

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

Condensed interim statement of financial position

As at September 30, 2020

	Note	Un-audited Sep. 30, 2020	Audited June 30, 2020
Rupees in '000'			
ASSETS			
Cash and balances with treasury banks	5	501,785	840,207
Balances with other banks	6	575,418	1,088,417
Lendings to financial institutions		-	-
Investments	7	3,253,823	2,093,150
Advances	8	10,062,327	10,373,331
Fixed assets	9	7,157,200	7,159,766
Intangible assets	10	16,829	13,589
Deferred tax assets		-	-
Other assets	11	3,894,697	3,757,408
		25,462,079	25,325,868
LIABILITIES			
Bills payable	12	44,132	22,921
Borrowings		-	-
Deposits and other accounts	14	4,260,925	4,620,648
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	15	6,200,539	6,072,752
		10,505,596	10,716,321
NET ASSETS		14,956,483	14,609,547
REPRESENTED BY			
Share capital/ Head office capital account - net		7,885,449	7,885,449
Reserves		848,179	848,179
Surplus on revaluation of assets	16	7,793,352	7,473,639
Unappropriated loss		(1,570,497)	(1,597,720)
		14,956,483	14,609,547
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes 1 to 32 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, 2020

		Un-audited	
		For the quarter ended	
		September	
	<i>Note</i>	2020	2019
		Rupees in '000'	
Mark-up/Return/Interest Earned	18	404,538	432,965
Mark-up/Return/Interest Expensed	19	(84,287)	(92,379)
Net Mark-up/ Interest Income		<u>320,251</u>	<u>340,586</u>
 NON MARK-UP/INTEREST INCOME			
Fee and Commission Income	20	9,646	4,603
Dividend Income		38,289	30,996
Foreign Exchange Income		-	-
Income / (loss) from derivatives		-	-
Gain / (Loss) on securities		-	-
Other Income	21	18,841	23,090
Total non-markup/interest Income		<u>66,776</u>	<u>58,689</u>
Total Income		<u>387,027</u>	<u>399,275</u>
 NON MARK-UP/INTEREST EXPENSES			
Operating expenses	22	(334,213)	(351,513)
Workers Welfare Fund		-	-
Other charges	23	-	-
Total non-markup/interest expenses		<u>(334,213)</u>	<u>(351,513)</u>
Profit / (Loss) Before Provisions		<u>52,814</u>	47,762
Provisions and write offs - net	24	25,591	-
Extra ordinary / unusual items (to be specified)		-	-
PROFIT/(LOSS) BEFORE TAXATION		<u>27,223</u>	<u>47,762</u>
Taxation	25	-	-
PROFIT/(LOSS) AFTER TAXATION		<u><u>27,223</u></u>	<u><u>47,762</u></u>
 Rupees			
Basic Earnings/(Loss) per share	26	<u><u>0.35</u></u>	<u><u>0.61</u></u>
Diluted Earnings/(Loss) per share		<u><u>-</u></u>	<u><u>-</u></u>

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

Acting President

Chief Financial Officer

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**Statement of comprehensive income****For the quarter ended September 30, 2020**

Un-audited
For the quarter ended
September
2020 **2019**
Rupees in '000'

Profit after taxation for the year 27,223 47,762

Other comprehensive income**Items that may be reclassified to profit and loss account in subsequent periods:**

Effect of translation of net investment in foreign branches
Movement in surplus / (deficit) on revaluation of investments - net of tax
Others (to be specified)

-	-
-	-
-	-
-	-

Items that will not be reclassified to profit and loss account in subsequent periods:

Remeasurement gain / (loss) on defined benefit obligations - net of tax
Movement in surplus on revaluation of operating fixed assets - net of tax
Movement in surplus on revaluation of non-banking assets - net of tax
Net change in fair value of available for sale investment

-	-
-	-
-	-
319,713	(57,856)
319,713	(57,856)
346,936	(10,094)

Total comprehensive income

The annexed notes 1 to 32 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, 2020

Un-audited September 30, 2019
Surplus/(Deficit) on revaluation of

	Share capital / Head office capital account	Statutory reserve	Investments	Fixed / Non Banking Assets	Common good fund	Unappropriate d loss	Total
Rupees in '000'							
Opening Balance July 1, 2019	7,885,490	803,213	397,428	6,868,774	5,936	(1,762,760)	14,198,081
Profit after taxation for the prior year	-	-	-	-	-	-	-
Other comprehensive income - net of tax	-	-	-	-	-	47,762	47,762
Transfer to statutory reserve	-	-	-	-	-	-	-
Deficit on revaluation of assets	-	-	(57,856)	-	-	-	(57,856)
Reissuance of shares	9	-	-	-	-	-	9
Adjustment of defined benefit plan	-	-	-	-	-	-	-
Medical aid to staff	-	-	-	-	(245)	-	(245)
Opening Balance October 1, 2018	7,885,499	803,213	339,572	6,868,774	5,691	(1,714,998)	14,187,751
Profit after taxation	-	-	-	-	-	101,538	101,538
Other comprehensive income/(Loss) - net of tax	-	-	-	-	-	55,065	55,065
Transfer to common good fund	-	-	-	-	2,000	(2,000)	-
Transfer to statutory reserve	-	37,325	-	-	-	(37,325)	-
Medical aid to staff	-	-	-	-	(50)	-	(50)
Deficit on revaluation of assets	-	-	265,293	-	-	-	265,293
Refund of shares	(50)	-	-	-	-	-	(50)
Closing Balance June 30, 2020	7,885,449	840,538	604,865	6,868,774	7,641	(1,597,720)	14,609,547
Profit after taxation	-	-	-	-	-	27,223	27,223
Medical aid to staff	-	-	-	-	-	-	-
Transfer from surplus on revaluation of	-	-	319,713	-	-	-	319,713
Issue of shares	-	-	-	-	-	-	-
Closing Balance September 30, 2020	7,885,449	840,538	924,578	6,868,774	7,641	(1,570,497)	14,956,483

The annexed notes 1 to 32 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, 2020

Un-audited
For the quarter ended
September
2020 **2019**
Rupees in '000

CASH FLOW FROM OPERATING ACTIVITIES

Profit/(Loss) before taxation	27,223	47,762
Less: Dividend income	(38,289)	(30,996)
	(11,066)	16,766

Adjustments:

Depreciation	3,593	3,314
Amortization	-	-
Provision for employees retirement benefits	-	-
Loss/ (Gain) on sale of fixed assets	-	-
	3,593	3,314
	(7,473)	20,080

(Increase)/ Decrease in operating assets

Advances	311,004	(331,700)
Others assets (excluding advance taxation)	(140,639)	(156,067)
	170,365	(487,767)

Increase/ (Decrease) in operating liabilities

Bills Payable	21,211	7,591
Deposits	(359,723)	(328,321)
Other liabilities (excluding current taxation)	134,065	(93,746)
	(204,447)	(414,476)

Income tax paid	(6,181)	(5,228)
Contribution to pension fund	-	-
Medical aid to employees from common good fund	-	(245)
<i>Net cash flow from / (used in) operating activities</i>	(47,736)	(887,636)

CASH FLOW FROM INVESTING ACTIVITIES

Net investments in held-to-maturity securities	(840,960)	114,727
Dividends received	38,289	30,996
Investments in operating fixed assets	(1,014)	(6,133)
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>	(803,685)	139,590

CASH FLOW FROM FINANCING ACTIVITIES

Issue of share capital	-	9
<i>Net cash flow from / (used in) financing activities</i>	-	9
Effects of exchange rate changes on cash and cash equivalents	-	-
Increase/(Decrease) in cash and cash equivalents	(851,421)	(748,037)
Cash and cash equivalents at beginning of the year	1,928,624	1,701,785
Cash and cash equivalents at end of the quarter	1,077,203	953,748

The annexed notes 1 to 32 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, 2020

1 STATUS AND NATURE OF BUSINESS

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

The financial statements are presented in Pakistani Rupee, which is the Bank's functional currency. Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

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"), the Cooperative Societies Rules, 1927 ("the Rules"), 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 said directives shall prevail.

In addition, the Companies Act, 2017 also became effective for the financial statements for the year ended December 31, 2017. As the Bank's financial statements are prepared in accordance with the format prescribed by SBP, it did not have a direct impact on the financial statements. It is further added that under Section 68 of Cooperative Societies Act 1925, the provision of Companies Act shall not apply to societies registered under this Act.

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

Notes to the condensed interim financial statements

For the quarter ended September 30, 2020

The State Bank of Pakistan vide letter No.BPRD/RPD/2020-1318 dated 20.01.2020 has approved the timelines for PPCBL as mentioned in the above referred letter. As per current status the Consultant Firm has been hired and the study with regard to implementation on IFRS-9 is in progress. IFRS-16 "leases", have become effective for annual reporting. The Bank through a process will hire a Chartered Accountants Firm for evaluating impact of IFRS-16

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

The following other standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on July 1, 2020:

<u>Standard</u>	<u>Effective Date</u>
IFRS-3 Definition of a Business (Amendments)	January 01, 2020
IAS-1/8 Definition of Material (Amendments)	January 01, 2020
IFRS-16 Covid-19 - Related Rent Concessions (Amendments)	June 01, 2020

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

The following other standards, amendments and interpretations of approved accounting standards are not effective for accounting periods beginning on July 1, 2020:

<u>Standards</u>	<u>Effective Date</u>
IAS-37 Onerous Contracts (Amendments)	January 01, 2022
IAS-16 Proceeds Before Intended Use (Amendments)	January 01, 2022
IAS-1 Classification of Liabilities as Current or Non-Current	January 01, 2022

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan 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, 2020

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 and revaluation of operating fixed assets
- vi) Amortisation of intangible assets
- vii) Staff retirement benefits

3 BASIS OF MEASUREMENT

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

Notes to the condensed interim financial statements

For the quarter ended September 30, 2020

	NOTE	Un-audited September 30 2020	Audited June 30 2020
Rupees in '000			
5 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		156,186	325,149
With State Bank of Pakistan in			
Local currency current account	5.1	262,046	366,479
With National Bank of Pakistan in			
Local currency current account		31,118	92,833
Local currency deposit account (NIDA)	5.2	52,435	55,746
		83,553	148,579
		501,785	840,207
		501,785	840,207

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 5.50% per annum (June 30, 2020 : from 6.50 to 11.25% per annum).

6 BALANCES WITH OTHER BANKS

In Pakistan			
In current account		7,589	8,297
In deposit account	6.1	567,829	1,080,120
		575,418	1,088,417
		575,418	1,088,417

6.1 These accounts carry profit rates ranging from 5.50% to 5.75% per annum (June 30, 2020 : 6.75% to 12%) per annum.

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

Notes to the condensed interim financial statements

For the quarter ended September 30, 2020

7 INVESTMENTS

7.1 Investments by type:

	Un-audited September 30, 2020				Audited June 30, 2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
Available-for-sale securities								
Shares - Listed companies	7,023	-	924,578	931,601	7,023	-	604,865	611,888
Shares - Cooperative Institutions	3,551	(1,589)	-	1,962	3,551	(1,589)	-	1,962
	10,574	(1,589)	924,578	933,563	10,574	(1,589)	604,865	613,850
Held-to-maturity securities								
Market Treasury Bills	2,320,260	-	-	2,320,260	1,479,300	-	-	1,479,300
Pakistan Investment Bonds	-	-	-	-	-	-	-	-
Non-Banking Finance Company	88,059	(88,059)	-	-	88,059	(88,059)	-	-
	2,408,319	(88,059)	-	2,320,260	1,567,359	(88,059)	-	1,479,300
Total Investments	2,418,893	(89,648)	924,578	3,253,823	1,577,933	(89,648)	604,865	2,093,150

7.2 Investments by segments:

	2019				2018			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost /Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Federal Government Securities:								
Market Treasury Bills	2,320,260	-	-	2,320,260	1,479,300	-	-	1,479,300
Investment with other financial institutions								
Non-Banking Finance Company	88,059	(88,059)	-	-	88,059	(88,059)	-	-
Shares:								
Listed Companies	7,023	-	924,578	931,601	7,023	-	604,865	611,888
Cooperative institutions	3,551	(1,589)	-	1,962	3,551	(1,589)	-	1,962
	10,574	(1,589)	924,578	933,563	10,574	(1,589)	604,865	613,850
Total Investments	2,418,893	(89,648)	924,578	3,253,823	1,577,933	(89,648)	604,865	2,093,150

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

Notes to the condensed interim financial statements

For the quarter ended September 30, 2020

	Un-audited September 30 2020	Audited June 30 2020
	Rupees in '000	
7.2 Provision for diminution in value of investments		
7.2.1 Opening balance	89,648	89,648
Exchange adjustments	-	-
Charge / reversals		
Charge for the year	-	-
Reversals for the year	-	-
Reversal on disposals	-	-
	89,648	89,648
Transfers - net	-	-
Amounts written off	-	-
Closing Balance	89,648	89,648

7.2.2 Particulars of provision against debt securities

Category of classification	Un-audited September 30, 2020		Audited June 30, 2020	
	NPI	Provision	NPI	Provision
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	88,059	88,059	88,059	88,059
	88,059	88,059	88,059	88,059
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
365 days	-	-	-	-
	-	-	-	-
Total	88,059	88,059	88,059	88,059

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

Notes to the condensed interim financial statements

For the quarter ended September 30, 2020

8 ADVANCES

	Performing		Non Performing		Total	
	Un-audited Sep. 30, 2020	Audited June 30, 2020	Un-audited Sep. 30, 2020	Audited June 30, 2020	Un-audited Sep. 30, 2020	Audited June 30, 2020
Rupees in '000						
Loans, cash credits, running finances, etc.	8,800,471	9,427,639	2,893,534	2,551,779	11,694,005	11,979,418
Islamic financing and related assets	-	-	-	-	-	-
Bills discounted and purchased	-	-	184	184	184	184
Advances - gross	8,800,471	9,427,639	2,893,718	2,551,963	11,694,189	11,979,602
Provision against advances						
- Specific	-	-	1,631,484	1,605,893	1,631,484	1,605,893
- General	-	-	378	378	378	378
Advances - net of provision	8,800,471	9,427,639	1,261,856	945,692	10,062,327	10,373,331

8.1 Particulars of advances (Gross)

	Un-audited September 30, 2020	Audited June 30, 2020
Rupees in '000		
In local currency	11,694,189	11,979,602
In foreign currencies	-	-
	11,694,189	11,979,602

8.2 Advances include Rs.2,893,534 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, 2020		Audited June 30, 2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	Rupees in '000			
Domestic				
Other Assets Especially Mentioned	775,709	50	432,250	-
Substandard	272,831	2,531	318,698	11,648
Doubtful	224,042	33,034	197,429	22,170
Loss	1,620,952	1,596,248	1,603,402	1,563,855
	2,893,534	1,631,863	2,551,779	1,597,673

8.3 Particulars of provision against advances

	Un-audited September 30, 2020			Audited June 30, 2020		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	1,631,484	378	1,631,862	1,605,893	378	1,606,271
Exchange adjustments	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
Reversals	-	-	-	-	-	-
	1,631,484	378	1,631,862	1,605,893	378	1,606,271
Amounts written off	-	-	-	-	-	-
Amounts charged off - agriculture financing	-	-	-	-	-	-
Other movements (to be specified)	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-

9 FIXED ASSETS

	Note	Un-audited Sep. 30, 2020	Audited June 30, 2020
Capital work-in-progress		31,250	31,250
Property and equipment	9.1	7,125,950	7,128,515
		7,157,200	7,159,765

9.1 Capital work-in-progress

Civil works	23,762	23,762
Equipment	7,488	7,488
	31,250	31,250

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

Notes to the condensed interim financial statements

For the quarter ended September 30, 2020

	Un-audited Sep. 30, 2020	Un-audited Sep. 30, 2019
9.2 Additions to fixed assets	Rupees in '000	
Capital work-in-progress	-	3,992
Property and equipment		
Freehold land	-	-
Leasehold land	-	-
Buidling on freehold land	-	676
Buidling on leasehold land	-	-
Furniture and fixture	298	339
Electrical office and computer equipment	716	1,126
Vehicles	-	-
Others	-	-
	1,014	2,141
Total	1,014	6,133
9.3 Disposal of fixed assets		
Freehold land	-	-
Leasehold land	-	-
Buidling on freehold land	-	-
Buidling on leasehold land	-	-
Furniture and fixture	-	-
Electrical office and computer equipment	-	-
Vehicles	-	-
Others	-	-
Total	-	-
10 INTANGIBLE ASSETS	Un-audited Sep. 30, 2020	Audited June 30, 2020
	Rupees in '000	
Capital work in progress	16,829	13,589
Computer Software	-	-
	16,829	13,589
10.1 Additions to intangible assets	Un-audited Sep. 30, 2019	Un-audited Sep. 30, 2018
	Rupees in '000	
Developed internally	-	-
Directly purchased	-	-
Through business combinations	-	-
Total	-	-
10.2 Disposals of intangible assets		
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, 2020

		Un-audited September 30, 2020	Audited June 30, 2020
	NOTE	Rupees in '000	
11 OTHER ASSETS			
Income/ Mark-up accrued in local currency - net of provision		859,862	837,107
Advances, deposits, advance rent and other prepayments		2,401	2,349
Sundry debtors		1,512	1,444
Crop insurance recoverable		106,209	111,393
Live stock insurance recoverable		13,577	7,575
Branch		34,261	71,849
Memorandum account		2,730,508	2,590,002
Others (to be specified, if material)		212,846	202,168
		<u>3,961,176</u>	<u>3,823,887</u>
Less: Provision held against other assets	11.1	<u>(66,479)</u>	<u>(66,479)</u>
Other Assets (Net of Provision)		<u>3,894,697</u>	<u>3,757,408</u>
		<u>3,894,697</u>	<u>3,757,408</u>
Other Assets - total		<u>3,894,697</u>	<u>3,757,408</u>
11.1 Provision held against other assets			
Advances, deposits, advance rent & other prepayments		-	-
Non banking assets acquired in satisfaction of claims		-	-
Others (to be specified if material)		(66,479)	(66,479)
		<u>(66,479)</u>	<u>(66,479)</u>
11.1.1 Movement in provision held against other assets			
Opening balance		(66,479)	(66,479)
Charge for the year		-	-
Reversals		-	-
Amount Written off		-	-
Closing balance		<u>(66,479)</u>	<u>(66,479)</u>
12 BILLS PAYABLE		<u>44,132</u>	<u>22,921</u>
13 CONTINGENT ASSETS			

The bank has 117 cases pending with authorities for recoveries and settlement of properties. However inflow of economic benefits from such cases are not probable and therefore are not being disclosed here.

14 DEPOSITS AND OTHER ACCOUNTS

	Un-audited September 30, 2020			Audited June 30, 2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
'Rupees in '000.....					
Customers						
Fixed deposits	169,713	-	169,713	239,523	-	239,523
Savings deposits	3,111,216	-	3,111,216	3,063,609	-	3,063,609
Current accounts - non remunerative	878,724	-	878,724	1,239,856	-	1,239,856
Call deposits	2,083	-	2,083	2,342	-	2,342
Other deposits	99,189	-	99,189	75,318	-	75,318
	<u>4,260,925</u>	-	<u>4,260,925</u>	4,620,648	-	4,620,648
Financial Institutions						
Fixed deposits	-	-	-	-	-	-
Savings deposits	-	-	-	-	-	-
Current accounts - non remunerative	-	-	-	-	-	-
Call deposits	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-
	<u>4,260,925</u>	-	<u>4,260,925</u>	4,620,648	-	4,620,648

14.1 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, 2020

	Un-audited September 30, 2020	Audited June 30, 2020
Rupees in '000		
15 OTHER LIABILITIES		
Mark-up/ Return/ Interest payable in local currency	12,729	61,189
Accrued expenses	10,563	6,704
Provision for salary payable / VSS Package	264,285	264,285
Sundry creditors	15.1 62,374	69,620
Advance taxation (payments less provisions)	99,634	105,815
Dissolved bank payable	37,427	37,427
Provision for employees' gratuity	95,202	98,651
Provision for employees' pension fund	2,618,962	2,618,962
Provision for employees' compensated absences	187,368	188,112
Withholding tax payable	6,761	6,509
Branch adjustment	-	-
Memorandum account	2,730,508	2,590,002
Others	74,726	25,476
	6,200,539	6,072,752

15.1 This includes amounts of Rs. 6,274 thousand being dues 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. Now the case has been decided in favour of the Bank.

	Un-audited September 30, 2020	Audited June 30, 2020
Rupees in '000		
16 SURPLUS ON REVALUATION OF ASSETS		
Surplus on revaluation of		
- Available for sale securities	8.2 924,578	604,865
- Fixed Assets	16.1 6,868,774	6,868,774
	7,793,352	7,473,639

16.1 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	6,868,774	6,868,774

17 CONTINGENCIES AND COMMITMENTS

-Commitments	17.1 9,290	9,760
-Other Commitments	17.2 9,000	9,000
	18,290	18,760

17.1 Commitments:

- Civil work	3,530	3,530
- intangible assets	5,760	6,230
	9,290	9,760

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 the possibility of an outflow of economic resources is remote.

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	Un-audited September 30, 2020	Un-audited September 30, 2019
	Rupees in '000	
18 MARK-UP/RETURN/INTEREST EARNED		
On:		
a) Loans and advances	348,054	336,191
b) Investments	37,223	72,462
c) Balances with banks	19,261	24,312
	404,538	432,965
19 MARK-UP/RETURN/INTEREST EXPENSED		
Deposits	84,287	92,379
	84,287	92,379
20 FEE & COMMISSION INCOME		
Branch banking customer fees	-	-
Commission on utility bills	2,626	2,688
Commission on guarantees	5,835	315
Commission on remittances including home remittances	299	739
Commission received on deposit category	434	497
Commission received on cheque book issuance	-	-
Others	452	364
	9,646	4,603
21 OTHER INCOME		
Rent on property	11,248	12,968
Profit on Books for Sale.	-	1,927
Gain on sale of fixed assets-net	-	-
Bank and service charges	-	753
Loan processing fee	7,221	7,266
Rent on lockers	372	176
	18,841	23,090
22 OPERATING EXPENSES		
Total compensation expense	276,230	284,083
Property expense		
Rent & taxes	13,183	12,304
Insurance	1,820	2,284
Utilities cost	7,586	9,682
Security (including guards)	-	-
Repair & maintenance (including janitorial charges)	393	1,775
Depreciation	-	-
	22,982	26,045
Information technology expenses		
Amortisation	-	-

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Notes to the condensed interim financial statements
For the quarter ended September 30, 2020

	Un-audited September 30, 2020	Un-audited September 30, 2019
	Rupees in '000	
Other operating expenses		
Legal & professional charges	2,364	2,175
Depreciation	3,593	3,314
Postage & courier charges	1,596	1,820
Communication	4,152	4,048
Stationery & printing	592	800
Marketing, advertisement & publicity	360	473
Donations	-	-
Auditors Remuneration	-	50
*Others (to be specified if material)	22,344	28,705
	35,001	41,385
	334,213	351,513
Total compensation expense		
Salary & Allowances	255,761	261,569
Fees and Allowances etc	241	255
Charge for defined benefit plan	14,784	15,252
Conveyance	5,169	5,982
Others	275	1,025
Grand Total	276,230	284,083
23 OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	-	-
	-	-
24 PROVISIONS & WRITE OFFS - NET		
Provisions against lending to financial institutions	-	-
Provisions for diminution in value of investments	-	-
Provisions against loans & advances	25,591	-
Provisions for salary payable	-	-
Bad debts written off directly	-	-
Recovery of written off / charged off bad debts	-	-
	25,591	-
25 TAXATION		
Current	-	-
Prior years	-	-
Deferred	-	-
	-	-
26 BASIC EARNINGS PER SHARE		
Profit for the year	27,223	47,762
Weighted average number of ordinary shares	7,885,449	7,885,449
Basic earnings per share	0.35	0.61
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, 2020

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 carrying amount of unquoted equity securities, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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

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).

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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 September 30, 2020				
	Carrying value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments					
					Rupees in '000
Financial assets - measured at fair value					
Investments					
Shares	931,601	931,601	-	-	931,601
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	501,785	-	-	-	-
Balances with other banks	575,418	-	-	-	-
Investments in Treasury bills and NBFCs	2,320,260	-	-	-	-
Advances	10,062,327	-	-	-	-
Other Assets	3,884,988	-	-	-	-
Financial liabilities - measured at fair value					
Financial liabilities - disclosed but not measured at fair value					
Bills payable	44,132	-	-	-	-
Deposits and other accounts	4,260,925	-	-	-	-
Other liabilities	6,019,418	-	-	-	-
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange		-	-	-	-
Forward sale of foreign exchange		-	-	-	-
Forward agreements for lending		-	-	-	-
Forward agreements for borrowing		-	-	-	-
Derivatives purchases		-	-	-	-
Derivatives sales		-	-	-	-

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	Audited June 30, 2020				
	Carrying value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments					
					Rupees in '000
Financial assets - measured at fair value					
Investments					
Shares	611,888	611,888	-	-	611,888
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	840,207	-	-	-	-
Balances with other banks	1,088,417	-	-	-	-
Investments in Treasury bills and NBFCs	1,479,300	-	-	-	-
Advances	10,373,331	-	-	-	-
Other Assets	3,675,902	-	-	-	-
Financial liabilities - measured at fair value					
Financial liabilities - disclosed but not measured at fair value					
Bills payable	22,921	-	-	-	-
Deposits and other accounts	4,620,648	-	-	-	-
Other liabilities	5,934,952	-	-	-	-
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange		-	-	-	-
Forward sale of foreign exchange		-	-	-	-
Forward agreements for lending		-	-	-	-
Forward agreements for borrowing		-	-	-	-
Derivatives purchases		-	-	-	-
Derivatives sales		-	-	-	-

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

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Notes to the condensed interim financial statements
For the quarter ended September 30, 2020

28 SEGMENT INFORMATION

28.1 Segment Details with respect to Business Activities

	Un-audited September 30, 2020			
	Retail banking	Retail finance lending	Others	Total
Profit & Loss				
Net mark-up/return/profit	19,261	348,054	37,223	404,538
Inter segment revenue - net	-	-		-
Non mark-up / return / interest income	9,646	-	57,130	66,776
Total Income	28,907	348,054	94,353	471,314
Segment direct expenses	(84,287)	-	(334,213)	(418,500)
Inter segment expense allocation	-	-		-
Total expenses	(84,287)	-	(334,213)	(418,500)
Provisions	(25,591)	-		(25,591)
Profit before tax	(80,971)	348,054	(239,860)	27,223
Balance Sheet				
Cash & Bank balances	-	1,077,203		1,077,203
Investments	-	3,253,823		3,253,823
Net inter segment lending	-	-		-
Lendings to financial institutions	-	-		-
Advances - performing	8,800,471	-		8,800,471
Advances - non-performing	1,261,856	-		1,261,856
Others	7,174,029	3,894,697		11,068,726
Total Assets	17,236,356	8,225,723		25,462,079
Bills payable	44,132	-		44,132
Deposits & other accounts	4,260,925	-		4,260,925
Net inter segment borrowing	-	-		-
Others	6,187,810	12,729		6,200,539
Total liabilities	10,492,867	12,729		10,505,596
Equity	14,956,483	-		14,956,483
Total Equity & liabilities	25,449,350	12,729		25,462,079
Contingencies & Commitments	-	-		-

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Notes to the condensed interim financial statements

For the quarter ended September 30, 2020

Audited June 30, 2020

	Retail banking	Retail finance lending	Others	Total
Profit & Loss				
Net mark-up/return/profit	113,616	1,712,550	217,320	2,043,486
Inter segment revenue - net	-	-	-	-
Non mark-up / return / interest income	71,924	-	91,062	162,986
Total Income	185,540	1,712,550	308,382	2,206,472
Segment direct expenses	315,370	-	1,677,666	1,993,036
Inter segment expense allocation	-	-	-	-
Total expenses	315,370	-	1,677,666	1,993,036
Provisions	-	-	-	-
Profit before tax	(129,830)	1,712,550	(1,369,284)	213,436

	Retail banking	Retail finance lending	Others	Total
Balance Sheet				
Cash & Bank balances	-	-	1,928,624	1,928,624
Investments	-	-	2,093,150	2,093,150
Net inter segment lending	-	-	-	-
Lendings to financial institutions	-	-	-	-
Advances - performing	-	9,427,639	-	9,427,639
Advances - non-performing	-	945,692	-	945,692
Others	3,605	3,423,504	7,503,654	10,930,763
Total Assets	3,605	13,796,835	11,525,428	25,325,868
Bills payable	22,921	-	-	22,921
Deposits & other accounts	4,620,648	-	-	4,620,648
Net inter segment borrowing	-	-	-	-
Others	61,189	2,590,002	3,421,561	6,072,752
Total liabilities	4,704,758	2,590,002	3,421,561	10,716,321
Equity	-	-	14,609,547	14,609,547
Total Equity & liabilities	4,704,758	2,590,002	18,031,108	25,325,868

Contingencies & Commitments - - -

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

Notes to the condensed interim financial statements

For the quarter ended September 30, 2020

29 RELATED PARTY TRANSACTIONS

Related parties comprise of Key Executives, President of the Bank, provident fund trust, pension fund trust, member societies, Registrar Co-operative Societies and the Government of Punjab.

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

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

	Un-audited September 30, 2020			Audited June 30, 2020		
	Key management personnel	Provident fund trust	Pension fund trust	Key management personnel	Provident fund trust	Pension fund trust
----- (Rupees in '000) -----						
Advances						
Opening balance	10,914	-	-	6,094	-	-
Addition during the year	5,064	-	-	10,205	-	-
Recovered during the year	(2,646)	-	-	(5,385)	-	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	13,332	-	-	10,914	-	-
Other Liabilities						
Payable to staff retirement fund	-	-	2,618,962	-	-	2,618,962
	-	-	2,618,962	-	-	2,618,962
Income						
Mark-up / return / interest earned	318	-	-	933	-	-
	318	-	-	933	-	-
Expense						
Short term employees benefits	8,104	-	-	30,262	-	-
Contribution for the year	-	1,732	-	-	9,680	414,785
	8,104	1,732	-	30,262	9,680	414,785

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Notes to the condensed interim financial statements
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30 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	Un-audited September 30, 2020	Audited June 30, 2020
	Rupees in '000	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	6,000,000	6,000,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	7,143,338	7,122,319
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	7,143,338	7,122,319
Eligible Tier 2 Capital	2,740,854	2,814,722
Total Eligible Capital (Tier 1 + Tier 2)	9,884,192	9,937,041
Risk Weighted Assets (RWAs):		
Credit Risk	17,646,256	20,020,929
Market Risk	1,951,261	1,318,937
Operational Risk	3,014,004	3,125,934
Total	22,611,521	24,465,800
Common Equity Tier 1 Capital Adequacy ratio	31.59	29.11
Tier 1 Capital Adequacy Ratio	12.12	11.50
Total Capital Adequacy Ratio	43.71	40.62
<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. 6,314,952 thousands which is in agreement with regulatory requirements (refer to note 16.3). The State Bank of Pakistan vide its Letter No. BPRD/BA&CPD/629/00343/15 dated 5 January 2015 and BPRD/BA&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>		
Leverage Ratio (LR):		
Eligible Tier-1 Capital	7,143,338	7,122,319
Total Exposures	22,731,572	25,325,868
Leverage Ratio	31.42	28.12
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	590,000	1,147,132
Total Net Cash Outflow	121,000	136,544
Liquidity Coverage Ratio	4.88	8.40
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	12,009,000	12,588,241
Total Required Stable Funding	6,186,000	6,434,890
Net Stable Funding Ratio	194	196

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Notes to the condensed interim financial statements

For the quarter ended September 30, 2020

31 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 29.10.2020 by the Administrator of the Bank.

32 GENERAL

-
Rupees in thousands except where stated otherwise.

Acting President

Chief Financial Officer