

The Punjab Provincial Cooperative Bank Limited

Condensed interim statement of financial position

As at December 31, 2016

	Note	Un-audited December 31, 2016	Audited June 30, 2016
Rupees in '000			
Assets			
Cash and balances with treasury banks		1,042,995	770,803
Balances with other banks		1,490,880	885,556
Lending to financial institutions		-	-
Investments - net	7	2,568,972	2,525,001
Advances - net	8	9,306,847	9,434,539
Operating fixed assets	9	4,654,361	4,645,212
Deferred tax assets - net	10	-	-
Other assets - net	11	951,031	912,480
Total Assets		20,015,086	19,173,591
Liabilities			
Bills payable		21,314	14,807
Borrowings from financial institutions		-	-
Deposits and other accounts	12	4,868,420	4,186,617
Other liabilities	13	3,210,548	3,199,188
Total Liabilities		8,100,282	7,400,612
Net assets		11,914,804	11,772,979
Represented by :			
Share capital		7,886,842	7,886,842
Reserves		682,625	682,816
Accumulated loss		(1,440,903)	(1,580,623)
		7,128,564	6,989,035
Surplus on revaluation of assets		4,350,787	4,350,787
Fair value reserve - investments		435,453	433,157
		11,914,804	11,772,979

Contingencies and commitments

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*The annexed notes 1 to 18 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 half year ended December 31, 2016 (Un-audited)

	Note	Half year ended December 31,		Quarter ended December 31,	
		2016	2015	2016	2015
		Rupees in '000		Rupees in '000	
Mark-up / return / interest earned		871,871	830,599	512,356	512,715
Mark-up / return / interest expensed		49,223	77,440	27,119	38,992
Net Mark-up / interest income		822,648	753,159	485,237	473,723
Less : provisions					
Against non-performing loans and advances		-	-	-	-
Against bill purchased		-	-	-	-
		-	-	-	-
Net mark-up / interest income after provisions		822,648	753,159	485,237	473,723
Non mark-up / interest income					
Fee, commission and brokerage income		8,067	8,311	4,089	4,017
Dividend income		31,914	25,598	7	-
Other income		45,481	40,009	27,462	25,189
Total non-markup / interest income		85,462	73,918	31,558	29,206
Total Income		908,110	827,077	516,795	502,929
Non mark-up / interest expenses					
Administrative expenses	15	753,175	744,726	432,433	433,882
Other provisions / write - offs		-	-	-	-
Total non-markup / interest expenses		753,175	744,726	432,433	433,882
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		154,935	82,351	84,362	69,047
Taxation					
Current		15,215	19,020	15,215	19,020
Prior years		-	-	-	-
Deferred		-	-	-	-
		15,215	19,020	15,215	19,020
Profit after taxation		139,720	63,331	69,147	50,027
Basic / diluted earnings per share - Rupees		7.21	3.27	3.57	2.58

The annexed notes 1 to 18 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 half year ended December 31, 2016 (Un-audited)

	Half Year ended December 31,		Quarter ended December 31,	
	2016	2015	2016	2015
	Rupees in '000			
Profit after taxation for the period	139,720	63,331	69,147	50,027
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	139,720	63,331	69,147	50,027

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 the Companies Ordinance, 1984.

The annexed notes 1 to 18 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 cash flows

For the half year ended December 31, 2016 (Un-audited)

	Half year ended	
	December 31, 2016	December 31, 2015
	Rupees in '000	Rupees in '000
Cash flow from operating activities		
Profit before taxation	154,935	82,351
Less: Dividend income	(31,914)	(25,598)
	<u>123,021</u>	<u>56,753</u>
Adjustments for non-cash charges:		
Depreciation	7,463	2,910
Charge for defined benefit plans	163,452	181,006
Provision for the year as per SME Prudential Regulations	-	194
	<u>170,915</u>	<u>184,110</u>
	<u>293,936</u>	<u>240,863</u>
(Increase) / decrease in operating assets		
Advances	127,692	(39,118)
Lending to financial institutions	-	-
Others assets - net	(30,749)	(68,898)
	<u>96,943</u>	<u>(108,016)</u>
	<u>390,879</u>	<u>132,847</u>
Increase/ (decrease) in operating liabilities		
Bills payable	6,507	(12,483)
Deposits	681,803	(171,816)
Other liabilities	(152,092)	(82)
	<u>536,218</u>	<u>(184,381)</u>
	<u>927,097</u>	<u>(51,534)</u>
Income tax paid	(23,017)	(4,991)
Net cash (used in) / generated from operating activities	<u>904,080</u>	<u>(56,525)</u>
Cash flow from investing activities		
Dividend income received	31,914	25,598
Investment in operating fixed assets	(5,527)	(18,913)
Cost incurred on capital work in progress	(11,085)	-
Net investments in of 'held-to-maturity' securities	(41,675)	(284,252)
Net cash used in investing activities	<u>(26,373)</u>	<u>(277,567)</u>
Cash flow from financing activities		
Issue of share capital	-	18
Medical aid to employees from common good fund	(191)	(165)
Net cash used in financing activities	<u>(191)</u>	<u>(147)</u>
(Decrease) / Increase in cash and cash equivalents during the period	<u>877,516</u>	<u>(334,239)</u>
Cash and cash equivalents at beginning of the period	<u>1,656,359</u>	<u>2,642,492</u>
Cash and cash equivalents at end of the period	<u>2,533,875</u>	<u>2,308,253</u>
Cash and cash equivalents are comprised of:		
Cash and balances with treasury banks	1,042,995	1,118,096
Balances with other banks	1,490,880	1,190,157
	<u>2,533,875</u>	<u>2,308,253</u>

The annexed notes 1 to 18 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 half year ended December 31, 2016 (Un-audited)

	Share capital	Reserves					Un-appropriated profit / (loss)	Total
		Statutory reserves	General reserves (Note)	Common good fund (Note)	Other reserve (Note)	Total reserves		
Rupees in '000								
Balance as on July 01, 2015	1,938,243	653,189	-	2,012	5,948,573	6,603,774	(1,678,728)	6,863,289
Issue of share capital	18	-	-	-	-	-	-	18
Medical aid to staff	-	-	-	(165)	-	(165)	-	(165)
Provision for the period	-	-	194	-	-	194	-	194
Profit for the period	-	-	-	-	-	-	63,331	63,331
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Balance as on December 31, 2015	1,938,261	653,189	194	1,847	5,948,573	6,603,803	(1,615,397)	6,926,667
Transfer to statutory reserve	-	25,987	-	-	-	25,987	(25,987)	-
Transfer to common good fund	-	-	-	2,000	-	-	(2,000)	-
Issue of share capital	5,948,581	-	-	-	(5,948,573)	8	-	8
Medical aid to staff	-	-	-	(207)	-	(207)	-	(207)
Provision for the period	-	-	(194)	-	-	(194)	-	(194)
Profit for the period	-	-	-	-	-	-	62,761	62,761
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Balance as on June 30, 2016	7,886,842	679,176	-	3,640	-	6,629,397	(1,580,623)	6,989,035
Provision for the period	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-
Medical aid to staff	-	-	-	(191)	-	(191)	-	(191)
Profit for the period	-	-	-	-	-	-	139,720	139,720
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Balance as on December 31, 2016	7,886,842	679,176	-	3,449	-	6,629,206	(1,440,903)	7,128,564

Common good fund

This reserve is created to provide for financial assistance to employees of the bank as policy.

The annexed notes 1 to 18 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 half year ended December 31, 2016 (Un-audited)**

1 Status and nature of business

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, 2016 : 151) branches in the province of Punjab. The Registered Office of the Bank is located at Bank Square, The Mall, Lahore.

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 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

This condensed interim financial information has 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.

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, 2016.

The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2016, 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 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, 2016.

The Bank follows a consistent practice of conducting actuarial valuation annually at each year end. Accordingly, the half yearly provision, based on the expected expenses as on 30-06-2017 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 half year ended December 31, 2016 (Un-audited)**

	Un-audited			Audited		
	December 31, 2016			June 30, 2016		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
----- Rupees in '000 -----						

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	2,114,071	-	2,114,071	1,022,168	-	1,022,168
Pakistan Investment Bonds	10,463	-	10,463	1,060,691	-	1,060,691
Investment with NBFC	88,059	-	88,059	88,059	-	88,059
	2,223,167	-	2,223,167	2,181,492	-	2,181,492

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

	(89,648)	-	(89,648)	(89,648)	-	(89,648)
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Investment (net of provisions)

	2,133,519	-	2,133,519	2,091,844	-	2,091,844
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Surplus on revaluation of

'available-for-sale' securities	435,453	-	435,453	433,157	-	433,157
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Total investments at fair value - net of provisions	2,568,972	-	2,568,972	2,525,001	-	2,525,001
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	Note	Un-audited	Audited
		December 31, 2016	June 30, 2016
		Rupees in '000	
----- Rupees in '000 -----			

8 Advances

Loans, cash credits, running finances, etc.

In Pakistan	10,912,934	11,040,626
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Bills discounted and purchased (excluding treasury bills)

Payable in Pakistan	184	184
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Advances - gross

	10,913,118	11,040,810
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Less : Provision for non-performing advances

Specific	(1,605,893)	(1,605,893)
General	(378)	(378)

	(1,606,271)	(1,606,271)
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Advances - net of provision	9,306,847	9,434,539
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8.1 Advances include Rs. 2,252,628 thousand (June 30, 2016 : Rs.2,270,105 thousand) which have been placed under non-performing status as detailed below:-

The Punjab Provincial Cooperative Bank Limited

Notes to the condensed interim financial information

For the half year ended December 31, 2016 (Un-audited)

	Un-audited December 31, 2016				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				

Category of classification

Other Assets Especially Mentioned	350,671	-	350,671	-	-
Substandard	267,345	-	267,345	2,994	1,800
Doubtful	128,843	-	128,843	12,248	10,124
Loss	1,505,769	-	1,505,769	1,487,311	1,593,969
	2,252,628	-	2,252,628	1,502,553	1,605,893

	Audited June 30, 2016				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				

Category of classification

Other Assets Especially Mentioned	379,901	-	379,901	925	925
Substandard	243,888	-	243,888	10,092	10,092
Doubtful	127,089	-	127,089	8,168	8,168
Loss	1,519,227	-	1,519,227	1,503,374	1,586,708
	2,270,105	-	2,270,105	1,522,559	1,605,893

8.1.1 The Bank has not adjusted its non-performing loans amounting to Rs. 403,412 thousands including mark-up thereon, against properties decreed in favor of Bank due to their pending possession disputes.

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

9 Operating fixed assets

Operating Fixed Assets	4,654,361	4,611,916
	4,654,361	4,611,916

9.1 The value of land and buildings include properties under litigation / disputes amounts to Rs. 101.183 million (June 30, 2016: Rs. 101.183 million) for which legal title has been acquired but the physical possession is under dispute.

10 Deferred tax

In the absence of future taxable profits projections, amount of Rs 556,438 Thousands (June 30,2016: Rs. 495,194 Thousand) Has not been recognized as deferred Tax asset.

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

11 Other assets - net

Income / markup accrued on loans and advances in local currency	626,203	602,218
Advances, deposits, advance rent and other prepayments	13,235	3,672
Advance taxation (payments less provisions)	8,296	494
Sundry debtors	1,847	2,219
Profit receivable from banks	3,922	2,226
Crop insurance recoverable	208,295	178,343
Live stock insurance recoverable	8,448	10,068
Branch adjustment account	44,203	69,296
Others	103,061	110,423
Other assets - gross	1,017,510	978,959
Less: Provision held against other assets	(66,479)	(66,479)
Other assets net of provision	951,031	912,480

Notes to the condensed interim financial information
For the half year ended December 31, 2016 (Un-audited)

		Un-audited December 31, 2016	Audited June 30, 2016
	Note	Rupees in '000	
12 Deposits and other accounts			
Customers			
Fixed deposits		455,828	561,863
Savings deposits		3,007,062	2,445,064
Current accounts - non-remunerative		1,350,639	1,089,524
Call deposits		3,929	4,498
Other deposits	12.1	50,962	85,668
		4,868,420	4,186,617

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

13 Other Liabilities

This includes amount of Rs. 6,274 thousands payable on account of Rahwali Sugar Mills (RSM) and Bid Money of Rs. 12,300 thousands that was forfeited by the PPCBL as per settled agreement with respect to auction of land in 1999 on failure of the purchaser to deposit the remaining purchase money. However, the purchaser has filed a suit in the court against the Bank for recovery of the above said amounts that is pending for adjudication.

14 Contingencies and commitments

14.1 The Bank has total of 117 (June 30, 2016 : 119) cases under litigation in different courts. The total amount involved in such outstanding cases aggregate to;

196,930 164,141

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

15 Administrative expenses

These include expense for post employment benefits (gratuity, pension and leave encashment) amounting to Rs. 163 million (December 31, 2015: Rs. 181 million).

16 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:

		Un-audited December 31, 2016	Un-audited December 31, 2015
	Note	Rupees in '000	
Transactions with related parties			
Remuneration of key executives		16,385	16,069
Contribution to Pension Fund Trust		25,359	19,688
Contributions to Provident Fund Trust		-	-

		Un-audited December 31, 2016	Audited June 30, 2016
	Note	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		6,144	7,097
Repayments during the period / year		(3,091)	(8,701)
Mark up earned during the period / year		631	2,242

Notes to the condensed interim financial information
For the half year ended December 31, 2016 (Un-audited)

17 Date of authorization

The un-audited condensed interim financial information was authorised for issue on 02-03-2017 by the Administrator of the Bank.

18 General

- 18.1** Figures in the condensed interim financial information have been rounded off to the nearest thousand rupees.
- 18.2** 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.
- 18.3** The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 31 December 2016 and 2015 were not subject to limited scope review by the auditors as scope of review cover only the cumulative figures.

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUHAMMAD AYUB
ACTING PRESIDENT / CEO