

Condensed interim statement of financial position

As at March 31, 2013

	Note	Un-audited March 31, 2013	Audited June 30, 2012
Rupees in '000			
Assets			
Cash and balances with treasury banks		323,172	533,867
Balances with other banks		1,526,352	923,473
Lending to financial institutions		-	-
Investments	4	1,408,886	1,108,617
Advances	5	7,561,012	7,810,420
Operating fixed assets		3,449,559	3,445,150
Deferred tax assets		-	-
Other assets		844,186	730,999
Total Assets		15,113,167	14,552,526
Liabilities			
Bills payable		14,365	30,845
Borrowings from financial institutions		-	-
Deposits and other accounts		2,709,976	2,409,075
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		157,608	303,843
Total Liabilities		2,881,949	2,743,763
Net assets		12,231,218	11,808,763
Represented by :			
Share capital		436,397	436,148
Reserves		7,941,137	7,941,588
Un-appropriated profit		473,585	77,033
		8,851,119	8,454,769
Fair value reserve - investments		152,542	126,437
Surplus on revaluation of assets		3,227,557	3,227,557
		12,231,218	11,808,763

Contingencies and commitments

6

The annexed notes 1 to 8 form an integral part of these unconsolidated condensed interim financial statements.

MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

SYED TALAT MAHMOOD
PRESIDENT / CEO

Condensed interim profit and loss account

For the quarter ended March 31, 2013

	Un-audited			
	Nine month ended		Quarter ended	
	March		March	
	2013	2012	2013	2012
	Rupees in '000		Rupees in '000	
Mark-up / return / interest earned	1,124,422	1,139,851	359,353	456,873
Mark-up / return / interest expensed	72,208	92,647	20,206	36,533
Net Mark-up / interest income	1,052,214	1,047,204	339,147	420,340
Less: provisions:				
Against non-performing loans and advances	-	-	-	-
For diminution in the value of investments	-	-	-	-
Against bill purchased	184	-	-	-
	184	-	-	-
Net mark-up / interest income after provisions	1,052,030	1,047,204	339,147	420,340
Non mark-up / interest income				
Fee, commission and brokerage income	17,018	18,571	6,269	6,209
Dividend income	18,445	14,780	719	-
Income from dealing in foreign currency	-	-	-	-
Gain on sale of operating fixed assets	173	-	-	-
Other income	38,964	29,611	12,935	10,410
	74,600	62,962	19,923	16,619
Total Income	1,126,630	1,110,166	359,070	436,959
Non mark-up / interest expenses				
Administrative expenses	725,404	667,065	219,026	237,133
Other provisions / write - offs	663	-	-	-
Other charges - loss on sale of operating fixed assets	-	2,199	-	2,199
	726,067	669,264	219,026	239,332
Extra ordinary / unusual items	-	-	-	-
Profit before taxation	400,563	440,902	140,044	197,627
Taxation				
Current	4,011	8,389	4,011	8,389
Prior years	-	-	-	-
Deferred	-	-	-	-
	4,011	8,389	4,011	8,389
Profit after taxation	396,552	432,513	136,033	189,238
Basic / diluted earnings per share - Rupees	91.25	99.20	31.30	43.41

The annexed notes 1 to 8 form an integral part of these unconsolidated condensed interim financial statements.

MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

SYED TALAT MAHMOOD
PRESIDENT / CEO

Statement of comprehensive income
For the quarter ended March 31, 2013

	Un-audited Nine month ended March	
	2013	2012
	Rupees in '000	
Profit after taxation	396,552	432,513
Other comprehensive income	-	-
Comprehensive income transferred to equity	396,552	432,513
Components of comprehensive income not reflected in equity		
Net change in fair value of available for sale investment	26,105	2,483
Total comprehensive income	422,657	434,996

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MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

SYED TALAT MAHMOOD
PRESIDENT / CEO

Condensed interim cash flow statement

For the quarter ended March 31, 2013

	Un-audited	
	March 31, 2013	March 31, 2012
Rupees in '000		
Cash flow from operating activities		
Profit before taxation	400,563	440,902
Less: Dividend income	(18,445)	(14,780)
	<u>382,118</u>	<u>426,122</u>
Adjustments for non-cash charges:		
Depreciation	3,798	4,959
Amortization	-	-
Provision against non-performing advances	184	-
Provision for other assets	663	-
(Gain) / loss on sale of operating fixed assets	(173)	2,199
	<u>4,472</u>	<u>7,158</u>
	<u>386,590</u>	<u>433,280</u>
(Increase)/ decrease in operating assets		
Advances	249,408	(1,616,108)
Others assets (excluding advance taxation)	(114,914)	(219,673)
	<u>134,494</u>	<u>(1,835,781)</u>
	<u>521,084</u>	<u>(1,402,501)</u>
Increase/ (decrease) in operating liabilities		
Bills payable	(16,480)	24,415
Borrowings from financial institutions	-	(1,944,443)
Deposits	300,901	(348,266)
Other liabilities (excluding current taxation)	(146,235)	(73,712)
	<u>138,186</u>	<u>(2,342,006)</u>
	<u>659,270</u>	<u>(3,744,507)</u>
Income tax paid	(2,284)	(17,814)
Net cash outflow from operating activities	<u>656,986</u>	<u>(3,762,321)</u>
Cash flow from investing activities		
Dividend income	18,445	14,780
Investment in operating fixed assets	(9,545)	(5,438)
Capital work in progress	-	(3,100)
Advances to suppliers for information system	-	(2,160)
Encashment / (investment) in treasury Bills	(274,164)	585,930
Investment in of Modarabah certificates	-	140,000
Sale proceeds of operating fixed assets disposed-off	664	-
Net cash inflow from investing activities	<u>(264,600)</u>	<u>730,012</u>
Cash flow from financing activities		
Issue of share capital	249	436
Other fund from the Government of Punjab	-	1,944,443
Medical aid to employees from Common Good Fund	(451)	(162)
Net cash inflow from financing activities	<u>(202)</u>	<u>1,944,717</u>
Increase in cash and cash equivalents	<u>392,184</u>	<u>(1,087,592)</u>
Cash and cash equivalents at beginning of the period	<u>1,457,340</u>	<u>2,592,725</u>
Cash and cash equivalents at end of the period	<u>1,849,524</u>	<u>1,505,133</u>
Cash and cash equivalents are comprised of:		
Cash and balances with treasury banks	323,172	248,666
Balances with other banks	1,526,352	1,256,467
	<u>1,849,524</u>	<u>1,505,133</u>

The annexed notes 1 to 8 form an integral part of these unconsolidated condensed interim financial statements.

MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

SYED TALAT MAHMOOD
PRESIDENT / CEO

Condensed interim statement of changes in equity
For the quarter ended March 31, 2013

	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, 2011	435,584	394,278	3,202	5,705,557	(448,866)	6,089,755
Issue of share capital	436	-	-	-	-	436
Medical aid to staff	-	-	(162)	-	-	(162)
Funds received from the Government of Punjab	-	-	-	1,944,443	-	1,944,443
Settlement for sale of property with Other Reserve from Government of Punjab	-	-	-	(201,427)	-	(201,427)
Transfer of surplus on revaluation of asset realised on disposal	-	-	-	-	184,000	184,000
Comprehensive income for the period	-	-	-	-	432,513	432,513
Balance as on March 31, 2012	436,020	394,278	3,040	7,448,573	167,647	8,449,558
Transfer to statutory reserve	-	95,833	-	-	(95,833)	-
Issue of share capital	128	-	-	-	-	128
Medical aid to staff	-	-	(136)	-	-	(136)
Funds received from the Government of Punjab	-	-	-	-	-	-
Settlement for sale of property with Other Reserve from Government of Punjab	-	-	-	-	-	-
Transfer of surplus on revaluation of asset realised on disposal	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	-	5,219	5,219
Balance as on June 30, 2012	436,148	490,111	2,904	7,448,573	77,033	8,454,769
Issue of share capital	249	-	-	-	-	249
Medical aid to staff	-	-	(451)	-	-	(451)
Funds received from the Government of Punjab	-	-	-	-	-	-
Transfer of surplus on revaluation of asset	-	-	-	-	-	-
Comprehensive income for the 1st half year	-	-	-	-	396,552	396,552
Balance as on March 31, 2013	436,397	490,111	2,453	7,448,573	473,585	8,851,119

The annexed notes 1 to 8 form an integral part of these unconsolidated condensed interim financial statements.

MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

SYED TALAT MAHMOOD
PRESIDENT / CEO

Notes to the condensed interim financial information (Un-audited)

For the quarter ended March 31, 2013

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 the year 1924. It was given the status of a scheduled Bank by the State Bank of Pakistan w.e.f. November 07, 1955. The Bank is operating under the supervision of Cooperative Department, Government of Punjab and State Bank of Pakistan. 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 branches in the Province of Punjab. Its Head Office is located at Bank Square, The Mall, Lahore.

The State Bank of Pakistan has exempted the Bank from meeting Minimum Capital Requirement (MCR) vide their letter no. BPRD(RU-43)512-09(B)/X/15161/98 dated 08-09-1998. Restructuring plan has been submitted vide letter no. MD/COO/025-27 dated 31-12-2009. Accordingly the financial information has been prepared by using the going concern assumption.

2 Statement of compliance

The condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Cooperative Societies Act, 1925, Cooperative Societies Rules, 1927 and State Bank of Pakistan. Wherever the requirements of the Act, Rules, or the directives issued by the State Bank of Pakistan differ with the requirements of these standards, the requirements of the said directives take precedence. The disclosures made in these financial information have, however, been limited based on the format prescribed by the State Bank of Pakistan for condensed interim financial information vide BSD Circular Letter No.2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting" and should be read in conjunction with the annual financial statements of the Bank for the year ended June 30,

3 Summary of significant accounting policies

The accounting policies adopted for preparation of the condensed interim financial information are the same as those applied in preparation of the annual audited financial statements of the Bank for the year ended June 30, 2012.

4 Investments

	Un-audited March 31, 2013			Audited June 30, 2012		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Rupees in '000						

4.1 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	1,249,321	-	1,249,321	975,157	-	975,157
Investment with NBFIs	88,059	-	88,059	88,059	-	88,059
	1,347,954	-	1,347,954	1,073,790	-	1,073,790
Less: Provision for diminution in value of shares of Cooperative Institutions and NBFIs	(91,610)		(91,610)	(91,610)		(91,610)
Add: Surplus on revaluation of securities	152,542		152,542	126,437		126,437
	1,408,886	-	1,408,886	1,108,617	-	1,108,617

	Un-audited March 31, 2013	Audited June 30, 2012
	Rupees in '000'	
5 Advances		
Loans, cash credits, running finances, etc.		
In Pakistan	9,166,905	9,416,129
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	184	184
	<u>9,167,089</u>	<u>9,416,313</u>
Provision for non-performing advances		
Specific	(1,602,549)	(1,602,365)
General	(3,528)	(3,528)
	<u>(1,606,077)</u>	<u>(1,605,893)</u>
	<u>7,561,012</u>	<u>7,810,420</u>

5.1 Advances include Rs. 2,584,607 (in thousand) as of 31.03.2013 (30.06.2012 : 2,189,476 thousand) which have been placed under non-performing status. However, the provision required has been calculated after taking benefit of collateral in agricultural loans only as per Prudential Regulations on Agricultural Loans & Advances.

	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000				
Category of classification					
Other Assets Especially Mentioned	615,869	-	615,869	-	-
Substandard	294,055	-	294,055	147,050	147,050
Doubtful	48,090	-	48,090	9,878	9,878
Loss	1,626,593	-	1,626,593	821,737	1,449,149
	<u>2,584,607</u>	<u>-</u>	<u>2,584,607</u>	<u>978,665</u>	<u>1,606,077</u>

	Un-audited March 31, 2013	Audited June 30, 2012
	Rupees in '000'	

6 Contingencies and commitments

Bank Alfalah Limited, Township Branch, Lahore - Fraud case	6.1	101,413	101,413
Show cause notices by sales tax-under appeal		5,041	5,041
		<u>106,454</u>	<u>106,454</u>

6.1 During November 2003, the bank opened a Royal Profit Account in Bank Alfalah Limited, Town ship branch Lahore. In July 2010, it revealed that during the year under audit, some cheques were forged by the staff members of Bank Alfalah Limited who had routed the proceeds of these cheques through their associates and family members' accounts. The total misappropriated amount in these cases comes to Rs. 101.413 million (i.e. Principal Rs. 97.250 million and Mark up Rs.4.163 million) as reported by the Bank to the FIA, which matter is under its investigation at the terminal date. A petition in this regard was filled with the Banking Mohtasib, which was fixed on 29th September 2010 but Bank Alfalah Limited filed a civil suit against the bank due to which Banking Mohtasib returned the case on March 03, 2011. Aggrieved upon, the bank filed a writ petition No. 7170/11 in the Lahore High Court, titled PPCBL v/s Banking Mohtasib which has been disposed off on 22.06.2012 with the direction to Governor State Bank of Pakistan to decide the matter within 6 weeks which is still pending.

7 Date of authorization

The un-audited condensed interim financial information is authorised for issue on 23.04.2013 by the Administrator of the Bank.

8 General

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

MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

SYED TALAT MAHMOOD
PRESIDENT / CEO