



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE ADMINISTRATOR OF THE PUNJAB PROVINCIAL
COOPERATIVE BANK LIMITED
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of The Punjab Provincial Cooperative Bank Limited (the "Bank") as at December 31, 2022 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim cash flow statement together with the notes forming part thereof for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance at a level whereby we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Adverse Conclusion

Our review indicates that, because of the signification of matters discussed in paragraphs (a) to (d) below, these accompanying interim financial statements as at and for the six-months period ended December 31, 2022 are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

- a) The bank has not charged of loan and advances outstanding for more than three years, which are 100% provided for and already classify as "loss", as per the requirement of Prudential regulations for agricultural Financing, R-II Annexure II. In the absence of relevant information, resultant adjustments and consequential quantification effects thereof, if any, on the financial statements remains unascertained.
- b) As at December 31, 2022 Advances as disclosed in note 8 to the Interim financial statements include advances amounting to Rs. 52.15 million (June 30, 2022 Rs: 54.67 million) and markup on these advances amounting to Rs. 34.46 million (June 30, 2022 Rs: 34.27) included in "Other assets" as disclosed in note 13, 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 review 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) The Bank has not recognized deferred tax asset in the financial statements to the extent of available taxable profits in accordance with requirements of IAS 12. The Bank has taxable profits amounting to Rs. 181.841 million as at December 31, 2022 and Rs. 115.678 million year ended June 30, 2022 respectively as per the confirmations received from tax consultant of the Bank. And income tax return filed for the year June 30, 2022 respectively. In the absence of relevant workings and management' expectations for the availability of future taxable profits and tax planning opportunities, resultant adjustments and consequential quantification effects thereof, if any, on the financial statements remains unascertained.
- d) As at December 31, 2022, the Bank has a provision of Rs. 66.48 million (as disclosed in note 13.1) which remained unchanged as compared to June 30, 2022. We were unable to determine the plausibility (including sufficiency of provision) due to non-availability of workings underlying the assumptions and inputs used to reach to the conclusion that no change in the provision was necessary in the six- months period ended December 31, 2022. However, the Bank intends to perform a thorough assessment of this provision by June 30, 2023.

Emphasis of Matter

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

- a) As referred in note 8.4 to the interim financial statements, the Bank has not adjusted its non-performing loans amounting to Rs. 707.259 million (June 30, 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 9.3 to the interim financial statements, the ultimate outcome of disputed properties amounting to Rs. 175.687 million (June 30, 2020: Rs. 175.687 million) cannot be presently determined as the matters are still under litigation. Hence no impairment in this context has been made in these interim financial statements.
- c) In the absence of reliable workings/analysis related to "Deposits and other accounts" and "Other liabilities", we were unable to determine the plausibility of the completeness assertion of these balances.
- d) As referred in note 20.3, 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) As referred in note 33.1.1 to the interim financial statements regarding compliance status of Capital Adequacy Ratio ("CAR") reporting under *BASEL I* for the time being instead of *BASEL III*.

**Other Matters**

- a) The interim financial statements for the six-months period ended December 31, 2022 and the annual financial statements for the year ended June 30, 2022 were reviewed/audited by another auditor whose review report dated March 01, 2022 and audit report dated September 30, 2022 expressed qualified conclusion (on the six-month s' review) and adverse opinion (on the annual audit).
- b) As part of our engagement, we were only required to review the cumulative figures for the six-months period ended December 31, 2022. Accordingly, we have not reviewed the figures for the quarters ended December 31, 2022 and December 31, 2021 in the condensed interim profit and loss account and the condensed interim statement of comprehensive income and therefore, we do not express conclusion thereon.

The engagement partner on the review resulting in this independent auditor's report is Mr. Muhammad Aslam Khan.

IECnet-S.K.S.S.S.C.A.

IECnet S.K.S.S.S.

Chartered Accountants

Lahore

Date: February 22, 2023

UDIN: RR202210218g7jneAuYI

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Un-audited 31-Dec-22	Audited 30-Jun-22
Note	Rupees in '000'	
ASSETS		
Cash and balances with treasury banks	5 912,781	841,158
Balances with other banks	6 2,379,758	1,750,165
Investments	7 3,259,201	4,128,609
Advances	8 8,883,414	8,159,485
Fixed assets	9 15,480,827	15,442,990
Intangible assets	10 7,614	8,755
Right of Use-Assets	11 82,465	78,534
Deferred tax assets	12 -	-
Other assets	13 1,020,003	888,531
	32,026,063	31,298,227
LIABILITIES		
Bills payable	15 21,578	30,605
Deposits and other accounts	16 5,605,250	5,015,374
Lease Liability	17 78,446	74,984
Other liabilities	18 2,669,522	2,739,104
	8,374,796	7,860,067
NET ASSETS	23,651,267	23,438,160
REPRESENTED BY		
Share capital	7,885,547	7,885,488
Reserves	1,012,374	1,012,675
Surplus on revaluation of assets	19 15,537,058	15,630,838
Accumulated Loss	(783,712)	(1,090,841)
	23,651,267	23,438,160
CONTINGENCIES AND COMMITMENTS	20	

The annexed notes, from 1 to 35, form an integral part of these financial statements.

President / Chief Executive Officer

Chief Financial Officer

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

Note	Un-audited				
	Three months ended		Six months ended		
	December 31,		December 31,		
	2022	2021	2022	2021	
	Rupees in '000'		Rupees in '000'		
Mark-up/Return/Interest Earned	21	720,675	541,497	1,290,048	941,958
Mark-up/Return/Interest Expensed	22	(89,870)	(35,218)	(180,937)	(86,512)
Net Mark-up/ Interest Income		630,805	506,279	1,109,111	855,446
NON MARK-UP/INTEREST INCOME					
Fee and Commission Income	23	13,389	8,905	31,084	23,810
Dividend Income		42,745	38,608	42,896	38,645
Other Income	24	35,829	33,146	47,685	47,206
Total non-markup/interest Income		91,963	80,659	121,665	109,661
Total income		722,768	586,938	1,230,776	965,107
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	25	(533,675)	(479,558)	(926,799)	(834,467)
Other charges	26	-	(40,373)	-	(40,373)
Total Non-Markup Interest Exp		(533,675)	(519,931)	(926,799)	(874,840)
Profit before provisions		189,093	67,007	303,977	90,267
Provisions and write offs - net	27	9,960	(22,775)	32,098	(22,775)
PROFIT BEFORE TAXATION		199,053	44,232	336,075	67,492
Taxation	28	(28,946)	(31,927)	(28,946)	(31,927)
PROFIT AFTER TAXATION		170,107	12,305	307,129	35,565
Basic Earnings per share	29	2.16	0.16	3.89	0.45
Diluted Earnings/(Loss) per share		-	-	-	-

The annexed notes, from 1 to 35, form an integral part of these financial statements.

President / Chief Executive Officer

Chief Financial Officer

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022**

	Un-audited			
	Three months ended		Six months ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	<u>Rupees in '000'</u>		<u>Rupees in '000'</u>	
Profit after taxation for the period	170,107	12,305	307,129	35,565
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments - net of tax	(46,890)	(52,370)	(93,780)	(104,740)
	(46,890)	(52,370)	(93,780)	(104,740)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-
Movement in surplus on revaluation of operating fixed assets - net of tax	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-
Net change in fair value of available for sale investment	-	-	-	-
Lease Liability	-	-	-	-
Total comprehensive income	123,217	(40,065)	213,349	(69,175)

The annexed notes, from 1 to 35, form an integral part of these financial statements.

President / Chief Executive Officer

Chief Financial Officer

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

Un-audited December 31, 2022

Share capital / Head office capital account	General Reserves		Surplus/(Deficit) on revaluation of		Accumulated loss	Total	
	Statutory reserve	Common good fund	Investments	Fixed / Non Banking Assets			
Rupees in '000'							
Opening Balance 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	-	-	-	-	-	35,565	35,565
Other comprehensive income - net of tax	-	-	-	(104,740)	-	-	(104,740)
Medical aid to staff	-	-	(25)	-	-	-	(25)
Transactions with owners, recorded directly in equity							
Issue of shares	12	-	-	-	-	-	12
Opening Balance January 1, 2022	7,885,483	916,266	6,410	512,942	6,868,774	(1,556,179)	14,633,696
Profit after taxation	-	-	-	-	-	321,142	321,142
Other comprehensive income/(Loss) - net of tax	-	-	-	-	-	230,273	230,273
Transfer of revaluation surplus on disposal	-	-	-	-	(3,100)	3,100	-
Transfer to statutory reserve	-	89,177	822	-	-	(89,177)	822
Medical aid to staff	-	-	-	-	-	-	-
Surplus on revaluation of assets	-	-	-	(17,785)	8,270,007	-	8,252,222
Transactions with owners, recorded directly in equity							
Issue of shares	5	-	-	-	-	-	5
Lease Liability	7,885,488	1,005,443	7,232	495,157	15,135,681	(1,090,841)	23,438,160
Profit after taxation	-	-	-	-	-	307,129	307,129
Other comprehensive income - net of tax	-	-	-	(93,780)	-	-	(93,780)
Medical aid to staff	-	-	(301)	-	-	-	(301)
Transactions with owners, recorded directly in equity							
Issue of shares	59	-	-	-	-	-	59
Closing Balance December 31, 2022	7,885,547	1,005,443	6,931	401,377	15,135,681	(783,712)	23,651,267

The annexed notes, from 1 to 35, form an integral part of these financial statements.

President / Chief Executive Officer

Chief Financial Officer

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

Note	Un-audited	
	Six months period ended	
	December 31,	
	2022	2021
Rupees in '000'		
CASH FLOW FROM OPERATING ACTIVITIES		
	336,075	67,492
Profit/(Loss) before taxation		
Less: Dividend income	(42,896)	(38,645)
	<u>293,179</u>	<u>28,847</u>
Adjustments:		
Depreciation	25 7,201	8,899
Provision against advances	27 (32,098)	22,775
Provision for employees retirement benefits	183,247	170,312
	<u>158,350</u>	<u>201,986</u>
	<u>451,529</u>	<u>230,833</u>
(Increase)/ Decrease in operating assets		
Advances	(723,929)	1,496,763
Others assets (excluding advance taxation)	(131,472)	(41,316)
Lease Liability	(855,401)	1,455,447
Increase/ (Decrease) in operating liabilities		
Bills Payable	(9,027)	1,329
Deposits	589,876	(29,514)
Other liabilities (excluding current taxation)	85,452	(61,855)
	<u>666,301</u>	<u>(90,040)</u>
Taxes Paid	(53,724)	(32,118)
Employees retirement benefits paid	(289,376)	(20,679)
Medical aid to employees from common good fund	-	(25)
Net cash flow generated from operating activities	<u>(80,670)</u>	<u>1,543,418</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in held-to-maturity securities	775,628	(548,373)
Dividends received	42,896	38,645
Investments in operating fixed assets	(36,696)	(9,213)
Proceeds from sale of fixed assets	-	-
Effect of translation of net investment in foreign branches	-	-
Net cash flow used in investing activities	<u>781,828</u>	<u>(518,941)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital	59	12
Net cash flow generated in financing activities	<u>59</u>	<u>12</u>
Increase in cash and cash equivalents	701,217	1,024,489
Cash and cash equivalents at beginning of the year	2,591,323	1,576,637
Cash and cash equivalents at end of the year	<u>3,292,540</u>	<u>2,601,126</u>

The annexed notes, from 1 to 35, form an integral part of these financial statements.

President / Chief Executive Officer

Chief Financial Officer

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

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 objects for which the Bank is established are 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 (June 30, 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.

2 BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

2.1 BASIS OF PRESENTATION

2.1.1 These condensed interim financial statements are presented in Pakistani Rupee, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand.

2.1.2 These condensed interim financial statements have been prepared under the historical cost convention except that certain classes of fixed assets and non-banking assets are stated at revalued amounts and certain investments have been marked to market and are carried at fair value. In addition, obligations in rupees of staff retirement benefits are carried at present value.

2.2 STATEMENT OF COMPLIANCE

These Liab These condensed interim financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards comprise of:

-International Financial Accounting Standards (IAS 34, Interim Financial Reporting) 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"), and the Cooperative Societies Rules, 1927 ("the Rules"), the Companies Act, 2017 and;

-Directives issued by the SBP and Securities and Exchange Commission of Pakistan

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, and the Companies Act, 2017 and the said directives shall prevail.

These condensed interim financial statements have been prepared in accordance with the required format prescribed by SBP vide BPRD Circular letter No. 05 dated March 29, 2019 and International Accounting Standard 34 "Interim Financial Reporting" (IAS-34) and do not include all the information and disclosure required in the audited annual financial statements and should be read in conjunction with the audited annual financial statements of the Bank for the year ended June 30, 2022.

2.3 Standards, interpretations of and amendments to published approved accounting and reporting standards that are effective in the current period

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting period beginning on or after Jul 01, 2022 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim Financial Statements.

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

These condensed interim financial statements have been prepared in accordance with the required format prescribed by SBP vide BPRD Circular letter No. 05 dated March 22, 2020 and International Accounting Standard 34 Interim Financial Reporting (IAS-34) and do not include all the information and disclosure required in the audited annual financial statements and should be read in conjunction with the audited annual financial statements of the Bank for the year ended June 30, 2022

The State Bank of Pakistan vide BPRD circular Letter No.3 of 2021 dated July 5, 2022 has decided to implement the IFRS-9 from January 1, 2024 instead of January 1, 2022. In case of PPCBL the financial year is closed on 30th June therefore, the implementation date would be considered as July 1, 2024.

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

Standard or interpretation		Effective date (annual periods beginning on or after)
IAS 8	Amended Definition of Accounting Estimates	1-Jul-23
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1-Jul-23
IAS 1	Classification of liabilities as current or non-current - Amendments	1-Jul-23

There are various other standards, interpretations and amendments to accounting standards as applicable in Pakistan that are not yet effective in the current period. These are not likely to have material effect on the Bank's Financial Statements.

2.5 Critical accounting estimates and judgments

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements is the same as that applied in the preparation of the audited annual financial statements of the Bank for the year ended June 30, 2022.

3 Financial Risk Management

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the audited annual financial statements for the year ended June 30, 2022.

4 Significant Accounting Policies

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Bank for the year ended June 30, 2022.

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Un-audited December 31, 2022	Audited June 30 2022
Note	Rupees in '000'	
5 CASH AND BALANCES WITH TREASURY BANKS		
In hand:-		
Local currency	485,692	365,672
With State Bank of Pakistan in:-		
Local currency current account	5.1 399,210	375,199
With National Bank of Pakistan in:-		
Local currency current account	4,937	25,368
Local currency deposit account (NIDA)	5.2 22,942	74,919
	27,879	100,287
	912,781	841,158

5.1 Deposits with SBP are maintained to comply with the statutory requirements issued from time to time.

5.2 This represents deposit accounts maintained with the National Bank of Pakistan. Rate of profit on National Income Daily Account (NIDA) account is at 13.25% per annum (June 30, 2022: 12.25% per annum).

	Un-audited December 31, 2022	Audited June 30 2022
Note	Rupees in '000'	
6 BALANCES WITH OTHER BANKS		
In Pakistan:-		
In current account	314,791	819,129
In deposit account	6.1 2,064,967	931,036
	2,379,758	1,750,165

6.1 These accounts carry profit at 14.50% per annum (June 30, 2022: 6.15% to 12.75% per annum).

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

7 INVESTMENTS

7.1 Investments by type:

	Un-audited December 31, 2022				Audited June 30, 2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
Available-for-sale securities								
Shares - Listed companies	7,023	-	401,377	408,400	10,574	(1,589)	495,157	504,142
Shares - Cooperative Institutions	3,551	(1,589)	-	1,962	-	-	-	-
	10,574	(1,589)	401,377	410,362	10,574	(1,589)	495,157	504,142
Held-to-maturity securities								
Federal Govt Securities	2,848,839	-	-	2,848,839	3,624,467	-	-	3,624,467
Non-Government debt securities:	88,059	(88,059)	-	-	88,059	(88,059)	-	-
	2,936,898	(88,059)	-	2,848,839	3,712,526	(88,059)	-	3,624,467
Total Investments	2,947,472	(89,648)	401,377	3,259,201	3,723,100	(89,648)	495,157	4,128,609

7.2 Investments by segments:

	Un-audited December 31, 2022				Audited June 30, 2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
Federal government securities:								
Market treasury bills	2,848,839	-	-	2,848,839	3,624,467	-	-	3,624,467
Non-government debt securities:								
Unlisted	88,059	(88,059)	-	-	88,059	(88,059)	-	-
Shares:								
Listed companies	7,023	-	401,377	408,400	7,023	-	495,157	504,142
Unlisted Companies	3,551	(1,589)	-	1,962	3,551	(1,589)	-	-
	10,574	(1,589)	401,377	410,362	10,574	(1,589)	495,157	504,142
Total Investments	2,947,472	(89,648)	401,377	3,259,201	3,723,100	(89,648)	495,157	4,128,609

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Un-audited December 31, 2022	Audited June 30, 2022
	Rupees in '000'	
7.3 Provision for diminution in value of investments	89,648	89,648
7.3.1 Opening balance	-	-
Exchange adjustments	-	-
Charge / reversals	-	-
Charge for the year	-	-
Reversals for the year	-	-
Reversal on disposals	-	-
Transfers - net	-	-
Amounts written off	-	-
Closing Balance	89,648	89,648

Category of classification	December 31, 2022 (Un-audited)		June 30, 2022 (Audited)	
	Non performing investments	Provision	Non performing investments	Provision
	Rupees in '000'		Rupees in '000'	
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	88,059	88,059	88,059	88,059
	88,059	88,059	88,059	88,059
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
	88,059	88,059	88,059	88,059

8 Advances	Performing		Non Performing		Total	
	Un-audited Dec. 31, 2022	Audited June 30, 2022	Un-audited Dec. 31, 2022	Audited June 30, 2022	Un-audited Dec. 31, 2022	Audited June 30, 2022
	Rupees in '000'					
Loans, cash credits, running finances, etc.	8,532,884	7,671,924	2,020,247	2,189,376	10,553,131	9,861,300
Islamic financing and related assets	-	-	-	-	-	-
Bills discounted and purchased	-	-	184	184	184	184
Advances - gross	8,532,884	7,671,924	2,020,431	2,189,560	10,553,315	9,861,484
Provision against advances						
- Specific	-	-	1,669,523	1,701,621	1,669,523	1,701,621
- General	-	-	378	378	378	378
	-	-	1,669,901	1,701,999	1,669,901	1,701,999
Advances - net of provision	8,532,884	7,671,924	350,530	487,561	8,883,414	8,159,485

	Un-audited December 31, 2022	Audited June 30, 2022
	Rupees in '000'	
8.1 Particulars of advances (Gross)		
In local currency	10,553,315	9,861,484
In foreign currencies	-	-
	10,553,315	9,861,484

8.2 Advances include Rs.2,020,247 thousand (June 30, 2022: Rs.2,189,376 thousand) which have been placed under non-performing status as detailed below:-

Category of Classification	Un-audited December 31, 2022		Audited June 30, 2022	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	Rupees in '000'			
Domestic				
Other Assets Especially Mentioned	99,838	-	116,029	50
Substandard	84,201	886	151,746	2,230
Doubtful	156,900	14,634	224,602	26,679
Loss	1,679,308	1,654,381	1,696,999	1,673,040
	2,020,247	1,669,901	2,189,376	1,701,999

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

8.3 Particulars of provision against advance

	Un-audited			Audited		
	December 31, 2022			June 30, 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	(32,098)	-	(32,098)	(1,606)	-	(1,606)
Reversals	-	-	-	-	-	-
	1,669,523	378	1,669,901	1,701,621	378	1,701,999
Amounts written off	-	-	-	-	-	-
Amounts charged off - agriculture financing	-	-	-	-	-	-
Other movements (to be specified)	-	-	-	-	-	-
Closing balance	1,669,523	378	1,669,901	1,701,621	378	1,701,999

8.4 The Bank has not adjusted its non performing loans amounting to Rs. 707.259 million (June 30, 2022: Rs. 706.475 million) including mark-up thereon, against properties decreed in favor of the Bank due to pending possession disputes.

	Un-audited	Audited
	December 31, 2022	June 30, 2022
	Rupees in '000'	
Capital work-in-progress	62,535	39,989
Property and equipment	15,418,292	15,403,001
	15,480,827	15,442,990

Note

9 FIXED ASSETS

Capital work-in-progress
Property and equipment

9.1 Additions to fixed assets

The following additions have been made to fixed assets during the period:

Property and equipment

Freehold land
Leasehold land
Building on freehold land
Building on leasehold land
Furniture and fixture
Electrical office and computer equipment
Vehicles
Others

-	-
-	-
5,744	5,907
-	-
213	695
1,066	4,528
54	21
-	-
7,077	11,151

9.2 Disposal of fixed assets

Freehold land
Leasehold land
Building on freehold land
Building on leasehold land
Furniture and fixture
Electrical office and computer equipment
Vehicles
Others

-	3,100
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	3,100

9.3 The value of land and buildings include properties under litigation / disputes amounts to Rs. 175.687 million (June 30, 2022: Rs. 175.687 million) for which legal title has been acquired but the physical possession is under dispute. The ultimate outcome of disputes can not be determined properly and management is of the view that no impairment is required to be recognised in these condensed interim financial

	Un-audited	Audited
	December 31, 2022	June 30, 2022
	Rupees in '000'	
Computer Software	7,614	8,755
	7,614	8,755

11 Right of Use-Assets

Opening Balance as at July 1, 2022
Add: prepaid lease rentals 31.12.2022
Add: addition during the period 31.12.2022
Less: Depreciation Charge for the year
Closing Balance
Lease term (1-10 Years)

78,534.00	92,162.00
-	3,613.00
17,010.00	8,433.00
(13,079.00)	(25,674.00)
82,465.00	78,534.00

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

12 DEFERRED TAX ASSETS

Deductible Temporary Differences on

Un-audited December 31, 2022			
At July 01, 2022	Recognised in P&L	Recognised in OCI	At Dec 31, 2022
Rupees in '000'			
Post retirement benefits	2,420,696	-	2,329,362
Provision against other assets	66,479	-	66,479
Provision for salary payable	-	-	-
Decelerated tax amortisation	9,022	-	10,581
Provision against advances	1,701,999	-	1,669,901
	4,198,196	-	4,076,323

Taxable Temporary Differences on

Accelerated tax depreciation	59,897	-	76,460
Surplus on revaluation of investments	405,509	-	311,729
Right of Use-Assets	78,534	-	82,465
	543,940	-	470,654
	3,654,256	-	3,605,669

Temporary differences for which no deferred tax is recognized

Tax Rate	35%	39%
Deferred Tax Assets	1,278,990	1,406,211

Deductible Temporary Differences on

Audited June 30, 2022			
At July 01, 2021	Recognised in P&L A/C	Recognised in OCI	At June 30, 2022
Rupees in '000'			
Post retirement benefits	2,952,148	-	2,420,696
Provision against other assets	66,479	-	66,479
Provision for salary payable	-	-	-
Decelerated tax amortisation	7,994	-	9,022
Provision against advances	1,703,605	-	1,701,999
	4,730,226	-	4,198,196

Taxable Temporary Differences on

Accelerated tax depreciation	54,529	-	59,897
Surplus on revaluation of investments	528,034	-	405,509
Right of Use-Assets	-	-	78,534
	582,563	-	543,940
	4,147,662	-	3,654,256

Temporary differences for which no deferred tax is recognized

In the absence of future taxable profit projections due to unanticipated circumstances, amount of Rs. 1,406,211 (June 30, 2022: Rs. 1,278,990) has not been recognized as deferred tax asset.

13 OTHER ASSETS

Note	Un-audited	Audited
	December 31, 2022	June 30, 2022
	Rupees in '000'	
Income/ Mark-up accrued in local currency - net of provision	807,766	710,082
Advances, deposits and other prepayments	2,522	1,981
Sundry debtors	1,459	2,362
Profit recoverable from banks	9,054	-
Crop insurance recoverable	91,244	89,227
Live stock insurance recoverable	7,535	5,300
Branch	64,389	28,585
Memorandum account	-	-
Others	102,512	117,473
	1,086,481	955,010
Less: Provision held against other assets	(66,479)	(66,479)
Other Assets (Net of Provision)	1,020,003	888,531

13.1 Provision held against other assets

Advances, deposits and other prepayments	-	-
Non banking assets acquired in satisfaction of claims	-	-
Others (to be specified if material)	(66,479)	(66,479)
	(66,479)	(66,479)

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022**

13.1.1 Movement in provision held against other assets

Opening balance	(66,479)	(66,479)
Charge for the year	-	-
Reversals	-	-
Amount Written off	-	-
Closing balance	<u>(66,479)</u>	<u>(66,479)</u>

14 CONTINGENT ASSETS

The Bank has 95 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.

15 BILLS PAYABLE

In Pakistan	<u>21,578</u>	<u>30,605</u>
-------------	----------------------	---------------

16 DEPOSITS AND OTHER ACCOUNTS

	Un-audited December 31, 2022			Audited June 30, 2022		
	In Local Currency	In Foreign currency	Total	In Local Currency	In Foreign currency	Total
Customers						
Fixed deposits	840,817	-	840,817	1,152,546	-	1,152,546
Savings deposits	3,539,410	-	3,539,410	3,227,261	-	3,227,261
Current accounts - non remunerative	1,146,531	-	1,146,531	577,667	-	577,667
Call deposits	1,345	-	1,345	1,904	-	1,904
Other deposits	77,147	-	77,147	55,996	-	55,996
	5,605,250	-	5,605,250	5,015,374	-	5,015,374
Financial Institutions						
Fixed deposits	-	-	-	-	-	-
Savings deposits	-	-	-	-	-	-
Current accounts - non remunerative	-	-	-	-	-	-
Call deposits	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-
	5,605,250	-	5,605,250	5,015,374	-	5,015,374

16.1 Others deposits include staff security deposits and employees' provident fund deposits.

	Un-audited December 31, 2022	Audited June 30, 2022
17 Lease Liability		
Opening Balance	74,984	92,162
Add:Accrued lease rentals as at June 30, 2022	-	
Add:Additions during the year	17,010	8,433
Add:Interest Expenses	7,189	14,169
Less: Lease payments	(20,737)	(39,780)
Gross Liability	78,446	74,984
Less: Current Portion		
Closing	78,446	74,984

	Un-audited December 31, 2022	Audited June 30, 2022
18 OTHER LIABILITIES		
	Rupees in '000'	
Mark-up/ Return/ Interest payable in local currency	79,210	61,168
Accrued expenses	13,154	19,229
Accrued Rent		30,430
Provision for SBP Penalty	-	-
Sundry creditors	79,586	70,682
Advance taxation (payments less provisions)	45,904	40,615
Dissolved bank payable	37,427	37,427
Provision for employees' gratuity	112,651	111,739
Provision for employees' pension fund	2,046,600	2,056,265
Provision for employees' compensated absences	170,111	267,485
Withholding tax payable	6,903	5,182
Memorandum account		
Others	77,976	38,882
	2,669,522	2,739,104

19 SURPLUS ON REVALUATION OF ASSETS

Surplus on revaluation of			
- Available for sale securities	7.1	401,377	495,157
- Fixed Assets	19.1	15,135,681	15,135,681
		15,537,058	15,630,838

19.1 Surplus on revaluation of fixed assets relates to Land.

20 CONTINGENCIES AND COMMITMENTS

-Commitments	20.1	84,536	53,070
-Other Commitments	20.2	9,000	9,000
		93,536	62,070

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Un-audited December 31, 2022	Audited June 30, 2022
Note	Rupees in '000'	
20.1 Commitments:		
- Civil work	41,341	9,875
- intangible assets	43,195	43,195
	84,536	53,070

20.2 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 possibility of an outflow of economic resources is remote.

20.3 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.

2 - With the exception of expenses towards banks, sovereigns and public sector enterprise (PSEs), per party exposure limits for all other customers will be 50% of the Prudential regulations (PRs) limit.

	Un-audited December 31, 2022	Un-audited December 31, 2021
Note	Rupees in '000'	

21 MARK-UP/RETURN/INTEREST EARNED

On:-

- Loans and advances	908,741	776,051
- Investments	308,278	126,468
- Balances with banks	73,029	39,439
	1,290,048	941,958

22 MARK-UP/RETURN/INTEREST EXPENSED

Deposits

180,937	86,512
180,937	86,512

23 FEE & COMMISSION INCOME

Branch banking customer fees
 Commission on utility bills
 Commission on guarantees
 Commission on remittances including home remittances
 Commission received on deposit category
 Commission received on cheque book issuance
 Others

-	-
4,745	4,636
24,572	17,734
228	132
1,439	856
-	-
100	452
31,084	23,810

24 OTHER INCOME

Rental income	38,051	36,750
Loan processing fee	9,229	10,115
Rent on lockers	405	341
	47,685	47,206

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Un-audited December 31, 2022	Un-audited December 31, 2021
Note	Rupees in '000'	
25 OPERATING EXPENSES		
Total compensation expense	25.1	727,697
Property expense		
Rent & taxes	4,596	29,874
Interest on Lease Liability	7,189	-
Depreciation on ROU-Assets	13,079	-
Repair & maintenance (including janitorial charges)	1,243	1,468
Depreciation	2,188	1,290
	28,295	32,632
Other operating expenses		
Legal & professional charges	3,048	4,201
Depreciation	5,013	7,609
Postage & courier charges	1,907	9,234
Insurance	2,388	1,959
Utilities cost	40,165	21,699
Communication	8,693	7,765
Stationery & printing	1,046	1,053
Marketing, advertisement & publicity	1,285	698
Auditors Remuneration	48	140
Others	107,214	81,395
	170,807	135,753
	926,799	849,847
25.1 Total compensation expense		
Salary & Allowances	518,635	467,797
Fees and Allowances etc	448	513
Charge for defined benefit plan	208,614	197,593
	727,697	665,903
26 OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	-	40,373
	-	40,373
27 PROVISIONS & WRITE OFFS - NET		
Provisions for diminution in value of investments	7.3	-
Provisions for salary payable	-	-
Provisions against loans & advances	8.3	(32,098)
Provision for rent recoverable	-	-
	(32,098)	22,775
28 TAXATION		
Current	62,444	52,384
Prior years	28.1	(33,498)
Deferred	-	-
	28,946	31,927
28.1	The Bank has recognized tax provision in its financial statements amounting to Rs. 68,358,000, for the year ended June 30, 2019. While the tax assessed for this year was Rs. 25,012,139 (based on tax return) respectively. Therefore, the excess provision recognized in prior year has been adjusted	
28.2	It is management's assessment that the provision for taxation made in these condensed interim financial statements is sufficient.	
29 BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the year	307,129	35,565
Weighted average number of ordinary shares	7,885,461	7,885,461
Basic earnings per share	3.89	0.45
29.1	No effect for diluted earnings per share has been incorporated as the Bank has not issued any instrument which would have an impact on earnings per share when exercised.	

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

30 FAIR VALUE MEASUREMENTS

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

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

30.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

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

Un-audited December 31, 2022					
Carrying value	Level 1	Level 2	Level 3	Total	
Rupees in '000'					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Shares	408,400	408,400	-	-	408,400
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	912,781	-	-	-	-
Balances with other banks	2,379,758	-	-	-	-
Investments in treasury bills	2,848,839	-	-	-	-
Advances	8,883,414	-	-	-	-
Other assets	1,020,003	-	-	-	-
Audited June 30, 2022					
Carrying value	Level 1	Level 2	Level 3	Total	
Rupees in '000'					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Shares	502,180	502,180	-	-	502,180
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	841,158	-	-	-	841,158
Balances with other banks	1,750,165	-	-	-	1,750,165
Investments in treasury bills and NBFCs	3,626,429	-	-	-	3,626,429
Advances	8,159,485	-	-	-	8,159,485
Other Assets	888,531	-	-	-	888,531

30.2 Fair value of non-financial assets

	Un-audited December 31, 2021	Audited June 30, 2021
	Level 3	
	Rupees in '000'	
Fixed assets (Freehold land)	14,622,936	14,622,936

31 SEGMENT INFORMATION

31.1 Segment details with respect to business activities

Un-audited December 31, 2022				
Retail banking	Retail finance lending	Others	Total	
Rupees in '000'				
Profit and Loss				
Net mark-up / return / profit	73,029	908,741	308,278	1,290,048
Inter segment revenue - net	-	-	-	-
Non mark-up / return / interest income	31,084	-	90,581	121,665
Total income	104,113	908,741	398,859	1,411,713
Segment direct expenses	(180,937)	-	(926,799)	(1,107,736)
Inter segment expense allocation	-	-	-	-
Total expenses	(180,937)	-	(926,799)	(1,107,736)
Provisions	-	-	32,098	32,098
Profit before taxation	(76,824)	908,741	(495,842)	336,075

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2022

Statement of Financial Position

Cash and bank balances
Investments
Net inter segment lending
Lendings to financial institutions
Advances - performing
Advances - non-performing
Others
Total Assets

Bills payable
Deposits and other accounts
Net inter segment borrowing
Others
Total Liabilities
Equity
Total Equity & Liabilities

Contingencies & Commitments

Profit and Loss

Net mark-up / return / profit
Inter segment revenue - net
Non mark-up / return / interest income
Total income

Segment direct expenses
Inter segment expense allocation
Total expenses
Provisions
Profit before taxation

Statement of Financial Position

Cash and bank balances
Investments
Net inter segment lending
Lendings to financial institutions
Advances - performing
Right of Use-Assets
Advances - non-performing
Others
Total Assets

Bills payable
Deposits and other accounts
Lease Liability
Others
Total Liabilities
Equity
Total Equity & Liabilities

Contingencies & Commitments

Retail banking	Retail finance lending	Others	Total
Rupees in '000'			
-	-	3,292,539	3,292,539
-	-	3,259,201	3,259,201
-	-	-	-
-	-	-	-
-	8,532,884	-	8,532,884
-	350,530	-	350,530
9,054	798,712	15,783,144	16,590,909
9,054	9,682,126	22,334,884	32,026,063
21,578	-	-	21,578
5,605,250	-	-	5,605,250
-	-	-	-
79,210	-	2,668,758	2,747,968
5,706,038	-	2,668,758	8,374,796
-	-	23,651,267	23,651,267
5,706,038	-	26,320,025	32,026,063
-	-	-	-

Audited June 30, 2022			
Retail banking	Retail finance lending	Others	Total
Rupees in '000'			
91,405	1,557,405	352,013	2,000,823
-	-	-	-
68,138	-	88,758	156,896
159,543	1,557,405	440,771	2,157,719
(251,374)	-	(1,534,116)	(1,785,490)
-	-	-	-
(251,374)	-	(1,534,116)	(1,785,490)
1,606	-	-	1,606
(90,225)	1,557,405	(1,093,345)	373,835

Retail banking	Retail finance lending	Others	Total
Rupees in '000'			
-	-	2,591,323	2,591,323
-	-	4,128,609	4,128,609
-	-	-	-
-	-	-	-
-	7,671,924	-	7,671,924
-	-	78,534	78,534
-	487,561	-	487,561
6,683	703,399	15,630,194	16,340,276
6,683	8,862,884	22,428,660	31,298,227
30,605	-	-	30,605
5,015,374	-	-	5,015,374
-	-	74,984	74,984
61,169	-	2,677,935	2,739,104
5,107,148	-	2,752,919	7,860,067
-	-	23,438,160	23,438,160
5,107,148	-	26,191,079	31,298,227
-	-	-	-

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2022

32 RELATED PARTY TRANSACTIONS

Related parties comprise of key bank executives, president of the Bank, provident fund trust, pension fund trust, member societies, Registrar Co-operative Societies and the Government of Punjab.

The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the 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:

	Un-audited December 31, 2022			Audited June 30, 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	1,030	-	-	5,555	-	-
Repaid during the year	(2,926)	-	-	(6,539)	-	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	6,448	-	-	8,344	-	-
Other Liabilities						
Payable to staff retirement fund	-	-	2,046,600	-	-	2,056,265
	-	-	2,046,600	-	-	2,056,265
Income						
Mark-up / return / interest earned	466	-	-	3,038	-	-
	466	-	-	3,038	-	-
Expense						
Total Compensation Expenses	33,717	-	-	41,861	-	-
Contribution for the year	-	4,515	176,230	-	7,623	482,905
	33,717	4,515	176,230	41,861	7,623	482,905

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2022

33 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	Un-audited December 31, 2022	Audited June 30, 2022
	Rupees in '000	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	6,000,000	6,000,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	8,135,778	7,798,563
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	8,135,778	7,798,563
Eligible Tier 2 Capital	3,214,024	2,955,879
Total Eligible Capital (Tier 1 + Tier 2)	11,349,802	10,754,442
Risk Weighted Assets (RWAs):		
Credit Risk	24,141,649	23,418,480
Market Risk	816,800	1,004,360
Operational Risk	3,182,953	3,755,305
Total	28,141,402	28,178,145
Common Equity Tier 1 Capital Adequacy ratio	28.91%	27.68%
Tier 1 Capital Adequacy Ratio	11.42%	10.50%
Total Capital Adequacy Ratio	40.33%	38.17%

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, 2020, the paid up capital of the Bank net of losses amounts to Rs. 7,101,834 thousands which is in agreement with regulatory requirements (refer to note 20.3). For the time being CAR is being reported under Basel I and Basel III as parrallel 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):

Eligible Tier-1 Capital	8,135,778	7,798,563
Total Exposures	30,433,544	31,210,939
Leverage Ratio	26.73%	24.99%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	1,074,000	989,000
Total Net Cash Outflow	146,000	133,000
Liquidity Coverage Ratio	735.62%	743.61%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	14,120,000	13,276,000
Total Required Stable Funding	6,083,000	5,481,000
Net Stable Funding Ratio	232.12%	242.22%

34 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 22.02.2023 by the Administrator of the Bank.

35 GENERAL

Figures in the financial statements have been rounded-off to the nearest Rupees in thousands except where stated otherwise.

President / Chief Executive Officer

Chief Financial Officer