

# The Punjab Provincial Cooperative Bank Limited

## Condensed interim statement of financial position

As at March 31, 2016

	Note	Un-audited March 31, 2016 Rupees in '000	Audited June 30, 2015 Rupees in '000
<b>Assets</b>			
Cash and balances with treasury banks		397,711	866,698
Balances with other banks		866,894	1,775,794
Lending to financial institutions		-	-
Investments - net	7	2,383,368	1,934,771
Advances - net	8	9,154,648	9,194,515
Operating fixed assets		4,642,010	4,619,964
Deferred tax assets - net		-	-
Other assets - net	9	1,016,584	923,123
<b>Total Assets</b>		<b>18,461,215</b>	<b>19,314,865</b>
<b>Liabilities</b>			
Bills payable		13,574	27,324
Borrowings from financial institutions		-	-
Deposits and other accounts	10	3,563,857	4,567,142
Other liabilities		3,169,543	3,130,519
<b>Total Liabilities</b>		<b>6,746,974</b>	<b>7,724,985</b>
<b>Net assets</b>		<b>11,714,241</b>	<b>11,589,880</b>
<b>Represented by :</b>			
Share capital		7,886,841	1,938,243
Reserves		655,098	6,603,774
Accumulated loss		(1,548,472)	(1,678,728)
		<b>6,993,467</b>	<b>6,863,289</b>
Surplus on revaluation of assets		4,350,787	4,350,787
Fair value reserve - investments		369,987	375,804
		<b>11,714,241</b>	<b>11,589,880</b>

Contingencies and commitments

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The annexed notes 1 to 14 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 quarter ended March 31, 2016 (Un-audited)

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	Rupees in '000		Rupees in '000	
<b>Mark-up / return / interest earned</b>	<b>1,155,235</b>	1,207,481	<b>324,636</b>	353,879
<b>Mark-up / return / interest expensed</b>	<b>107,372</b>	154,042	<b>29,932</b>	49,328
<b>Net Mark-up / interest income</b>	<b>1,047,863</b>	1,053,439	<b>294,704</b>	304,551
<b>Less : provisions</b>				
Against non-performing loans and advances	-	-	-	-
Against bill purchased	-	-	-	-
	-	-	-	-
<b>Net mark-up / interest income after provisions</b>	<b>1,047,863</b>	1,053,439	<b>294,704</b>	304,551
<b>Non mark-up / interest income</b>				
Fee, commission and brokerage income	<b>12,155</b>	12,533	<b>3,844</b>	3,794
Dividend income	<b>25,641</b>	12,408	<b>43</b>	
Other income	<b>62,252</b>	46,817	<b>22,243</b>	14,074
<b>Total non-markup / interest income</b>	<b>100,048</b>	71,758	<b>26,130</b>	17,868
<b>Total Income</b>	<b>1,147,911</b>	1,125,197	<b>320,834</b>	322,419
<b>Non mark-up / interest expenses</b>				
Administrative expenses	<b>998,635</b>	1,043,369	<b>253,909</b>	246,415
Other provisions / write - offs	-	-	-	-
<b>Total non-markup / interest expenses</b>	<b>998,635</b>	1,043,369	<b>253,909</b>	246,415
Extra ordinary / unusual items	-	-	-	-
<b>Profit before taxation</b>	<b>149,276</b>	81,828	<b>66,925</b>	76,004
<b>Taxation</b>				
Current	<b>19,020</b>	14,094	-	-
Prior years	-	-	-	-
Deferred	-	-	-	-
	<b>19,020</b>	14,094	-	-
<b>Profit after taxation</b>	<b>130,256</b>	67,734	<b>66,925</b>	76,004
<b>Basic / diluted earnings per share - Rupees</b>	<b>6.72</b>	5.17	<b>3.45</b>	5.80

The annexed notes 1 to 14 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 quarter ended March 31, 2016 (Un-audited)

	Nine months ended March 31,	
	2016	2015
	Rupees in '000	
<b>Profit after taxation for the period</b>	<b>130,256</b>	67,734
<b>Other comprehensive income for the period</b>	-	-
<b>Comprehensive income transferred to equity</b>	<b>130,256</b>	67,734
<b>Components of comprehensive income not reflected in equity</b>		
Net change in fair value of available for sale investment	(5,817)	27,977
<b>Total comprehensive income for the period</b>	<b>124,439</b>	95,711

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**ZAHID MANSOOR**  
CHIEF FINANCIAL OFFICER

**MUHAMMAD AYUB**  
ACTING PRESIDENT / CEO

**The Punjab Provincial Cooperative Bank Limited**

Condensed interim statement of cash flows

For the quarter ended March 31, 2016 (Un-audited)

	Nine Months	
	March 31, 2016	March 31, 2015
	Rupees in '000	Rupees in '000
<b>Cash flow from operating activities</b>		
Profit before taxation	149,276	81,828
Less: Dividend income	(25,641)	(12,408)
	123,635	69,420
<b>Adjustments for non-cash charges:</b>		
Depreciation	3,995	7,175
Charge for defined benefit plans	181,006	247,376
Provision for the year as per SME Prudential Regulations	194	-
	185,196	254,551
	308,831	323,971
<b>(Increase) / decrease in operating assets</b>		
Advances	39,867	(836,782)
Lending to financial institutions	-	500,000
Others assets - net	(100,502)	(155,569)
	(60,635)	(492,351)
	248,196	(168,380)
<b>Increase/ (decrease) in operating liabilities</b>		
Bills payable	(13,750)	(10,327)
Deposits	(1,003,285)	(254,503)
Other liabilities	(141,982)	(138,271)
	(1,159,017)	(403,101)
Income tax paid	(910,821)	(571,481)
	(11,979)	(34,918)
<b>Net cash (used in) / generated from operating activities</b>	(922,800)	(606,399)
<b>Cash flow from investing activities</b>		
Dividend income received	25,641	12,408
Investment in operating fixed assets	(26,042)	(8,490)
Cost incurred on capital work in progress	-	(15,900)
Net investments in of 'held-to-maturity' securities	(454,414)	(91,795)
Proceeds of operating fixed assets disposed-off	-	(4,505)
<b>Net cash used in investing activities</b>	(454,815)	(108,282)
<b>Cash flow from financing activities</b>		
Issue of share capital	25	33
Medical aid to employees from common good fund	(297)	(250)
<b>Net cash used in financing activities</b>	(272)	(217)
<b>(Decrease) / Increase in cash and cash equivalents during the period</b>	(1,377,887)	(714,898)
<b>Cash and cash equivalents at beginning of the period</b>	2,642,492	2,020,433
<b>Cash and cash equivalents at end of the period</b>	1,264,605	1,305,535
<b>Cash and cash equivalents are comprised of:</b>		
Cash and balances with treasury banks	397,711	351,314
Balances with other banks	866,894	954,221
	1,264,605	1,305,535

The annexed notes 1 to 14 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 quarter ended March 31, 2016 (Un-audited)

	Share capital	Reserves				Un-appropriated profit / (loss)	Total	
		Statutory reserves	General reserves (Note)	Common good fund (Note)	Other reserve			Total reserves
Rupees in '000								
<b>Balance as on June 30, 2014</b>	1,938,210	630,758	-	2,354	5,948,573	6,581,685	(1,656,708)	6,863,187
Issue of share capital	33	-	-	-	-	-	-	33
Medical aid to staff	-	-	-	(250)	-	(250)	-	(250)
Profit for the period	-	-	-	-	-	-	67,734	67,734
<b>Balance as on March 31, 2015</b>	1,938,243	630,758	-	2,104	5,948,573	6,581,435	(1,588,974)	6,930,704
Transfer to statutory reserve	-	22,431	-	-	-	22,431	(22,431)	-
Issue of share capital	-	-	-	-	-	-	-	-
Medical aid to staff	-	-	-	(92)	-	(92)	-	(92)
Profit for the period	-	-	-	-	-	-	(67,323)	(67,323)
<b>Balance as on June 30, 2015</b>	1,938,243	653,189	-	2,012	5,948,573	6,603,774	(1,678,728)	6,863,289
Provision for the period	-	-	194	-	-	194	-	194
Issue of share capital	5,948,598	-	-	-	(5,948,573)	(5,948,573)	-	25
Medical aid to staff	-	-	-	(297)	-	(297)	-	(297)
Profit for the period	-	-	-	-	-	-	130,256	130,256
Other comprehensive income for the period	-	-	-	-	-	-	-	-
<b>Balance as on March 31, 2016</b>	<b>7,886,841</b>	<b>653,189</b>	<b>194</b>	<b>1,715</b>	<b>-</b>	<b>655,098</b>	<b>(1,548,472)</b>	<b>6,993,467</b>

**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.

**General reserve**

This reserve is created to satisfy the Regulation SE R-7 of SME Prudential Regulations issued by State Bank of Pakistan.

The annexed notes 1 to 14 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 quarter ended March 31, 2016 (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, 2015 : 151) branches in the province of Punjab. The Registered Office of the Bank is located at Bank Square, The Mall, Lahore.

**1.2** State Bank of Pakistan vide its letter No.BPRD/BACPD/629/023472/15 dated October 26, 2015 has revised the Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) for the Bank to Rs.6 billion and 16% respectively on fulfilling certain conditions as mentioned in the said SBP letter. Moreover, SBP has granted exemption from the implementation of Basel III Capital Instructions till June 30, 2016 vide its letter No.BPRD/BA&CPD/629/001346/16 dated January 15, 2016.

**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 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**

These condensed interim financial statements have 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.

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 these condensed interim financial statements are consistent with those applied in the preparation of the annual published financial statements of the Bank for the year ended June 30, 2015.

The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2015, 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 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, 2015.

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.

**The Punjab Provincial Cooperative Bank Limited**
**Notes to the condensed interim financial information  
For the quarter ended March 31, 2016 (Un-audited)**

	Un-audited			Audited		
	March 31, 2016			June 30, 2015		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total

**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	1,006,792	-	1,006,792	496,032	-	496,032
Pakistan Investment Bonds	997,604	-	997,604	1,053,950	-	1,053,950
Investment with NBFIs	88,059	-	88,059	88,059	-	88,059
	<b>2,103,029</b>	<b>-</b>	<b>2,103,029</b>	<b>1,648,615</b>	<b>-</b>	<b>1,648,615</b>

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

	<b>(89,648)</b>	<b>-</b>	<b>(89,648)</b>	<b>(89,648)</b>	<b>-</b>	<b>(89,648)</b>
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**Investment (net of provisions)**

	<b>2,013,381</b>	<b>-</b>	<b>2,013,381</b>	<b>1,558,967</b>	<b>-</b>	<b>1,558,967</b>
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Surplus on revaluation of

'available-for-sale' securities	369,987	-	369,987	375,804	-	375,804
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<b>Total investments at fair value - net of provisions</b>	<b>2,383,368</b>	<b>-</b>	<b>2,383,368</b>	<b>1,934,771</b>	<b>-</b>	<b>1,934,771</b>
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	Note	Un-audited	Audited
		March 31, 2016	June 30, 2015
		Rupees in '000	

**8 Advances**

Loans, cash credits, running finances, etc.

In Pakistan	10,760,541	10,800,408
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Bills discounted and purchased (excluding treasury bills)

Payable in Pakistan	184	184
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**Advances - gross**

	<b>10,760,725</b>	<b>10,800,592</b>
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**Less : Provision for non-performing advances**

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

	<b>(1,606,077)</b>	<b>(1,606,077)</b>
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**Advances - net of provision**

	<b>9,154,648</b>	<b>9,194,515</b>
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**8.1** Advances include Rs. 2,445,375 thousand (June 30, 2015 : Rs.2,147,218 thousand) which have been placed under non-performing status as detailed below:-

	Un-audited March 31, 2016				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		

**Category of classification**

Other Assets Especially Mentioned	612,802	-	612,802	-	-
Substandard	170,608	-	170,608	3,397	3,397
Doubtful	165,624	-	165,624	18,776	18,776
Loss	1,496,341	-	1,496,341	1,469,839	1,583,904
	<b>2,445,375</b>	<b>-</b>	<b>2,445,375</b>	<b>1,492,012</b>	<b>1,606,077</b>

**The Punjab Provincial Cooperative Bank Limited**

Notes to the condensed interim financial information  
For the quarter ended March 31, 2016 (Un-audited)

	Audited June 30, 2015				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
----- Rupees in '000 -----					

**Category of classification**

Other Assets Especially Mentioned	269,169	-	269,169	-	-
Substandard	177,635	-	177,635	1,497	1,497
Doubtful	213,430	-	213,430	15,033	15,033
Loss	1,486,984	-	1,486,984	1,465,299	1,589,547
	<b>2,147,218</b>	<b>-</b>	<b>2,147,218</b>	<b>1,481,829</b>	<b>1,606,077</b>

	Note	Un-audited	Audited
		March 31, 2016	June 30, 2015
Rupees in '000			

**9 Other assets - net**

Income / markup accrued on loans and advances in local currency		<b>678,909</b>	625,586
Advances, deposits, advance rent and other prepayments		<b>2,777</b>	1,723
Advance taxation (payments less provisions)		<b>16,338</b>	23,379
Sundry debtors		<b>4,316</b>	22,566
Profit receivable from banks		-	700
Crop insurance recoverable		<b>204,173</b>	176,482
Live stock insurance recoverable		<b>4,801</b>	364
Branch adjustment account		<b>55,506</b>	40,842
Others		<b>109,444</b>	91,161
<b>Other assets - gross</b>		<b>1,076,264</b>	982,803
Less: Provision held against other assets		<b>(59,680)</b>	(59,680)
<b>Other assets net of provision</b>		<b>1,016,584</b>	923,123

	Note	Un-audited	Audited
		March 31, 2016	June 30, 2015
Rupees in '000			

**10 Deposits and other accounts**

**Customers**

Fixed deposits		<b>394,655</b>	620,297
Savings deposits		<b>2,289,976</b>	2,439,421
Current accounts - non-remunerative		<b>783,310</b>	1,124,125
Call deposits		<b>1,989</b>	2,833
Other deposits	<b>10.1</b>	<b>93,927</b>	380,466
		<b>3,563,857</b>	4,567,142

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

**11 Contingencies and commitments**

**11.1** The Bank has total of 118 (June 30, 2015 : 119) cases under litigation in different courts. The total amount involved in such outstanding cases aggregate to;

**139,375**      124,676

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



Notes to the condensed interim financial information  
For the quarter ended March 31, 2016 (Un-audited)

**12 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:

		<b>Un-audited March 31, 2016</b>	<b>Audited June 30, 2015</b>
	<b>Note</b>	<b>Rupees in '000</b>	
<b>Loan to executives</b>			
Loan disbursed during the period		5,619	8,590
Repayments during the period		(7,177)	(6,068)
Mark-up earned		1,888	1,210
Contributions to Provident Fund Trust		-	814
Contribution to Pension Fund Trust		200,242	263,684
Shares issued to GoPb		5,948,573	-

**13 Date of authorization**

The un-audited condensed interim financial statements were authorised for issue on 22.04.2016 by the Administrator of the Bank.

**14 General**

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

**ZAHID MANSOOR**  
CHIEF FINANCIAL OFFICER

**MUHAMMAD AYUB**  
ACTING PRESIDENT / CEO