

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**

**Condensed interim statement of financial position**

**As at September 30, 2019**

	Note	Un-audited Sep. 30, 2019	Audited June 30, 2019
Rupees in '000'			
<b>ASSETS</b>			
Cash and balances with treasury banks	5	513,237	742,268
Balances with other banks	6	440,511	959,517
Lendings to financial institutions		-	-
Investments	7	2,703,815	2,876,398
Advances	8	10,193,468	9,861,768
Fixed assets	9	7,182,961	7,179,735
Intangible assets	10	1,778	1,778
Deferred tax assets		-	-
Other assets	11	986,501	833,784
		<b>22,022,271</b>	<b>22,455,248</b>
<b>LIABILITIES</b>			
Bills payable	12	60,226	52,635
Borrowings		-	-
Deposits and other accounts	13	4,251,661	4,579,982
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	14	3,522,633	3,624,550
		<b>7,834,520</b>	<b>8,257,167</b>
<b>NET ASSETS</b>		<b>14,187,751</b>	<b>14,198,081</b>
<b>REPRESENTED BY</b>			
Share capital/ Head office capital account - net		7,885,499	7,885,490
Reserves		808,902	809,147
Surplus on revaluation of assets	15	7,208,346	7,266,202
Unappropriated loss		<b>(1,714,996)</b>	<b>(1,762,758)</b>
		<b>14,187,751</b>	<b>14,198,081</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>16</b>		

The annexed notes 1 to 31 form an integral part of these financial statements.

**Acting President**

**Chief Financial Officer**

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**  
**Condensed interim profit and loss account**  
**For the quarter ended September 30, 2019**

	<i>Note</i>	<b>Un-audited</b>	
		<b>For the quarter ended</b>	
		<b>September</b>	
		<b>2019</b>	<b>2018</b>
		<b>Rupees in '000'</b>	
Mark-up/Return/Interest Earned	17	432,965	360,002
Mark-up/Return/Interest Expensed	18	<u>(92,379)</u>	<u>(41,222)</u>
Net Mark-up/ Interest Income		<b>340,586</b>	<b>318,780</b>
<b>NON MARK-UP/INTEREST INCOME</b>			
Fee and Commission Income	19	4,603	3,597
Dividend Income		30,996	34,040
Foreign Exchange Income		-	-
Income / (loss) from derivatives		-	-
Gain / (Loss) on securities		-	10
Other Income	20	23,090	20,862
Total non-markup/interest Income		<u>58,689</u>	<u>58,509</u>
Total Income		<b>399,275</b>	<b>377,289</b>
<b>NON MARK-UP/INTEREST EXPENSES</b>			
Operating expenses	21	(351,513)	(312,620)
Workers Welfare Fund		-	-
Other charges	22	-	(2)
Total non-markup/interest expenses		<u>(351,513)</u>	<u>(312,622)</u>
Profit / (Loss) Before Provisions		<u>47,762</u>	<u>64,667</u>
Provisions and write offs - net	23	-	-
Extra ordinary / unusual items (to be specified)		-	-
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<u>47,762</u>	<u>64,667</u>
Taxation	24	-	-
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<u>47,762</u>	<u>64,667</u>
<b>Rupees</b>			
<b>Basic Earnings/(Loss) per share</b>	25	<u>0.61</u>	<u>0.82</u>
<b>Diluted Earnings/(Loss) per share</b>		<u>-</u>	<u>-</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

**Acting President**

**Chief Financial Officer**



**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**  
**Condensed interim statement of changes in equity**  
**For the quarter ended September 30, 2019**

Un-audited September 30, 2019

Surplus/(Deficit) on revaluation of

	Share capital / Head office capital	Statutory reserve	Investments	Fixed / Non Banking Assets	Common good fund	Unappropri- ated loss	Total
<b>Rupees in '000'</b>							
Opening Balance July 1, 2018	7,885,556	737,622	516,704	6,868,774	4,486	(1,780,620)	14,232,522
Profit after taxation for the prior year	-	-	-	-	-	-	-
Other comprehensive income - net of tax	-	-	-	-	-	64,667	64,667
Transfer to statutory reserve	-	-	-	-	-	-	-
Deficit on revaluation of assets	-	-	(104,547)	-	-	-	(104,547)
Reissuance of shares	51	-	-	-	-	-	51
Adjustment of defined benefit plan	-	-	-	-	-	-	-
Medical aid to staff	-	-	-	-	(80)	-	(80)
Opening Balance October 1, 2018	7,885,607	737,622	412,157	6,868,774	4,406	(1,715,953)	14,192,613
Profit after taxation	-	-	-	-	-	197,691	197,691
Other comprehensive income/(Loss) - net of tax	-	-	-	-	-	(176,907)	(176,907)
Transfer to common good fund	-	-	-	-	2,000	(2,000)	-
Transfer to statutory reserve	-	65,589	-	-	-	(65,589)	-
Medical aid to staff	-	-	-	-	(470)	-	(470)
Deficit on revaluation of assets	-	-	(14,729)	-	-	-	(14,729)
Refund of shares	(117)	-	-	-	-	-	(117)
Closing Balance June 30, 2019	7,885,490	803,211	397,428	6,868,774	5,936	(1,762,758)	14,198,081
<b>Profit after taxation</b>	-	-	-	-	-	47,762	47,762
<b>Medical aid to staff</b>	-	-	-	-	(245)	-	(245)
<b>Transfer from surplus on revaluation of</b>	-	-	(57,856)	-	-	-	(57,856)
<b>Issue of shares</b>	9	-	-	-	-	-	9
<b>Closing Balance September 30, 2019</b>	<b>7,885,499</b>	<b>803,211</b>	<b>339,572</b>	<b>6,868,774</b>	<b>5,691</b>	<b>(1,714,996)</b>	<b>14,187,751</b>

The annexed notes 1 to 31 form an integral part of these financial statements.

Acting President

Chief Financial Officer

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**

**Condensed interim statement of cash flows**

**For the quarter ended September 30, 2019**

**Un-audited**  
**For the quarter ended**  
**September**  
**2019**                      **2018**  
**Rupees in '000**

**CASH FLOW FROM OPERATING ACTIVITIES**

Profit/(Loss) before taxation	47,762	64,667
Less: Dividend income	<b>(30,996)</b>	(34,040)
	<b>16,766</b>	30,627

Adjustments:

Depreciation	3,314	3,770
Amortization	-	-
Provision for employees retirement benefits	-	-
Loss/ (Gain) on sale of fixed assets	-	(10)
	<b>3,314</b>	3,760
	<b>20,080</b>	34,387

(Increase)/ Decrease in operating assets

Advances	(331,700)	178,475
Others assets (excluding advance taxation)	(156,067)	(60,825)
	<b>(487,767)</b>	117,650

Increase/ (Decrease) in operating liabilities

Bills Payable	7,591	(10,890)
Deposits	(328,321)	(660,132)
Other liabilities (excluding current taxation)	(93,746)	(70,749)
	<b>(414,476)</b>	(741,771)

Income tax paid	(5,228)	(4,689)
Contribution to pension fund	-	-
Medical aid to employees from common good fund	(245)	(80)
<i>Net cash flow from / (used in) operating activities</i>	<b>(887,636)</b>	(594,503)

**CASH FLOW FROM INVESTING ACTIVITIES**

Net investments in held-to-maturity securities	114,727	291,243
Dividends received	30,996	34,040
Investments in operating fixed assets	(6,133)	(10,038)
Proceeds from sale of fixed assets	-	-
Effect of translation of net investment in foreign branches	-	-
<i>Net cash flow from / (used in) investing activities</i>	<b>139,590</b>	315,245

**CASH FLOW FROM FINANCING ACTIVITIES**

Issue of share capital	9	51
<i>Net cash flow from / (used in) financing activities</i>	<b>9</b>	51
Effects of exchange rate changes on cash and cash equivalents	-	-
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>(748,037)</b>	(279,207)
Cash and cash equivalents at beginning of the year	<b>1,701,785</b>	2,024,321
Cash and cash equivalents at end of the year	<b>953,748</b>	1,745,114

The annexed notes 1 to 31 form an integral part of these financial statements.

**Acting President**

**Chief Financial Officer**

# **THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**

## **Notes to the condensed interim financial statements**

**For the quarter ended September 30, 2019**

### **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, 2019: 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**

These financial statements have been prepared in conformity with the format of financial statements prescribed by the SBP vide BPRD Circular No. 2 dated January 25, 2018.

#### **2.1 STATEMENT OF COMPLIANCE**

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

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

-Provisions of and directives issued under the Banking Companies Ordinance, 1962 ("the Ordinance"), the Cooperative Societies Act, 1925 ("the Act"), 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 and the SECP 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.

The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39 'Financial Instruments: Recognition and Measurement' (IAS 39) and International Accounting Standard 40 'Investment Property' (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, International Financial Reporting Standard 7 'Financial Instruments Disclosure' (IFRS 7), has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP through various circulars.

# THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

## Notes to the condensed interim financial statements

For the quarter ended September 30, 2019

### 2.2 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year.

The Bank has adopted the following revised standards, amendments in accounting standards and interpretations of IFRS which became effective for the current year:

IAS 28	Investments in Associates and Joint Ventures – Annual Improvements to IFRS 2014–2016 Cycle
IAS 40	Investment Property – Transfers of Investment Property (Amendments) 2
IFRS 2	Share-based Payment – Classification and Measurement of Share-based Payments Transactions (Amendments)
IFRS 4	Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)
IFRS 15	Revenue from Contracts with Customers
IFRIC 22	Foreign Currency Transactions and Advance Consideration

#### Impact of IFRS 15

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures. The management reviewed and assessed the Bank's existing contracts with the customers in accordance with the guidance included in IFRS 15 and concluded that there is no material impact on the revenue recognition of the Bank.

The adoption of the above standards, amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

State Bank of Pakistan prescribed a new format for financial statements of banks effective from the 1st quarter financial statements of 2019. Accordingly, these financial statements are prepared in accordance with the new format.

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

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan become effective during current year:

# THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

## Notes to the condensed interim financial statements

For the quarter ended September 30, 2019

Standards, amendments or interpretation	Effective date (annual periods beginning on or after)
IAS 1 Presentation of Financial Statements Amendments	01 January 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors Amendments	01 January 2020
IAS 12 Income Taxes – Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019
IAS 19 Employee Benefits – Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23 Borrowing Costs – Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019
IAS 28 Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures	01 January 2019
IFRS 3 Business Combinations – Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019
IFRS 3 Business Combinations Amendments	01 January 2020
IFRS 9 Financial Instruments – Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 16 Leases	01 January 2019
IFRS 11 Joint Arrangements – Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
Conceptual Framework for Financial Reporting	01 January 2020

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS - 1 First - Adoption of International Financial Reporting Standards	
IFRS - 14 Regulatory Deferral Accounts	01 January 2016
IFRS - 17 Insurance Contracts	01 January 2021
IFRS - 9 Financial Instruments - The Bank is currently awaiting instructions from the SBP as applicability of IFRS - 9 was deferred by the SBP till further instructions.	

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

#### 2.4 Critical accounting estimates and judgments

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



# **THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**

## **Notes to the condensed interim financial statements**

**For the quarter ended September 30, 2019**

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

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

- i) Classification and provisioning against investment
- ii) Impairment of 'available for sale' equity investments
- iii) Income taxes
- iv) Classification and provisioning against advances
- v) Depreciation, amortization and revaluation of operating fixed assets
- vi) Obligation under defined benefit plan
- vii) Fair value of derivatives
- viii) Fair value hierarchy of assets and liabilities

### **3. BASIS OF MEASUREMENT**

These financial statements have been prepared under the historical cost convention, except that free hold land and securities (available for sale) have been recognized in these financial statements at revalued amounts. In addition, obligation in respect of staff retirement benefits is carried at present value.

### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared under the historical cost convention, except that free hold land and securities (available for sale) have been recognized in these financial statements at revalued amount. In addition, obligation in respect of staff retirement benefits is carried at present value.

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**

**Notes to the condensed interim financial statements**

**For the quarter ended September 30, 2019**

		Un-audited September 30 2019	Audited June 30 2019
	NOTE	Rupees in '000	
<b>5 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		197,167	294,797
With State Bank of Pakistan in			
Local currency current account	5.1	247,603	302,599
With National Bank of Pakistan in			
Local currency current account		36,809	72,419
Local currency deposit account (NIDA)	5.2	31,658	72,453
		68,467	144,872
		513,237	742,268

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

**5.2** Rate of profit on NIDA account is at 11.25% per annum (June 30, 2019 : 10.25% per annum).

**6 BALANCES WITH OTHER BANKS**

In Pakistan			
In current account		8,016	7,321
In deposit account	6.1	432,495	952,196
		440,511	959,517

**6.1** These accounts carry profit rates ranging from 8.75% to 12.25% per annum (June 30, 2019 : 8.75% to 10.25%) per annum.

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**

**Notes to the condensed interim financial statements**

**For the quarter ended September 30, 2019**

**7 INVESTMENTS**

**7.1 Investments by type:**

	Un-audited September 30, 2019				Audited June 30, 2019			
	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	-	339,572	346,595	7,023	-	397,428	404,451
Shares - Cooperative Institutions	3,551	(1,589)	-	1,962	3,551	(1,589)	-	1,962
	<b>10,574</b>	<b>(1,589)</b>	<b>339,572</b>	<b>348,557</b>	<b>10,574</b>	<b>(1,589)</b>	<b>397,428</b>	<b>406,413</b>
<b>Held-to-maturity securities</b>								
Market Treasury Bills	2,355,258	-	-	2,355,258	2,469,985	-	-	2,469,985
Pakistan Investment Bonds	-	-	-	-	-	-	-	-
Non-Banking Finance Company	88,059	(88,059)	-	-	88,059	(88,059)	-	-
	<b>2,443,317</b>	<b>(88,059)</b>	<b>-</b>	<b>2,355,258</b>	<b>2,558,044</b>	<b>(88,059)</b>	<b>-</b>	<b>2,469,985</b>
<b>Total Investments</b>	<b>2,453,891</b>	<b>(89,648)</b>	<b>339,572</b>	<b>2,703,815</b>	<b>2,568,618</b>	<b>(89,648)</b>	<b>397,428</b>	<b>2,876,398</b>

# THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

## Notes to the condensed interim financial statements

For the quarter ended September 30, 2019

	Un-audited September 30 2019	Audited June 30 2019
	Rupees in '000	
<b>7.2 Provision for diminution in value of investments</b>		
<b>7.2.1</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

### 7.2.2 Particulars of provision against debt securities

Category of classification	Un-audited September 30, 2019		Audited June 30, 2019	
	NPI	Provision	NPI	Provision
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	1,589	1,589	1,589	1,589
	<b>1,589</b>	<b>1,589</b>	1,589	1,589
<b>Overseas</b>				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
	-	-	-	-
Total	<b>1,589</b>	<b>1,589</b>	1,589	1,589

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**

**Notes to the condensed interim financial statements**

For the quarter ended September 30, 2019

**8 ADVANCES**

	Performing		Non Performing		Total	
	Un-audited Sep. 30, 2019	Audited June 30, 2019	Un-audited Sep. 30, 2019	Audited June 30, 2019	Un-audited Sep. 30, 2019	Audited June 30, 2019
<b>Rupees in '000</b>						
Loans, cash credits, running finances, etc.	9,182,561	9,089,123	2,616,994	2,378,732	11,799,555	11,467,855
Islamic financing and related assets	-	-	-	-	-	-
Bills discounted and purchased	-	-	184	184	184	184
Advances - gross	9,182,561	9,089,123	2,617,178	2,378,916	11,799,739	11,468,039
Provision against advances						
- Specific	-	-	1,605,893	1,605,893	1,605,893	1,605,893
- General	-	-	378	378	378	378
Advances - net of provision	9,182,561	9,089,123	1,010,907	772,645	10,193,468	9,861,768

**8.1 Particulars of advances (Gross)**

	Un-audited September 30, 2019	Audited June 30, 2019
<b>Rupees in '000</b>		
In local currency	11,799,739	11,468,039
In foreign currencies	-	-
	<u>11,799,739</u>	<u>11,468,039</u>

8.2 Advances include Rs.2,616,994 thousand (2019: Rs.2,378,732 thousand) which have been placed under non-performing status as detailed below:-

Category of Classification	Un-audited September 30, 2019		Audited June 30, 2019	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	<b>Rupees in '000</b>			
Domestic				
Other Assets Especially Mentioned	612,823	32	391,316	92
Substandard	296,050	9,869	304,444	4,070
Doubtful	169,823	18,200	168,928	14,330
Loss	1,538,298	1,483,255	1,514,044	1,473,235
	<u>2,616,994</u>	<u>1,511,356</u>	<u>2,378,732</u>	<u>1,491,727</u>

**8.3 Particulars of provision against advances**

	Un-audited September 30, 2019			Audited June 30, 2019		
	Specific	General	Total	Specific	General	Total
<b>Rupees in '000</b>						
Opening balance	1,605,893	378	1,606,271	1,605,893	378	1,606,271
Exchange adjustments	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
Reversals	-	-	-	-	-	-
	<u>1,605,893</u>	<u>378</u>	<u>1,606,271</u>	<u>1,605,893</u>	<u>378</u>	<u>1,606,271</u>
Amounts written off	-	-	-	-	-	-
Amounts charged off - agriculture financing	-	-	-	-	-	-
Other movements (to be specified)	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-

**9 FIXED ASSETS**

	Note	Un-audited Sep. 30, 2019	Audited June 30, 2019
<b>Rupees in '000</b>			
Capital work-in-progress	9.1	41,343	37,351
Property and equipment		7,141,618	7,142,384
Intangible assets		1,778	1,778
		<u>7,184,739</u>	<u>7,181,513</u>
9.1 Capital work-in-progress			
Civil works		23,762	23,762
Advances to suppliers intangible assets)		17,581	13,589
		<u>41,343</u>	<u>37,351</u>

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**

**Notes to the condensed interim financial statements**

**For the quarter ended September 30, 2019**

	<b>Un-audited Sep. 30, 2019</b>	<b>Un-audited Sep. 30, 2018</b>
<b>9.2 Additions to fixed assets</b>	<b>Rupees in '000</b>	
Capital work-in-progress	<b>3,992</b>	3,367
<b>Property and equipment</b>		
Freehold land	-	-
Leasehold land	-	-
Buidling on freehold land	<b>676</b>	611
Buidling on leasehold land	-	-
Furniture and fixture	<b>339</b>	1,709
Electrical office and computer equipment	<b>1,126</b>	4,160
Vehicles	-	9,148
Others	-	24
	<b>2,141</b>	15,652
Total	<b>6,133</b>	19,019
<b>9.3 Disposal of fixed assets</b>		
Freehold land	-	-
Leasehold land	-	-
Buidling on freehold land	-	-
Buidling on leasehold land	-	-
Furniture and fixture	-	-
Electrical office and computer equipment	-	-
Vehicles	-	-
Others	-	-
Total	-	-
<b>10 INTANGIBLE ASSETS</b>	<b>Un-audited Sep. 30, 2019</b>	<b>Audited June 30, 2019</b>
	<b>Rupees in '000</b>	
Computer Software	1,778	1,778
Others (to be specified)	-	-
	<b>1,778</b>	<b>1,778</b>
<b>10.1 Additions to intangible assets</b>	<b>Un-audited Sep. 30, 2019</b>	<b>Un-audited Sep. 30, 2018</b>
	<b>Rupees in '000</b>	
Developed internally	-	-
Directly purchased	-	-
Through business combinations	-	-
Total	-	-
<b>10.2 Disposals of intangible assets</b>	-	-
Developed internally	-	-
Directly purchased	-	-
Through business combinations	-	-
Total	-	-

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**

**Notes to the condensed interim financial statements**

For the quarter ended September 30, 2019

	NOTE	Un-audited September 30, 2019	Audited June 30, 2019
		Rupees in '000	
<b>11 OTHER ASSETS</b>			
Income/ Mark-up accrued in local currency - net of provision		743,044	650,743
Advances, deposits, advance rent and other prepayments		2,938	3,326
Sundry debtors		2,459	2,361
Profit recoverable from banks		2,707	5,673
Crop insurance recoverable		143,293	139,003
Live stock insurance recoverable		13,166	12,732
Branch		56,587	-
Others (to be specified, if material)		88,786	86,425
		<u>1,052,980</u>	<u>900,263</u>
Less: Provision held against other assets	11.1	<u>(66,479)</u>	<u>(66,479)</u>
Other Assets (Net of Provision)		<u>986,501</u>	<u>833,784</u>
Other Assets - total		<u>986,501</u>	<u>833,784</u>
<b>11.1 Provision held against other assets</b>			
Advances, deposits, advance rent & other prepayments		-	-
Non banking assets acquired in satisfaction of claims		-	-
Others (to be specified if material)		<u>(66,479)</u>	<u>(66,479)</u>
		<u>(66,479)</u>	<u>(66,479)</u>
<b>11.1.1 Movement in provision held against other assets</b>			
Opening balance		<u>(66,479)</u>	<u>(66,479)</u>
Charge for the year		-	-
Reversals		-	-
Amount Written off		-	-
Closing balance		<u>(66,479)</u>	<u>(66,479)</u>
<b>12 BILLS PAYABLE</b>		<u>60,226</u>	<u>52,635</u>

**13 DEPOSITS AND OTHER ACCOUNTS**

	Un-audited September 30, 2019			Audited June 30, 2019		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	.....'Rupees in '000.....					
<b>Customers</b>						
Fixed deposits	238,532	-	238,532	246,447	-	246,447
Savings deposits	2,939,229	-	2,939,229	3,043,218	-	3,043,218
Current accounts - non remunerative	1,009,195	-	1,009,195	1,232,982	-	1,232,982
Call deposits	1,973	-	1,973	3,339	-	3,339
Other deposits	62,732	-	62,732	53,996	-	53,996
	<u>4,251,661</u>	-	<u>4,251,661</u>	4,579,982	-	4,579,982
<b>Financial Institutions</b>						
Fixed deposits	-	-	-	-	-	-
Savings deposits	-	-	-	-	-	-
Current accounts - non remunerative	-	-	-	-	-	-
Call deposits	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-
	<u>4,251,661</u>	-	<u>4,251,661</u>	4,579,982	-	4,579,982

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

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**  
**Notes to the condensed interim financial statements**  
**For the quarter ended September 30, 2019**

	Un-audited September 30, 2019	Audited June 30, 2019
	Rupees in '000	
<b>14 OTHER LIABILITIES</b>		
Mark-up/ Return/ Interest payable in local currency	20,868	58,329
Accrued expenses	8,823	8,745
Provision for salary payable / VSS Package	264,285	264,285
Sundry creditors	14.1 65,360	66,357
Advance taxation (payments less provisions)	83,359	88,587
Dissolved bank payable	37,427	37,427
Provision for employees' gratuity	78,415	80,392
Provision for employees' pension fund	2,693,886	2,693,886
Provision for employees' compensated absences	188,986	189,952
Withholding tax payable	8,485	10,456
Branch adjustment	-	102,322
Others	72,739	23,812
	<b>3,522,633</b>	<b>3,624,550</b>

**14.1** This includes amounts of Rs. 6,274 thousand payable on account of Rahwali Sugar Mills and Bid Money of Rs. 12,300 thousand for sale of land at Thokar Niaz Baig. The bid money was forfeited by the Bank as per settled agreement with respect to auction of the land in 1999 on failure of the purchaser to deposit the remaining purchase money. However, the purchaser has filed a suit in the court against the Bank for recovery of the above said amounts that is pending for adjudication.

	Un-audited September 30, 2019	Audited June 30, 2019
	Rupees in '000	
<b>15 SURPLUS ON REVALUATION OF ASSETS</b>		
Surplus on revaluation of		
- Available for sale securities	8.2 339,572	397,428
- Fixed Assets	15.1 6,868,774	6,868,774
	<b>7,208,346</b>	<b>7,266,202</b>

**15.1 Surplus on revaluation of fixed assets**

Surplus on revaluation of fixed assets as at July 1	6,868,774	6,868,774
Recognised during the quarter	-	-
Realised on disposal during the year - net of deferred tax	-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	-	-
Related deferred tax liability on incremental depreciation charged during the quarter	-	-
Related deferred tax liability on surplus realised on disposal	-	-
Surplus on revaluation of fixed assets as at September 30	<b>6,868,774</b>	<b>6,868,774</b>

**16 CONTINGENCIES AND COMMITMENTS**

-Commitments	16.1 10,464	10,464
-Other Commitments	16.2 256,159	259,043
	<b>266,623</b>	<b>269,507</b>

**16.1 Commitments:**

- Civil work	3,530	3,530
- intangible assets	6,934	6,934
	<b>10,464</b>	<b>10,464</b>

**16.2** There is no material change in the status of contingencies and commitments as disclosed in notes to the financial statements for the year ended June 30, 2019



**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**  
**Notes to the condensed interim financial statements**  
**For the quarter ended September 30, 2019**

	<b>Un-audited September 30, 2019</b>	<b>Un-audited September 30, 2018</b>
	<b>Rupees in '000</b>	
<b>17 MARK-UP/RETURN/INTEREST EARNED</b>		
On:		
a) Loans and advances	336,191	303,239
b) Investments	72,462	41,160
c) Balances with banks	24,312	15,603
	<u>432,965</u>	<u>360,002</u>
<b>18 MARK-UP/RETURN/INTEREST EXPENSED</b>		
Deposits	92,379	41,222
	<u>92,379</u>	<u>41,222</u>
<b>19 FEE &amp; COMMISSION INCOME</b>		
Branch banking customer fees	-	-
Commission on utility bills	2,688	2,807
Commission on guarantees	315	-
Commission on remittances including home remittances	739	98
Commission received on deposit category	497	368
Commission received on cheque book issuance	-	-
Others	364	325
	<u>4,603</u>	<u>3,598</u>
<b>20 OTHER INCOME</b>		
Rent on property	12,968	12,139
Profit on Books for Sale.	1,927	1,277
Gain on sale of fixed assets-net	-	10
Bank and service charges	753	326
Loan processing fee	7,266	6,898
Rent on lockers	176	222
	<u>23,090</u>	<u>20,872</u>
<b>21 OPERATING EXPENSES</b>		
<b>Total compensation expense</b>	<b>284,083</b>	<b>258,919</b>
<b>Property expense</b>		
Rent & taxes	12,304	7,052
Insurance	2,284	1,713
Utilities cost	9,682	9,983
Security (including guards)	-	-
Repair & maintenance (including janitorial charges)	1,775	308
Depreciation	-	-
	<u>26,045</u>	<u>19,056</u>
<b>Information technology expenses</b>		
Amortisation	-	-

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**  
**Notes to the condensed interim financial statements**  
**For the quarter ended September 30, 2019**

	Un-audited September 30, 2019	Un-audited September 30, 2018
	Rupees in '000	
<b>Other operating expenses</b>		
Legal & professional charges	2,175	1,134
Depreciation	3,314	3,770
Postage & courier charges	1,820	1,573
Communication	4,048	4,011
Stationery & printing	800	903
Marketing, advertisement & publicity	473	337
Donations	-	-
Auditors Remuneration	50	-
*Others (to be specified if material)	28,705	22,917
	<b>41,385</b>	<b>34,645</b>
	<b>351,513</b>	<b>312,620</b>
<b>Total compensation expense</b>		
Salary & Allowances	261,569	240,206
Fees and Allowances etc	255	452
Charge for defined benefit plan	15,252	13,649
Conveyance	5,982	4,454
Others	1,025	158
<b>Grand Total</b>	<b>284,083</b>	<b>258,919</b>
<b>22 OTHER CHARGES</b>		
Penalties imposed by State Bank of Pakistan	-	2
	-	2
<b>23 PROVISIONS &amp; WRITE OFFS - NET</b>		
Provisions against lending to financial institutions	7.3	-
Provisions for diminution in value of investments	8.3.1	-
Provisions against loans & advances	9.4	-
Provisions for salary payable	-	-
Bad debts written off directly	-	-
Recovery of written off / charged off bad debts	-	-
	-	-
<b>24 TAXATION</b>		
Current	-	-
Prior years	-	-
Deferred	-	-
	-	-
<b>25 BASIC EARNINGS PER SHARE</b>		
Profit for the year	47,762	64,667
Weighted average number of ordinary shares	7,885,499	7,885,490
Basic earnings per share	0.61	0.82
There is no dilutive effect on basic earnings per share during the year.		

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**

**Notes to the condensed interim financial statements**

**For the quarter ended September 30, 2019**

**26 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.

**26.1 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 PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**

**Notes to the condensed interim financial statements**

**For the quarter ended September 30, 2019**

Audited June 30, 2019											
Carrying Value							Fair Value				
Held to	Held for	Available for sale	Financing and	Other	Other	Total	Level 1	Level 2	Level 3	Total	
<b>On balance sheet financial instruments</b>											Rupees in '000
<b>Financial assets - measured at fair value</b>											
Investments											
Shares	-	-	406,413	-	-	-	406,413	404,451	1,962	-	406,413
<b>Financial assets - disclosed but not measured at fair value</b>											
Cash and balances with treasury banks	-	-	-	-	742,268	-	742,268	-	-	-	-
Balances with other banks	-	-	-	-	959,517	-	959,517	-	-	-	-
Investments in Treasury bills and NBFCs	2,469,985	-	-	-	-	-	2,469,985	-	-	-	-
Advances	-	-	-	9,861,768	-	-	9,861,768	-	-	-	-
Other Assets	-	-	-	-	833,784	-	833,784	-	-	-	-
<b>Financial liabilities - measured at fair value</b>											
<b>Financial liabilities - disclosed but not measured at fair value</b>											
Bills payable	-	-	-	-	-	52,635	52,635	-	-	-	-
Deposits and other accounts	-	-	-	-	-	4,579,982	4,579,982	-	-	-	-
Other liabilities	-	-	-	-	-	3,624,550	3,624,550	-	-	-	-
<b>Off-balance sheet financial instruments - measured at fair value</b>											
Forward purchase of foreign exchange	-	-	-	-	-	-	-	-	-	-	-
Forward sale of foreign exchange	-	-	-	-	-	-	-	-	-	-	-
Forward agreements for lending	-	-	-	-	-	-	-	-	-	-	-
Forward agreements for borrowing	-	-	-	-	-	-	-	-	-	-	-
Derivatives purchases	-	-	-	-	-	-	-	-	-	-	-
Derivatives sales	-	-	-	-	-	-	-	-	-	-	-

26.2 Fair valuation of financial instrument within level 2 is determined on the basis of market value as at the reporting date.

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**  
**Notes to the condensed interim financial statements**  
**For the quarter ended September 30, 2019**

**27 SEGMENT INFORMATION**

**27.1 Segment Details with respect to Business Activities**

	<b>Un-audited September 30, 2019</b>		
	<b>Retail financing</b>	<b>Commercial banking</b>	<b>Total</b>
<b>Profit &amp; Loss</b>			
Net mark-up/return/profit	336,191	155,463	491,654.00
Inter segment revenue - net	-	-	-
Non mark-up / return / interest income	-	-	-
<b>Total Income</b>	<b>336,191</b>	<b>155,463</b>	<b>491,654</b>
Segment direct expenses	(351,513)	(92,379)	(443,892)
Inter segment expense allocation	-	-	-
<b>Total expenses</b>	<b>(351,513)</b>	<b>(92,379)</b>	<b>(443,892)</b>
Provisions	-	-	-
<b>Profit before tax</b>	<b>(15,322)</b>	<b>63,084</b>	<b>47,762</b>
<b>Balance Sheet</b>			
Cash & Bank balances	-	953,748	953,748
Investments	-	2,703,815	2,703,815
Net inter segment lending	-	-	-
Lendings to financial institutions	-	-	-
Advances - performing	9,182,561	-	9,182,561
Advances - non-performing	1,010,907	-	1,010,907
Others	8,168,533	2,707	8,171,240
<b>Total Assets</b>	<b>18,362,001</b>	<b>3,660,270</b>	<b>22,022,271</b>
Bills payable	60,226	-	60,226
Deposits & other accounts	4,251,661	-	4,251,661
Net inter segment borrowing	-	-	-
Others	3,501,765	20,868	3,522,633
<b>Total liabilities</b>	<b>7,813,652</b>	<b>20,868</b>	<b>7,834,520</b>
Equity	14,187,751	-	14,187,751
<b>Total Equity &amp; liabilities</b>	<b>22,001,403</b>	<b>20,868</b>	<b>22,022,271</b>
<b>Contingencies &amp; Commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**

**Notes to the condensed interim financial statements**

**For the quarter ended September 30, 2019**

Audited June 30, 2019

	Retail financing	Commercial banking	Total
<b>Profit &amp; Loss</b>			
Net mark-up/return/profit	1,589,896	481,062	2,070,958
Inter segment revenue - net	-	-	-
Non mark-up / return / interest income	-	-	-
<b>Total Income</b>	<b>1,589,896</b>	<b>481,062</b>	<b>2,070,958</b>
Segment direct expenses	(1,432,733)	(207,511)	(1,640,244)
Inter segment expense allocation	-	-	-
<b>Total expenses</b>	<b>(1,432,733)</b>	<b>(207,511)</b>	<b>(1,640,244)</b>
Provisions	-	-	-
<b>Profit before tax</b>	<b>157,163</b>	<b>273,551</b>	<b>430,714</b>
<b>Balance Sheet</b>			
Cash & Bank balances	-	1,701,785	1,701,785
Investments	-	2,876,398	2,876,398
Net inter segment lending	-	-	-
Lendings to financial institutions	-	-	-
Advances - performing	9,089,123	-	9,089,123
Advances - non-performing	772,645	-	772,645
Others	8,009,624	5,673	8,015,297
<b>Total Assets</b>	<b>17,871,392</b>	<b>4,583,856</b>	<b>22,455,248</b>
Bills payable	52,635	-	52,635
Deposits & other accounts	4,579,982	-	4,579,982
Net inter segment borrowing	-	-	-
Others	3,566,221	58,329	3,624,550
<b>Total liabilities</b>	<b>8,198,838</b>	<b>58,329</b>	<b>8,257,167</b>
Equity	14,198,081	-	14,198,081
<b>Total Equity &amp; liabilities</b>	<b>22,396,919</b>	<b>58,329</b>	<b>22,455,248</b>
<b>Contingencies &amp; Commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**

**Notes to the condensed interim financial statements**

**For the quarter ended September 30, 2019**

**28 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 September 30, 2019			Audited June 30, 2019		
	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	6,094	-	-	7,059	-	-
Addition during the year	8,017	-	-	6,734	-	-
Recovered during the year	(2,755)	-	-	(7,699)	-	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	11,356	-	-	6,094	-	-
<b>Other Liabilities</b>						
Payable to staff retirement fund	-	-	2,693,886	-	-	2,693,886
	-	-	2,693,886	-	-	2,693,886
<b>Income</b>						
Mark-up / return / interest earned	350	-	-	1,096	-	-
	350	-	-	1,096	-	-
<b>Expense</b>						
Short term employees benefits	8,479	-	-	37,211	-	-
Contribution for the year	-	2,895	-	-	11,519	540,027
	8,479	2,895	-	37,211	11,519	540,027



**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**

**Notes to the condensed interim financial statements**

**For the quarter ended September 30, 2019**

**29 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

	<b>Un-audited September 30, 2019</b>	Audited June 30, 2019
	<b>Rupees in '000</b>	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<b>6,000,000</b>	6,000,000
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<b>7,097,527</b>	6,931,879
Eligible Additional Tier 1 (ADT 1) Capital	<b>3,003,454</b>	2,966,008
Total Eligible Tier 1 Capital	<b>4,094,073</b>	3,965,871
Eligible Tier 2 Capital	<b>1,491,746</b>	1,440,325
Total Eligible Capital (Tier 1 + Tier 2)	<b>5,585,819</b>	5,406,196
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<b>16,848,109</b>	16,540,725
Market Risk	<b>693,190</b>	808,902
Operational Risk	<b>3,014,004</b>	3,014,004
Total	<b>20,555,303</b>	20,363,631
Common Equity Tier 1 Capital Adequacy ratio	<b>19.92</b>	19.48
Tier 1 Capital Adequacy Ratio	<b>7.26</b>	7.07
Total Capital Adequacy Ratio	<b>27.17</b>	26.55
<p>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, 2019, the paid up capital of the Bank net of losses amounts to Rs. 6,308,444 thousands which is in agreement with regulatory requirements (refer to note 16.3). The State Bank of Pakistan vide its Letter No. BPRD/BA&amp;CPD/629/00343/15 dated 5 January 2015 and BPRD/BA&amp;CPD/629/001346/16 dated 15 January 2016 allowed exemption with respect to CAR returns under Basel III till June 30,2016. Although the period of exemption has expired but the bank could not so far implement Basel III capital instructions. 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.</p> <p>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.</p>		
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	<b>4,094,073</b>	4,043,603
Total Exposures	<b>21,974,742</b>	22,402,490
Leverage Ratio	<b>18.63</b>	18.05
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<b>2,999,428</b>	3,384,442
Total Net Cash Outflow	<b>409,049</b>	484,583
Liquidity Coverage Ratio	<b>7.33</b>	6.98
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<b>11,933,592</b>	12,488,584
Total Required Stable Funding	<b>6,362,731</b>	6,589,914
Net Stable Funding Ratio	<b>188</b>	190

**THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**

**Notes to the condensed interim financial statements**

**For the quarter ended September 30, 2019**

**30 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on 13.11.2019 by the Administrator of the Bank.

**31 GENERAL**

Figures in the financial statements have been rounded-off to the nearest

**Acting President**

**Chief Financial Officer**