

The Punjab Provincial Cooperative Bank Limited

Condensed interim statement of financial position

As at September 30, 2017

	Note	Un-audited Sep. 30, 2017	Audited June 30, 2017
Rupees in '000			
Assets			
Cash and balances with treasury banks		480,366	1,127,957
Balances with other banks		807,820	1,482,580
Lending to financial institutions		-	-
Investments - net	7	2,971,087	2,633,412
Advances - net	8	9,755,249	9,678,398
Operating fixed assets		7,181,187	7,176,211
Deferred tax assets - net		-	-
Other assets - net	9	894,688	802,095
Total Assets		22,090,397	22,900,653
Liabilities			
Bills payable		25,327	52,584
Borrowings from financial institutions		-	-
Deposits and other accounts	10	4,260,953	5,057,990
Deferred tax liabilities - net		-	-
Other liabilities		3,141,302	3,190,750
Total Liabilities		7,427,582	8,301,324
Net assets		14,662,815	14,599,329
Represented by :			
Share capital		7,886,842	7,886,842
Reserves		712,793	712,873
Accumulated loss		(1,387,685)	(1,486,922)
		7,211,950	7,112,793
Fair value reserve - investments		582,091	617,762
Surplus on revaluation of assets		6,868,774	6,868,774
		14,662,815	14,599,329

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, 2017

	Un-audited For the Quarter ended September	
	2017	2016
	Rupees in '000	
Mark-up / return / interest earned	373,877	359,515
Mark-up / return / interest expensed	30,559	22,104
Net Mark-up / interest income	343,318	337,411
Less: provisions:		
Against non-performing loans and advances	-	-
Against bill purchased	-	-
	-	-
Net mark-up / interest income after provisions	343,318	337,411
Non mark-up / interest income		
Fee, commission and brokerage income	4,411	3,978
Dividend income	34,034	31,907
Income from dealing in foreign currency	-	-
Gain on sale of operating fixed assets	-	-
Other income	18,185	18,019
Total non-markup / interest income	56,630	53,904
Total Income	399,948	391,315
Non mark-up / interest expenses		
Administrative expenses	300,711	320,742
Other provisions / write - offs	-	-
Other charges	-	-
Total non-markup / interest expenses	300,711	320,742
Extra ordinary / unusual items	-	-
Profit before taxation	99,237	70,573
Taxation		
Current	-	-
Prior years	-	-
Deferred	-	-
	-	-
Profit after taxation	99,237	70,573

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, 2017

	Un-audited For the Quarter ended September	
	2017	2016
	Rupees in '000	
Profit after taxation	99,237	70,573
Other comprehensive income	-	-
Comprehensive income transferred to equity	99,237	70,573
Components of comprehensive income not reflected in equity		
Net change in fair value of available for sale investment	(35,671)	(40,676)
Total comprehensive income	63,566	29,897

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

Condensed interim statement of cash flows

For the quarter ended September 30, 2017

	Un-audited	
	September 30, 2017	September 30, 2016
	Rupees in '000	
Cash flow from operating activities		
Profit before taxation	99,237	70,573
Less: Dividend income	(34,034)	(31,907)
	65,203	38,666
Adjustments for non-cash charges:		
Depreciation	3,725	3,085
Charge for defined benefit plans	-	-
Provision against non-performing advances	-	-
Provision for other assets	-	-
Gain on sale of operating fixed assets	-	-
	3,725	3,085
	68,928	41,751
(Increase) / decrease in operating assets		
Advances	(76,851)	(158,963)
Others assets (excluding advance taxation) - net	(92,593)	(64,414)
	(169,444)	(223,377)
	(100,516)	(181,626)
Increase/ (decrease) in operating liabilities		
Bills payable	(27,257)	88,719
Borrowings from financial institutions	-	-
Deposits	(797,037)	(597,039)
Other liabilities (excluding current taxation)	(48,528)	(48,528)
	(872,822)	(556,848)
	(973,338)	(738,474)
Income tax paid - net	(4,645)	(6,570)
Net cash flows from operating activities	(977,983)	(745,044)
Cash flow from investing activities		
Dividend income received	34,034	31,907
Investment in operating fixed assets	(4,976)	(319)
Capital work in progress	-	-
Net (investments in) / encashment of 'held-to-maturity' securities	(373,346)	262,393
Proceeds of operating fixed assets disposed-off	-	-
Net cash (used in) / flows from investing activities	(344,288)	293,981
Cash flow from financing activities		
Issue of share capital	-	-
Medical aid to employees from Common Good Fund	(80)	(50)
Net cash flows from / (used in) financing activities	(80)	(50)
Increase in cash and cash equivalents during the period	(1,322,351)	(451,113)
Cash and cash equivalents at beginning of the period	2,610,537	1,656,359
Cash and cash equivalents at end of the period	1,288,186	1,205,246
Cash and cash equivalents are comprised of:		
Cash and balances with treasury banks	480,366	429,869
Balances with other banks	807,820	775,377
	1,288,186	1,205,246

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

Condensed interim statement of changes in equity

For the quarter ended September 30, 2017

	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, 2016	7,886,842	679,176	3,640	-	(1,580,623)	6,989,035
Issue of share capital	-	-	-	-	-	-
Medical aid to staff	-	-	(50)	-	-	(50)
Comprehensive income for the period	-	-	-	-	70,573	70,573
Balance as on September 30, 2016	7,886,842	679,176	3,590	-	(1,510,050)	7,059,558
Issue of share capital	-	-	-	-	-	-
Medical aid to staff	-	-	(376)	-	-	(376)
Transfer to statutory reserve	-	28,483	-	-	(28,483)	-
Transfer to common good fund	-	-	2,000	-	(2,000)	-
Comprehensive income for the period	-	-	-	-	53,611	53,611
Balance as on June 30, 2017	7,886,842	707,659	5,214	-	(1,486,922)	7,112,793
Issue of share capital	-	-	-	-	-	-
Medical aid to staff	-	-	(80)	-	-	(80)
Comprehensive income for the period	-	-	-	-	99,237	99,237
Balance as on September 30, 2017	7,886,842	707,659	5,134	-	(1,387,685)	7,211,950

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

Notes to the condensed interim financial statements

For the quarter ended September 30, 2017

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, 2017 : 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, 2017.

The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2017, 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, 2017.

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.

7 Investments

	Un-audited			Audited		
	September 30, 2017			June 30, 2017		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
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	2,380,011	-	2,380,011	1,996,114	-	1,996,114
Pakistan Investment Bonds	-	-	-	10,551	-	10,551
Non-banking finance company	88,059	-	88,059	88,059	-	88,059
	2,478,644	-	2,478,644	2,105,298	-	2,105,298
Provision for diminution in value of shares of Cooperative Institutions and NBFIs	(89,648)	-	(89,648)	(89,648)	-	(89,648)
Investment (net of provisions)	2,388,996	-	2,388,996	2,015,650	-	2,015,650
Surplus on revaluation of 'available-for-sale' securities	582,091	-	582,091	617,762	-	617,762
Total investments at market value	2,971,087	-	2,971,087	2,633,412	-	2,633,412

	Un-audited	Audited
	September 30, 2017	June 30, 2017
Rupees in '000'		
8 Advances		
Loans, cash credits, running finances, etc.		
In Pakistan	11,361,336	11,284,485
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	184	184
Advances - gross	11,361,520	11,284,669
Provision for non-performing advances		
Specific	(1,605,893)	(1,605,893)
General	(378)	(378)
	(1,606,271)	(1,606,271)
Advances - net of provision	9,755,249	9,678,398

8.1 Advances include Rs. 2,519,047 (in thousand) (June 30, 2017: Rs. 2,246,337 thousand) which have been placed under non-performing status.

	Un-audited September 30, 2017				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000'					
Category of classification					
Other Assets Especially Mentioned	582,465	-	582,465	-	-
Substandard	245,807	-	245,807	1,657	1,657
Doubtful	160,593	-	160,593	16,550	16,550
Loss	1,530,182	-	1,530,182	1,488,077	1,587,686
	2,519,047	-	2,519,047	1,506,284	1,605,893

	Audited June 30, 2017				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000'					
Category of classification					
Other Assets Especially Mentioned	316,231	-	316,231	-	-
Substandard	245,332	-	245,332	1,865	1,865
Doubtful	152,345	-	152,345	13,266	13,266
Loss	1,532,429	-	1,532,429	1,506,261	1,590,762
	2,246,337	-	2,246,337	1,521,392	1,605,893

	Un-audited	Audited
	September 30, 2017	June 30, 2017
Rupees in '000'		
9 OTHER ASSETS - NET		
Income / markup accrued on loans and advances in local currency	701,459	626,929
Advances, deposits, advance rent and other prepayments	6,217	9,551
Advance taxation (payments less provisions)	(15,191)	(19,332)
Sundry debtors	1,911	2,038
Profit receivable from banks	2,932	595
Crop insurance recoverable	148,527	125,725
Live Stock insurance recoverable	18,575	16,894
Others	94,254	94,817
Branch adjustment account	2,482	11,357
Other assets - gross	961,166	868,574
Less: Provision held against other assets	(66,478)	(66,479)
Other assets net of provision	894,688	802,095

	Note	Un-audited	Audited
		September 30, 2017	June 30, 2017
		Rupees in '000'	
10 DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		569,427	563,927
Savings deposits		2,544,777	2,826,634
Current accounts - non-remunerative		1,098,678	1,544,158
Call deposits		2,832	3,566
Other deposits	10.1	45,239	119,705
		4,260,953	5,057,990

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, 2017.

12 RELATED PARTY TRANSACTIONS

Related parties comprise of key bank executives, provident fund trust, pension fund trust, member societies, Registrar Co-operative 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, 2017	June 30, 2017
		Rupees in '000'	
Amount due from related parties			
Loan to Executives			
Loans disbursed during the half year		1,600	6,741
Repayments during the half year		(186)	(11,837)
Mark up earned		54	5,193
Contribution to provident fund trust		-	12,564
Contribution to pension fund trust		-	479,632

13 Date of authorization

The un-audited condensed interim financial statements were authorised for issue on _____ 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