

Condensed interim statement of financial position

As at September 30, 2018

	Note	Un-audited Sep. 30, 2018	Audited June 30, 2018
Rupees in '000			
Assets			
Cash and balances with treasury banks		573,839	1,218,756
Balances with other banks		1,171,275	805,565
Lending to financial institutions		-	-
Investments - net	7	2,516,767	2,911,628
Advances - net	8	10,029,300	10,207,775
Operating fixed assets		7,190,134	7,180,096
Deferred tax assets - net		-	-
Other assets - net	9	918,300	857,475
Total Assets		22,399,615	23,181,295
Liabilities			
Bills payable		44,612	55,502
Borrowings from financial institutions		-	-
Deposits and other accounts	10	4,664,051	5,324,183
Deferred tax liabilities - net		-	-
Other liabilities		3,498,339	3,569,088
Total Liabilities		8,207,002	8,948,773
Net assets		14,192,613	14,232,522
Represented by :			
Share capital		7,885,607	7,885,556
Reserves		742,028	742,108
Accumulated loss		(1,715,953)	(1,780,620)
		6,911,682	6,847,044
Fair value reserve - investments		412,157	516,704
Surplus on revaluation of assets		6,868,774	6,868,774
		14,192,613	14,232,522

Contingencies and commitments 11*The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.***ZAHID MANSOOR**
CHIEF FINANCIAL OFFICER**MUNIR AHMED**
A.PRESIDENT / CEO

The Punjab Provincial Cooperative Bank Limited

Condensed interim profit and loss account

For the quarter ended September 30, 2018

	Un-audited For the Quarter ended September	
	2018	2017
Rupees in '000		
Mark-up / return / interest earned	360,002	373,877
Mark-up / return / interest expensed	41,222	30,559
Net Mark-up / interest income	318,780	343,318
Less: provisions:		
Against non-performing loans and advances	-	-
Against bill purchased	-	-
	-	-
Net mark-up / interest income after provisions	318,780	343,318
Non mark-up / interest income		
Fee, commission and brokerage income	3,597	4,411
Dividend income	34,040	34,034
Income from dealing in foreign currency	-	-
Gain on sale of operating fixed assets	10	-
Other income	20,862	18,185
Total non-markup / interest income	58,509	56,630
Total Income	377,289	399,948
Non mark-up / interest expenses		
Administrative expenses	312,622	300,711
Other provisions / write - offs	-	-
Other charges	-	-
Total non-markup / interest expenses	312,622	300,711
Extra ordinary / unusual items	-	-
Profit before taxation	64,667	99,237
Taxation		
Current	-	-
Prior years	-	-
Deferred	-	-
	-	-
Profit after taxation	64,667	99,237

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

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUNIR AHMED
A.PRESIDENT / CEO

Statement of comprehensive income
For the quarter ended September 30, 2018

	Un-audited	
	For the Quarter ended	
	September	
	2018	2017
	Rupees in '000	
Profit after taxation	64,667	99,237
Other comprehensive income	-	-
Comprehensive income transferred to equity	64,667	99,237
Components of comprehensive income not reflected in equity		
Net change in fair value of available for sale investment	(104,547)	(35,671)
Total comprehensive income	(39,880)	63,566

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

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUNIR AHMED
A.PRESIDENT / CEO

The Punjab Provincial Cooperative Bank Limited

Condensed interim statement of cash flows

For the quarter ended September 30, 2018

	Un-audited	
	September 30, 2018	September 30, 2017
	Rupees in '000	
Cash flow from operating activities		
Profit before taxation	64,667	99,237
Less: Dividend income	(34,040)	(34,034)
	30,627	65,203
Adjustments for non-cash charges:		
Depreciation	3,770	3,725
Charge for defined benefit plans	-	-
Provision against non-performing advances	-	-
Provision for other assets	-	-
Loss/(Gain) on sale of operating fixed assets	(10)	-
	3,760	3,725
	34,387	68,928
(Increase) / decrease in operating assets		
Advances	178,475	(76,851)
Others assets (excluding advance taxation) - net	(60,825)	(92,593)
	117,650	(169,444)
	152,037	(100,516)
Increase/ (decrease) in operating liabilities		
Bills payable	(10,890)	(27,257)
Borrowings from financial institutions	-	-
Deposits	(660,132)	(797,037)
Other liabilities (excluding current taxation)	(70,749)	(48,528)
	(741,771)	(872,822)
Income tax paid - net	(589,734)	(973,338)
	(4,689)	(4,645)
Net cash flows from operating activities	(594,423)	(977,983)
Cash flow from investing activities		
Dividend income received	34,040	34,034
Investment in operating fixed assets	(10,038)	(4,976)
Capital work in progress	-	-
Net (investments in) / encashment of 'held-to-maturity' securities	291,243	(373,346)
Proceeds of operating fixed assets disposed-off	-	-
Net cash (used in) / flows from investing activities	315,245	(344,288)
Cash flow from financing activities		
Issue of share capital	51	-
Medical aid to employees from Common Good Fund	(80)	(80)
Net cash flows from / (used in) financing activities	(29)	(80)
Increase in cash and cash equivalents during the period	(279,207)	(1,322,351)
Cash and cash equivalents at beginning of the period	2,024,321	2,610,537
Cash and cash equivalents at end of the period	1,745,114	1,288,186
Cash and cash equivalents are comprised of:		
Cash and balances with treasury banks	573,839	480,366
Balances with other banks	1,171,275	807,820
	1,745,114	1,288,186

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

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUNIR AHMED
A.PRESIDENT / CEO

Condensed interim statement of changes in equity
For the quarter ended September 30, 2018

	Share capital	Statutory reserves	Un-audited		Un-appropriated profit / (loss)	Total
			Common Good Fund	Other reserve (Note)		
Balance as on June 30, 2017	7,885,482	707,659	5,214	-	(1,486,922)	7,111,433
Issue of share capital	-	-	-	-	-	-
Medical aid to staff	-	-	(80)	-	-	(80)
Comprehensive income for the period	-	-	-	-	99,237	99,237
Balance as on September 30, 2017	7,885,482	707,659	5,134	-	(1,387,685)	7,210,590
Issue of share capital	-	-	-	-	-	-
Reissuance of shares	74	-	-	-	-	74
Medical aid to staff	-	-	(648)	-	-	(648)
Transfer to statutory reserve	-	29,963	-	-	(29,963)	-
Transfer to common good fund	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	-	(362,972)	(362,972)
Balance as on June 30, 2018	7,885,556	737,622	4,486	-	(1,780,620)	6,847,044
Reissuance of shares	51	-	-	-	-	51
Medical aid to staff	-	-	(80)	-	-	(80)
Comprehensive income for the period	-	-	-	-	64,667	64,667
Balance as on September 30, 2018	7,885,607	737,622	4,406	-	(1,715,953)	6,911,682

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

ZAHID MANSOOR
CHIEF FINANCIAL OFFICER

MUNIR AHMED
A.PRESIDENT / CEO

Notes to the condensed interim financial statements

For the quarter ended September 30, 2018

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, 2018 : 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

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 accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 ('the ordinance'), the Cooperative Societies Act, 1925 ('the Act'), and the Cooperative Societies rules 1927 ('the Rules'); and
- Directives issued by the State Bank of Pakistan (SBP).

Whenever the requirements of the ordinance, the Act, and the Rules, or the directives issued by the SBP differ with the requirements of IFRS or IFAS the requirements of the Ordinance, the Act, the rules and the said directives, shall prevail.

The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Accordingly investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banks in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS - 8. Accordingly, segment information disclosed in these financial statements is based on the requirements laid down by the SBP.

4 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that free hold land and securities (available for sale) have been recognized in these financial statements at revalued amounts. In addition, obligation in respect of staff retirement benefits is carried at present value.

5 Judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgments in application of its accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies that have a significant risk of material adjustment to the carrying amounts of assets and liabilities are as follows:

- i) Classification and provisioning against investments.
- ii) Impairment of 'available for sale' equity investments
- iii) Income taxes.
- iv) Classification and provisioning against advances.
- v) Depreciation, amortization and revaluation of operating fixed assets
- vi) Obligation under defined benefit plan

6 Classification and provisions against investments

Investments classified as 'held to maturity' are non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investment to maturity.

Notes to the condensed interim financial statements

For the quarter ended September 30, 2018

7 Investments

	Un-audited			Audited		
	September 30, 2018			June 30, 2018		
	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	2,095,625	-	2,095,625	2,385,939	-	2,385,939
Pakistan Investment Bonds	-	-	-	-	-	-
Non-banking finance company	88,059	-	88,059	88,059	-	88,059
	<u>2,194,258</u>	-	<u>2,194,258</u>	<u>2,484,572</u>	-	<u>2,484,572</u>
Provision for diminution in value of shares of Cooperative Institutions and NBFIs	(89,648)	-	(89,648)	(89,648)	-	(89,648)
Investment (net of provisions)	<u>2,104,610</u>	-	<u>2,104,610</u>	<u>2,394,924</u>	-	<u>2,394,924</u>
Surplus on revaluation of 'available-for-sale' securities	412,157	-	412,157	516,704	-	516,704
Total investments at market value	<u>2,516,767</u>	-	<u>2,516,767</u>	<u>2,911,628</u>	-	<u>2,911,628</u>

	Un-audited	Audited
	September 30, 2018	June 30, 2018
	Rupees in '000'	

8 Advances

Loans, cash credits, running finances, etc.		
In Pakistan	11,635,387	11,813,862
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	184	184
Advances - gross	<u>11,635,571</u>	<u>11,814,046</u>
Provision for non-performing advances		
Specific	(1,605,893)	(1,605,893)
General	(378)	(378)
	<u>(1,606,271)</u>	<u>(1,606,271)</u>
Advances - net of provision	<u>10,029,300</u>	<u>10,207,775</u>

8.1 Advances include Rs. 2,709,808 (in thousand) (June 30, 2018: Rs. 2,288,968 thousand) which have been placed under non-performing status.

	Un-audited September 30, 2018				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000'				

Category of classification

Other Assets Especially Mentioned	798,276	-	798,276	70	-
Substandard	227,003	-	227,003	3,018	3,088
Doubtful	177,316	-	177,316	16,504	16,750
Loss	1,507,213	-	1,507,213	1,455,493	1,586,055
	<u>2,709,808</u>	-	<u>2,709,808</u>	<u>1,475,085</u>	<u>1,605,893</u>

	Audited June 30, 2018				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000'				

Category of classification

Other Assets Especially Mentioned	389,235	-	389,235	124	-
Substandard	229,901	-	229,901	2,604	3,788
Doubtful	173,751	-	173,751	14,803	9,702
Loss	1,496,081	-	1,496,081	1,447,417	1,592,403
	<u>2,288,968</u>	-	<u>2,288,968</u>	<u>1,464,948</u>	<u>1,605,893</u>

Notes to the condensed interim financial statements

For the quarter ended September 30, 2018

	Un-audited September 30, 2018	Audited June 30, 2018
	Rupees in '000'	
9 OTHER ASSETS - NET		
Income / markup accrued on loans and advances in local currency	739,707	681,018
Advances, deposits, advance rent and other prepayments	3,177	14,953
Sundry debtors	2,527	2,440
Profit receivable from banks	3,341	4,658
Crop insurance recoverable	118,716	107,338
Live Stock insurance recoverable	15,002	20,429
Others	99,510	93,118
Branch adjustment account	2,799	-
Other assets - gross	984,779	923,954
Less: Provision held against other assets	(66,479)	(66,479)
Other assets net of provision	918,300	857,475

	Note	Un-audited September 30, 2018	Audited June 30, 2018
		Rupees in '000'	
10 DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		727,276	773,606
Savings deposits		2,852,937	3,124,543
Current accounts - non-remunerative		1,038,226	1,364,272
Call deposits		2,393	10,010
Other deposits	10.1	43,219	51,752
		4,664,051	5,324,183

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

11 Contingencies and commitments

	Note	Un-audited September 30, 2018	Audited June 30, 2018
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, 2018.

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, 2018	Audited June 30, 2018
		Rupees in '000'	
Amount due from related parties			
Loan to Executives			
Loans disbursed during the half year		1,476	4,754
Repayments during the half year		(1,476)	(1,181)
Mark up earned		160	834
Contribution to provident fund trust		2,935	12,123
Contribution to pension fund trust		-	417,668

13 Date of authorization

The un-audited condensed interim financial statements were authorised for issue on 10.12.2018 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

MUNIR AHMED
A.PRESIDENT / CEO