

Condensed interim statement of financial position

As at September 30, 2013

	Note	Un-audited September 30, 2013	Audited June 30, 2013
Rupees in '000			
Assets			
Cash and balances with treasury banks		355,048	634,679
Balances with other banks		1,974,945	1,986,887
Lending to financial institutions		-	-
Investments	4	1,021,861	791,599
Advances	5	7,696,831	7,862,562
Operating fixed assets		4,571,139	4,571,028
Deferred tax assets		-	-
Other assets		837,875	762,731
Total Assets		16,457,699	16,609,486
Liabilities			
Bills payable		13,100	13,746
Borrowings from financial institutions		-	-
Deposits and other accounts		2,591,625	2,747,708
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		2,654,613	2,641,887
Total Liabilities		5,259,338	5,403,341
Net assets		11,198,361	11,206,145
Represented by :			
Share capital		438,128	436,410
Reserves		8,060,789	8,060,799
Un-appropriated profit		(1,831,887)	(1,836,133)
		6,667,030	6,661,076
Fair value reserve - investments		180,544	194,282
Surplus on revaluation of assets		4,350,787	4,350,787
		11,198,361	11,206,145

Contingencies and commitments

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The annexed notes 1 to 9 form an integral part of these unconsolidated condensed interim financial statements.

MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

SYED TALAT MAHMOOD
PRESIDENT / CEO

The Punjab Provincial Cooperative Bank Limited**Condensed interim profit and loss account
For the quarter ended September 30, 2013**

	Un-audited For the quarter ended September	
	2013	2012
	Rupees in '000	
Mark-up / return / interest earned	268,911	266,666
Mark-up / return / interest expensed	30,697	13,948
Net Mark-up / interest income	238,214	252,718
Less: provisions:		
Against non-performing loans and advances	-	-
For diminution in the value of investments	-	-
Against bill purchased	-	-
	-	-
Net mark-up / interest income after provisions	238,214	252,718
Non mark-up / interest income		
Fee, commission and brokerage income	5,938	5,134
Dividend income	11,817	17,726
Income from dealing in foreign currency	-	-
Gain on sale of operating fixed assets	-	-
Other income	12,708	10,271
	30,463	33,131
Total Income	268,677	285,849
Non mark-up / interest expenses		
Administrative expenses	264,431	240,298
Other provisions / write - offs	-	214
Other charges - loss on sale of operating fixed assets	-	-
	264,431	240,512
Extra ordinary / unusual items	-	-
Profit before taxation	4,246	45,337
Taxation		
Current	-	-
Prior years	-	-
Deferred	-	-
	-	-
Profit after taxation	4,246	45,337

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MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

SYED TALAT MAHMOOD
PRESIDENT / CEO

Statement of comprehensive income
For the quarter ended September 30, 2013

	Un-audited	
	For the quarter ended	
	September	
	2013	2012
	Rupees in '000	
Profit after taxation	4,246	45,337
Other comprehensive income	-	-
Comprehensive income transferred to equity	4,246	45,337
Components of comprehensive income not reflected in equity		
Net change in fair value of available for sale investment	(13,738)	23,110
Total comprehensive income	(9,492)	68,447

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PRESIDENT / CEO

Condensed interim cash flow statement

For the quarter ended September 30, 2013

	Un-audited	
	September 30, 2013	September 30, 2012
Rupees in '000		
Cash flow from operating activities		
Profit before taxation	4,246	45,337
Less: Dividend income	(11,817)	(17,726)
	<u>(7,571)</u>	<u>27,611</u>
Adjustments for non-cash charges:		
Depreciation	2,327	1,914
Amortization	-	-
Provision against non-performing advances	-	-
Provision for other assets	-	-
(Gain) / loss on sale of operating fixed assets	-	2,395
	<u>2,327</u>	<u>4,309</u>
	<u>(5,244)</u>	<u>31,920</u>
(Increase)/ decrease in operating assets		
Advances	165,731	(119,372)
Others assets (excluding advance taxation)	(74,561)	(35,623)
	<u>91,170</u>	<u>(154,995)</u>
	<u>85,926</u>	<u>(123,075)</u>
Increase/ (decrease) in operating liabilities		
Bills payable	(646)	3,301
Borrowings from financial institutions	-	-
Deposits	(156,083)	(247,137)
Other liabilities (excluding current taxation)	12,792	(57,555)
	<u>(143,937)</u>	<u>(301,391)</u>
	<u>(58,011)</u>	<u>(424,466)</u>
Income tax paid	(583)	(621)
Net cash outflow from operating activities	(58,594)	(425,087)
Cash flow from investing activities		
Dividend income	11,817	17,726
Investment in operating fixed assets	(1,731)	(4,627)
Capital work in progress	(773)	-
Advances to suppliers for information system	-	-
Encashment / (investment) in treasury Bills	(244,000)	302,163
Investment in of Modarabah certificates	-	-
Sale proceeds of operating fixed assets disposed-off	-	1,293
Net cash inflow from investing activities	(234,687)	316,555
Cash flow from financing activities		
Issue of share capital	1,718	69
Other fund from the Government of Punjab	-	-
Medical aid to employees from Common Good Fund	(10)	(90)
Net cash inflow from financing activities	1,708	(21)
Increase in cash and cash equivalents	(291,573)	(108,553)
Cash and cash equivalents at beginning of the period	2,621,566	1,457,340
Cash and cash equivalents at end of the period	2,329,993	1,348,787
Cash and cash equivalents are comprised of:		
Cash and balances with treasury banks	355,048	298,329
Balances with other banks	1,974,945	1,050,458
	<u>2,329,993</u>	<u>1,348,787</u>

The annexed notes 1 to 9 form an integral part of these unconsolidated condensed interim financial statements.

Condensed interim statement of changes in equity
For the quarter ended September 30, 2013

	Un-audited					Total
	Share capital	Statutory reserves	Common Good Fund	Other reserve (Note)	Un-appropriated profit / (loss)	
Balance as on June 30, 2012 - restated	436,148	490,111	2,904	7,448,573	(2,198,924)	6,178,812
Issue of share capital	69	-	-	-	-	69
Medical aid to staff	-	-	(90)	-	-	(90)
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	-	-	-	-	45,337	45,337
Balance as on September 30, 2012 - restated	436,217	490,111	2,814	7,448,573	(2,153,587)	6,224,128
Transfer to statutory reserve	-	119,682	-	-	119,682	239,364
Issue of share capital	193	-	-	-	-	193
Medical aid to staff	-	-	(381)	-	-	(381)
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	-	-	-	-	197,772	197,772
Balance as on June 30, 2013	436,410	609,793	2,433	7,448,573	(1,836,133)	6,661,076
Issue of share capital	1,718	-	-	-	-	1,718
Medical aid to staff	-	-	(10)	-	-	(10)
Funds received from the Government of Punjab	-	-	-	-	-	-
Transfer of surplus on revaluation of asset	-	-	-	-	-	-
Comprehensive income for the 1st half year	-	-	-	-	4,246	4,246
Balance as on September 30, 2013	438,128	609,793	2,423	7,448,573	(1,831,887)	6,667,030

The annexed notes 1 to 9 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 September 30, 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.

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.

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, 2013.

4 Investments

	Un-audited September 30, 2013			Audited June 30, 2013		
	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	832,332	-	832,332	588,332	-	588,332
Investment with NBFIs	88,059	-	88,059	88,059	-	88,059
	930,965	-	930,965	686,965	-	686,965
Less: Provision for diminution in value of shares of Cooperative Institutions and NBFIs	(89,648)		(89,648)	(89,648)		(89,648)
Add: Surplus on revaluation of securities	180,544		180,544	194,282		194,282
	1,021,861	-	1,021,861	791,599	-	791,599

	Un-audited September 30, 2013	Audited June 30, 2013
	Rupees in '000'	
5 Advances		
Loans, cash credits, running finances, etc.		
In Pakistan	9,302,724	9,468,455
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	184	184
	9,302,908	9,468,639
Provision for non-performing advances		
Specific	(1,602,549)	(1,602,549)
General	(3,528)	(3,528)
	(1,606,077)	(1,606,077)
	7,696,831	7,862,562

5.1 Advances include Rs. 2,800,120 (in thousand) as of 30.09.2013 (30.06.2013 : 2,303,522 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	735,845	-	735,845	-	-
Substandard	243,974	-	243,974	6,388	6,388
Doubtful	267,110	-	267,110	154,810	154,810
Loss	1,553,191	-	1,553,191	666,328	1,444,879
	2,800,120	-	2,800,120	827,526	1,606,077

	Un-audited September 30, 2013	Audited June 30, 2013
	Rupees in '000'	

6 Contingencies and commitments

Show cause notices by sales tax-under appeal	6.1	5,041	5,041
		5,041	5,041

6.1 The sales tax department had issued a show cause notice dated: 14-07-2003 to the bank stating as to why the sales tax amounting to Rs. 5.041 million had not been paid to the Government in regard to sale of machinery valuing Rs. 33.600 million of Rahwali Sugar Mills to Messers Ali Industrial and Engineering Works, Karachi without charging and depositing sales tax leviable thereon. Further the sales tax department reported that Messers Ali Industrial and Engineering Works filed written statement before Deputy Collector Audit-I, that they had paid sales tax on purchase of such machinery. The bank filed petition against the above show cause notice on the ground that bank had sold debris, scrap and non-operative machinery which were not sales tax leviable items, on which Lahore High Court has suspended the show cause notice vide order dated: 06-08-2003. The case has been remanded to Sales tax department by the Lahore High Court on 18-06-2010, pending adjudication before the Department.

7 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.

Loan to Executives

Loans disbursed during the quarter	214	513
Repayments during the quarter	1788	1,042
Mark up earned	340	469

8 Date of authorization

The un-audited condensed interim financial information is authorised for issue on 24.10.2013 by the Administrator of the Bank.

9 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