

The Punjab Provincial Cooperative Bank Limited

Condensed interim statement of financial position

As at December 31, 2013

	Note	Un-audited December 31, 2013 Rupees in '000	Audited June 30, 2013 Rupees in '000
Assets			
Cash and balances with treasury banks		1,221,722	634,679
Balances with other banks		2,479,045	1,986,887
Lending to financial institutions		-	-
Investments - net	7	1,487,413	791,599
Advances - net	8	7,503,785	7,862,562
Operating fixed assets		4,582,657	4,571,028
Deferred tax assets - net	9	-	-
Other assets - net	10	900,360	762,731
Total Assets		18,174,982	16,609,486
Liabilities			
Bills payable		11,024	13,746
Borrowings from financial institutions		-	-
Deposits and other accounts	11	4,050,525	2,747,708
Deferred tax liabilities - net		-	-
Other liabilities		2,793,715	2,641,887
Total Liabilities		6,855,264	5,403,341
Net assets		11,319,718	11,206,145
Represented by :			
Share capital		1,938,138	436,410
Reserves		6,560,774	8,060,799
Accumulated loss		(1,776,809)	(1,836,133)
		6,722,103	6,661,076
Fair value reserve - investments		246,828	194,282
Surplus on revaluation of assets		4,350,787	4,350,787
		11,319,718	11,206,145

Contingencies and commitments

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The annexed notes 1 to 15 form an integral part of these 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 half year ended December 31, 2013 (Un-audited)

	Half year ended December		Quarter ended December	
	2013	2012 Restated	2013	2012 Restated
	Rupees in '000		Rupees in '000	
Mark-up / return / interest earned	800,054	765,203	531,142	498,537
Mark-up / return / interest expensed	64,053	52,002	33,356	38,054
Net Mark-up / interest income	736,001	713,201	497,786	460,483
Less: provisions:				
Against non-performing loans and advances	-	-	-	-
Against bill purchased	-	184	-	184
	-	184	-	184
Net mark-up / interest income after provisions	736,001	713,017	497,786	460,299
Non mark-up / interest income				
Fee, commission and brokerage income	11,747	10,749	5,810	5,615
Dividend income	11,866	17,726	49	-
Income from dealing in foreign currency	-	-	-	-
Gain on sale of operating fixed assets	1,015	173	1,015	173
Other income	31,759	26,029	19,052	15,758
Total non-markup / interest income	56,387	54,677	25,926	21,546
Total Income	792,388	767,694	523,712	481,845
Non mark-up / interest expenses				
Administrative expenses	701,121	618,905	345,587	320,124
Other provisions / write - offs	-	663	-	663
Other charges	-	-	-	-
Total non-markup / interest expenses	701,121	619,568	345,587	320,787
Extra ordinary / unusual items	-	-	-	-
Profit before taxation	91,267	148,126	178,125	161,058
Taxation				
Current	31,943	89,780	31,943	89,780
Prior years	-	-	-	-
Deferred	-	-	-	-
	31,943	89,780	31,943	89,780
Profit after taxation	59,324	58,346	146,182	71,278
Basic / diluted earnings per share - Rupees	8.65	13.43	15.62	16.41

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

SYED TALAT MAHMOOD
PRESIDENT / CEO

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED

Condensed interim statement of comprehensive income

For the half year ended December 31, 2013 (Un-audited)

	Half Year ended December		Quarter ended December	
	2013	2012 Restated	2013	2012 Restated
	Rupees in '000			
Profit after taxation for the period	59,324	58,346	146,182	71,278
Other comprehensive income				
Items that will not be reclassified to profit or (loss) account	-	-	-	-
Items that may be reclassified to profit or (loss) account	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	59,324	58,346	146,182	71,278

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 the State Bank of Pakistan vide its BSD Circular No. 20 dated August 04, 2000 and BSD Circular No. 10 dated July 13, 2004 respectively and Companies Ordinance, 1984.

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

SYED TALAT MAHMOOD
PRESIDENT / CEO

The Punjab Provincial Cooperative Bank Limited

Condensed interim statement of cash flows

For the half year ended December 31, 2013 (Un-audited)

	Half year ended	
	December 31, 2013	December 31, 2012 Restated
	Rupees in '000	
Cash flow from operating activities		
Profit before taxation	91,267	148,126
Less: Dividend income	(11,866)	(17,726)
	<u>79,401</u>	<u>130,400</u>
Adjustments for non-cash charges:		
Depreciation	5,164	3,798
Charge for defined benefit plans	193,674	116,538
Provision against non-performing advances	-	184
Provision for other assets	-	663
Gain on sale of operating fixed assets	(1,003)	(173)
	<u>197,835</u>	<u>121,010</u>
	<u>277,236</u>	<u>251,410</u>
(Increase) / decrease in operating assets		
Advances	358,777	135,042
Others assets (excluding advance taxation) - net	(102,444)	(95,165)
	<u>256,333</u>	<u>39,877</u>
	<u>533,569</u>	<u>291,287</u>
Increase/ (decrease) in operating liabilities		
Bills payable	(2,722)	(15,407)
Borrowings from financial institutions	-	-
Deposits	1,302,817	973,691
Other liabilities (excluding current taxation)	(73,789)	(69,443)
	<u>1,226,306</u>	<u>888,841</u>
	<u>1,759,875</u>	<u>1,180,128</u>
Income tax paid - net	(36,564)	(87,487)
Net cash flows from operating activities	<u>1,723,311</u>	<u>1,092,641</u>
Cash flow from investing activities		
Dividend income received	11,866	17,726
Investment in operating fixed assets	(8,954)	(7,985)
Capital work in progress	(7,271)	-
Net (investments in) / encashment of 'held-to-maturity' securities	(643,268)	399,797
Proceeds of operating fixed assets disposed-off	1,814	664
Net cash (used in) / flows from investing activities	<u>(645,813)</u>	<u>410,202</u>
Cash flow from financing activities		
Issue of share capital	1,728	123
Medical aid to employees from Common Good Fund	(25)	(215)
Net cash flows from / (used in) financing activities	<u>1,703</u>	<u>(92)</u>
Increase in cash and cash equivalents during the period	<u>1,079,201</u>	<u>1,502,751</u>
Cash and cash equivalents at beginning of the period	<u>2,621,566</u>	<u>1,457,340</u>
Cash and cash equivalents at end of the period	<u>3,700,767</u>	<u>2,960,091</u>
Cash and cash equivalents are comprised of:		
Cash and balances with treasury banks	1,221,722	992,791
Balances with other banks	2,479,045	1,967,300
	<u>3,700,767</u>	<u>2,960,091</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

SYED TALAT MAHMOOD
PRESIDENT / CEO

The Punjab Provincial Cooperative Bank Limited

Condensed interim statement of changes in equity

For the half year ended December 31, 2013 (Un-audited)

	Reserves					Un-appropriated profit / (loss)	Total
	Share capital	Statutory reserves	Common Good Fund (Note)	Other reserve (Note)	Total Reserves		
Rupees in 000							
Balance as on July 01, 2012	436,148	490,111	2,904	7,448,573	8,377,736	77,033	8,454,769
Issue of share capital	123	-	-	-	123	-	123
Medical aid to staff	-	-	(215)	-	(215)	-	(215)
Profit for the period- restated	-	-	-	-	-	58,346	58,346
Other comprehensive period for the period	-	-	-	-	-	-	-
Total comprehensive income for the period- restated	-	-	-	-	-	174,884	58,346
Balance as on December 31, 2012- restated	436,271	490,111	2,689	7,448,573	8,377,644	251,917	8,629,561
Balance as on July 01, 2013	436,410	609,793	2,433	7,448,573	8,497,209	(1,836,133)	6,661,076
Issue of share capital	1,501,728	-	-	(1,500,000)	1,728	-	1,728
Medical aid to staff	-	-	(25)	-	(25)	-	(25)
Profit for the period	-	-	-	-	-	59,324	59,324
Other comprehensive period for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	59,324	59,324
Balance as on December 31, 2013	1,938,138	609,793	2,408	5,948,573	8,498,912	(1,776,809)	6,722,103

Other reserve

As per the agreement dated September 16, 2009 between the Government of Punjab and the Bank, the Government of Punjab (GoPb) may convert this amount as considered appropriate depending upon the future status of the bank to meet the consequential regularity requirements or financial position of the Bank. Accordingly, this amount has been shown and grouped under this head of account / statement. During the period, shares, amounting to Rs. 1,500 million, were issued to GoPb against such reserve.

Common good fund

This reserve is created to provide for medical treatment to employees of the Bank with respect to any unforeseen accident / injuries during the duty hours.

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

SYED TALAT MAHMOOD
PRESIDENT / CEO

Notes to the condensed interim financial statements

For the half year ended December 31, 2013 (Un-audited)

1 Status and nature of business

1.1 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, 2013 : 151) branches in the province of Punjab. The Registered Office of the Bank is located at Bank Square, The Mall, Lahore.

1.2 The State Bank of Pakistan has exempted the Bank from meeting Minimum Capital Requirement (MCR) till December 31, 2014 vide their letter no. BPRD (RU-43)512-09(B) / X /15161/98 dated September 08, 1998 and No. BSD (RU-43)512-09(B) / X /1138/2001 dated January 25, 2001. Restructuring plans have been submitted vide letter no. MD / COO /025-27 dated December 31, 2009 and letter no. PA/PS/063 dated December 10, 2013. Accordingly, the financial information has been prepared on going concern assumption.

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 Basics 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, 2013.

The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2013, 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, 2013.

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.

Notes to the condensed interim financial statements

For the half year ended December 31, 2013 (Un-audited)

7 Investments

	Un-audited			Audited		
	December 31, 2013			June 30, 2013		
	Held by	Given as	Total	Held by	Given as	Total
	bank	collateral		bank	collateral	
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	1,231,600	-	1,231,600	588,332	-	588,332
Investment with NBFIs	88,059	-	88,059	88,059	-	88,059
	1,330,233	-	1,330,233	686,965	-	686,965

Provision for diminution in value of shares of Cooperative Institutions and NBFIs	(89,648)	-	(89,648)	(89,648)	-	(89,648)
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Investment (net of provisions)	1,240,585	-	1,240,585	597,317	-	597,317
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Surplus on revaluation of 'available-for-sale' securities	246,828	-	246,828	194,282	-	194,282
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Total investments at market value	1,487,413	-	1,487,413	791,599	-	791,599
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	Note	Un-audited	Audited
		December 31, 2013	June 30, 2013
		Rupees in '000'	

8 Advances

Loans, cash credits, running finances, etc.

In Pakistan	9,109,678	9,468,455
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Bills discounted and purchased (excluding treasury bills)

Payable in Pakistan	184	184
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Advances - gross	9,109,862	9,468,639
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Provision for non-performing advances

Specific	(1,602,549)	(1,602,549)
General	(3,528)	(3,528)
	(1,606,077)	(1,606,077)

Advances - net of provision	7,503,785	7,862,562
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8.1 Advances include Rs. 2,400,831 (in thousand) (June 30, 2013: Rs. 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 in terms of approval of Administrator / Board of Directors.

Notes to the condensed interim financial statements

For the half year ended December 31, 2013 (Un-audited)

	Un-audited December 31, 2013				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000'				
Category of classification					
Other Assets Especially Mentioned	403,789	-	403,789	-	-
Substandard	213,085	-	213,085	4,528	4,528
Doubtful	304,500	-	304,500	149,347	149,347
Loss	1,479,457	-	1,479,457	513,446	1,452,202
	2,400,831	-	2,400,831	667,321	1,606,077

	Audited June 30, 2013				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000'				
Category of classification					
Other Assets Especially Mentioned	455,356	-	455,356	-	-
Substandard	221,482	-	221,482	20,457	20,457
Doubtful	75,487	-	75,487	27,869	27,869
Loss	1,551,197	-	1,551,197	714,565	1,557,751
	2,303,522	-	2,303,522	762,891	1,606,077

9 Deferred Tax

Due to uncertainty of availability of future taxable profits, an amount of Rs. 13,104 thousands (June 30, 2013: Rs. 27,604 thousands) has not been recognized as deferred tax assets.

	Note	Un-audited	Audited
		December 31, 2013	June 30, 2013
Rupees in '000'			

10 OTHER ASSETS - NET

Income / markup accrued on loans and advances in local currency	529,437	548,464
Advances, deposits, advance rent and other prepayments	1,480	2,374
Advance taxation (payments less provisions)	35,185	33,901
Sundry debtors	11,505	11,483
Profit receivable from banks	5,122	7,961
Crop insurance recoverable	170,968	126,722
Others	82,734	85,634
Branch adjustment account	117,737	-
Other assets - gross	954,168	816,539
Less: Provision held against other assets	(53,808)	(53,808)
Other assets net of provision	900,360	762,731

Notes to the condensed interim financial statements

For the half year ended December 31, 2013 (Un-audited)

	Note	Un-audited	Audited
		December 31, 2013	June 30, 2013
		Rupees in '000'	
11 DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		339,584	250,615
Savings deposits		2,633,400	1,828,236
Current accounts - non-remunerative		1,024,890	613,788
Call deposits		10,530	3,653
Other deposits	11.1	42,121	51,416
		4,050,525	2,747,708

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

12 Contingencies and commitments

	Note	Un-audited	Audited
		December 31, 2013	June 30, 2013
		Rupees in '000'	
Show cause notices by sales tax-under appeal	12.1	5,041	5,041
		5,041	5,041

12.1 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, 2013.

13 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	Un-audited
		December 31, 2013	December 31, 2012
		Rupees in '000'	
Transactions with related parties			
Remuneration of key executives		18,312	16,362
Shares issued to Government of Punjab		1,500,000	-
Contribution to Pension Fund Trust		21,054	28,219
Contributions to Provident Fund Trust		4,489	527

	Note	Un-audited	Audited
		December 31, 2013	June 30, 2013
		Rupees in '000'	
Amount due from related parties			
Markup recoverable on loan to pension fund trust		3,980	3,980
Loan to Executives			
Loans disbursed during the half year		425	1,539
Repayments during the half year		4,951	4,460
Mark up earned		627	915

Notes to the condensed interim financial statements

For the half year ended December 31, 2013 (Un-audited)

	Note	Un-audited	Audited
		December 31, 2013	June 30, 2013
		Rupees in '000'	

14 Date of authorization

The un-audited condensed interim financial statements were authorised for issue on 26.02.2014 by the Administrator of the Bank.

15 General

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

15.2 Corresponding figures of profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity have been re-arranged / restated, wherever considered necessary, for the purpose of better presentation of the financial statements. However, no significant restatement has been made except for recognition of expense relating to post employee benefits amounting to Rs. 116,538 thousand as the same has not been recognized in the prior year financial statements.

15.3 The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 31 December 2013 and 2012 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

SYED TALAT MAHMOOD
PRESIDENT / CEO