

The Punjab Provincial Cooperative Bank Limited

Condensed interim statement of financial position

As at September 30, 2015

	Note	Un-audited Sep. 30, 2015 Rupees in '000	Audited June 30, 2015 Rupees in '000
Assets			
Cash and balances with treasury banks		402,471	866,698
Balances with other banks		1,477,599	1,775,794
Lending to financial institutions		-	-
Investments - net	7	1,622,721	1,934,771
Advances - net	8	9,059,153	9,194,515
Operating fixed assets		4,622,596	4,619,964
Deferred tax assets - net		-	-
Other assets - net	9	1,002,837	923,123
Total Assets		18,187,377	19,314,865
Liabilities			
Bills payable		14,825	27,324
Borrowings from financial institutions		-	-
Deposits and other accounts	10	3,470,511	4,567,142
Deferred tax liabilities - net		-	-
Other liabilities		3,151,646	3,130,519
Total Liabilities		6,636,982	7,724,985
Net assets		11,550,395	11,589,880
Represented by :			
Share capital		1,938,252	1,938,243
Reserves		6,603,724	6,603,774
Accumulated loss		(1,665,425)	(1,678,728)
		6,876,551	6,863,289
Fair value reserve - investments		323,057	375,804
Surplus on revaluation of assets		4,350,787	4,350,787
		11,550,395	11,589,880

Contingencies and commitments

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The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
A.PRESIDENT / CEO

The Punjab Provincial Cooperative Bank Limited

Condensed interim profit and loss account

For the quarter ended September 30, 2015

	Un-audited For the Quarter ended September	
	2015	2014
	Rupees in '000	
Mark-up / return / interest earned	317,883	300,651
Mark-up / return / interest expensed	38,448	58,195
Net Mark-up / interest income	279,435	242,456
Less: provisions:		
Against non-performing loans and advances	-	-
Against bill purchased	-	-
	-	-
Net mark-up / interest income after provisions	279,435	242,456
Non mark-up / interest income		
Fee, commission and brokerage income	4,294	4,588
Dividend income	25,598	12,408
Income from dealing in foreign currency	-	-
Gain on sale of operating fixed assets	44	-
Other income	14,776	13,535
Total non-markup / interest income	44,712	30,531
Total Income	324,147	272,987
Non mark-up / interest expenses		
Administrative expenses	310,844	278,926
Other provisions / write - offs	-	-
Other charges	-	-
Total non-markup / interest expenses	310,844	278,926
Extra ordinary / unusual items	-	-
Profit before taxation	13,303	(5,939)
Taxation		
Current	-	-
Prior years	-	-
Deferred	-	-
	-	-
Profit after taxation	13,303	(5,939)

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
A.PRESIDENT / CEO

Statement of comprehensive income
For the quarter ended September 30, 2015

	Un-audited For the Quarter ended September	
	2015	2014
	Rupees in '000	
Profit after taxation	13,303	(5,939)
Other comprehensive income	-	-
Comprehensive income transferred to equity	13,303	(5,939)
Components of comprehensive income not reflected in equity		
Net change in fair value of available for sale investment	(52,747)	(17,892)
Total comprehensive income	(39,444)	(23,831)

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
A.PRESIDENT / CEO

The Punjab Provincial Cooperative Bank Limited

Condensed interim statement of cash flows

For the quarter ended September 30, 2015

	Un-audited September 30, 2015 Rupees in '000	September 30, 2014
Cash flow from operating activities		
Profit before taxation	13,303	(5,939)
Less: Dividend income	(25,598)	(12,408)
	<u>(12,295)</u>	<u>(18,347)</u>
Adjustments for non-cash charges:		
Depreciation	2,796	1,524
Charge for defined benefit plans	-	-
Provision against non-performing advances	-	-
Provision for other assets	-	-
Gain on sale of operating fixed assets	(44)	-
	<u>2,752</u>	<u>1,524</u>
	<u>(9,543)</u>	<u>(16,823)</u>
(Increase) / decrease in operating assets		
Advances	135,362	(328,145)
Others assets (excluding advance taxation) - net	(79,714)	(164,901)
	<u>55,648</u>	<u>(493,046)</u>
	<u>46,105</u>	<u>(509,869)</u>
Increase/ (decrease) in operating liabilities		
Bills payable	(12,499)	(9,299)
Borrowings from financial institutions	-	-
Deposits	(1,096,631)	(606,483)
Other liabilities (excluding current taxation)	20,743	588,456
	<u>(1,088,387)</u>	<u>(27,326)</u>
	<u>(1,042,282)</u>	<u>(537,195)</u>
Income tax paid - net	(2,368)	(2,056)
Net cash flows from operating activities	<u>(1,044,650)</u>	<u>(539,251)</u>
Cash flow from investing activities		
Dividend income received	25,598	12,408
Investment in operating fixed assets	(2,632)	(5,560)
Capital work in progress	-	(13,395)
Net (investments in) / encashment of 'held-to-maturity' securities	259,303	(23,406)
Proceeds of operating fixed assets disposed-off	-	-
Net cash (used in) / flows from investing activities	<u>282,269</u>	<u>(29,953)</u>
Cash flow from financing activities		
Issue of share capital	9	8
Medical aid to employees from Common Good Fund	(50)	(25)
Net cash flows from / (used in) financing activities	<u>(41)</u>	<u>(17)</u>
Increase in cash and cash equivalents during the period	<u>(762,422)</u>	<u>(569,221)</u>
Cash and cash equivalents at beginning of the period	<u>2,642,492</u>	<u>2,020,433</u>
Cash and cash equivalents at end of the period	<u>1,880,070</u>	<u>1,451,212</u>
Cash and cash equivalents are comprised of:		
Cash and balances with treasury banks	402,471	347,617
Balances with other banks	1,477,599	1,103,595
	<u>1,880,070</u>	<u>1,451,212</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

D MANSOOR
ANCIAL OFFICER

MUHAMMAD AYUB
A.PRESIDENT / CEO

Condensed interim statement of changes in equity
For the quarter ended September 30, 2015

	Share capital	Statutory reserves	Un-audited		Un-appropriated profit / (loss)	Total
			Common Good Fund	Other reserve (Note)		
Rupees in 000						
Balance as on June 30, 2014	1,938,210	630,758	2,354	5,948,573	(1,656,708)	6,863,187
Issue of share capital	8	-	-	-	-	8
Medical aid to staff	-	-	(25)	-	-	(25)
Comprehensive income for the period	-	-	-	-	(5,939)	(5,939)
Balance as on September 30, 2014	1,938,218	630,758	2,329	5,948,573	(1,662,647)	6,857,231
Issue of share capital	25	-	-	-	-	25
Medical aid to staff	-	-	(317)	-	-	(317)
Transfer to statutory reserve	-	22,431	-	-	(22,431)	-
Comprehensive income for the period	-	-	-	-	6,350	6,350
Balance as on June 30, 2015	1,938,243	653,189	2,012	5,948,573	(1,678,728)	6,863,289
Issue of share capital	9	-	-	-	-	9
Medical aid to staff	-	-	(50)	-	-	(50)
Funds received from the Government of Punjab	-	-	-	-	-	-
Transfer of surplus on revaluation of asset	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	-	13,303	13,303
Balance as on September 30, 2015	1,938,252	653,189	1,962	5,948,573	(1,665,425)	6,876,551

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
PRESIDENT / CEO

Notes to the condensed interim financial statements

For the quarter ended September 30, 2015

1 Status and nature of business

The Punjab Provincial Cooperative Bank Limited (the Bank) was incorporated in Punjab in the year 1924 as a Cooperative Bank under the Cooperative Societies Act, 1912 (repealed) and commenced its operations from 1924. It was given status of a Scheduled Bank by the State Bank of Pakistan (SBP) w.e.f. November 07, 1955. The Bank is operating under the supervision of the Cooperative Department Government of Punjab and the SBP. The objects for which the Bank is established are to carry out the business of agricultural credit and other activities as defined in the Cooperative Societies Act, 1925 and its Rules. The Bank operates through its 151 (June 30, 2015 : 151) branches in the province of Punjab. The Registered Office of the Bank is located at Bank Square, The Mall, Lahore.

2 Basis of presentation

These financial statements have been prepared in conformity with the format of financial statements prescribed by the SBP vide BSD Circular No. 04 dated February 17, 2006.

3 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, the requirements of the Banking Companies Ordinance, 1962, or the directives issued by the SBP, the Cooperative Societies Act, 1925 and the Cooperative Societies Rules, 1927. Wherever, the requirements of the Act, Rules, or the directives issued by the SBP differ with the requirements of IFRS, the requirements of the Act, Rules, or the said directives shall prevail.

The SBP has deferred the applicability of IAS - 39, 'Financial Instruments: Recognition and Measurement' and IAS - 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of IFRS - 7, 'Financial Instruments Disclosures' through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

4 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts and certain investments have been marked to market and are carried at fair value.

These condensed interim financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency.

5 Summary of significant accounting policies

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual published financial statements of the Bank for the year ended June 30, 2015.

The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2015, were either considered not to be relevant to the Bank's operations or did not have significant effect on the accounting policies of the Bank.

6 Significant accounting estimates and judgments

- 6.1** The basis for significant accounting estimates and judgments adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended June 30, 2015.
- 6.2** The Bank follows a consistent practice of conducting actuarial valuation annually at each year end and also considers that the above does not have material impact on Bank's Condensed Interim Profit and Loss Account and basic & diluted EPS.

Notes to the condensed interim financial statements

For the quarter ended September 30, 2015

7 Investments

	Un-audited			Audited		
	September 30, 2015			June 30, 2015		
	Held by	Given as	Total	Held by	Given as	Total
	bank	collateral		bank	collateral	
Rupees in '000						

7.1 Investments by types:

Available-for-sale securities

Shares of Listed Companies	7,023	-	7,023	7,023	-	7,023
Shares of Cooperative Institutions	3,551	-	3,551	3,551	-	3,551

Held to maturity securities

Treasury Bills	293,075	-	293,075	496,032	-	496,032
Pakistan Investment Bonds	997,604	-	997,604	1,053,950	-	1,053,950
Investment with NBFIs	88,059	-	88,059	88,059	-	88,059
	1,389,312	-	1,389,312	1,648,615	-	1,648,615

Provision for diminution in value of shares of Cooperative Institutions and NBFIs	(89,648)	-	(89,648)	(89,648)	-	(89,648)
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Investment (net of provisions)	1,299,664	-	1,299,664	1,558,967	-	1,558,967
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Surplus on revaluation of 'available-for-sale' securities	323,057	-	323,057	375,804	-	375,804
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Total investments at market value	1,622,721	-	1,622,721	1,934,771	-	1,934,771
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	Un-audited	Audited
	September 30, 2015	June 30, 2015
	Rupees in '000'	
Note		

8 Advances

Loans, cash credits, running finances, etc.		
In Pakistan	10,665,046	10,800,408
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	184	184
Advances - gross	10,665,230	10,800,592
Provision for non-performing advances		
Specific	(1,602,549)	(1,602,549)
General	(3,528)	(3,528)
	(1,606,077)	(1,606,077)
Advances - net of provision	9,059,153	9,194,515

8.1 Advances include Rs. 2,412,390 (in thousand) (June 30, 2015: Rs. 2,147,218 thousand) which have been placed under non-performing status.

Notes to the condensed interim financial statements

For the quarter ended September 30, 2015

	Un-audited September 30, 2015				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000'				

Category of classification

Other Assets Especially Mentioned	562,770	-	562,770	-	-
Substandard	166,814	-	166,814	2,034	2,034
Doubtful	183,655	-	183,655	9,827	9,827
Loss	1,499,151	-	1,499,151	1,473,482	1,594,216
	2,412,390	-	2,412,390	1,485,343	1,606,077

	Audited June 30, 2015				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000'				

Category of classification

Other Assets Especially Mentioned	269,169	-	269,169	-	-
Substandard	177,635	-	177,635	1,497	1,497
Doubtful	213,430	-	213,430	15,033	15,033
Loss	1,486,984	-	1,486,984	1,465,299	1,589,547
	2,147,218	-	2,147,218	1,481,829	1,606,077

	Note	Un-audited	Audited
		September 30, 2015	June 30, 2015
Rupees in '000'			

9 OTHER ASSETS - NET

Income / markup accrued on loans and advances in local currency	716,724	625,586
Advances, deposits, advance rent and other prepayments	1,923	1,723
Advance taxation (payments less provisions)	25,747	23,379
Sundry debtors	14,930	22,566
Profit receivable from banks	-	700
Crop insurance recoverable	183,757	176,482
Live Stock insurance recoverable	1,178	364
Others	107,594	91,161
Branch adjustment account	10,663	40,842
Other assets - gross	1,062,516	982,803
Less: Provision held against other assets	(59,679)	(59,680)
Other assets net of provision	1,002,837	923,123

Notes to the condensed interim financial statements

For the quarter ended September 30, 2015

	Note	Un-audited	Audited
		September 30, 2015	June 30, 2015
		Rupees in '000'	
10 DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		473,044	620,297
Savings deposits		2,219,713	2,439,421
Current accounts - non-remunerative		709,641	1,124,125
Call deposits		1,703	2,833
Other deposits	10.1	66,410	380,466
		3,470,511	4,567,142

10.1 Others deposits include staff security deposits and employee's provident fund deposits.

11 Contingencies and commitments

Show cause notices by sales tax-under appeal	11.1	5,041	5,041
		5,041	5,041

11.1 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, 2015.

12 RELATED PARTY TRANSACTIONS

Related parties comprise of key bank executives, provident fund trust, pension fund trust, member societies, Registrar Cooperative Societies, Punjab and the Government of Punjab. The transactions and contracts with related parties, other than those under the terms of employment, are carried out on an Arm's length basis. However, no material related party transaction was carried out during the quarter.

	Note	Un-audited	Audited
		September 30, 2015	June 30, 2015
		Rupees in '000'	
Amount due from related parties			
Loan to Executives			
Loans disbursed during the half year		433	8,590
Repayments during the half year		(1,344)	(6,068)
Mark up earned		257	1,210
Contribution to provident fund trust		767	814
Contribution to pension fund trust		-	263,684

13 Date of authorization

The un-audited condensed interim financial statements were authorised for issue on 22.10.2015 by the Administrator of the Bank.

14 General

Figures in the condensed interim financial statements have been rounded off to the nearest thousand rupees.

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
A.PRESIDENT / CEO