

The Punjab Provincial Cooperative Bank Limited

Condensed interim statement of financial position

As at March 31, 2014

	Note	Un-audited March 31, 2014 Rupees in '000	Audited June 30, 2013 Rupees in '000
Assets			
Cash and balances with treasury banks		346,945	634,679
Balances with other banks		2,104,151	1,986,887
Lending to financial institutions		-	-
Investments - net	7	1,735,487	791,599
Advances - net	8	7,495,755	7,862,562
Operating fixed assets		4,590,861	4,571,028
Deferred tax assets - net		-	-
Other assets - net	9	833,757	762,731
Total Assets		17,106,956	16,609,486
Liabilities			
Bills payable		18,452	13,746
Borrowings from financial institutions		-	-
Deposits and other accounts	10	2,921,756	2,747,708
Deferred tax liabilities - net		-	-
Other liabilities		2,784,235	2,641,887
Total Liabilities		5,724,443	5,403,341
Net assets		11,382,513	11,206,145
Represented by :			
Share capital		1,938,153	436,410
Reserves		6,560,759	8,060,799
Accumulated loss		(1,702,326)	(1,836,133)
		6,796,586	6,661,076
Fair value reserve - investments		235,140	194,282
Surplus on revaluation of assets		4,350,787	4,350,787
		11,382,513	11,206,145

Contingencies and commitments

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*The annexed notes 1 to 14 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 quarter ended March 31, 2014

	Un-audited			
	Nine month ended March		Quarter ended March	
	2014	2013	2014	2013
	Rupees in '000		Rupees in '000	
Mark-up / return / interest earned	1,130,294	1,124,422	330,240	359,353
Mark-up / return / interest expensed	103,737	72,208	39,684	20,206
Net Mark-up / interest income	1,026,557	1,052,214	290,556	339,147
Less: provisions:				
Against non-performing loans and advances	-	-	-	-
Against bill purchased	-	184	-	-
	-	184	-	-
Net mark-up / interest income after provisions	1,026,557	1,052,030	290,556	339,147
Non mark-up / interest income				
Fee, commission and brokerage income	18,084	17,018	6,337	6,269
Dividend income	17,193	18,445	5,327	719
Income from dealing in foreign currency	-	-	-	-
Gain on sale of operating fixed assets	1,015	173	-	-
Other income	44,500	38,964	12,740	12,935
Total non-markup / interest income	80,792	74,600	24,404	19,923
Total Income	1,107,349	1,126,630	314,960	359,070
Non mark-up / interest expenses				
Administrative expenses	941,598	725,404	409,786	219,026
Other provisions / write - offs	-	663	-	-
Other charges	-	-	-	-
Total non-markup / interest expenses	941,598	726,067	409,786	219,026
Extra ordinary / unusual items	-	-	-	-
Profit before taxation	165,751	400,563	(94,826)	140,044
Taxation				
Current	31,944	4,011	-	4,011
Prior years	-	-	-	-
Deferred	-	-	-	-
	31,944	4,011	-	4,011
Profit after taxation	133,807	396,552	(94,826)	136,033
Basic / diluted earnings per share - Rupees	12.14	91.25	(10.13)	31.30

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

SYED TALAT MAHMOOD
PRESIDENT / CEO

Statement of comprehensive income
For the quarter ended March 31, 2014

	Un-audited	
	Nine month ended	
	March	
	2014	2013
	Rupees in '000	
Profit after taxation	133,807	396,552
Other comprehensive income	-	-
Comprehensive income transferred to equity	133,807	396,552
Components of comprehensive income not reflected in equity		
Net change in fair value of available for sale investment	40,858	26,105
Total comprehensive income	174,665	422,657

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MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

SYED TALAT MAHMOOD
PRESIDENT / CEO

The Punjab Provincial Cooperative Bank Limited

Condensed interim statement of cash flows

For the quarter ended March 31, 2014

	Un-audited	
	March 31, 2014	March 31, 2013
	Rupees in '000	
Cash flow from operating activities		
Profit before taxation	165,751	400,563
Less: Dividend income	<u>(17,193)</u>	<u>(18,445)</u>
	148,558	382,118
Adjustments for non-cash charges:		
Depreciation	7,464	3,798
Charge for defined benefit plans	-	-
Provision against non-performing advances	-	184
Provision for other assets	-	663
Gain on sale of operating fixed assets	<u>(1,003)</u>	<u>(173)</u>
	6,461	4,472
	155,019	386,590
(Increase) / decrease in operating assets		
Advances	366,807	249,408
Others assets (excluding advance taxation) - net	<u>(67,110)</u>	<u>(114,914)</u>
	299,697	134,494
	454,716	521,084
Increase/ (decrease) in operating liabilities		
Bills payable	4,706	(16,480)
Borrowings from financial institutions	-	-
Deposits	174,048	300,901
Other liabilities (excluding current taxation)	<u>142,348</u>	<u>(146,235)</u>
	321,102	138,186
	775,818	659,270
Income tax paid - net	<u>(1,542)</u>	<u>(2,284)</u>
Net cash flows from operating activities	774,276	656,986
Cash flow from investing activities		
Dividend income received	17,193	18,445
Investment in operating fixed assets	<u>(9,487)</u>	<u>(9,545)</u>
Capital work in progress	<u>(12,081)</u>	-
Net (investments in) / encashment of 'held-to-maturity' securities	<u>(943,888)</u>	<u>(274,164)</u>
Proceeds of operating fixed assets disposed-off	1,814	664
Net cash (used in) / flows from investing activities	(946,449)	(264,600)
Cash flow from financing activities		
Issue of share capital	1,743	249
Medical aid to employees from Common Good Fund	<u>(40)</u>	<u>(451)</u>
Net cash flows from / (used in) financing activities	1,703	(202)
Increase in cash and cash equivalents during the period	(170,470)	392,184
Cash and cash equivalents at beginning of the period	2,621,566	1,457,340
Cash and cash equivalents at end of the period	2,451,096	1,849,524
Cash and cash equivalents are comprised of:		
Cash and balances with treasury banks	346,945	323,172
Balances with other banks	<u>2,104,151</u>	<u>1,526,352</u>
	2,451,096	1,849,524

The annexed notes 1 to 14 form an integral part of these 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, 2014

	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, 2012 - restated	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	-	-	-	-	-	-
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	-	-	-	-	396,552	396,552
Balance as on March 31, 2013	436,397	490,111	2,453	7,448,573	473,585	8,851,119
Transfer to statutory reserve	-	119,682	-	-	(119,682)	-
Issue of share capital	13	-	-	-	-	13
Medical aid to staff	-	-	(20)	-	-	(20)
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	-	-	-	-	(2,190,036)	(2,190,036)
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	1,501,743	-	-	(1,500,000)	-	1,743
Medical aid to staff	-	-	(40)	-	-	(40)
Funds received from the Government of Punjab	-	-	-	-	-	-
Transfer of surplus on revaluation of asset	-	-	-	-	133,807	133,807
Comprehensive income for the period	-	-	-	-	133,807	133,807
Balance as on March 31, 2014	1,938,153	609,793	2,393	5,948,573	(1,702,326)	6,796,586

The annexed notes 1 to 14 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 quarter ended March 31, 2014

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 Basis 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.

7 Investments

	Un-audited	Audited
	March 31, 2014	June 30, 2013

Notes to the condensed interim financial statements

For the quarter ended March 31, 2014

	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	1,491,362	-	1,491,362	588,332	-	588,332
Investment with NBFIs	88,059	-	88,059	88,059	-	88,059
	1,589,995	-	1,589,995	686,965	-	686,965
Provision for diminution in value of shares of Cooperative Institutions and NBFIs	(89,648)	-	(89,648)	(89,648)	-	(89,648)
Investment (net of provisions)	1,500,347	-	1,500,347	597,317	-	597,317
Surplus on revaluation of 'available-for-sale' securities	235,140	-	235,140	194,282	-	194,282
Total investments at market value	1,735,487	-	1,735,487	791,599	-	791,599

	Un-audited	Audited
	March 31, 2014	June 30, 2013
	Rupees in '000'	
Note		

8 Advances

Loans, cash credits, running finances, etc.		
In Pakistan	9,101,648	9,468,455
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	184	184
Advances - gross	9,101,832	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)
Advances - net of provision	7,495,755	7,862,562

8.1 Advances include Rs. 2,554,526 (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 quarter ended March 31, 2014

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

Category of classification

Other Assets Especially Mentioned	526,613	-	526,613	-	-
Substandard	379,619	-	379,619	5,777	5,777
Doubtful	276,911	-	276,911	154,005	154,005
Loss	1,371,383	-	1,371,383	533,852	1,446,295
	2,554,526	-	2,554,526	693,634	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

	Note	Un-audited	Audited
		March 31, 2014	June 30, 2013
Rupees in '000'			

9 OTHER ASSETS - NET

Income / markup accrued on loans and advances in local currency	558,747	548,464
Advances, deposits, advance rent and other prepayments	1,386	2,374
Advance taxation (payments less provisions)	3,916	33,901
Sundry debtors	9,882	11,483
Profit receivable from banks	8,501	7,961
Crop insurance recoverable	177,824	126,722
Others	86,656	85,634
Branch adjustment account	40,653	-
Other assets - gross	887,565	816,539
Less: Provision held against other assets	(53,808)	(53,808)
Other assets net of provision	833,757	762,731

Notes to the condensed interim financial statements

For the quarter ended March 31, 2014

	Note	Un-audited March 31, 2014	Audited June 30, 2013
Rupees in '000'			
10 DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		337,548	250,615
Savings deposits		1,929,498	1,828,236
Current accounts - non-remunerative		619,672	613,788
Call deposits		2,090	3,653
Other deposits	10.1	32,948	51,416
		2,921,756	2,747,708

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

11 Contingencies and commitments

Show cause notices by sales tax-under appeal	11.1	5,041	5,041
		5,041	5,041

11.1 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.

12 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.

	Note	Un-audited March 31, 2014	Audited 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		2,676	1,539
Repayments during the half year		10,348	4,460
Mark up earned		895	915

13 Date of authorization

The un-audited condensed interim financial statements were authorised for issue on 23.04.2014 by the Administrator of the Bank.

14 General

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

MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

SYED TALAT MAHMOOD
PRESIDENT / CEO