

The Punjab Provincial Cooperative Bank Limited

Condensed interim statement of financial position

As at December 31, 2014

	Note	Un-audited December 31, 2014 Rupees in '000	Audited June 30, 2014 Rupees in '000
Assets			
Cash and balances with treasury banks		922,825	779,550
Balances with other banks		1,610,233	1,240,883
Lending to financial institutions		-	500,000
Investments - net	7	2,368,061	2,150,672
Advances - net	8	8,483,982	7,975,705
Operating fixed assets	9	4,614,659	4,594,887
Deferred tax assets - net	10	-	-
Other assets - net	11	881,963	743,700
Total Assets		18,881,723	17,985,397
Liabilities			
Bills payable		22,544	27,065
Borrowings from financial institutions		-	-
Deposits and other accounts	12	4,281,082	3,707,719
Deferred tax liabilities - net		-	-
Other liabilities		3,046,553	2,789,285
Total Liabilities		7,350,179	6,524,069
Net assets		11,531,544	11,461,328
Represented by :			
Share capital		1,938,229	1,938,210
Reserves		6,581,590	6,581,685
Accumulated loss		(1,664,978)	(1,656,708)
		6,854,841	6,863,187
Fair value reserve - investments		325,916	247,354
Surplus on revaluation of assets		4,350,787	4,350,787
		11,531,544	11,461,328

Contingencies and commitments

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*The annexed notes 1 to 17 form an integral part of this condensed interim financial information.***ZAHID MANSOOR**
CHIEF FINANCIAL OFFICER**MUHAMMAD AYUB**
PRESIDENT / CEO

The Punjab Provincial Cooperative Bank Limited

Condensed interim profit and loss account

For the half year ended December 31, 2014 (Un-audited)

	Note	Half year ended December 31,		Quarter ended December 31,	
		2014	2013	2014	2013
		Rupees in '000		Rupees in '000	
Mark-up / return / interest earned		853,602	800,054	552,952	531,142
Mark-up / return / interest expensed		104,714	64,053	46,518	33,356
Net Mark-up / interest income		748,888	736,001	506,434	497,786
Less: provisions:					
Against non-performing loans and advances		-	-	-	-
Against bill purchased		-	-	-	-
		-	-	-	-
Net mark-up / interest income after provisions		748,888	736,001	506,434	497,786
Non mark-up / interest income					
Fee, commission and brokerage income		8,739	11,747	4,150	5,810
Dividend income		12,408	11,866	-	49
Income from dealing in foreign currency		-	-	-	-
Gain on sale of operating fixed assets		-	1,015	-	1,015
Other income		32,743	31,759	19,208	19,052
Total non-markup / interest income		53,890	56,387	23,358	25,926
Total Income		802,778	792,388	529,792	523,712
Non mark-up / interest expenses					
Administrative expenses	14	796,954	701,121	518,029	345,587
Other provisions / write - offs		-	-	-	-
Other charges		-	-	-	-
Total non-markup / interest expenses		796,954	701,121	518,029	345,587
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		5,824	91,267	11,763	178,125
Taxation					
Current		14,094	31,943	14,094	31,943
Prior years		-	-	-	-
Deferred		-	-	-	-
		14,094	31,943	14,094	31,943
Profit after taxation		(8,270)	59,324	(2,331)	146,182
Basic / diluted earnings per share - Rupees		(0.63)	8.65	(0.18)	15.62

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
PRESIDENT / CEO

The Punjab Provincial Cooperative Bank Limited**Condensed interim statement of comprehensive income**
For the half year ended December 31, 2014 (Un-audited)

	Half Year ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	Rupees in '000			
Profit after taxation for the period	(8,270)	59,324	(2,331)	146,182
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	(8,270)	59,324	(2,331)	146,182

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 17 form an integral part of this condensed interim financial information.

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
PRESIDENT / CEO

The Punjab Provincial Cooperative Bank Limited

Condensed interim statement of cash flows

For the half year ended December 31, 2014 (Un-audited)

	Half year ended	
	December 31, 2014	December 31, 2013
	Rupees in '000	Rupees in '000
Cash flow from operating activities		
Profit before taxation	5,824	91,267
Less: Dividend income	(12,408)	(11,866)
	<u>(6,584)</u>	<u>79,401</u>
Adjustments for non-cash charges:		
Depreciation	4,618	5,164
Charge for defined benefit plans	247,376	193,674
Provision against non-performing advances	-	-
Provision for other assets	-	-
Gain on sale of operating fixed assets	-	(1,003)
	<u>251,994</u>	<u>197,835</u>
	<u>245,410</u>	<u>277,236</u>
(Increase) / decrease in operating assets		
Advances	(508,277)	358,777
Lending to financial institutions	500,000	-
Others assets (excluding advance taxation) - net	(144,733)	(102,444)
	<u>(153,010)</u>	<u>256,333</u>
	<u>92,400</u>	<u>533,569</u>
Increase/ (decrease) in operating liabilities		
Bills payable	(4,521)	(2,722)
Borrowings from financial institutions	-	-
Deposits	573,363	1,302,817
Other liabilities (excluding current taxation)	9,892	(73,789)
	<u>578,734</u>	<u>1,226,306</u>
	<u>671,134</u>	<u>1,759,875</u>
Income tax paid - net	(7,624)	(36,564)
Net cash flows from operating activities	<u>663,510</u>	<u>1,723,311</u>
Cash flow from investing activities		
Dividend income received	12,408	11,866
Investment in operating fixed assets	(8,490)	(8,954)
Cost incurred on capital work in progress	(15,900)	(7,271)
Net (investments in) / encashment of 'held-to-maturity' securities	(138,827)	(643,268)
Proceeds of operating fixed assets disposed-off	-	1,814
Net cash (used in) / flows from investing activities	<u>(150,809)</u>	<u>(645,813)</u>
Cash flow from financing activities		
Issue of share capital	19	1,728
Medical aid to employees from Common Good Fund	(95)	(25)
Net cash flows from / (used in) financing activities	<u>(76)</u>	<u>1,703</u>
Increase in cash and cash equivalents during the period	<u>512,625</u>	<u>1,079,201</u>
Cash and cash equivalents at beginning of the period	<u>2,020,433</u>	<u>2,621,566</u>
Cash and cash equivalents at end of the period	<u>2,533,058</u>	<u>3,700,767</u>
Cash and cash equivalents are comprised of:		
Cash and balances with treasury banks	922,825	1,221,722
Balances with other banks	1,610,233	2,479,045
	<u>2,533,058</u>	<u>3,700,767</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

 ZAHID MANSOOR
 CHIEF FINANCIAL OFFICER

 MUHAMMAD AYUB
 PRESIDENT / CEO

The Punjab Provincial Cooperative Bank Limited

Condensed interim statement of changes in equity

For the half year ended December 31, 2014 (Un-audited)

	Share capital	Reserves				Un-appropriated profit / (loss)	Total
		Statutory reserves	Common Good Fund (Note)	Other reserve (Note)	Total Reserves		
Rupees in '000							
Balance as on July 01, 2013	436,410	609,793	2,433	7,448,573	8,060,799	(1,836,133)	6,661,076
Issue of share capital	1,501,728	-	-	(1,500,000)	(1,500,000)	-	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	6,560,774	(1,776,809)	4,783,965
Balance as on July 01, 2014	1,938,210	630,758	2,354	5,948,573	6,581,685	(1,656,708)	6,863,187
Issue of share capital	19	-	-	-	-	-	19
Medical aid to staff	-	-	(95)	-	(95)	-	(95)
Profit for the period	-	-	-	-	-	(8,270)	(8,270)
Other comprehensive period for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(8,270)	(8,270)
Balance as on December 31, 2014	1,938,229	630,758	2,259	5,948,573	6,581,590	(1,664,978)	6,854,841

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 last financial year, 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 17 form an integral part of this condensed interim financial information.

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
PRESIDENT / CEO

Notes to the condensed interim financial information

For the half year ended December 31, 2014 (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, 2014 : 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) 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 have been prepared on going concern assumption.

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 information has 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 are stated at revalued amounts and certain investments have been marked to market and are 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, 2014.

The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2014, 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 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, 2014.

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 Balance Sheet, Profit and Loss Account and basic & diluted EPS.

Notes to the condensed interim financial information

For the half year ended December 31, 2014 (Un-audited)

7 Investments

	Un-audited			Audited		
	December 31, 2014			June 30, 2014		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total

----- 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	981,673	-	981,673	1,375,545	-	1,375,545
Pakistan Investment Bonds	1,051,487	-	1,051,487	518,788	-	518,788
Investment with NBFIs	88,059	-	88,059	88,059	-	88,059
	2,131,793	-	2,131,793	1,992,966	-	1,992,966

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)	2,042,145	-	2,042,145	1,903,318	-	1,903,318
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Surplus on revaluation of 'available-for-sale' securities	325,916	-	325,916	247,354	-	247,354
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Total investments at market value	2,368,061	-	2,368,061	2,150,672	-	2,150,672
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	Note	Un-audited	Audited
		December 31, 2014	June 30, 2014
		Rupees in '000	

8 Advances

Loans, cash credits, running finances, etc.			
In Pakistan		10,089,875	9,581,598
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		184	184
Advances - gross		10,090,059	9,581,782
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		8,483,982	7,975,705

Notes to the condensed interim financial information

For the half year ended December 31, 2014 (Un-audited)

8.1 Advances include Rs. 2,204,342 thousand (June 30, 2014 : Rs. 2,265,220 thousand) which have been placed under non-performing status as detailed below:-

	Un-audited December 31, 2014				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
	----- Rupees in '000 -----				

Category of classification

Other Assets Especially Mentioned	222,501	-	222,501	-	-
Substandard	248,399	-	248,399	2,568	2,568
Doubtful	286,399	-	286,399	33,936	33,936
Loss	1,447,043	-	1,447,043	1,435,978	1,569,573
	2,204,342	-	2,204,342	1,472,482	1,606,077

	Audited June 30, 2014				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
	----- Rupees in '000 -----				

Category of classification

Other Assets Especially Mentioned	274,309	-	274,309	-	-
Substandard	352,743	-	352,743	7,293	7,293
Doubtful	192,993	-	192,993	18,465	18,465
Loss	1,445,175	-	1,445,175	1,418,912	1,580,319
	2,265,220	-	2,265,220	1,444,670	1,606,077

8.1.1 The Bank has not adjusted its non-performing loans amounting to Rs. 210,161 thousand and reversal of suspended mark-up income on such loans amounting to Rs. 251,990 against properties decreed in favour of the Bank due to their pending possession disputes.

9 Operating fixed assets

9.1 The value of land and buildings include properties under litigation / disputes amounts to Rs. 101.183 million (June 30, 2014: Rs. 101.183 million) for which legal title has been acquired but the physical possession is under dispute.

10 Deferred tax

10.1 Due to uncertainty of availability of future taxable profits, an amount of Rs. 661,380 thousand (June 30, 2014: Rs. 658,177 thousand) has not been recognized as deferred tax assets.

	Note	Un-audited	Audited
		December 31, 2014	June 30, 2014
		----- Rupees in '000 -----	

11 Other assets - net

Income / markup accrued on loans and advances in local currency	594,026	514,878
Advances, deposits, advance rent and other prepayments	752	1,639
Advance taxation (payments less provisions)	5,840	12,310
Sundry debtors	5,669	7,209
Profit receivable from banks	1,000	20,036
Crop insurance recoverable	155,197	118,624
Others	88,280	83,519
Branch adjustment account	85,007	39,293
Other assets - gross	935,771	797,508
Less: Provision held against other assets	(53,808)	(53,808)
Other assets net of provision	881,963	743,700

Notes to the condensed interim financial information

For the half year ended December 31, 2014 (Un-audited)

	Note	Un-audited	Audited
		December 31, 2014	June 30, 2014
		Rupees in '000	

12 Deposits and other accounts

Customers			
Fixed deposits		518,723	363,084
Savings deposits		2,523,225	2,073,742
Current accounts - non-remunerative		1,086,114	1,206,465
Call deposits		2,397	27,873
Other deposits	12.1	150,623	36,555
		4,281,082	3,707,719

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

13 Contingencies and commitments

13.1 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, 2014.

14 Administrative expenses

14.1 This includes expense for post employment benefits (gratuity, pension and leave encashment) amounting to Rs. 247 million (December 31, 2013: Rs. 165 million).

15 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, 2014	December 31, 2013
		Rupees in '000	

Transactions with related parties

Remuneration of key executives		17,520	18,312
Shares issued to Government of Punjab		-	1,500,000
Contribution to Pension Fund Trust		20,449	21,054
Contributions to Provident Fund Trust		408	4,489

	Note	Un-audited	Audited
		December 31, 2014	June 30, 2014
		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 period / year		2,008	4,363
Repayments during the period / year		1,601	11,064
Mark up earned during the period / year		419	1,488

Notes to the condensed interim financial information

For the half year ended December 31, 2014 (Un-audited)

16 Date of authorization

The un-audited condensed interim financial information were authorised for issue on 26.02.2015 by the Administrator of the Bank.

17 General

- 17.1** Figures in the condensed interim financial information have been rounded off to the nearest thousand rupees.
- 17.2** 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, wherever considered necessary, for the purpose of better presentation of the financial information. However, no significant reclassification has been made.
- 17.3** The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 31 December 2014 and 2013 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
PRESIDENT / CEO