pakistan (SBP) vide Letter No. BPRD/BACPD/629/023472/15 dated 26.10.2015 required from Bank to have a minimum paid up capital (net of losses) of Rs. 6 billion. Further, the bank is required to maintain a Capital Adequacy Ratio of 16% at all times. As of June 30, 2023, the paid up capital of the Bank net of losses amounts to Rs. 7,300,404 thousand which is in agreement with regulatory requirements (refer to note 19.3). For the time being CAR is being reported under Basel I and Basel III as parallel run.

Standardized Approach is used for calculating the Credit and Market risk, whereas, Basic Indicator Approach is used for Operational Risk in the Capital Adequacy Calculation.

Leverage Ratio (LR):

2023
2022
Rupees in '000'

Eligible Tier-1 Capital

8,398,988

Total Exposures

32,731,666

Leverage Ratio

25.66

24.99

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

870,000

Total Net Cash Outflow

161,000

Liquidity Coverage Ratio

5.40

7.44

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

14,119,000

Total Required Stable Funding

7,190,000

Net Stable Funding Ratio

196

242



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40 RISK MANAGEMENT

Risk is an inherent part of banking business activities. The risk management framework and governance structure at the Bank helps to mitigate and counter any foreseeable risk in its various lines of business. Risk awareness forms an integral part of strategic and operational activities of risk management. Through its risk management policy the Bank sets the best course of action under uncertainty by identifying, prioritizing, mitigating and monitoring risk issues, with the goal of enhancing shareholders' value. Bank's risk management structure is based on the following five guiding principles:

- Optimizing risk / return in a controlled manner
- Establishing clear responsibility and accountability
- Establishing independent and properly resourced risk management function.
- Promoting open risk culture
- Adopting international best practices in risk management

Keeping in view dynamics of internal and external environment, the bank regularly reviews and updates policy manuals / frameworks and procedures in accordance with domestic regulatory environment and international standards.

The Bank executes its risk strategy and undertakes controlled risk-taking activities within its risk management framework. The administrator and the relevant committee, i.e., Asset and Liability Management Committee (ALCO) and Compliance Committee are responsible to ensure formulation and implementation of comprehensive Risk Management Framework. This framework is based on prudent risk identification, measurement, management and monitoring processes which are closely aligned with the activities of the bank. The framework combines core policies, procedures and process designs with broad oversight and is supported by an efficient monitoring mechanism across the bank to ensure that risks are kept within an acceptable level.

The Bank ensures that not only the relevant risks are identified but their implications are also considered and basis provided for managing and measuring the risks. Through Internal Control function, the Bank ensures that effective controls are in place to mitigate each of the identified risk.

Independent from business groups, Head of Risk Management reports functionally to the administrator; the ALCO convenes regular meetings to evaluate bank's risk and portfolio concentrations. The Risk Management Committee performs the following critical functions:

- Risk management policy formulation
- Credit risk management
- Credit review
- Credit risk control
- Market risk management
- Liquidity risk management
- Operational risk management
- IT risk management

Keeping in view the international best practices and SBP requirements, the administrator of the Bank has approved a program, which takes into account quantitative and qualitative risk indicators, covering target ratios, credit, market, operational, liquidity and business risks.

40.1 Credit Risk

Credit risk arises from the Bank's dealings with individuals, cooperative societies, financial institutions etc. The Bank is exposed to credit risk through its lending and investment activities. Credit risk makes up the largest part of the Bank's exposure and it stems from Bank's both on and off-balance sheet activities. Purpose of Credit Risk Management function is to identify, measure, manage, monitor and mitigate credit risk. To manage adverse outcomes in terms of unfavorable scenarios, multiple control factors in the lending structure of the Bank provide additional comfort and support. Such controls range from quality of eligible collateral, pre-disbursement safety measures to post disbursement monitoring.

The Bank has adopted Standardized Approach to measure Credit risk regulatory capital charge in compliance with Basel requirements. The approach mainly takes into account the assessment of external credit rating agencies. In line with SBP guidelines on Internal Credit Risk Rating Systems, the Bank has developed rating systems and all its borrowers are internally rated. In order to further enhance the credit risk analysis and the processes, Probability Default based internal credit risk rating (ICRR) system based on the statistical modeling and validation in line with Basel principles has been set in place.

In order to manage bank's credit risk, following policies and procedures are in place:

- The approval of credit limits to counter parties are subject to pre-fact review;
- Approval and review process is reviewed by RMC and internal audit;
- Management periodically reviews the powers of credit approving and credit reviewing authorities.

Ongoing administration of the credit portfolio is an essential part of the credit process that supports and controls extension and maintenance of credit. The Bank's Credit Risk Control is responsible for performing following activities:

- Credit disbursement authorization
- Collateral coverage and monitoring
- Compliance of loan covenants/ terms of approval
- Maintenance/ custody of collateral and security documentation
- Credit risk limit controls

Credit risk monitoring is based on a comprehensive reporting framework. Continuous monitoring of the credit portfolio and the risks attached thereto are carried out at different levels including businesses, Audit & Risk Assets Review, Credit Risk Control, Credit Risk Management Division, etc.

To ensure a prudent distribution of asset portfolio, the Bank manages its lending and investment activities within an appropriate limits framework. Per party exposure limit is maintained in accordance with SBP Prudential Regulations.

The Bank creates specific provision against Non-Performing Loans (NPLs) in accordance with the Prudential Regulations and other directives issued by the State Bank of Pakistan (SBP) and charges it to the profit and loss account. Provisions are held against identified as well as unidentified losses.

40.1.1 Advances

	Gross advances		Non performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
	Rupees in '000'					
Agriculture, Forestry, Hunting and Fishing	11,717,670	9,411,175	1,694,834	2,091,367	1,461,462	1,604,759
Individuals	346,171	355,130	13,116	13,862	41,025	43,779
Others	117,724	95,177	81,875	84,147	52,966	53,461
	<u>12,181,565</u>	<u>9,861,482</u>	<u>1,789,825</u>	<u>2,189,376</u>	<u>1,555,453</u>	<u>1,701,999</u>
Credit risk by public / private sector						
Public / Government	2,000,000	750,000	-	-	-	-
Private	10,181,565	9,111,482	1,789,825	2,189,376	1,555,453	1,701,999
	<u>12,181,565</u>	<u>9,861,482</u>	<u>1,789,825</u>	<u>2,189,376</u>	<u>1,555,453</u>	<u>1,701,999</u>



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40.1.2 Contingencies and Commitments

Credit risk by industry sector

Others

2023 2022
Rupees in '000'

9,000 9,000
9,000 9,000

Credit risk by public / private sector

Public / Government

Private

- -
9,000 9,000
9,000 9,000

40.1.3 Advances - Province / Region-wise Disbursement & Utilization

	Utilization					
	Total	Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad
	Rupees in '000'					
June 30, 2023						
Punjab	10,751,647	10,751,647	-	-	-	-
Sindh	-	-	-	-	-	-
KPK including FATA	-	-	-	-	-	-
Baluchistan	-	-	-	-	-	-
Islamabad	-	-	-	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-
Total	10,751,647	10,751,647	-	-	-	-
June 30, 2022						
Punjab	8,806,644	8,806,644	-	-	-	-
Sindh	-	-	-	-	-	-
KPK including FATA	-	-	-	-	-	-
Baluchistan	-	-	-	-	-	-
Islamabad	-	-	-	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-
Total	8,806,644	8,806,644	-	-	-	-

40.2 Market Risk

Market risk exposes the Bank to the risk of financial losses resulting from movements in market prices. It is the risk associated with changes in the interest rates, foreign exchange rates and equity prices. To manage and control market risk, the standardized approach as per Basel-II is being followed. Moreover, it also includes controls which are applied, where necessary, to individual risk types, to particular books and to specific exposures. These controls include limits on exposure to individual market risk variables as well as limits on concentrations of tenors and issuers. This structure is reviewed, adjusted and approved periodically.

40.2.1 Balance sheet split by trading and Banking books

	2023			2022		
	Banking book	Trading book	total	Banking book	Trading book	total
Cash and balances with treasury banks	739,719	-	739,719	841,158	-	841,158
Balances with other banks	1,261,162	-	1,261,162	1,750,165	-	1,750,165
Investments	2,902,975	408,662	3,311,637	3,624,467	504,142	4,128,609
Advances	10,625,612	-	10,625,612	8,159,485	-	8,159,485
Fixed assets	15,538,777	-	15,538,777	15,442,990	-	15,442,990
Intangible assets	6,472	-	6,472	8,755	-	8,755
Right-of-use assets	88,527	-	88,527	78,534	-	78,534
Other assets	1,093,222	-	1,093,222	888,531	-	888,531

40.2.2 Foreign Exchange Risk

Foreign exchange risk is the risk that the earnings and share capital will fluctuate due to changes in foreign exchange rates. The Bank only deals in Pakistan Rupees and does not deal in foreign currency, therefore the Bank does not have any exposure which is liable to foreign exchange risk.

40.2.3 Equity position Risk

Equity position risk arises due to adverse movements in the prices of equities and instruments exhibiting behavior similar to equities held by the Bank. The equity investments are classified as Available for Sale (AFS) investments. The objective of investments classified as AFS is to take advantage of both, capital gains and dividend income. CFO is primarily responsible for the oversight of the equity investment risk.

2023		2022	
Banking book	Trading book	Banking book	Trading book
Rupees in '000'			

Impact of 1% change in equity prices on

- Other comprehensive income
+1% change
-1% change

4,067 - 5,022 -
(4,067) - (5,022) -

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

Yield / Interest rate risk is the risk of decline in earnings due to adverse movement of yield curve. It arises from the possibility that changes in yield / interest rates will affect the value of financial instruments. The bank is exposed to yield / interest rate risk as a result of mismatch or gaps in the amounts of assets and liabilities that mature or re-price in a given period. Sensitivity of the bank's financial assets and financial liabilities to yield / interest rate can be evaluated from the following:

2023		2022	
Banking book	Trading book	Banking book	Trading book
Rupees in '000'			

Impact of 1% change in interest rates on

- Profit and loss account
+1% change
-1% change

20,529 - 17,898 -
(20,529) - (17,898) -



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40.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

	Effective Yield / Interest Rate	2023										Non-interest bearing financial instruments	
		Exposed to Yield/ Interest risk											
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years			
Total		739,719	3,328,970	1,556,454	4,497,203	1,139,996	302,969	1,357,456	978,703	-	-	1,093,222	1,851,064
On-balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	12.25% to 19.50%	-	-	74,919	-	-	-	-	-	-	-	-	664,800
Balances with other banks	12.75% to 19.75%	1,256,179	-	-	-	-	-	-	-	-	-	-	4,983
Investments	14.50% to 21.9525%	-	3,223,578	-	-	-	-	-	-	-	-	-	88,059
Advances	8.5% to 24%	762,358	105,392	1,481,535	4,497,203	1,139,996	302,969	1,357,456	978,703	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-	-	-	1,093,222
Liabilities													
Bills payable		-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts	12.55% to 19.50%	3,233,412	193,968	90,856	843,308	1,096,169	363,948	188,720	213,524	-	-	-	20,188
Other liabilities		-	-	-	-	-	-	-	-	-	-	-	-
On-balance sheet gap		8,561,980	193,968	90,856	843,308	1,096,169	363,948	188,720	213,524	-	-	-	2,317,887
Off-balance sheet financial instruments													
Off-balance sheet gap		8,469,372	3,135,002	1,465,598	3,653,895	43,827	(60,979)	1,168,736	765,179	-	-	-	(487,011)
Total Yield/Interest Risk Sensitivity Gap		(1,214,875)	3,135,002	1,465,598	3,653,895	43,827	(60,979)	1,168,736	765,179	-	-	-	(487,011)
Cumulative Yield/Interest Risk Sensitivity Gap		(1,214,875)	1,920,127	3,385,725	7,039,620	7,083,447	7,022,468	8,191,204	8,956,383	8,956,383	8,956,383	8,956,383	8,469,372

	Effective Yield / Interest Rate	2022										Non-interest bearing financial instruments	
		Exposed to Yield/ Interest risk											
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years			
Total		841,158	4,383,947	1,605,519	2,670,983	1,134,409	402,052	974,642	495,282	-	-	888,531	2,473,899
On-balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	5.5% to 12.25%	-	-	74,919	-	-	-	-	-	-	-	-	766,239
Balances with other banks	6.15% to 12.75%	931,036	-	-	-	-	-	-	-	-	-	-	819,129
Investments	7.25% to 14.50%	-	4,128,609	-	-	-	-	-	-	-	-	-	-
Advances	8.5% to 22%	696,179	255,338	1,530,600	2,670,983	1,134,409	402,052	974,642	495,282	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-	-	-	888,531
Liabilities													
Bills payable		-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts	12.55% to 19.50%	4,128,609	4,383,947	1,605,519	2,670,983	1,134,409	402,052	974,642	495,282	-	-	-	2,473,899
Other liabilities		-	-	-	-	-	-	-	-	-	-	-	-
On-balance sheet gap		841,158	4,383,947	1,605,519	2,670,983	1,134,409	402,052	974,642	495,282	-	-	-	2,473,899
Off-balance sheet financial instruments													
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap		841,158	4,383,947	1,605,519	2,670,983	1,134,409	402,052	974,642	495,282	-	-	-	2,473,899



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40.4 Liquidity Risk

Liquidity risk is the risk that the Bank will encounter difficulties in raising funds to meet the commitments associated with financial instruments. To safeguard this risk, the Bank has diversified its funding sources and managed its assets with liquidity in mind thereby maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile of assets and liabilities is monitored on regular basis to ensure that the adequate liquidity is maintained. The maturity profile of the Bank's assets and liabilities is summarized below:

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

	2023													
	Total	Up to 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
Assets														
Cash and balances with treasury banks														
Balances with other banks	739,719	-	-	-	-	-	-	-	-	-	206	157	-	693,087
Lending to financial institutions	1,261,162	138,727	12,611	12,611	1,097,213	-	-	46,269	-	-	-	-	-	-
Investments	3,311,637	-	-	-	410,250	-	-	2,413,328	-	-	-	-	-	88,059
Advances	10,625,612	-	-	-	762,358	6,208	105,392	1,481,535	4,497,203	3,176	1,139,996	302,969	1,357,456	978,703
Fixed assets	15,538,777	-	-	-	40,906	-	-	1,914	-	-	3,460	1,281	37,358	15,444,474
Intangible assets	6,472	-	-	-	-	-	-	-	-	-	-	-	6,472	-
Deferred tax assets	88,527	-	-	-	-	-	-	-	-	-	-	-	88,527	-
Right-of-use assets	1,093,222	-	-	-	167,631	57,367	-	24,367	-	797,686	10,673	828	188,537	-
Other assets	32,665,128	138,727	12,611	12,611	2,478,558	63,575	105,392	4,367,413	4,497,203	809,862	1,151,335	305,235	1,519,797	17,209,009
Liabilities														
Bills payable														
Borrowings	20,188	260	29	-	878	-	1,859	17,162	-	-	-	-	-	-
Deposits and other accounts	6,223,995	1,182,021	46,522	27,425	1,476,655	152,725	-	121,471	-	2,061,496	343,840	549,491	86,253	176,086
Lease Liabilities	89,890	-	-	-	-	-	-	-	-	-	-	-	89,890	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	15,644	-	-	-	-	-	-	15,644	-	-	-	-	-	-
Other liabilities	2,317,887	12,506	89,433	2,199	87,802	67,594	-	2,824	-	133,206	1,749	7,126	7,966	1,914,492
Net assets	8,697,514	1,195,787	135,974	29,624	1,565,335	220,319	1,859	157,101	-	2,184,702	345,589	556,617	184,109	2,090,498
Share capital	23,997,614	(3,057,060)	(123,263)	(17,013)	913,023	(156,744)	103,533	4,210,312	4,497,203	(1,363,440)	808,746	(251,382)	1,335,688	15,118,411
Reserves	7,885,547	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated loss	1,167,338	(585,144)	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	15,529,872	-	-	-	-	-	-	-	-	-	-	-	-	-
	23,997,614	-	-	-	-	-	-	-	-	-	-	-	-	-

Figures in '000'

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2022													
Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	Rupees in '000												
Assets													
Cash and balances with treasury banks	841,158	97,687	73,601	635,820	-	-	9,758	-	-	-	667	-	-
Balances with other banks	1,750,165	185,957	10,834	1,538,916	-	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	4,128,609	-	-	406,413	-	-	3,722,196	-	-	-	-	-	-
Advances	8,159,485	-	-	696,179	162,776	92,562	1,530,600	888,104	1,782,879	1,134,409	402,052	974,642	495,282
Fixed assets	15,442,990	14,450	-	18,097	2,907	2,827	63,659	1,457	1,342	3,552	1,176	65,222	15,268,001
Intangible assets	8,755	-	-	-	-	-	-	-	-	-	-	8,755	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Right of Use of Assets	78,534	-	-	-	-	-	-	-	-	-	-	78,534	-
Other assets	888,531	45,240	4,231	35,499	10,398	10,949	9,814	11,134	712,738	15,857	990	28,041	(1,573)
	31,298,227	343,334	88,666	3,330,924	176,081	106,338	5,336,027	900,695	2,496,959	1,153,818	404,885	1,155,494	15,761,710
Liabilities													
Bills payable	30,605	6,840	383	22,471	911	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts	5,015,374	877,490	33,099	1,098,506	34,671	159,297	90,856	58,104	785,204	1,096,169	363,948	188,720	213,524
Lease Liabilities	74,984	-	-	-	-	-	-	-	-	-	-	74,984	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	2,739,104	15,873	100,463	99,259	14,749	32,828	4,224	1,000	4,528	2,426	6,367	2,408,827	46,064
	7,860,067	900,203	133,945	1,220,236	50,331	192,125	95,080	59,104	789,732	1,098,595	370,315	2,672,531	259,588
Net assets	23,438,160	(556,869)	(45,279)	2,110,688	125,750	(85,787)	5,240,947	841,591	1,707,227	55,223	34,570	(1,517,037)	15,502,122
Share capital	7,885,488	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	1,012,675	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated loss	(1,090,841)	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	15,630,838	-	-	-	-	-	-	-	-	-	-	-	-
	<u>23,438,160</u>												



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

Total	2023									
	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
Rupees in '000'										
Assets										
Cash and balances with treasury banks	739,719	664,800	-	74,919	-	-	-	-	-	
Balances with other banks	1,261,162	1,261,162	-	-	-	-	-	-	-	
Lending to financial institutions	-	-	-	-	-	-	-	-	-	
Investments	3,311,637	88,059	3,223,578	-	-	-	-	-	-	
Advances	10,625,612	762,358	105,392	1,481,535	4,497,203	1,139,996	302,969	1,357,456	978,703	
Fixed assets	15,538,777	40,906	6,208	1,914	3,176	3,460	1,281	37,358	15,444,474	
Intangible assets	6,472	-	-	-	-	-	-	6,472	-	
Deferred tax assets	-	-	-	-	-	-	-	-	-	
Right-of-use assets	88,527	-	-	-	-	-	-	88,527	-	
Other assets	1,093,222	167,631	57,367	24,367	797,686	10,673	828	29,984	4,686	
	32,665,128	2,984,916	3,392,545	1,582,735	5,298,065	1,154,129	305,078	1,519,797	978,703	15,449,160
Liabilities										
Bills payable	20,188	20,188	-	-	-	-	-	-	-	
Borrowings	-	-	-	-	-	-	-	-	-	
Deposits and other accounts	6,223,905	2,695,105	152,725	121,471	2,061,496	343,840	549,491	86,253	213,524	
Subordinated debt	-	-	-	-	-	-	-	-	-	
Deferred tax liabilities	15,644	-	-	15,644	-	-	-	-	-	
Lease Liabilities	89,890	-	-	-	-	-	-	89,890	-	
Other liabilities	2,317,887	192,930	67,594	2,824	123,206	1,749	7,126	7,966	1,914,492	
	8,667,514	2,908,223	220,319	139,939	2,184,702	345,589	556,617	184,109	213,524	1,914,492
Net assets	23,997,614	76,693	3,172,226	1,442,796	3,113,363	808,540	(251,539)	1,335,688	765,179	13,534,668
Share capital	7,885,547	-	-	-	-	-	-	-	-	-
Reserves	1,167,338	-	-	-	-	-	-	-	-	-
Accumulated loss	(585,144)	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	15,529,872	-	-	-	-	-	-	-	-	-
	23,997,614	-	-	-	-	-	-	-	-	-

Total	2022									
	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
Rupees in '000'										
Assets										
Cash and balances with treasury banks	841,158	766,239	-	74,919	-	-	-	-	-	
Balances with other banks	1,750,165	1,750,165	-	-	-	-	-	-	-	
Lending to financial institutions	-	-	-	-	-	-	-	-	-	
Investments	4,128,609	-	4,128,609	-	-	-	-	-	-	
Advances	8,159,485	696,179	255,338	1,530,600	2,670,983	1,134,409	402,052	974,642	495,282	
Fixed assets	15,442,990	32,547	5,734	63,659	2,799	3,552	1,176	65,522	15,268,001	
Intangible assets	8,755	-	-	-	-	-	-	8,755	-	
Deferred tax assets	-	-	-	-	-	-	-	-	-	
Right-of-use assets	78,534	-	-	-	-	-	-	78,534	-	
Other assets	888,531	90,183	21,347	9,814	723,872	15,857	990	28,041	(1,573)	
	31,298,227	3,335,313	4,411,028	1,678,992	3,397,654	1,153,818	404,218	1,155,494	495,282	15,266,428
Liabilities										
Bills payable	30,605	29,694	911	-	-	-	-	-	-	
Borrowings	-	-	-	-	-	-	-	-	-	
Deposits and other accounts	5,015,374	2,024,881	193,968	90,856	843,308	1,096,169	363,948	188,720	213,524	
Lease Liabilities	-	-	-	-	-	-	-	-	-	
Subordinated debt	-	-	-	-	-	-	-	-	-	
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	
Lease Liabilities	74,984	-	-	-	-	-	-	74,984	-	
Other liabilities	2,739,104	218,091	47,577	4,224	5,528	2,426	6,367	46,064	2,408,827	
	7,860,067	2,272,666	242,456	95,080	848,836	1,098,595	370,315	309,768	213,524	2,408,827
Net assets	23,438,160	1,062,647	4,168,572	1,583,912	2,548,818	55,223	33,903	845,726	281,758	12,857,601
Share capital	7,885,488	-	-	-	-	-	-	-	-	-
Reserves	1,012,675	-	-	-	-	-	-	-	-	-
Accumulated loss	(1,090,841)	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	15,630,838	-	-	-	-	-	-	-	-	-
	23,438,160	-	-	-	-	-	-	-	-	-



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40.4.3 Some assets / liabilities of the bank do not have a contractual maturity date. The period in which these assets / liabilities are assumed to mature is taken as the expected date on which the assets / liabilities be realized / settled. The above maturity analysis is based on the remaining period at the balance sheet date to the contractual maturity date.

41 EVENTS AFTER THE REPORTING DATE

There are no significant events after the reporting period that may require adjustment of and same / or disclosure in these financial statements.

42 GENERAL

42.1 Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

42.2 Comparative figures have been re-arranged and reclassified for comparison purposes.

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 28-09-2023 by the Administrator of the Bank.



A.President / CEO



Chief Financial Officer