

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2012

	<u>Note</u>	<u>Un-audited</u> <u>March 31, 2012</u>	<u>Audited</u> <u>June 30, 2011</u>
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		248,666	468,879
Balances with other banks		1,256,467	2,123,846
Lending to financial institutions		-	-
Investments	4	780,173	1,503,620
Advances	5	7,636,153	6,020,045
Operating fixed assets		3,538,559	3,736,445
Deferred tax assets		-	-
Other assets		735,461	506,363
		14,195,479	14,359,198
LIABILITIES			
Bills payable		36,409	11,994
Borrowings from financial institutions		-	1,944,442
Deposits and other accounts		2,094,832	2,443,098
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		182,002	255,714
		2,313,243	4,655,248
NET ASSETS		11,882,236	9,703,950
REPRESENTED BY :			
Share capital		436,020	435,584
Reserves		7,845,891	6,103,037
Un-appropriated profit / (loss)		167,647	(448,866)
		8,449,558	6,089,755
Fair value reserve - investments		117,031	114,548
Surplus on revaluation of assets		3,315,647	3,499,647
		11,882,236	9,703,950

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 8 form an integral part of these financial statements.

ZAHID MANSOOR
 ACTING CHIEF FINANCIAL OFFICER

LIAQAT DURRANI
 PRESIDENT/ CEO

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED MARCH 31, 2012

UN-AUDITED

	Nine months		Quarter ended	
	March 2012	March 2011	March 2012	March 2011
	Rupees in '000			
Mark-up / return / interest earned	1,139,851	1,110,764	456,873	394,383
Mark-up / return / interest expensed	92,647	298,750	36,533	68,229
Net Mark-up / interest income	<u>1,047,204</u>	<u>812,014</u>	<u>420,340</u>	<u>326,154</u>
Less: provisions:				
Against non-performing loans and advances	-	(60,855)	-	-
For diminution in the value of investments	-	-	-	-
Bad debts written off	-	-	-	-
	<u>-</u>	<u>(60,855)</u>	<u>-</u>	<u>-</u>
Net Mark-up / interest income after provisions	<u>1,047,204</u>	<u>872,869</u>	<u>420,340</u>	<u>326,154</u>
Non mark-up / interest income				
Fee, commission and brokerage income	18,571	18,554	6,209	6,120
Dividend income	14,780	14,772	-	-
Income from dealing in foreign currency	-	-	-	-
Gain on sale of operating fixed assets	-	186,903	-	88
Other income	29,611	23,301	10,410	7,413
	<u>62,962</u>	<u>243,530</u>	<u>16,619</u>	<u>13,621</u>
	<u>1,110,166</u>	<u>1,116,399</u>	<u>436,959</u>	<u>339,775</u>
Non mark-up / interest expenses				
Administrative expenses	667,065	596,476	237,133	190,809
Other provisions / write - offs	-	-	-	(55,855)
Other charges - loss on sale of operating fixed assets	2,199	128	2,199	128
	<u>669,264</u>	<u>596,604</u>	<u>239,332</u>	<u>135,082</u>
Extra ordinary / unusual items	-	-	-	-
Profit before taxation	<u>440,902</u>	<u>519,795</u>	<u>197,627</u>	<u>204,693</u>
Taxation				
Current	8,389	10,000	8,389	-
Prior years	-	8,000	-	-
Deferred	-	-	-	-
	<u>8,389</u>	<u>18,000</u>	<u>8,389</u>	<u>-</u>
Profit after taxation	<u>432,513</u>	<u>501,795</u>	<u>189,238</u>	<u>204,693</u>
Basic / Diluted Earnings per share - Rupees	<u>99.2</u>	<u>115.6</u>	<u>43.4</u>	<u>47.2</u>

The annexed notes 1 to 8 form an integral part of these financial statements.

ZAHID MANSOOR
 ACTING CHIEF FINANCIAL OFFICER

LIAQAT DURRANI
 PRESIDENT / CEO

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED MARCH 31, 2012

<u>Note</u>	Un-audited Mar. 2012	Un-audited Mar. 2011
	<u>Rupees in '000'</u>	
Profit after taxation	432,513	501,795
Other comprehensive income	-	-
Comprehensive income transferred to equity	<u>432,513</u>	<u>501,795</u>
Components of comprehensive income not reflected in equity		
Surplus / (Deficit) on revaluation of investments	2,483	(10,670)
	<u><u>434,996</u></u>	<u><u>491,125</u></u>

The annexed notes from 1 to 8 form an integral part of these financial statements.

ZAHID MANSOOR
 ACTING CHIEF FINANCIAL OFFICER

LIAQAT DURRANI
 PRESIDENT/ CEO

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED MARCH 31, 2012

UN-AUDITED

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	440,902	519,795
Less: Dividend income	(14,780)	(14,772)
	426,122	505,023
Adjustments for non-cash charges:		
Depreciation	4,959	7,582
Amortization	-	-
Provision Against Non-performing Advances	-	(60,855)
Provision for Diminution in the value of investments/ other assets	-	-
Loss / (Gain) on sale of operating fixed assets	2,199	(186,903)
	7,158	(240,176)
	433,280	264,847
(Increase)/ decrease in operating assets		
Advances	(1,616,108)	(57,397)
Others assets (excluding advance taxation)	(219,673)	1,919,354
	(1,835,781)	1,861,957
	(1,402,501)	2,126,804
Increase/ (decrease) in operating liabilities		
Bills payable	24,415	(11,281)
Borrowings from financial institutions	(1,944,443)	(2,472,224)
Deposits	(348,266)	(1,881,666)
Other liabilities (excluding current taxation)	(73,712)	(66,835)
	(2,342,006)	(4,432,006)
	(3,744,507)	(2,305,202)
Income tax paid	(17,814)	(4,683)
Net cash outflow from operating activities	(3,762,321)	(2,309,885)
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend income	14,780	14,772
Investment in operating fixed assets	(5,438)	(5,316)
Capital work in progress	(3,100)	(1,027)
Advances to suppliers for information system	(2,160)	-
Encashment / (Investment) in treasury Bills	585,930	(700,000)
Investment in of Modarabah certificates	140,000	136,484
Sale proceeds of operating fixed assets disposed-off	-	202,102
Net cash inflow from investing activities	730,012	(352,985)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital - net of refund	436	404
Other fund from the Government of Punjab	1,944,443	2,270,797
Medical aid to employees from Common Good Fund	(162)	(243)
Net cash inflow from financing activities	1,944,717	2,270,958
Increase in cash and cash equivalents	(1,087,592)	(391,912)
Cash and cash equivalents at beginning of the period	2,592,725	2,523,583
Cash and cash equivalents at end of the period	1,505,133	2,131,671
Cash and cash equivalents are comprised of:		
Cash and balances with treasury banks	248,666	261,180
Balances with other banks	1,256,467	1,870,491
	1,505,133	2,131,671

The annexed notes 1 to 8 form an integral part of these financial statements.

ZAHID MANSOOR
ACTING CHIEF FINANCIAL OFFICER

LIAQAT DURRANI
PRESIDENT/ CEO

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED MARCH 31, 2012
UN-AUDITED

	Share capital	Statutory reserve	Common Good Fund	Other Reserve (Note)	Un-appropriated Profit / (Loss)	Total
Rupees in 000						
Balance as on June 30, 2010	435,060	394,278	3,515	2,400,000	(928,639)	2,304,214
Issue of share capital	377	-	-	-	-	377
Medical aid to staff	-	-	(43)	-	-	(43)
Funds received from the Government of Punjab	-	-	-	1,437,463	-	1,437,463
Comprehensive income for the 1st half year	-	-	-	-	110,963	110,963
Balance as on December 31, 2010 - as restated	435,437	394,278	3,472	3,837,463	(817,676)	3,852,974
Issue of share capital	147	-	-	-	-	147
Medical aid to staff	-	-	(270)	-	-	(270)
Funds received from the Government of Punjab	-	-	-	1,868,094	-	1,868,094
Comprehensive income for the second half year	-	-	-	-	368,810	368,810
Balance as on June 30, 2011	435,584	394,278	3,202	5,705,557	(448,866)	6,089,755
Issue of share capital	436	-	-	-	-	436
Medical aid to staff	-	-	(162)	-	-	(162)
Funds received from the Government of Punjab	-	-	-	1,944,443	-	1,944,443
Settlement for sale of property with Other Reserve from Government of Punjab	-	-	-	(201,427)	-	(201,427)
Transfer of surplus on revaluation of asset realised on disposal	-	-	-	-	184,000	184,000
Comprehensive income for for the period	-	-	-	-	432,513	432,513
Balance as on March 31, 2012	436,020	394,278	3,040	7,448,573	167,647	8,449,558

Note :

As per the agreement dated September 16, 2009 between the Government of Punjab and the Bank, the Government of Punjab 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.

The annexed notes 1 to 8 form an integral part of these financial statements.

ZAHID MANSOOR
ACTING CHIEF FINANCIAL OFFICER

LIAQAT DURRANI
PRESIDENT/ CEO

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED MARCH 31, 2012
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 the year 1924. It was given the status of a scheduled Bank by the State Bank of Pakistan w.e.f. November 07, 1955. The Bank is operating under the supervision of Cooperative Department and State Bank of Pakistan. 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 159 branches in Punjab. Its Head Office is located at Bank Square, The Mall, Lahore.

The State Bank of Pakistan discontinued funding and did not sanction the financing limit for the year 2007-2008 to the Bank. Currently the Bank has no alternative arrangement for additional borrowing. However, 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 08-09-1998 and No. BSD(RU-43)512-09(B)/X/1138/2001 dated 25-01-2001. Moreover the competent authority has approved to restructure / revamp the Bank. As advised by the SBP, restructuring plan has been submitted vide letter no. MD/COO/025-27 dated 31-12-2009. Accordingly the financial information has been prepared by using the going concern assumption.

2 STATEMENT OF COMPLIANCE

The condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Cooperative Societies Act, 1925, Cooperative Societies Rules, 1927 and State Bank of Pakistan. Wherever the requirements of the directives issued by the State Bank of Pakistan differ with the requirements of these standards, the requirements of the said directives take precedence. The disclosures made in these financial information have, however, been limited based on the format prescribed by the State Bank of Pakistan for condensed interim financial information vide BSD Circular Letter No.2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting" and should be read in conjunction with the annual financial statements of the Bank for the year ended June 30, 2011.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for preparation of the condensed interim financial information are the same as those applied in preparation of the annual audited financial statements of the Bank for the year ended June 30, 2011.

4 INVESTMENTS

	March 31, 2012			June 30, 2011		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Rupees in '000						
4.1 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	568,060	-	568,060	1,153,990	-	1,153,990
Investment with NBFIs	88,059	-	88,059	228,059	-	228,059
	666,693	-	666,693	1,392,623	-	1,392,623
Less: Provision for diminution in value of shares of Cooperative Institutions	(3,551)		(3,551)	(3,551)		(3,551)
Add: Surplus on revaluation of Securities	117,031	-	117,031	114,548	-	114,548
	780,173	-	780,173	1,503,620	-	1,503,620

	<u>March 31, 2012</u>	<u>June 30, 2011</u>
	Rupees in '000	
5 ADVANCES		
Loans, cash credits, running finances, etc.		
In Pakistan	9,241,863	7,625,755
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	184	184
	<u>9,242,047</u>	<u>7,625,939</u>
Provision for non-performing advances		
Specific	(1,602,366)	(1,602,366)
General	(3,528)	(3,528)
	<u>(1,605,894)</u>	<u>(1,605,894)</u>
	<u><u>7,636,153</u></u>	<u><u>6,020,045</u></u>

5.1 Advances include Rs. 2,383,550 (in thousand) as of 31.03.2012 (30.06.2011 : 2,498,221 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 Director:

<u>Category of Classification</u>	<u>Domestic</u>	<u>Overseas</u>	<u>Total</u>	<u>Provision Required</u>	<u>Provision Held</u>
	Rupees in '000				
Other Assets Especially Mentioned	288,658	-	288,658	-	-
Substandard	40,868	-	40,868	2,992	2,992
Doubtful	41,246	-	41,246	7,950	7,950
Loss	2,012,778	-	2,012,778	788,769	1,594,952
	<u>2,383,550</u>	<u>-</u>	<u>2,383,550</u>	<u>799,711</u>	<u>1,605,894</u>
				<u>March 31, 2012</u>	<u>June 30, 2011</u>
				Rupees in '000	

6 CONTINGENCIES AND COMMITMENTS

Bank Alfalah Limited, Township Branch, Lahore - Fraud case	6.1	101,413	101,413
Guarantee Acceptances.	6.2	445	445
Show cause notices by sales tax-under appeal	6.2	5,041	5,041
		<u>106,899</u>	<u>106,899</u>

6.1 During November 2003, the bank opened a Royal Profit Account in Bank Alfalah Limited, Township Branch. In July 2010, it revealed that some cheques were forged by the staff members of Bank Alfalah Limited who had routed the proceeds of these cheques through their associates and family members' accounts. The total misappropriated amount in these cases comes to Rs. 101.413 million (i.e. Principal Rs. 97.250 million and Mark up Rs.4.163 million) as reported by the Bank to the FIA, which matter is under trial before Special Judge (Offences in Banks) Lahore, where next date of hearing is fixed for April 24, 2012. The Bank has filed complaint before the SBP (Consumer Protection Department) which was referred to Banking Mohtasib of Pakistan but Bank Alfalah Limited filed a civil suit against the Bank due to which Banking Mohtasib returned the case on March 28, 2011. Aggrieved upon, the bank filed a writ petition in the Honourable Lahore High Court, Lahore the hearing of which was fixed for March 22, 2012 but list cancelled.

6.2 The remaining contingencies and commitments are the same as were disclosed in the preceding half year financial statements of the Bank.

7 DATE OF AUTHORIZATION

The un-audited condensed interim financial information is authorised for issue on 27.04.2012 by the Administrator of the Bank.

8 GENERAL

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

ZAHID MANSOOR
ACTING CHIEF FINANCIAL OFFICER

LIAQAT DURRANI
PRESIDENT/ CEO