

The Punjab Provincial Cooperative Bank Limited

Condensed interim statement of financial position

As at March 31, 2017

	Note	Un-audited March 31, 2017	Audited June 30, 2016
Rupees in '000			
Assets			
Cash and balances with treasury banks		402,134	770,803
Balances with other banks		608,993	885,556
Lending to financial institutions		-	-
Investments - net	7	3,426,868	2,525,001
Advances - net	8	9,170,079	9,434,539
Operating fixed assets	9	4,668,880	4,645,212
Deferred tax assets - net		-	-
Other assets - net	10	837,055	912,480
Total Assets		19,114,009	19,173,591
Liabilities			
Bills payable		27,030	14,807
Borrowings from financial institutions		-	-
Deposits and other accounts	11	3,957,265	4,186,617
Other liabilities		2,933,527	3,199,188
Total Liabilities		6,917,822	7,400,612
Net assets		12,196,187	11,772,979
Represented by :			
Share capital		7,886,842	7,886,842
Reserves		682,555	682,816
Accumulated loss		(1,338,778)	(1,580,623)
		7,230,619	6,989,035
Surplus on revaluation of assets		4,350,787	4,350,787
Fair value reserve - investments		614,781	433,157
		12,196,187	11,772,979
Contingencies and commitments	12		

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
ACTING PRESIDENT / CEO

The Punjab Provincial Cooperative Bank Limited

Condensed interim profit and loss account

For the half year ended March 31, 2017 (Un-audited)

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2017	2016	2017	2016
		Rupees in '000		Rupees in '000	
Mark-up / return / interest earned		1,249,013	1,155,235	377,142	324,636
Mark-up / return / interest expensed		77,752	107,372	28,529	29,932
Net Mark-up / interest income		1,171,261	1,047,863	348,613	294,704
Less : provisions					
Against non-performing loans and advances		-	-	-	-
Against bill purchased		-	-	-	-
		-	-	-	-
Net mark-up / interest income after provisions		1,171,261	1,047,863	348,613	294,704
Non mark-up / interest income					
Fee, commission and brokerage income		12,305	12,155	4,238	3,844
Dividend income		31,914	25,641	-	43
Other income		67,023	62,252	21,542	22,243
Total non-markup / interest income		111,242	100,048	25,780	26,130
Total Income		1,282,503	1,147,911	374,393	320,834
Non mark-up / interest expenses					
Administrative expenses	13	1,025,443	998,635	272,268	253,909
Other provisions / write - offs		-	-	-	-
Total non-markup / interest expenses		1,025,443	998,635	272,268	253,909
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		257,060	149,276	102,125	66,925
Taxation					
Current		15,215	19,020	-	-
Prior years		-	-	-	-
Deferred		-	-	-	-
		15,215	19,020	-	-
Profit after taxation		241,845	130,256	102,125	66,925
Basic / diluted earnings per share - Rupees		5.48	6.72	2.31	3.45

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
ACTING PRESIDENT / CEO

The Punjab Provincial Cooperative Bank Limited

Condensed interim statement of comprehensive income

For the half year ended March 31, 2017 (Un-audited)

	Nine months ended March 31,		Quarter ended March 31,	
	2017	2016	2017	2016
	Rupees in '000			
Profit after taxation for the period	241,845	130,256	102,125	66,925
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	241,845	130,256	102,125	66,925

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
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The Punjab Provincial Cooperative Bank Limited

Condensed interim statement of cash flows

For the half year ended March 31, 2017 (Un-audited)

	Nine months ended	
	March 31, 2017	March 31, 2016
Rupees in '000		
Cash flow from operating activities		
Profit before taxation	257,060	149,276
Less: Dividend income	(31,914)	(25,641)
	225,146	123,635
Adjustments for non-cash charges:		
Depreciation	11,246	3,995
Charge for defined benefit plans	163,452	181,006
Provision for the year as per SME Prudential Regulations	-	194
	174,698	185,196
	399,844	308,831
(Increase) / decrease in operating assets		
Advances	264,460	39,867
Lending to financial institutions	-	-
Others assets - net	84,059	(100,502)
	348,519	(60,635)
	748,363	248,196
Increase/ (decrease) in operating liabilities		
Bills payable	12,223	(13,750)
Deposits	(229,352)	(1,003,285)
Other liabilities	(440,360)	(141,982)
	(657,489)	(1,159,017)
Income tax paid	90,874	(910,821)
	(23,849)	(11,979)
Net cash (used in) / generated from operating activities	67,025	(922,800)
Cash flow from investing activities		
Dividend income received	31,914	25,641
Investment in operating fixed assets	(13,445)	(26,042)
Cost incurred on capital work in progress	(10,222)	-
Net investments in of 'held-to-maturity' securities	(720,243)	(454,414)
Net cash used in investing activities	(711,996)	(454,815)
Cash flow from financing activities		
Issue of share capital	-	25
Medical aid to employees from common good fund	(261)	(297)
Net cash used in financing activities	(261)	(272)
(Decrease) / Increase in cash and cash equivalents during the period	(645,232)	(1,377,887)
Cash and cash equivalents at beginning of the period	1,656,359	2,642,492
Cash and cash equivalents at end of the period	1,011,127	1,264,605
Cash and cash equivalents are comprised of:		
Cash and balances with treasury banks	402,134	397,711
Balances with other banks	608,993	866,894
	1,011,127	1,264,605

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
ACTING PRESIDENT / CEO

The Punjab Provincial Cooperative Bank Limited

Condensed interim statement of changes in equity

For the half year ended March 31, 2017 (Un-audited)

	Share capital	Reserves					Un-appropriated profit / (loss)	Total
		Statutory reserves	General reserves (Note)	Common good fund (Note)	Other reserve (Note)	Total reserves		
Rupees in '000								
Balance as on June 30, 2015	1,938,243	653,189	-	2,012	5,948,573	6,603,774	(1,678,728)	6,863,289
Issue of share capital	5,948,598	-	-	-	(5,948,573)	(5,948,573)	-	25
Medical aid to staff	-	-	-	(297)	-	(297)	-	(297)
Provision for the period	-	-	194	-	-	194	-	194
Profit for the period	-	-	-	-	-	-	130,256	130,256
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Balance as on March 31, 2016	7,886,841	653,189	194	1,715	-	655,098	(1,548,472)	6,993,467
Transfer to statutory reserve	-	25,987	-	-	-	25,987	(25,987)	-
Transfer to common good fund	-	-	-	2,000	-	-	(2,000)	-
Issue of share capital	1	-	-	-	-	1	-	1
Medical aid to staff	-	-	-	(75)	-	(75)	-	(75)
Provision for the period	-	-	(194)	-	-	(194)	-	(194)
Profit for the period	-	-	-	-	-	-	(4,164)	(4,164)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Balance as on June 30, 2016	7,886,842	679,176	-	3,640	-	680,817	(1,580,623)	6,989,035
Provision for the period	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-
Medical aid to staff	-	-	-	(261)	-	(261)	-	(261)
Profit for the period	-	-	-	-	-	-	241,845	241,845
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Balance as on March 31, 2017	7,886,842	679,176	-	3,379	-	680,556	(1,338,778)	7,230,619

Common good fund

This reserve is created to provide for financial assistance to employees of the bank as policy.

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
ACTING PRESIDENT / CEO

**Notes to the condensed interim financial information
For the half year ended March 31, 2017 (Un-audited)**

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, 2016 : 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

This 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.

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

4 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except that certain fixed assets that are stated at revalued amounts and certain investments have been carried at fair value.

This condensed interim financial information is 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, 2016.

The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2016, 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

The basis for significant accounting estimates and judgments adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the annual financial statements of the Bank for the year ended June 30, 2016.

The Bank follows a consistent practice of conducting actuarial valuation annually at each year end. Accordingly, the half yearly provision, based on the expected expenses as on 30-06-2017 does not have material impact on Bank's Condensed Interim Balance Sheet, Profit and Loss Account and basic & diluted EPS.

The Punjab Provincial Cooperative Bank Limited
**Notes to the condensed interim financial information
For the half year ended March 31, 2017 (Un-audited)**

	Un-audited			Audited		
	March 31, 2017			June 30, 2016		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	----- Rupees in '000 -----					

7 Investments
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	2,792,832	-	2,792,832	1,022,168	-	1,022,168
Pakistan Investment Bonds	10,270	-	10,270	1,060,691	-	1,060,691
Investment with NBFC	88,059	-	88,059	88,059	-	88,059
	2,901,735	-	2,901,735	2,181,492	-	2,181,492

Less : Provision for diminution in value of shares of Cooperative Institutions and NBFC

	(89,648)	-	(89,648)	(89,648)	-	(89,648)
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Investment (net of provisions)

	2,812,087	-	2,812,087	2,091,844	-	2,091,844
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Surplus on revaluation of 'available-for-sale' securities

	614,781	-	614,781	433,157	-	433,157
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Total investments at fair value - net of provisions	3,426,868	-	3,426,868	2,525,001	-	2,525,001
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	Note	Un-audited	Audited
		March 31, 2017	June 30, 2016
		Rupees in '000	

8 Advances

Loans, cash credits, running finances, etc.

In Pakistan	10,776,166	11,040,626
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Bills discounted and purchased (excluding treasury bills)

Payable in Pakistan	184	184
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Advances - gross

10,776,350	11,040,810
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Less : Provision for non-performing advances

Specific	(1,605,893)	(1,605,893)
General	(378)	(378)

(1,606,271)	(1,606,271)
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Advances - net of provision	9,170,079	9,434,539
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8.1 Advances include Rs. 2,391,030 thousand (June 30, 2016 : Rs.2,270,105 thousand) which have been placed under non-performing status as detailed below:-

	Un-audited March 31, 2017				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
	----- Rupees in '000 -----				

Category of classification

Other Assets Especially Mentioned	483,800	-	483,800	-	-
Substandard	275,858	-	275,858	3,611	3,611
Doubtful	121,423	-	121,423	9,600	9,600
Loss	1,509,949	-	1,509,949	1,489,984	1,592,682
	2,391,030	-	2,391,030	1,503,195	1,605,893

Notes to the condensed interim financial information
For the half year ended March 31, 2017 (Un-audited)

	Audited June 30, 2016				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				

Category of classification

Other Assets Especially Mentioned	379,901	-	379,901	925	925
Substandard	243,888	-	243,888	10,092	10,092
Doubtful	127,089	-	127,089	8,168	8,168
Loss	1,519,227	-	1,519,227	1,503,374	1,586,708
	2,270,105	-	2,270,105	1,522,559	1,605,893

	Note	Un-audited	Audited
		March 31, 2017	June 30, 2016
Rupees in '000			

9 Operating fixed assets

Operating Fixed Assets		4,668,880	4,611,916
		4,668,880	4,611,916

9.1 The value of land and buildings include properties under litigation / disputes amounts to Rs. 101.183 million (June 30, 2016: Rs. 101.183 million) for which legal title has been acquired but the physical possession is under dispute.

	Note	Un-audited	Audited
		March 31, 2017	June 30, 2016
Rupees in '000			

10 Other assets - net

Income / markup accrued on loans and advances in local currency		664,947	602,218
Advances, deposits, advance rent and other prepayments		8,031	3,672
Advance taxation (payments less provisions)		9,128	494
Sundry debtors		2,427	2,219
Profit receivable from banks		2,781	2,226
Crop insurance recoverable		107,046	178,343
Live stock insurance recoverable		11,282	10,068
Branch adjustment account		-	69,296
Others		97,892	110,423
Other assets - gross		903,534	978,959
Less: Provision held against other assets		(66,479)	(66,479)
Other assets net of provision		837,055	912,480

	Note	Un-audited	Audited
		March 31, 2017	June 30, 2016
Rupees in '000			

11 Deposits and other accounts

Customers

Fixed deposits		467,542	561,863
Savings deposits		2,439,461	2,445,064
Current accounts - non-remunerative		969,927	1,089,524
Call deposits		1,717	4,498
Other deposits	11.1	78,618	85,668
		3,957,265	4,186,617

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

Notes to the condensed interim financial information
For the half year ended March 31, 2017 (Un-audited)

12 Contingencies and commitments

12.1 The Bank has total of 121 (June 30, 2016 : 119) cases under litigation in different courts. The total amount involved in such outstanding cases aggregate to;

194,166 164,141

12.2 The remaining contingencies and commitments are the same as were disclosed in preceding audited annual financial statements of the Bank.

13 Administrative expenses

These include expense for post employment benefits (gratuity, pension and leave encashment) amounting to Rs. 163 million as of December 31, 2016.

14 Related party transactions

Related parties comprise of key bank executives, provident fund trust, pension fund trust and the Government of Punjab. Transactions with related parties are as follows:

	Note	Un-audited March 31, 2017	Un-audited December 31, 2015
		Rupees in '000	
Transactions with related parties			
Remuneration of key executives		23,244	16,069
Contribution to Pension Fund Trust		38,452	19,688
Contributions to Provident Fund Trust		-	-

	Note	Un-audited March 31, 2017	Audited June 30, 2016
		Rupees in '000	
Amount due from related parties			
Markup recoverable on loan to pension fund trust		-	3,980
Loan to Executives			
Loans disbursed during the period / year		6,144	7,097
Repayments during the period / year		(3,364)	(8,701)
Mark up earned during the period / year		727	2,242

15 Date of authorization

The un-audited condensed interim financial information was authorised for issue on 25-04-2017 by the Administrator of the Bank.

16 General

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

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
ACTING PRESIDENT / CEO