

# THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017

	<i>Note</i>	December 31, 2017 <i>Rupees '000'</i> <i>(Un-audited)</i>	June 30, 2017 <i>Rupees '000'</i> <i>(Audited)</i>
<b>ASSETS</b>			
Cash and balances with treasury banks		1,343,576	1,127,957
Balances with other banks		1,149,502	1,482,580
Investments	6	3,116,698	2,633,412
Advances	7	9,896,527	9,678,398
Operating fixed assets	8	7,181,255	7,176,211
Deferred Tax Asset	13.2	-	-
Other assets	9	871,989	802,095
<b>TOTAL ASSETS</b>		<b>23,559,547</b>	<b>22,900,653</b>
<b>LIABILITIES</b>			
Bills payable		69,017	52,584
Deposits and other accounts	10	5,498,871	5,057,990
Other liabilities	11	3,311,805	3,190,750
<b>TOTAL LIABILITIES</b>		<b>8,879,693</b>	<b>8,301,324</b>
<b>NET ASSETS</b>		<b>14,679,854</b>	<b>14,599,329</b>
<b>REPRESENTED BY</b>			
Share capital		7,886,842	7,886,842
Reserves		712,443	712,873
Accumulated loss		(1,310,050)	(1,486,922)
		<b>7,289,235</b>	<b>7,112,793</b>
Surplus on revaluation of assets		7,390,619	7,486,536
		<b>14,679,854</b>	<b>14,599,329</b>
Contingencies and commitments	12		

*The annexed notes 1 to 20 form an integral part of this condensed interim financial information.*

**MUHAMMAD AYUB**  
Acting President/CEO

**ZAHID MANSOOR**  
Chief Financial Officer

# THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

Note	Six months ended December 31		Three months ended December 31	
	2017	2016	2017	2016
	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
Mark-up / return / interest earned	904,406	871,871	530,529	512,356
Mark-up / return / interest expensed	(68,186)	(49,223)	(37,627)	(27,119)
Net mark-up / interest income	836,220	822,648	492,902	485,237
Provisions	-	-	-	-
Net mark-up / interest income after provisions	836,220	822,648	492,902	485,237
<b>NON-INTEREST / MARK-UP INCOME</b>				
Fee, commission and brokerage income	8,859	8,067	4,448	4,089
Dividend income	34,041	31,914	7	7
Other income	48,720	45,481	30,535	27,462
<b>TOTAL NON-INTEREST / MARK-UP INCOME</b>	91,620	85,462	34,990	31,558
<b>NON-INTEREST / MARK-UP EXPENSES</b>				
Administrative expenses	(738,580)	(753,175)	(436,362)	(432,433)
Other provisions / write - offs	-	-	-	-
<b>TOTAL NON-INTEREST / MARK-UP EXPENSES</b>	(738,580)	(753,175)	(436,362)	(432,433)
Extra ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	189,260	154,935	91,530	84,362
<b>TAXATION</b>				
Current year	13.1 (12,388)	(15,215)	(10,000)	(15,215)
Prior years	-	-	-	-
Deferred	13.2 -	-	-	-
	(12,388)	(15,215)	(10,000)	(15,215)
<b>PROFIT AFTER TAXATION</b>	176,872	139,720	81,530	69,147
<b>Earnings per share - basic and diluted (Rupees) (*restated)</b>	14 2.24	1.77*	1.03	0.88*

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**MUHAMMAD AYUB**  
Acting President/CEO

**ZAHID MANSOOR**  
Chief Financial Officer

# THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

	Six months ended December 31		Three months ended December 31	
	2017	2016	2017	2016
	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
Profit after taxation	176,872	139,720	81,530	69,147
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>176,872</b>	<b>139,720</b>	<b>81,530</b>	<b>69,147</b>

Surplus / (deficit) on revaluation of 'available for sale' securities is presented under a separate head below equity as 'surplus / (deficit) on revaluation of assets in accordance with the requirements specified by State Bank of Pakistan vide its BSD Circular No. 20 dated August 04, 2000 and BSD Circular No. 10 dated July 13, 2004 respectively.

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**MUHAMMAD AYUB**  
Acting President/CEO

**ZAHID MANSOOR**  
Chief Financial Officer

# THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

	Six months ended	
	December 31, 2017	December 31, 2016
	<i>Rupees '000'</i>	<i>Rupees '000'</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	189,260	154,935
Less: Dividend income	(34,041)	(31,914)
	155,219	123,021
<b>Adjustments for non-cash items</b>		
Depreciation	8,489	7,463
Amortization	609	-
Provision for employees retirement benefits	160,154	163,452
	169,252	170,915
<b>(Increase) / decrease in operating assets</b>		
Advances	(218,129)	127,692
Other Assets	(67,744)	(30,749)
	(285,873)	96,943
<b>Increase/ (decrease) in operating liabilities</b>		
Bills payable	16,433	6,507
Deposits	440,881	681,803
Other liabilities	(39,099)	(152,092)
	418,215	536,218
Income tax paid	(14,538)	(23,017)
<b>Net cash generated from operating activities</b>	<b>442,275</b>	<b>904,080</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(14,142)	(5,527)
Cost incurred on capital work in progress	-	(11,085)
Net investment in of 'Held-to-maturity' securities	(579,203)	(41,675)
Dividend received	34,041	31,914
<b>Net cash used in investing activities</b>	<b>(559,304)</b>	<b>(26,373)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Medical aid to employees from common good fund	(430)	(191)
<b>Net cash used in financing activities</b>	<b>(430)</b>	<b>(191)</b>
<b>(Decrease) / Increase in cash and cash equivalents during the period</b>	<b>(117,459)</b>	<b>877,516</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>2,610,537</b>	<b>1,656,359</b>
<b>Cash and cash equivalents at end of the period</b>	<b>2,493,078</b>	<b>2,533,875</b>

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# THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

	Share capital	Reserves			Un-appropriated profit / (loss)	Total
		Statutory reserve	Common good fund	Total reserves		
	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
<b>Balance as at July 01, 2016 - Audited</b>	7,886,842	679,176	3,640	682,816	(1,580,623)	6,989,035
Medical aid to staff	-	-	(191)	(191)	-	(191)
Profit after taxation	-	-	-	-	139,720	139,720
Other comprehensive income	-	-	-	-	-	-
<b>Balance as at December 31, 2016 - Un-audited</b>	<u>7,886,842</u>	<u>679,176</u>	<u>3,449</u>	<u>682,625</u>	<u>(1,440,903)</u>	<u>7,128,564</u>
<b>Balance as at January 01, 2017 - Un-audited</b>	7,886,842	679,176	3,449	682,625	(1,440,903)	7,128,564
Transfer to statutory reserve	-	28,483	-	28,483	(28,483)	-
Transfer to common good fund	-	-	2,000	2,000	(2,000)	-
Medical aid to staff	-	-	(235)	(235)	-	(235)
Profit after taxation	-	-	-	-	(15,536)	(15,536)
Other comprehensive income	-	-	-	-	-	-
<b>Balance as at June 30, 2017 - Audited</b>	<u>7,886,842</u>	<u>707,659</u>	<u>5,214</u>	<u>712,873</u>	<u>(1,486,922)</u>	<u>7,112,793</u>
<b>Balance as at July 01, 2017 - Audited</b>	7,886,842	707,659	5,214	712,873	(1,486,922)	7,112,793
Medical aid to staff	-	-	(430)	(430)	-	(430)
Profit after taxation	-	-	-	-	176,872	176,872
Other comprehensive income	-	-	-	-	-	-
<b>Balance as at December 31, 2017 - Un-audited</b>	<u>7,886,842</u>	<u>707,659</u>	<u>4,784</u>	<u>712,443</u>	<u>(1,310,050)</u>	<u>7,289,235</u>

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MUHAMMAD AYUB  
Acting President/CEO

ZAHID MANSOOR  
Chief Financial Officer

# THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

### 1 REPORTING ENTITY

The Punjab Provincial Cooperative Bank Limited ('the Bank') was incorporated in 1924 as a Cooperative Bank under the Cooperative Societies Act, 1912 (repealed). It was given the status of a Scheduled Bank by the State Bank of Pakistan ('the SBP') with effect from 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, Pakistan.

### 2 BASIS OF PREPARATION

The financial information contained in this interim financial report is un-audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the bank for the year ended June 30, 2017.

This condensed interim financial information has been prepared in conformity with the format of financial statements prescribed by the SBP vide BSD Circular No. 04 dated February 17, 2006 and has been subjected to limited scope review by the auditors of the bank. The comparative interim balance sheet as at June 30, 2017 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account, interim statement of profit or loss and other comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for the six months period ended December 31, 2016 are based on unaudited, reviewed interim financial information. The interim profit and loss account and interim statement of profit or loss and other comprehensive income for the three months period ended December 31, 2017 and December 31, 2016 are neither audited nor reviewed.

#### 2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and 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'). In case where requirements differ, the provisions of and directives issued under the Ordinance, the Act and the Rules have been followed.

This condensed interim financial information comprises of the condensed interim balance sheet of the Bank as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the noted forming part thereof.

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 this financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

#### 2.2 Basis of measurement

The financial information contained in this interim report has been prepared under the historical cost convention except for certain operating fixed assets at revalued amounts, certain investments at fair value and defined benefit obligations at present value. In this financial information, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

#### 2.3 Judgments, estimates and assumptions

The preparation of financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts 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 result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

#### 2.4 Functional currency

This financial information is prepared in Pak Rupees which is the Bank's functional currency.

### 3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Bank or their application does not have any material impact on the financial statements of the Bank other than presentation and disclosures.

#### Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)

IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets have been amended to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by

# THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

use.

- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

### Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)

IAS 7 - Statement of Cash Flows have been amended to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

### Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 12 - Disclosure of Interests in Other Entities)

IFRS 12 - Disclosure of Interests in Other Entities have been amended to clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

## 4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Bank.

	<b>Effective date (annual periods beginning on or after)</b>
IFRS 9 – Financial Instruments (2014)	January 01, 2018
IFRS 15 – Revenue from Contracts with Customers (2014)	January 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
IFRS 17 – Insurance contracts (2017)	January 01, 2021
Clarifications to IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
IFRIC 22 - Foreign Currency Transactions and Advances Consideration	January 01, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	January 01, 2018
Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4 - Insurance Contracts)	January 01, 2018
Transfers of Investment Property (Amendments to IAS 40)	January 01, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 1 - First-time Adoption of International Financial Reporting Standards and IAS 28 - Investments in Associates and Joint Ventures)	January 01, 2018
Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)	January 01, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)	January 01, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 01, 2019
Banking Companies Ordinance, 1962 (Amendments to Second Schedule)	January 01, 2018

The Bank intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by the SBP. The management anticipates that, except as stated below, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Bank's financial statements other than in presentation/disclosures.

### IFRS 9 – Financial Instruments: Classification and Measurement (2014)

IFRS 9 replaces IAS 39 - Financial Instruments: *Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their cash flow characteristics. The standard introduces a 'fair value through comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to measurement of entity's own credit risk.
- **Impairment:** IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit loss to have occurred before a credit loss is recognized.
- **Hedge accounting:** IFRS 9 introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposure.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Adoption of this IFRS 9 may result in material adjustment to carrying amounts of financial assets and liabilities. However, the financial impact of the

# THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

same cannot be estimated with reasonable certainty at this stage.

### 5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Bank for the year ended June 30, 2017.

### 6 INVESTMENTS

	December 31, 2017 (Un-audited)		
	Held by bank Rupees '000'	Given as collateral Rupees '000'	Total Rupees '000'
<b>Available-for-sale securities</b>			
Shares of listed companies	7,023	-	7,023
Shares of cooperative institutions	3,551	-	3,551
	10,574	-	10,574
<b>Held-to-maturity securities</b>			
Treasury bills	2,585,868	-	2,585,868
Pakistan Investment Bonds	-	-	-
Investment with NBFC	88,059	-	88,059
	2,673,927	-	2,673,927
	2,684,501	-	2,684,501
Provision for diminution in value of investments	(89,648)	-	(89,648)
Investments (net of provisions)	2,594,853	-	2,594,853
Surplus on revaluation of available-for-sale securities	521,845	-	521,845
	3,116,698	-	3,116,698
<b>June 30, 2017 (Audited)</b>			
	Held by bank Rupees '000'	Given as collateral Rupees '000'	Total Rupees '000'
<b>Available-for-sale securities</b>			
Shares of listed companies	7,023	-	7,023
Shares of cooperative institutions	3,551	-	3,551
	10,574	-	10,574
<b>Held-to-maturity securities</b>			
Treasury bills	1,996,114	-	1,996,114
Pakistan Investment Bonds	10,551	-	10,551
Investment with NBFC	88,059	-	88,059
	2,094,724	-	2,094,724
	2,105,298	-	2,105,298
Provision for diminution in value of investments	(89,648)	-	(89,648)
Investments (net of provisions)	2,015,650	-	2,015,650
Surplus on revaluation of available-for-sale securities	617,762	-	617,762
	2,633,412	-	2,633,412



# THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

	December 31, 2017	June 30, 2017
	Rupees '000'	Rupees '000'
	(Un-Audited)	(Audited)
<b>7 ADVANCES</b>		
Loans, cash credits, running finances, etc. in Pakistan	11,502,614	11,284,485
Bills discounted and purchased (excluding treasury bills) payable in Pakistan	184	184
	<u>11,502,798</u>	<u>11,284,669</u>
Provisions against non-performing advances		
Specific	(1,605,893)	(1,605,893)
General	(378)	(378)
	<u>9,896,527</u>	<u>9,678,398</u>

7.1 Advances include Rs. 2,251,786 thousand (June 30, 2017: Rs. 2,246,337 thousand) which have been placed under non-performing status as detailed below:

	December 31, 2017 (Un-audited)				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
Other Assets Especially Mentioned	335,242	-	335,242	-	-
Substandard	217,774	-	217,774	3,788	3,788
Doubtful	166,609	-	166,609	9,702	9,702
Loss	1,532,161	-	1,532,161	1,495,372	1,592,403
	<u>2,251,786</u>	<u>-</u>	<u>2,251,786</u>	<u>1,508,862</u>	<u>1,605,893</u>
	June 30, 2017 (Audited)				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
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
	<u>2,246,337</u>	<u>-</u>	<u>2,246,337</u>	<u>1,521,392</u>	<u>1,605,893</u>

7.2 The Bank has not adjusted its non-performing loans amounting to Rs. 437,853 thousands including mark-up thereon, against properties decreed in favor of Bank due to their pending possession disputes.

	December 31, 2017	June 30, 2017
	Rupees '000'	Rupees '000'
	(Un-Audited)	(Audited)
<b>8 OPERATING FIXED ASSETS</b>		
Capital work in progress	37,599	37,599
Property and equipment	7,138,173	7,132,520
Intangible assets	5,483	6,092
	<u>7,181,255</u>	<u>7,176,211</u>
<b>8.1 Capital work in progress</b>		
As at beginning of the period/year	37,599	27,376
Additions during the period/year	-	10,223
As at end of the period/year	<u>37,599</u>	<u>37,599</u>
<b>8.2 Property and equipment</b>		
Net book value at the beginning of the period/year	7,132,520	4,611,916
Surplus on revaluation during the period/year	-	2,517,987
Additions during the period/year	14,142	24,137
	<u>7,146,662</u>	<u>7,154,040</u>
Net book value of assets disposed during the period/year	-	(1,811)
Depreciation for the period/year	(8,489)	(19,709)
Net book value at end of the period/year	<u>7,138,173</u>	<u>7,132,520</u>

# THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

**8.2.1** Operating fixed assets include land and buildings comprising properties under litigation / disputes amounting to Rs. 101,183 thousand (June 30, 2017: Rs. 101,183 thousand) for which legal title has been acquired but the physical possession is under dispute.

### 8.3 Intangible assets

Net book value at beginning of the period/year	6,092	5,920
Additions during the period/year	-	2,329
Amortization for the period/year	(609)	(2,157)
Net book value at end of the period/year	<u>5,483</u>	<u>6,092</u>

	<i>Note</i>	December 31, 2017	June 30, 2017
		Rupees '000'	Rupees '000'
		(Un-Audited)	(Audited)

### 9 OTHER ASSETS

Income / markup accrued on loans and advances in local currency	689,848	626,929
Advances, deposits, advance rent and other prepayments	8,384	9,551
Advance tax	(21,482)	(19,332)
Sundry debtors	1,328	2,038
Profit receivable from banks	3,536	595
Crop insurance recoverable	150,290	125,725
Live stock insurance recoverable	11,993	16,894
Branch adjustment account	-	11,357
Others	94,571	94,817
	<u>938,468</u>	868,574
Provisions held against other assets	(66,479)	(66,479)
	<u>871,989</u>	<u>802,095</u>

### 10 DEPOSIT AND OTHER ACCOUNTS

Fixed deposits	570,731	563,927
Savings deposits	3,340,058	2,826,634
Current accounts - non-remunerative	1,530,971	1,544,158
Call deposits	3,358	3,566
Other deposits	10.1 53,753	119,705
	<u>5,498,871</u>	<u>5,057,990</u>

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

	<i>Note</i>	December 31, 2017	June 30, 2017
		Rupees '000'	Rupees '000'
		(Un-Audited)	(Audited)

### 11 OTHER LIABILITIES

Mark-up/ Return/ Interest payable in local currency	42,007	38,981
Accrued expenses	3,958	4,708
Provision for salary payable / VSS package	340,000	340,000
Sundry creditors	55,517	41,691
Dissolved bank payable	37,427	37,427
Provision for employees' gratuity	72,217	67,085
Provision for employees' pension fund	2,393,547	2,372,155
Provision for employees' compensated absences	245,642	234,510
Withholding tax payable	8,220	12,900
Branch adjustment account	89,275	-
Others	11.1 23,995	41,293
	<u>3,311,805</u>	<u>3,190,750</u>

**11.1** This includes amount of Rs. 6,274 thousand payable on account of Rahwali Sugar Mills and Bid Money of Rs. 12,300 thousand that was forfeited by the Bank as per settled agreement with respect to auction of 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.

### 12 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments since June 30, 2017, with the exception of the following:

# THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

	December 31, 2017	June 30, 2017
	<i>Rupees '000'</i>	<i>Rupees '000'</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>

The Bank has total of 123 (June 30, 2017 : 118) cases under litigation in different courts. The total amount involved in such outstanding cases aggregate to:

<b>231,500</b>	193,571
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### 13 TAXATION

- 13.1 Tax has been charged under minimum tax regime at 1.25% of total turnover due to carried forward accumulated tax losses.
- 13.2 Deferred tax asset amounting to Rs. 546,321 thousand (June 30, 2017: Rs. 500,822 thousand) has not been recognized as sufficient taxable profits are not expected to be available in future against which the related deductible temporary differences could be utilized.

### 14 EARNINGS PER SHARE - BASIC

#### 14.1 The calculation is given as under:

		Six months ended December 31		Three months ended December 31	
		2017	*2016	2017	*2016
Profit for the year	(Rupees in Thousands)	176,872	139,720	81,530	69,147
Weighted average number of ordinary shares	(Numbers)	78,868,421	78,868,421	78,868,421	78,868,421
Basic earnings per share (Restated*)	(Rupees)	2.24	1.77	1.03	0.88

There is no dilutive effect on earnings per share during the year.

#### 14.2 Rectification of Error

Earning per share of last periods is restated to rectify calculation in these periods. Had there been no rectification the the number of shares in previous periods would have been 44,168,154 and EPS would have been for half year Rs.7.21 and for quarter Rs.3.57. The rectification has no impact on any financial information line item.

### 15 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Bank's perspective comprise key management personnel, pension fund trust and the Government of Punjab. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Bank.

Transactions with key management personnel are limited to payment of employee benefits and disbursement and recoveries of advances, including interest / mark-up thereon.

Details of transactions with related parties are as follows:

	Six months ended	
	December 31, 2017	December 31, 2016
	<i>Rupees '000'</i>	<i>Rupees '000'</i>
	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>

#### 15.1 Transactions with related parties

Nature of relationship	Nature of transaction		
Key management personnel	Short term employee benefits	16,271	16,385
	Advances disbursed	2,600	6,144
	Advances recovered	389	3,091
Pension fund trust	Contribution for the period	24,679	25,359

#### 15.2 Balances with related parties

Nature of relationship	Nature of transaction		
Key executives	Advances recoverable	4,238	3,450
Pension fund trust	Payable to pension fund trust	2,393,547	2,568,715

# **THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED**

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## **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017**

There are no balances due to/from related parties as at the reporting date.

# THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

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## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

### 16 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require adjustment of and/or disclosure in this condensed interim financial report.

### 17 THE ADMINISTRATOR

At present, the Secretary Co-operatives, Government of the Punjab is the Administrator of the Bank, having powers and duties of the Board of Directors.

### 18 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in this condensed interim financial information.

### 19 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Administrator of the Bank and authorized for issue on 26-02-2018

### 20 GENERAL

20.1 There are no other significant activities since June 30, 2017 affecting the interim financial information.

20.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

20.3 Figures have been rounded off to the nearest thousand rupees.

**MUHAMMAD AYUB**  
Acting President/CEO

**ZAHID MANSOOR**  
Chief Financial Officer