

Condensed interim statement of financial position

As at September 30, 2014

	Note	Un-audited Sep. 30, 2014 Rupees in '000	Audited June 30, 2014 Rupees in '000
Assets			
Cash and balances with treasury banks		347,617	779,550
Balances with other banks		1,103,595	1,240,883
Lending to financial institutions		-	500,000
Investments - net	7	2,127,266	2,150,672
Advances - net	8	8,303,850	7,975,705
Operating fixed assets		4,610,095	4,594,887
Deferred tax assets - net		-	-
Other assets - net	9	922,967	743,700
Total Assets		17,415,390	17,985,397
Liabilities			
Bills payable		17,766	27,065
Borrowings from financial institutions		-	-
Deposits and other accounts	10	3,101,236	3,707,719
Deferred tax liabilities - net		-	-
Other liabilities		2,858,908	2,789,285
Total Liabilities		5,977,910	6,524,069
Net assets		11,437,480	11,461,328
Represented by :			
Share capital		1,938,218	1,938,210
Reserves		6,581,660	6,581,685
Accumulated loss		(1,662,647)	(1,656,708)
		6,857,231	6,863,187
Fair value reserve - investments		229,462	247,354
Surplus on revaluation of assets		4,350,787	4,350,787
		11,437,480	11,461,328

Contingencies and commitments

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*The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.***ZAHID MANSOOR**
CHIEF FINANCIAL OFFICER**MUHAMMAD AYUB**
PRESIDENT / CEO

The Punjab Provincial Cooperative Bank Limited

Condensed interim profit and loss account

For the quarter ended September 30, 2014

	Un-audited For the Quarter ended September	
	2014	2013
	Rupees in '000	
Mark-up / return / interest earned	300,651	268,911
Mark-up / return / interest expensed	58,195	30,697
Net Mark-up / interest income	242,456	238,214
Less: provisions:		
Against non-performing loans and advances	-	-
Against bill purchased	-	-
	-	-
Net mark-up / interest income after provisions	242,456	238,214
Non mark-up / interest income		
Fee, commission and brokerage income	4,588	5,938
Dividend income	12,408	11,817
Income from dealing in foreign currency	-	-
Gain on sale of operating fixed assets	-	-
Other income	13,535	12,708
Total non-markup / interest income	30,531	30,463
Total Income	272,987	268,677
Non mark-up / interest expenses		
Administrative expenses	278,926	264,431
Other provisions / write - offs	-	-
Other charges	-	-
Total non-markup / interest expenses	278,926	264,431
Extra ordinary / unusual items	-	-
Profit before taxation	(5,939)	4,246
Taxation		
Current	-	-
Prior years	-	-
Deferred	-	-
	-	-
Profit after taxation	(5,939)	4,246

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

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
PRESIDENT / CEO

Statement of comprehensive income
For the quarter ended September 30, 2014

	Un-audited	
	For the Quarter ended	
	September	
	2014	2013
	Rupees in '000	
Profit after taxation	(5,939)	4,246
Other comprehensive income	-	-
Comprehensive income transferred to equity	(5,939)	4,246
Components of comprehensive income not reflected in equity		
Net change in fair value of available for sale investment	(17,892)	(13,738)
Total comprehensive income	(23,831)	(9,492)

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

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
PRESIDENT / CEO

The Punjab Provincial Cooperative Bank Limited

Condensed interim statement of cash flows

For the quarter ended September 30, 2014

	Un-audited	
	September 30, 2014	September 30, 2013
	Rupees in '000	
Cash flow from operating activities		
Profit before taxation	(5,939)	4,246
Less: Dividend income	(12,408)	(11,817)
	(18,347)	(7,571)
Adjustments for non-cash charges:		
Depreciation	1,524	2,327
Charge for defined benefit plans	-	-
Provision against non-performing advances	-	-
Provision for other assets	-	-
Gain on sale of operating fixed assets	-	-
	1,524	2,327
	(16,823)	(5,244)
(Increase) / decrease in operating assets		
Advances	(328,145)	165,731
Others assets (excluding advance taxation) - net	(164,901)	(74,561)
	(493,046)	91,170
	(509,869)	85,926
Increase/ (decrease) in operating liabilities		
Bills payable	(9,299)	(646)
Borrowings from financial institutions	-	-
Deposits	(606,483)	(156,083)
Other liabilities (excluding current taxation)	588,456	12,792
	(27,326)	(143,937)
	(537,195)	(58,011)
Income tax paid - net	(2,056)	(583)
Net cash flows from operating activities	(539,251)	(58,594)
Cash flow from investing activities		
Dividend income received	12,408	11,817
Investment in operating fixed assets	(5,560)	(1,731)
Capital work in progress	(13,395)	(773)
Net (investments in) / encashment of 'held-to-maturity' securities	(23,406)	(244,000)
Proceeds of operating fixed assets disposed-off	-	-
Net cash (used in) / flows from investing activities	(29,953)	(234,687)
Cash flow from financing activities		
Issue of share capital	8	1,718
Medical aid to employees from Common Good Fund	(25)	(10)
Net cash flows from / (used in) financing activities	(17)	1,708
Increase in cash and cash equivalents during the period	(569,221)	(291,573)
Cash and cash equivalents at beginning of the period	2,020,433	2,621,566
Cash and cash equivalents at end of the period	1,451,212	2,329,993
Cash and cash equivalents are comprised of:		
Cash and balances with treasury banks	347,617	355,048
Balances with other banks	1,103,595	1,974,945
	1,451,212	2,329,993

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

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
PRESIDENT / CEO

Condensed interim statement of changes in equity
For the quarter ended September 30, 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, 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)
Comprehensive income for the period	-	-	-	-	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
Issue of share capital	1,500,082	-	-	(1,500,000)	-	82
Medical aid to staff	-	-	(69)	-	-	(69)
Transfer to statutory reserve	-	20,965	-	-	(20,965)	-
Comprehensive income for the period	-	-	-	-	196,144	196,144
Balance as on June 30, 2014	1,938,210	630,758	2,354	5,948,573	(1,656,708)	6,863,187
Issue of share capital	8	-	-	-	-	8
Medical aid to staff	-	-	(25)	-	-	(25)
Funds received from the Government of Punjab	-	-	-	-	-	-
Transfer of surplus on revaluation of asset	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	-	(5,939)	(5,939)
Balance as on September 30, 2014	1,938,218	630,758	2,329	5,948,573	(1,662,647)	6,857,231

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

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
PRESIDENT / CEO

Notes to the condensed interim financial statements

For the quarter ended September 30, 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, 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 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, 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 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, 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 Profit and Loss Account and basic & diluted EPS.

7 Investments

	Un-audited	Audited
	September 30, 2014	June 30, 2014

Notes to the condensed interim financial statements

For the quarter ended September 30, 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	894,939	-	894,939	1,375,545	-	1,375,545
Pakistan Investment Bonds	993,880	-	993,880	518,788	-	518,788
Investment with NBFIs	88,059	-	88,059	88,059	-	88,059
	1,987,452	-	1,987,452	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)
Investment (net of provisions)	1,897,804	-	1,897,804	1,903,318	-	1,903,318
Surplus on revaluation of 'available-for-sale' securities	229,462	-	229,462	247,354	-	247,354
Total investments at market value	2,127,266	-	2,127,266	2,150,672	-	2,150,672

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

8 Advances

Loans, cash credits, running finances, etc.		
In Pakistan	9,909,743	9,581,598
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	184	184
Advances - gross	9,909,927	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	8,303,850	7,975,705

8.1 Advances include Rs. 2,457,966 (in thousand) (June 30, 2014: Rs. 2,265,220 thousand) which have been placed under non-performing status.

Notes to the condensed interim financial statements

For the quarter ended September 30, 2014

	Un-audited September 30, 2014				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000'				

Category of classification

Other Assets Especially Mentioned	441,370	-	441,370	-	-
Substandard	317,097	-	317,097	6,402	6,402
Doubtful	244,259	-	244,259	27,718	27,718
Loss	1,455,240	-	1,455,240	1,442,092	1,571,957
	2,457,966	-	2,457,966	1,476,212	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

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

9 OTHER ASSETS - NET

Income / markup accrued on loans and advances in local currency	622,053	514,878
Advances, deposits, advance rent and other prepayments	1,359	1,639
Advance taxation (payments less provisions)	14,366	12,310
Sundry debtors	8,147	7,209
Profit receivable from banks	-	20,036
Crop insurance recoverable	215,856	118,624
Others	88,934	83,519
Branch adjustment account	26,060	39,293
Other assets - gross	976,775	797,508
Less: Provision held against other assets	(53,808)	(53,808)
Other assets net of provision	922,967	743,700

Notes to the condensed interim financial statements

For the quarter ended September 30, 2014

	Note	Un-audited September 30, 2014	Audited June 30, 2014
Rupees in '000'			
10 DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		492,560	363,084
Savings deposits		1,932,700	2,073,742
Current accounts - non-remunerative		625,218	1,206,465
Call deposits		3,610	27,873
Other deposits	10.1	47,148	36,555
		3,101,236	3,707,719

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

11 Contingencies and commitments

	Note	Un-audited September 30, 2014	Audited June 30, 2014
Rupees in '000'			
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, 2014.

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 September 30, 2014	Audited 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 half year		1,608	4,363
Repayments during the half year		791	11,064
Mark up earned		216	1,488

13 Date of authorization

The un-audited condensed interim financial statements were authorised for issue on 29.10.2014 by the Administrator of the Bank.

14 General

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

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
PRESIDENT / CEO