

**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, 2021 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 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 significance of matters discussed in paragraphs (a) to (f) below, these accompanying interim financial statements as at and for the six-months period ended December 31, 2021 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 a provision of Rs. 1,726.00 million (June 30, 2021: Rs. 1,703.27 million) which is held against non-performing loans as required by the Prudential Regulations issued by the State Bank of Pakistan moreover accrued mark-up on advances remained unverified due to underlying records/supporting workings only being available at the individual branch level, which the engagement team was not able to obtain as part of this audit engagement.
- b) The Bank has recognized surplus on revaluation of available for sale investments amounting to Rs. 104.74 million directly in statement of changes in equity rather than showing its movement through statement of comprehensive income. This is in contravention to the Bank's policy and Prudential Regulations issued by the State Bank of Pakistan. Had the Bank recognized surplus through statement of comprehensive income and restated its financial statements for the prior years, the other comprehensive income for the current and comparative year would have been

higher by Rs. 104.74 million and Rs. 12.82 million respectively

- c) The Bank has not yet implemented the following accounting standards:
- IFRS 16 "Leases" which become effective for reporting periods beginning on or after January 1, 2019.

The Bank is currently working with its consultants to identify the nature and quantum of the impact of adoption of the aforementioned standards on the Bank's financial statements. In the absence of consultants' report(s), the resultant adjustments and disclosures required to be presented in the interim financial statements remain unascertained.

- d) The Bank has not recognized deferred tax assets 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. 131.67 million as at December 31, 2021 and Rs. 46.76 million year ended June 30, 2021 respectively as per the confirmation received from tax consultant of the Bank and income tax return filed for the year ended June 30, 2021 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.
- e) As at December 31, 2021, the Bank has a provision of Rs. 66.48 million (as disclosed in note 12) which remained unchanged compared to June 30, 2021. 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 June 20, 2021.
- f) As at December 31, 2021, the Bank has balance of Rs. 51.72 million (June 30, 2021: Rs. 51.81 million) included in "Advances" and a balance of Rs.35.40 million (June 30, 2021: Rs. 35.43 million) included in "Other liabilities". These balances have been inherited from Central Bank at the time of its dissolution in 1976. For the purposes of this review engagement, we were unable to determine the plausibility of these figures due to lack of information on these balances. The Bank intends to seek Board's consultation and approval (once the Board is reinstated) on whether these balances should be removed from Bank's statement of financial position

#### **Emphasis of Matter**

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

- a) As referred in note 9.3 to the interim financial statements, the ultimate outcome of disputed properties amounting to Rs. 175.69 million (June 30, 2021: Rs. 175.69 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.
- b) 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.
- c) As referred in note 17.3 to the interim financial statements regarding the status of compliance to the terms and conditions of SBP's letter relaxing Minimum Capital Requirements (MCR) to Rs.6 billion, these terms and conditions are stated to be in process of implementation although compliance date has passed.

- d) As referred in note 30 to the interim financial statements regarding compliance status of 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, 2020 and the annual financial statements for the year ended June 30, 2021 were reviewed/audited by another auditor whose review report dated March 11, 2021 and audit report dated February 4, 2022 expressed adverse opinion on the six-months review and 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, 2021. Accordingly, we have not reviewed the figures in the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the three-months period ended December 31, 2021.

The engagement partner on the review resulting in this independent auditor's report is Mr. Arqum Naveed.

Chartered Accountants  
Lahore  
UDIN No: RR202110123vEmkzhRIW  
Date:

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

	Un-audited 31-Dec-21	Audited 30-Jun-21
Note	<b>Rupees in '000'</b>	
<b>ASSETS</b>		
Cash and balances with treasury banks	5 723,505	682,512
Balances with other banks	6 1,877,621	894,125
Investments	7 3,984,504	3,540,871
Advances	8 7,388,387	8,885,150
Fixed assets	9 7,158,148	7,155,960
Intangible assets	10 8,460	11,420
Deferred tax assets	11 -	-
Other assets	12 3,759,256	3,717,940
	<b>24,899,881</b>	<b>24,887,978</b>
<b>LIABILITIES</b>		
Bills payable	13 22,866	21,537
Deposits and other accounts	14 4,125,077	4,154,591
Other liabilities	15 6,118,242	6,008,966
	<b>10,266,185</b>	<b>10,185,094</b>
<b>NET ASSETS</b>	<b>14,633,696</b>	<b>14,702,884</b>
<b>REPRESENTED BY</b>		
Share capital/ Head office capital account - net	7,885,483	7,885,471
Reserves	922,676	922,701
Surplus on revaluation of assets	16 7,381,716	7,486,456
Unappropriated loss	(1,556,179)	(1,591,744)
	<b>14,633,696</b>	<b>14,702,884</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	17	

The annexed notes, from 1 to 32, form an integral part of these financial statements.

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President / Chief Executive Officer

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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, 2021**

	Note	Un-audited			
		Three months ended		Six months ended	
		December 31,		December 31,	
		2021	2020	2021	2020
		Rupees in '000'		Rupees in '000'	
Mark-up/Return/Interest Earned	3	541,497	532,225	941,958	936,763
Mark-up/Return/Interest Expensed	4	(35,218)	(41,423)	(86,512)	(125,710)
Net Mark-up/ Interest Income		506,279	490,802	855,446	811,053
<b>NON MARK-UP/INTEREST INCOME</b>					
Fee and Commission Income	5	8,905	12,126	23,810	21,772
Dividend Income		38,608	194	38,645	38,483
Other Income	6	33,146	32,310	47,206	51,151
Total non-markup/interest Income		80,659	44,630	109,661	111,406
Total income		586,938	535,432	965,107	922,459
<b>NON MARK-UP/INTEREST EXPENSES</b>					
Operating expenses	22	(479,558)	(430,598)	(834,467)	(764,811)
Other charges	23	(40,373)	(30)	(40,373)	(30)
Total non-markup/interest expenses		(519,931)	(430,628)	(874,840)	(764,841)
<b>Profit before provisions</b>		67,007	104,804	90,267	157,618
Provisions and write offs - net	24	(22,775)	(53,276)	(22,775)	(78,867)
<b>PROFIT BEFORE TAXATION</b>		44,232	51,528	67,492	78,751
Taxation	25	(31,927)	(8,847)	(31,927)	(8,847)
<b>PROFIT AFTER TAXATION</b>		12,305	42,681	35,565	69,904
<b>Basic Earnings per share</b>	26	0.16	0.54	0.45	0.89
<b>Diluted Earnings/(Loss) per share</b>		-	-	-	-

The annexed notes, from 1 to 32, form an integral part of these financial statements.

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President / Chief Executive Officer

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Chief Financial Officer

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Un-audited			
	Three months ended		Six months ended	
	December 31,		December 31,	
	2021	2020	2021	2020
	<u>Rupees in '000'</u>		<u>Rupees in '000'</u>	
Profit after taxation for the period	12,305	42,681	35,565	69,904
<b>Other comprehensive income / (loss)</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Effect of translation of net investment in foreign branches	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments - net of tax	(52,370)	76,445	(104,740)	152,890
	<b>(52,370)</b>	76,445	<b>(104,740)</b>	152,890
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
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	-	-	-	-
	-	-	-	-
<b>Total comprehensive income</b>	<b>(40,065)</b>	119,126	<b>(69,175)</b>	222,794

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**President / Chief Executive Officer**

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**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, 2021**

	Un-audited December 31, 2021						Total
	Share capital / Head office capital account	Statutory reserve	Surplus/(Deficit) on revaluation of		Common good fund	Unappropriated loss	
			Investments	Fixed / Non Banking Assets			
Rupees in '000'							
<b>Opening Balance July 1, 2020</b>	7,885,449	840,538	604,865	6,868,774	7,641	(1,597,720)	14,609,547
Profit after taxation for the prior year	-	-	-	-	-	69,904	69,904
Other comprehensive income - net of tax	-	-	152,890	-	-	-	152,890
Medical aid to staff	-	-	-	-	(440)	-	(440)
<b>Transactions with owners, recorded directly in equity</b>							
Issue of shares	12	-	-	-	-	-	12
<b>Opening Balance January 1, 2021</b>	7,885,461	840,538	757,755	6,868,774	7,201	(1,527,816)	14,831,913
Profit after taxation	-	-	-	-	-	233,009	233,009
Other comprehensive income/(Loss) - net of tax	-	-	-	-	-	(221,209)	(221,209)
Transfer to statutory reserve	-	75,728	-	-	-	(75,728)	-
Medical aid to staff	-	-	-	-	(766)	-	(766)
Surplus on revaluation of assets	-	-	(140,073)	-	-	-	(140,073)
<b>Transactions with owners, recorded directly in equity</b>							
Issue of shares	10	-	-	-	-	-	10
<b>Closing Balance June 30, 2021</b>	7,885,471	916,266	617,682	6,868,774	6,435	(1,591,744)	14,702,884
Profit after taxation	-	-	-	-	-	35,565	35,565
Other comprehensive income - net of tax	-	-	(104,740)	-	-	-	(104,740)
Medical aid to staff	-	-	-	-	(25)	-	(25)
<b>Transactions with owners, recorded directly in equity</b>							
Issue of shares	12	-	-	-	-	-	12
<b>Closing Balance December 31, 2021</b>	7,885,483	916,266	512,942	6,868,774	6,410	(1,556,179)	14,633,696

The annexed notes, from 1 to 32, form an integral part of these financial statements.

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President / Chief Executive Officer

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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, 2021**

Note	Un-audited	
	Six months period ended	
	December 31,	
	2021	2020
<b>Rupees in '000'</b>		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	67,492	78,751
Profit/(Loss) before taxation		
Less: Dividend income	(38,645)	(38,483)
	<u>28,847</u>	<u>40,268</u>
<b>Adjustments:</b>		
Depreciation	22 8,899	8,021
Provision against advances	24 22,775	78,867
Provision for employees retirement benefits	170,312	158,810
	<u>201,986</u>	<u>245,698</u>
	<u>230,833</u>	<u>285,966</u>
<b>(Increase)/ Decrease in operating assets</b>		
Advances	1,496,763	948,393
Others assets (excluding advance taxation)	(41,316)	(816,282)
	<u>1,455,447</u>	<u>132,111</u>
<b>Increase/ (Decrease) in operating liabilities</b>		
Bills Payable	1,329	898
Deposits	(29,514)	57,401
Other liabilities (excluding current taxation)	(61,855)	785,025
	<u>(90,040)</u>	<u>843,324</u>
Income tax paid	(32,118)	(48,900)
Employees retirement benefits paid	(20,679)	(343,328)
Medical aid to employees from common good fund	(25)	(440)
Net cash flow generated from operating activities	<u>1,543,418</u>	<u>868,733</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in held-to-maturity securities	(548,373)	(462,003)
Dividends received	38,645	38,483
Investments in operating fixed assets	(9,213)	(18,948)
Proceeds from sale of fixed assets	-	-
Effect of translation of net investment in foreign branches	-	-
Net cash flow used in investing activities	<u>(518,941)</u>	<u>(442,468)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of share capital	12	12
Net cash flow generated in financing activities	<u>12</u>	<u>12</u>
<b>Increase in cash and cash equivalents</b>	<b>1,024,489</b>	<b>426,277</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>1,576,637</b>	<b>1,928,624</b>
<b>Cash and cash equivalents at end of the year</b>	<b><u>2,601,126</u></b>	<b><u>2,354,901</u></b>

The annexed notes, from 1 to 32, form an integral part of these financial statements.

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**President / Chief Executive Officer**

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**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, 2021**

**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, 2021: 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 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

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 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, 2021.

**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, 2021 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.

IFRS 16, the accounting standard for leases, became effective for annual reporting period commencing on or after January 01, 2019. However, the Bank is in the process of evaluating the impact of IFRS-16.

The work with regard to IFRS-16 is in progress and the bidding process has been completed. After necessary approval from Competent Authority the Consultancy Services will be hired.

**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, 2021.

The State Bank of Pakistan vide BPRD circular Letter No. 24 of 2021 dated July 5, 2021 has decided to implement the IFRS-9 from January 1, 2022 instead of January 1, 2021. In case of PPCBL the financial year is closed on 30th June therefore, the implementation date would be considered as July 1, 2022.

There are various other standards, interpretations and amendments to accounting standards as applicable in

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

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, 2021.

**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, 2021.

**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, 2021.

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Un-audited December 31, 2021	Audited June 30 2021
<b>5 CASH AND BALANCES WITH TREASURY BANKS</b>		
<b>In hand:-</b>		
Local currency	268,645	195,488
<b>With State Bank of Pakistan in:-</b>		
Local currency current account	326,070	369,455
<b>With National Bank of Pakistan in:-</b>		
Local currency current account	105,848	61,823
Local currency deposit account (NIDA)	22,942	55,746
	<b>128,790</b>	<b>117,569</b>
	<b>723,505</b>	<b>682,512</b>

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 7.25% per annum (June 30, 2021: 5.50% per annum).

	Un-audited December 31, 2021	Audited June 30 2021
<b>6 BALANCES WITH OTHER BANKS</b>		
<b>In Pakistan:-</b>		
In current account	7,930	16,527
In deposit account	1,869,691	877,598
	<b>1,877,621</b>	<b>894,125</b>

6.1 These accounts carry profit at 7.25% per annum (June 30, 2021: 5.50% to 6.15% 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, 2021**

**7 INVESTMENTS**

**7.1 Investments by type:**

	Un-audited December 31, 2021				Audited June 30, 2021			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	<b>Rupees in '000'</b>							
<b>Available-for-sale securities</b>								
Shares - Listed companies	7,023	-	512,942	519,965	7,023	-	617,682	624,705
Shares - Cooperative Institutions	3,551	(1,589)	-	1,962	3,551	(1,589)	-	1,962
	<b>10,574</b>	<b>(1,589)</b>	<b>512,942</b>	<b>521,927</b>	<b>10,574</b>	<b>(1,589)</b>	<b>617,682</b>	<b>626,667</b>
<b>Held-to-maturity securities</b>								
Market Treasury Bills	3,462,577	-	-	3,462,577	2,914,204	-	-	2,914,204
Pakistan Investment Bonds	-	-	-	-	-	-	-	-
Non-Banking Finance Company	88,059	(88,059)	-	-	88,059	(88,059)	-	-
	<b>3,550,636</b>	<b>(88,059)</b>	<b>-</b>	<b>3,462,577</b>	<b>3,002,263</b>	<b>(88,059)</b>	<b>-</b>	<b>2,914,204</b>
<b>Total Investments</b>	<b>3,561,210</b>	<b>(89,648)</b>	<b>512,942</b>	<b>3,984,504</b>	<b>3,012,837</b>	<b>(89,648)</b>	<b>617,682</b>	<b>3,540,871</b>

Market treasury bills of Rs. 3,462.57 million are inclusive of Rs. 31.54 million of profit recoverable.

**7.2 Investments by segments:**

	Un-audited December 31, 2021				Audited June 30, 2021			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	<b>Rupees in '000'</b>							
<b>Federal government securities:</b>								
Market treasury bills	3,462,577	-	-	3,462,577	2,914,204	-	-	2,914,204
<b>Non-government debt securities:</b>								
Unlisted	88,059	(88,059)	-	-	88,059	(88,059)	-	-
<b>Shares:</b>								
Listed companies	7,023	-	-	-	7,023	-	617,682	624,705
Cooperative institutions	3,551	(1,589)	512,942	519,965	3,551	(1,589)	-	1,962
	<b>10,574</b>	<b>(1,589)</b>	<b>512,942</b>	<b>519,965</b>	<b>10,574</b>	<b>(1,589)</b>	<b>617,682</b>	<b>626,667</b>
<b>Total Investments</b>	<b>3,561,210</b>	<b>(89,648)</b>	<b>512,942</b>	<b>3,982,542</b>	<b>3,012,837</b>	<b>(89,648)</b>	<b>617,682</b>	<b>3,540,871</b>

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	Un-audited	Audited
	December 31, 2021	June 30, 2021
Rupees in '000'		
<b>7.3 Provision for diminution in value of investments</b>		
<b>7.3.1</b> Opening balance	89,648	89,648
Exchange adjustments	-	-
Charge / reversals		
Charge for the year	-	-
Reversals for the year	-	-
Reversal on disposals	-	-
	<b>89,648</b>	89,648
Transfers - net	-	-
Amounts written off	-	-
Closing Balance	<b>89,648</b>	89,648

**7.3.2 Particulars of provision against debt securities**

Category of classification	December 31, 2021 (Un-audited)		June 30, 2021 (Audited)	
	Non performing investments Rupees in '000'	Provision Rupees in '000'	Non performing investments Rupees in '000'	Provision Rupees in '000'
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	<b>88,059</b>	<b>88,059</b>	88,059	88,059
	<b>88,059</b>	<b>88,059</b>	88,059	88,059
<b>Overseas</b>				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
365 days	-	-	-	-
	<b>88,059</b>	<b>88,059</b>	88,059	88,059

**8 ADVANCES**

	Performing		Non Performing		Total	
	Un-audited Dec. 31, 2021	Audited June 30, 2021	Un-audited Dec. 31, 2021	Audited June 30, 2021	Un-audited Dec. 31, 2021	Audited June 30, 2021
Rupees in '000'						
Loans, cash credits, running finances, etc.	6,716,858	8,030,693	2,397,725	2,557,878	9,114,583	10,588,571
Islamic financing and related assets	-	-	-	-	-	-
Bills discounted and purchased	-	-	184	184	184	184
Advances - gross	<b>6,716,858</b>	8,030,693	<b>2,397,909</b>	2,558,062	<b>9,114,767</b>	10,588,755
Provision against advances						
- Specific	-	-	1,726,002	1,703,227	1,726,002	1,703,227
- General	378	-	-	378	378	378
	<b>378</b>	-	<b>1,726,002</b>	1,703,605	<b>1,726,380</b>	1,703,605
Advances - net of provision	<b>6,716,480</b>	8,030,693	<b>671,907</b>	854,457	<b>7,388,387</b>	8,885,150

	Un-audited December 31, 2021	Audited June 30, 2021
	Rupees in '000'	
<b>8.1 Particulars of advances (Gross)</b>		
In local currency	9,114,767	10,588,755
In foreign currencies	-	-
	<b>9,114,767</b>	<b>10,588,755</b>

**8.2**

Advances include Rs.2,397,725 thousand (June 30, 2021: Rs.2,557,878 thousand) which have been placed under non-performing status as detailed below:-

Category of Classification	Un-audited December 31, 2021		Audited June 30, 2021	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Rupees in '000'				
<b>Domestic</b>				
Other Assets Especially Mentioned	171,993	34	317,563	101
Substandard	275,322	3,502	330,597	426
Doubtful	208,005	12,911	194,341	12,396
Loss	<b>1,742,405</b>	<b>1,709,933</b>	1,715,377	1,690,682
	<b>2,397,725</b>	<b>1,726,380</b>	2,557,878	1,703,605

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**8.3 Particulars of provision against advances**

	Un-audited December 31, 2021			Audited June 30, 2021		
	Specific	General	Total	Specific	General	Total
<b>Rupees in '000'</b>						
Opening balance	1,703,226	378	1,703,604	1,605,893	378	1,606,271
Exchange adjustments	-	-	-	-	-	-
Charge for the year	22,775	-	22,775	97,333	-	97,333
Reversals	-	-	-	-	-	-
	<b>1,726,002</b>	<b>378</b>	<b>1,726,379</b>	1,703,226	378	1,703,604
Amounts written off	-	-	-	-	-	-
Amounts charged off - agriculture financing	-	-	-	-	-	-
Other movements (to be specified)	-	-	-	-	-	-
Closing balance	<b>1,726,002</b>	<b>378</b>	<b>1,726,379</b>	<b>1,703,226</b>	<b>378</b>	<b>1,703,604</b>

**8.4** The Bank has not adjusted its non performing loans amounting to Rs. 706.475 million (June 30, 2021: Rs. 704.98 million) including mark-up thereon, against properties decreed in favor of the Bank due to pending possession disputes.

**9 FIXED ASSETS**

Capital work-in-progress  
Property and equipment  
Intangible assets

Note	Un-audited December 31, 2021	Audited June 30, 2021
	<b>Rupees in '000'</b>	
	21,148	19,274
	7,137,000	7,136,686
	8,460	11,420
	<b>7,166,608</b>	<b>7,167,380</b>

**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

-	775
-	-
5,744	2,164
-	790
213	923
1,066	19,275
54	-
-	-
<b>7,077</b>	<b>23,927</b>

**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

-	-
-	-
-	-
-	-
-	29
-	19
12	-
-	-
<b>12</b>	<b>48</b>

**9.3** The value of land and buildings include properties under litigation / disputes amounts to Rs. 175.687 million (June 30, 2021: 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 statements.

**10 INTANGIBLE ASSETS**

Computer Software

Un-audited December 31, 2021	Audited June 30, 2021
<b>Rupees in '000'</b>	
8,460	11,420
<b>8,460</b>	<b>11,420</b>

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**11 DEFERRED TAX ASSETS**

	Un-audited December 31, 2021			At Dec 31, 2021
	At Jun 30, 2021	Recognised in P&L	Recognised in OCI	
Rupees in '000'				
<b>Deductible Temporary Differences on</b>				
Post retirement benefits	2,952,148	-	-	2,999,575
Provision against other assets	66,478	-	-	66,478
Provision for salary payable	-	-	-	-
Decelerated tax amortisation	7,994	-	-	9,470
Provision against advances	1,703,605	-	-	1,726,380
	<u>4,730,225</u>	-	-	<u>4,801,903</u>
<b>Taxable Temporary Differences on</b>				
Accelerated tax depreciation	54,529	-	-	63,719
Surplus on revaluation of investments	528,034	-	-	423,294
	<u>582,563</u>	-	-	<u>487,013</u>
<b>Temporary differences for which no deferred tax is recognized</b>	<u>4,147,662</u>	-	-	<u>4,314,890</u>
<b>Tax Rate</b>	35%			35%
<b>Deferred Tax Assets</b>	<u>1,451,681.70</u>			<u>1,510,212</u>

	Audited June 30, 2021			At June 30, 2021
	At July 01, 2020	Recognised in P&L A/C	Recognised in OCI	
Rupees in '000'				
<b>Deductible Temporary Differences on</b>				
Post retirement benefits	2,905,725	-	-	2,952,148
Provision against other assets	66,479	-	-	66,478
Provision for salary payable	264,285	-	-	-
Decelerated tax amortisation	2,146	-	-	7,994
Provision against advances	1,606,271	-	-	1,703,605
	<u>4,844,906</u>	-	-	<u>4,730,225</u>
<b>Taxable Temporary Differences on</b>				
Accelerated tax depreciation	38,777	-	-	54,529
Surplus on revaluation of investments	515,217	-	-	528,034
	<u>553,994</u>	-	-	<u>582,563</u>
<b>Temporary differences for which no deferred tax is recognized</b>	<u>4,290,912</u>	-	-	<u>4,147,662</u>

In the absence of future taxable profit projections due to unanticipated circumstances, amount of Rs. 1,510,211 (June 30, 2021: Rs. 1,451,682) has not been recognized as deferred tax asset.

12 OTHER ASSETS	Note	Un-audited	Audited
		December 31, 2021	June 30, 2021
Rupees in '000'			
Income/ Mark-up accrued in local currency - net of provision		712,184	762,828
Advances, deposits and other prepayments		1,043	1,147
Sundry debtors		1,351	2,448
Profit recoverable from banks		7,231	-
Crop insurance recoverable		97,698	96,845
Live stock insurance recoverable		5,370	6,142
Branch		17,811	8,436
Memorandum account		2,826,345	2,778,043
Others		156,701	128,530
		<u>3,825,734</u>	3,784,419
Less: Provision held against other assets	12.1	(66,478)	(66,479)
Other Assets (Net of Provision)		<u>3,759,256</u>	3,717,940
<b>12.1 Provision held against other assets</b>			
Advances, deposits and other prepayments		-	-
Non banking assets acquired in satisfaction of claims		-	-
Others		(66,478)	(66,479)
		<u>(66,478)</u>	<u>(66,479)</u>
<b>12.1.1 Movement in provision held against other assets</b>			
Opening balance		(66,479)	(66,479)
Charge for the year		-	-
Reversals		-	-
Amount Written off		-	-
Closing balance		<u>(66,479)</u>	<u>(66,479)</u>



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**13 BILLS PAYABLE**

In Pakistan	<u>22,866</u>	<u>21,537</u>
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**14 DEPOSITS AND OTHER ACCOUNTS**

	Un-audited December 31, 2021			Audited June 30, 2021		
	In Local Currency	In Foreign currency	Total	In Local Currency	In Foreign currency	Total
<b>Customers</b>						
Fixed deposits	162,082	-	162,082	805,221	-	805,221
Savings deposits	2,996,367	-	2,996,367	2,931,517	-	2,931,517
Current accounts - non remunerative	775,166	-	775,166	261,292	-	261,292
Call deposits	3,122	-	3,122	2,363	-	2,363
Other deposits	188,340	-	188,340	154,198	-	154,198
	<b>4,125,077</b>	<b>-</b>	<b>4,125,077</b>	<b>4,154,591</b>	<b>-</b>	<b>4,154,591</b>
<b>Financial Institutions</b>						
Fixed deposits	-	-	-	-	-	-
Savings deposits	-	-	-	-	-	-
Current accounts - non remunerative	-	-	-	-	-	-
Call deposits	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-
	<b>4,125,077</b>	<b>-</b>	<b>4,125,077</b>	<b>4,154,591</b>	<b>-</b>	<b>4,154,591</b>

**14.1** Others deposits include staff security deposits and employees' provident fund deposits.

	Note	Un-audited	Audited
		December 31, 2021	June 30, 2021
		<b>Rupees in '000'</b>	
<b>15 OTHER LIABILITIES</b>			
Mark-up/ Return/ Interest payable in local currency		39,772	49,285
Accrued expenses		14,573	15,104
Provision for SBP Penalty		32,893	-
Sundry creditors		27,838	73,558
Advance taxation (payments less provisions)		60,427	57,614
Dissolved bank payable		37,427	37,427
Provision for employees' gratuity		111,918	107,657
Provision for employees' pension fund		2,594,838	2,553,732
Provision for employees' compensated absences		292,821	290,759
Withholding tax payable		4,532	7,536
Memorandum account		2,826,345	2,778,043
Others		74,858	38,251
		<b>6,118,242</b>	<b>6,008,966</b>

**16 SURPLUS ON REVALUATION OF ASSETS**

Surplus on revaluation of			
- Available for sale securities	7.1	512,942	617,682
- Fixed Assets	16.1	6,868,774	6,868,774
		<b>7,381,716</b>	<b>7,486,456</b>

**16.1** Surplus on revaluation of fixed assets relates to Land.

**17 CONTINGENCIES AND COMMITMENTS**

-Commitments	17.1	10,464	10,464
-Other Commitments	17.2	257,654	259,043
		<b>268,118</b>	<b>269,507</b>

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	<b>Un-audited December 31, 2021</b>	<b>Audited June 30, 2021</b>
<b>Note</b>	<b>Rupees in '000'</b>	
<b>17.1 Commitments:</b>		
- Civil work	3,530	3,530
- intangible assets	6,934	6,934
	<b>10,464</b>	<b>10,464</b>

**17.2** 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.

**17.3** 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 - 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's business model, proposed commercial banking products / practices and competitive policies, duly supporting the future viability of the Bank. The plan should be submitted by December 31, 2015.

3 - 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.

The Bank has 89 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.

	<b>Un-audited December 31, 2021</b>	<b>Un-audited December 31, 2020</b>
<b>Note</b>	<b>Rupees in '000'</b>	
<b>18 MARK-UP/RETURN/INTEREST EARNED</b>		
On:-		
- Loans and advances	776,051	830,518
- Investments	126,468	71,413
- Balances with banks	39,439	34,832
	<b>941,958</b>	<b>936,763</b>

<b>19 MARK-UP/RETURN/INTEREST EXPENSED</b>		
Deposits	86,512	125,710
	<b>86,512</b>	<b>125,710</b>

<b>20 FEE &amp; COMMISSION INCOME</b>		
Branch banking customer fees	-	-
Commission on utility bills	4,636	5,118
Commission on guarantees	17,734	14,711
Commission on remittances including home remittances	132	233
Commission received on deposit category	856	910
Commission received on cheque book issuance	-	-
Others	452	800
	<b>23,810</b>	<b>21,772</b>

<b>21 OTHER INCOME</b>		
Rental income	36,750	34,647
Loan processing fee	10,115	15,909
Rent on lockers	341	595
	<b>47,206</b>	<b>51,151</b>

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	Un-audited December 31, 2021	Un-audited December 31, 2020
Note	Rupees in '000'	
<b>22 OPERATING EXPENSES</b>		
<b>Total compensation expense</b>	<b>681,462</b>	649,635
<b>Property expense</b>		
Rent & taxes	29,874	25,635
Insurance	1,959	3,060
Utilities cost	21,699	14,596
Repair & maintenance (including janitorial charges)	1,468	838
Depreciation	1,290	1,249
	<b>56,290</b>	45,378
<b>Other operating expenses</b>		
Legal & professional charges	4,201	3,277
Depreciation	7,609	6,772
Postage & courier charges	9,234	2,260
Communication	7,765	8,468
Stationery & printing	1,053	1,178
Marketing, advertisement & publicity	698	1,163
Auditors Remuneration	140	-
Others	66,016	46,680
	<b>96,715</b>	69,798
	<b>834,467</b>	764,811
<b>22.1 Total compensation expense</b>		
Salary & Allowances	467,797	478,590
Fees and Allowances etc	513	501
Charge for defined benefit plan	197,593	158,810
Conveyance	14,869	11,332
Others	690	402
	<b>681,462</b>	649,635
<b>23 OTHER CHARGES</b>		
Penalties imposed by State Bank of Pakistan	40,373	30
	<b>40,373</b>	30
<b>24 PROVISIONS &amp; WRITE OFFS - NET</b>		
Provisions for diminution in value of investments	7.3	-
Provisions for salary payable	-	-
Provisions against loans & advances	8.3	22,775
Provision for rent recoverable	-	483
	<b>22,775</b>	78,867
<b>25 TAXATION</b>		
Current	52,384	19,032
Prior years	25.1	(20,457)
Deferred	-	-
	<b>31,927</b>	8,847
<b>25.1</b>	The Bank has recognized tax provision in its financial statements amounting to Rs. 68,358,000, and Rs. 45,570,000 for the years ended June 30, 2019, and 2018 , respectively. While the tax assessed for these years was Rs. 34,858,926, and Rs. 25,012,139 (based on tax returns) respectively. Therefore, the excess provision recognized in prior years will be adjusted year by year.	
<b>25.2</b>	It is management's assessment that the provision for taxation made in these condensed interim financial statements is sufficient.	
<b>26 BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit for the year	<b>35,565</b>	69,904
Weighted average number of ordinary shares	<b>7,885,461</b>	7,885,461
Basic earnings per share	<b>0.45</b>	0.89
<b>26.1</b>	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.	

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**27 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.

**27.1 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, 2021					
Carrying value	Level 1	Level 2	Level 3	Total	
Rupees in '000'					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
Shares	519,965	519,965	-	-	519,965
<b>Financial assets - disclosed but not measured at fair value</b>					
Cash and balances with treasury banks	723,505	-	-	-	-
Balances with other banks	1,877,621	-	-	-	-
Investments in treasury bills	3,462,577	-	-	-	-
Advances	7,388,387	-	-	-	-
Other assets	3,759,256	-	-	-	-

Audited June 30, 2021					
Carrying value	Level 1	Level 2	Level 3	Total	
Rupees in '000'					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
Shares	624,705	624,705	-	-	624,705
<b>Financial assets - disclosed but not measured at fair value</b>					
Cash and balances with treasury banks	682,512	-	-	-	-
Balances with other banks	894,125	-	-	-	-
Investments in treasury bills and NBFCs	2,916,166	-	-	-	-
Advances	8,885,150	-	-	-	-
Other Assets	3,717,940	-	-	-	-

**27.2 Fair value of non-financial assets**

	Un-audited December 31, 2021	Audited June 30, 2021
	Level 3	
	Rupees in '000'	
Fixed assets (Freehold land)	6,979,254	6,979,254

**28 SEGMENT INFORMATION**

**28.1 Segment details with respect to business activities**

Un-audited December 31, 2021				
	Retail banking	Retail finance lending	Others	Total
	Rupees in '000'			
<b>Profit and Loss</b>				
Net mark-up / return / profit	39,439	776,051	126,468	941,958
Inter segment revenue - net	-	-	-	-
Non mark-up / return / interest income	23,810	-	85,851	109,661
<b>Total income</b>	<b>63,249</b>	<b>776,051</b>	<b>212,319</b>	<b>1,051,619</b>
Segment direct expenses	(86,512)	-	(874,840)	(961,352)
Inter segment expense allocation	-	-	-	-
<b>Total expenses</b>	<b>(86,512)</b>	<b>-</b>	<b>(874,840)</b>	<b>(961,352)</b>
Provisions	-	-	(22,775)	(22,775)
<b>Profit before taxation</b>	<b>(23,264)</b>	<b>776,051</b>	<b>(685,296)</b>	<b>67,492</b>

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	Retail banking	Retail finance lending	Others	Total
<b>Statement of Financial Position</b>				
Rupees in '000'				
Cash and bank balances	-	-	2,601,126	2,601,126
Investments	-	-	3,984,504	3,984,504
Net inter segment lending	-	-	-	-
Lendings to financial institutions	-	-	-	-
Advances - performing	-	6,716,480	-	6,716,480
Advances - non-performing	-	671,907	-	671,907
Others	7,231	3,531,298	7,387,335	10,925,864
<b>Total Assets</b>	<b>7,231</b>	<b>10,919,685</b>	<b>13,972,965</b>	<b>24,899,881</b>
Bills payable	22,866	-	-	22,866
Deposits and other accounts	4,125,077	-	-	4,125,077
Net inter segment borrowing	-	-	-	-
Others	39,772	2,826,345	3,252,125	6,118,242
<b>Total Liabilities</b>	<b>4,187,715</b>	<b>2,826,345</b>	<b>3,252,125</b>	<b>10,266,185</b>
Equity	-	-	14,633,696	14,633,696
<b>Total Equity &amp; Liabilities</b>	<b>4,187,715</b>	<b>2,826,345</b>	<b>17,885,821</b>	<b>24,899,881</b>
<b>Contingencies &amp; Commitments</b>	-	-	-	-
Audited June 30, 2021				
	Retail banking	Retail finance lending	Others	Total
Rupees in '000'				
Net mark-up / return / profit	72,046	1,646,650	156,394	1,875,090
Inter segment revenue - net	-	-	-	-
Non mark-up / return / interest income	76,661	-	387,842	464,503
<b>Total income</b>	<b>148,707</b>	<b>1,646,650</b>	<b>544,236</b>	<b>2,339,593</b>
Segment direct expenses	327,434	-	1,592,440	1,919,874
Inter segment expense allocation	-	-	-	-
<b>Total expenses</b>	<b>327,434</b>	<b>-</b>	<b>1,592,440</b>	<b>1,919,874</b>
Provisions	(97,333)	-	-	(97,333)
<b>Profit before taxation</b>	<b>378,808</b>	<b>1,646,650</b>	<b>(1,048,204)</b>	<b>977,254</b>
Rupees in '000'				
	Retail banking	Retail finance lending	Others	Total
<b>Statement of Financial Position</b>				
Cash and bank balances	-	-	1,576,637	1,576,637
Investments	-	-	3,540,871	3,540,871
Net inter segment lending	-	-	-	-
Lendings to financial institutions	-	-	-	-
Advances - performing	-	8,030,693	-	8,030,693
Advances - non-performing	-	854,457	-	854,457
Others	3,838	3,537,033	7,344,449	10,885,320
<b>Total Assets</b>	<b>3,838</b>	<b>12,422,183</b>	<b>12,461,957</b>	<b>24,887,978</b>
Bills payable	21,537	-	-	21,537
Deposits and other accounts	4,154,591	-	-	4,154,591
Net inter segment borrowing	-	-	-	-
Others	49,285	2,778,043	3,181,638	6,008,966
<b>Total Liabilities</b>	<b>4,225,413</b>	<b>2,778,043</b>	<b>3,181,638</b>	<b>10,185,094</b>
Equity	-	-	14,702,884	14,702,884
<b>Total Equity &amp; Liabilities</b>	<b>4,225,413</b>	<b>2,778,043</b>	<b>17,884,522</b>	<b>24,887,978</b>
<b>Contingencies &amp; Commitments</b>	-	-	-	-

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

**29 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, 2021			Audited June 30, 2021		
	Key management personnel	Provident fund trust	Pension fund trust	Key management personnel	Provident fund trust	Pension fund trust
	----- (Rupees in '000) -----					
<b>Advances</b>						
Opening balance	9,328	-	-	10,914	-	-
Addition during the year	947	-	-	9,105	-	-
Recovered during the year	(2,988)	-	-	(10,691)	-	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	7,287	-	-	9,328	-	-
<b>Other Liabilities</b>						
Payable to staff retirement fund	-	-	2,594,838	-	-	2,553,732
	-	-	2,594,838	-	-	2,553,732
<b>Income</b>						
Mark-up / return / interest earned	612	-	-	1,265	-	-
	612	-	-	1,265	-	-
<b>Expense</b>						
Short term employees benefits	16,372	-	-	29,378	-	-
Contribution for the year	-	3,691	-	-	7,631	523,794
	16,372	3,691	-	29,378	7,631	523,794

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
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**30 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

	Un-audited December 31, 2021	Audited June 30, 2021
	Rupees in '000	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	6,000,000	6,000,000
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	7,329,726	7,215,335
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	7,329,726	7,215,335
Eligible Tier 2 Capital	2,934,571	2,878,150
Total Eligible Capital (Tier 1 + Tier 2)	10,264,297	10,093,485
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	14,245,215	16,137,144
Market Risk	1,039,930	1,249,410
Operational Risk	3,131,826	3,131,826
Total	18,416,971	20,518,380
Common Equity Tier 1 Capital Adequacy ratio	39.80%	35.17%
Tier 1 Capital Adequacy Ratio	15.93%	14.04%
Total Capital Adequacy Ratio	55.73%	49.19%

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, 2021, the paid up capital of the Bank net of losses amounts to Rs. 6,287,729 thousands which is in agreement with regulatory requirements (refer to note 18.3). The management is in the process of implementation of Basel III and in the meanwhile have applied for obtaining further extension in this regard. For the time being CAR is being reported under Basel I as per instructions issued under circular No. 12 of 2004 as allowed by SBP.

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	7,329,726	7,215,335
Total Exposures	22,278,065	22,093,224
Leverage Ratio	32.90%	32.66%

**Liquidity Coverage Ratio (LCR):**

Total High Quality Liquid Assets	851,000	802,591
Total Net Cash Outflow	109,000	109,249
Liquidity Coverage Ratio	780.73%	734.64%

**Net Stable Funding Ratio (NSFR):**

Total Available Stable Funding	12,590,000	12,073,036
Total Required Stable Funding	5,228,000	5,532,302
Net Stable Funding Ratio	240.82%	218.23%

**31 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on 01.03.2022 by the Administrator of the Bank.

**32 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**