

**KHUSHHALI BANK LIMITED**  
**BALNCE SHEET**  
**FOR THE QUARTER ENDED 30-JUNE-2010**

**BALANCE SHEET**

|  | <u>NOTES</u> | <u>Rupees in '000</u>        |   |
|--|--------------|------------------------------|---|
|  |              | <u>As on Current Quarter</u> | <u>As on Corresponding Quarter of previous year</u> |
| <b><u>ASSETS</u></b>                           |              |                              |   |
| Cash and balances with SBP & NBP               |              | 85,775                       | 76,328  |
| Balances with other banks/NBFIs/MFBs           |              | 575,919                      | 204,885   |
| Money at call & short notice                   |              | 398,940                      | 601,518   |
| Investments - Net of Provisions                | 1            | 1,049,686                    | 1,353,835   |
| Advances - Net of Provisions                   | 2            | 3,694,731                    | 3,307,882   |
| Operating Fixed Assets                         | 3            | 175,348                      | 159,322   |
| Other Assets                                   | 4            | 594,590                      | 761,441   |
| <b>TOTAL ASSETS</b>                            |              | <b>6,574,989</b>             | <b>6,465,211</b>                                    |
| <b><u>LIABILITIES</u></b>                      |              |                              |   |
| Deposits                                       | 5            | 231,842                      | 30,108  |
| Borrowings                                     | 6            | 4,019,160                    | 4,182,889   |
| Bills Payable                                  |              | -                            | -   |
| Subordinated Debt                              |              | -                            | -   |
| Other Liabilities                              | 7            | 118,344                      | 203,828   |
| Deferred Liabilities                           | 8            | 12,140                       | 23,336  |
| <b>TOTAL LIABILITIES</b>                       |              | <b>4,381,486</b>             | <b>4,440,161</b>                                    |
| <b>NET ASSETS</b>                              |              | <b>2,193,503</b>             | <b>2,025,050</b>                                    |
| <b><u>REPRESENTED BY</u></b>                   |              |                              |   |
| Paid-Up Capital                                |              | 1,705,000                    | 1,705,000   |
| Statutory & General Reserves                   |              | 162,411                      | 113,284   |
| Unappropriated profit                          |              | 339,009                      | 193,423   |
| Sub Total - I                                  |              | <b>2,206,420</b>             | <b>2,011,707</b>                                    |
| Surplus on Revaluation of Assets               |              | -                            | -   |
| (Deficit)/Surplus on Revaluation of Securities |              | (12,917)                     | 13,343  |
| Sub Total - II                                 |              | (12,917)                     | 13,343  |
| <b>TOTAL CAPITAL (Sub- Total : I + II)</b>     |              | <b>2,193,503</b>             | <b>2,025,050</b>                                    |

**MEMORANDUM / OFF-BALANCE SHEET ITEMS:**

|   |          |          |
|---|----------|----------|
| Bills for collection                              | -        | -        |
| Acceptances, Endorsements and Other Obligations   | -        | -        |
| Contingent Liabilities                            | -        | -        |
| <b>TOTAL MEMORANDUM / OFF-BALANCE SHEET ITEMS</b> | <b>-</b> | <b>-</b> |

**The annexed notes form an integral part of this Report**

**PROFIT & LOSS ACCOUNT**

**FROM 01-APRIL-2010 to 30-JUNE-2010**

| <b>Rupees in '000</b>  |           |                            |                |
|--|-----------|----------------------------|----------------|
|  | NOTES     | For the Current<br>Quarter | Year To Date   |
| Mark up / Interest / Discounts / Return Earned                   | 9         | 300,415                    | 596,328        |
| Less: Cost / Return on Deposits, Borrowings etc                  | 10        | 61,327                     | 129,539        |
| Net  |           | 239,088                    | 466,789        |
| <b>Non-Interest Income</b>                                       |           |                            |                |
| Fees & Commission  |           | 52,014                     | 93,170         |
| Dividend Income  |           | -                          | -              |
| Other Income   |           | 85,619                     | 117,186        |
| Plus   |           | 137,633                    | 210,356        |
| Sub total  |           | 376,721                    | 677,145        |
| <b>Operating &amp; Non-Interest Expenses</b>                     |           |                            |                |
| Administrative Expenses  | 11        | 264,973                    | 508,674        |
| Provision against Non Performing Loans                           |           | 23,675                     | 41,267         |
| Provision for diminution in value of investments                 |           | -                          | -              |
| Provision against Other Assets                                   |           | 219                        | 428            |
| Bad debts written off directly                                   |           | (2,828)                    | (3,191)        |
| Other Expenses   |           | -                          | -              |
| Less   |           | 286,039                    | 547,178        |
| Sub total  |           | 90,682                     | 129,967        |
| Extra ordinary / unusual items                                   |           | -                          | -              |
| Plus / less  |           | -                          | -              |
| Profit before Taxation   | Sub Total | 90,682                     | 129,967        |
| Taxation - Current   |           | -                          | -              |
| - Deferred   |           | -                          | -              |
| Less   |           | -                          | -              |
| Profit after Taxation  |           | 90,682                     | 129,967        |
| <b>APPROPRIATIONS :</b>  |           |                            |                |
| Statutory & General Reserves                                     |           | -                          | -              |
| Proposed dividend  |           | -                          | -              |
| Other Appropriations   |           | -                          | -              |
| Total appropriations   | Less      | -                          | -              |
| Net Profit / (Loss) for the period                               |           | 90,682                     | 129,967        |
| Un-appropriated Profit brought forward                           |           | 248,327                    | 209,042        |
| Un-appropriated Profit / (Loss) carried forward to Balance sheet |           | <b>339,009</b>             | <b>339,009</b> |
| <b>The annexed notes form an integral part of this Report</b>    |           |                            |                |

**NOTES TO THE QUARTERLY ACCOUNTS AS ON THE QUARTER ENDED 30 JUNE 2010**

**1. INVESTMENTS :**

|  |                               | Rupees in '000   |                        |                 |                              |
|--|-------------------------------|------------------|------------------------|-----------------|------------------------------|
|  |                               | Book Value       | Estimated Market Value | Provisions held | Investment Net of Provisions |
| Approved Securities:   |                               |                  |                        |                 |                              |
|  | Pakistan Investment Bonds     | 395,822          | 361,755                | -               | 361,755                      |
|  | Market Treasury Bills         | 688,248          | 687,931                | -               | 687,931                      |
|  | Others                        | -                | -                      | -               | -                            |
| Investments in subsidiary companies & associated undertakings      |                               |                  |                        |                 |                              |
|  | Fully paid up ordinary shares | -                | -                      | -               | -                            |
|  | listed companies              | -                | -                      | -               | -                            |
|  | unlisted companies            | -                | -                      | -               | -                            |
| Bonds, Participation Term Certificates & Term Finance Certificates |                               |                  |                        |                 |                              |
|  | Other investment              | -                | -                      | -               | -                            |
|  | <b>TOTAL</b>                  | <b>1,084,070</b> | <b>1,049,686</b>       | <b>-</b>        | <b>1,049,686</b>             |

**2. ADVANCES :**

**Advances (Net of Provisions)**

|                                     |                  |
|-------------------------------------|------------------|
| Gross Advances                      | 3,775,883        |
| <b>Less : Provisions held:</b>      |                  |
| General                             | 56,889           |
| Specific                            | 24,263           |
| Sub-Total                           | 81,152           |
| <b>Advances (net of provisions)</b> | <b>3,694,731</b> |

**2.1 Loan Type wise Break-up of Current and Non Performing Loans**

| Loan Type     | Total Outstanding Portfolio | NPLs             |               |               |              |
|---------------|-----------------------------|------------------|---------------|---------------|--------------|
|               |                             | Current          | 30 < 90 days  | 90 < 180 days | > 180 days   |
|               |                             | < 30 days        | Sub-Standard  | Doubtful      | Loss         |
| Agri - inputs | 2,206,781                   | 2,174,046        | 16,556        | 14,520        | 1,659        |
| Livestock     | 921,765                     | 904,990          | 9,319         | 6,528         | 928          |
| Enterprise    | 547,600                     | 527,151          | 11,042        | 7,379         | 2,028        |
| Others        | 99,737                      | 96,671           | 1,737         | 1,112         | 217          |
| <b>Total</b>  | <b>3,775,883</b>            | <b>3,702,858</b> | <b>38,654</b> | <b>29,539</b> | <b>4,832</b> |

|              | At beginning of the Quarter |                      | During the Quarter |                  |                  | At Quarter End  |                           |
|--------------|-----------------------------|----------------------|--------------------|------------------|------------------|-----------------|---------------------------|
|              | No of Borrowers             | Outstanding Advances | Recoverable        | Total Recovery * | Disbursement     | No of Borrowers | Outstanding Advances - ** |
| Male         | 237,955                     | 2,946,340            | 467,353            | 911,715          | 1,050,868        | 243,199         | 3,073,229                 |
| Female       | 79,125                      | 678,190              | 139,796            | 248,339          | 277,236          | 81,245          | 702,654                   |
| <b>Total</b> | <b>317,080</b>              | <b>3,624,530</b>     | <b>607,149</b>     | <b>1,160,054</b> | <b>1,328,104</b> | <b>324,444</b>  | <b>3,775,883</b>          |

\* Total recovery includes prepayments of Rs. 709Million

\*\* Net Advances of Rs.17Million has been written off during the quarter.

**3. Summary of Operating Fixed Assets**

|                               | Cost           | Accumulated Depreciation | Book Value     |
|-------------------------------|----------------|--------------------------|----------------|
| Vehicles                      | 234,266        | 222,906                  | 11,360         |
| Computers                     | 136,290        | 84,501                   | 51,789         |
| Furniture & Fixture           | 98,625         | 33,298                   | 65,327         |
| Office & Electrical Equipment | 109,217        | 62,345                   | 46,872         |
| <b>Total</b>                  | <b>578,398</b> | <b>403,050</b>           | <b>175,348</b> |

**4. OTHER ASSETS :**

|  |                |
|--|----------------|
| Income / Mark up accrued in Local Currency             | 332,385        |
| Income / Mark up accrued in Foreign Currency           | -              |
| Advances, Deposits, Advance Rent and Other Prepayments | 71,050         |
| Advances Taxation (Payments less Provisions)           | 41,595         |
| Branch adjustment account                              | -              |
| Suspense account                                       | -              |
| Deferred Cost  | -              |
| Others   | 151,455        |
| <b>4.1</b>   | <b>596,485</b> |
| Less: Provisions held against classified Other Assets  | 1,895          |
| Other Assets (Net of Provisions)                       | <b>594,590</b> |

4.1 Other includes; Rs. 73M receivable from MSDF at close of the quarter.

**NOTES TO THE QUARTERLY ACCOUNTS AS ON THE QUARTER ENDED 30 JUNE 2010**

**5. DEPOSITS:**

|                  |                |
|------------------|----------------|
| Fixed Deposits   | -              |
| Saving Deposits  | -              |
| Current Deposits | 858            |
| Others           | 153,422        |
| <b>Total</b>     | <b>154,280</b> |

| No of Accounts | Rupees in '000 |
|----------------|----------------|
| -              | -              |
| 858            | 66,108         |
| 153,422        | 165,734        |
| -              | -              |
| 154,280        | 231,842        |

**5.1 PARTICULARS OF DEPOSITS BY OWNERSHIP**

|  |  |
|--|--|
| 1) Individual Depositors   |  |
| a) Community / Village Organizations / Urban Groups etc. Members |  |
| b) Other   |  |
| 2) Institutions / Depositors / Firms etc.                        |  |
| a) Corporation/ Firms etc.                                       |  |
| b) Banks & Financial Institutions                                |  |
| <b>Total</b>   |  |

|         |         |
|---------|---------|
|         |         |
|         |         |
| 154,280 | 231,842 |
| -       | -       |
| -       | -       |
| 154,280 | 231,842 |

**6. BORROWINGS:**

|  |                  |
|--|------------------|
| Borrowings from Bank/ Financial Institution in Pakistan      | 200,000          |
| Borrowings from Bank/ Financial Institution outside Pakistan | -                |
| Borrowings from Government of Pakistan                       | 3,819,160        |
| Borrowings from SBP  | -                |
| Others   | -                |
| <b>Total</b>   | <b>4,019,160</b> |

|           |
|-----------|
| 200,000   |
| -         |
| 3,819,160 |
| -         |
| -         |
| 4,019,160 |

**7. OTHER LIABILITIES:**

|   |                |
|---|----------------|
| Mark-up / Return/ Interest payable on Deposits & Borrowings | 51,901         |
| Accrued Commission and Income on Bills Discounted           | -              |
| Accrued expenses  | 26,905         |
| Current Taxation (Provision less payments)                  | -              |
| Proposed / Unpaid/ Unclaimed Dividends                      | -              |
| Branch Adjustment Accounts                                  | -              |
| Others  | 39,538         |
| <b>Total</b>  | <b>118,344</b> |

|         |
|---------|
| 51,901  |
| -       |
| 26,905  |
| -       |
| -       |
| -       |
| 39,538  |
| 118,344 |

7.1 Other includes Payable to Suppliers/SPs Rs. 15M, CIF to be invoiced Rs 6M and Rs 6M payable to Gratuity Fund

**8. DEFERRED LIABILITIES:**

|                |        |
|----------------|--------|
| Deferred Grant | 12,140 |
|----------------|--------|

|        |
|--------|
| 12,140 |
|--------|

**9. MARK UP / INTEREST AND DISCOUNT AND / OR RETURN EARNED:**

|   |         |
|---|---------|
| Interest / Mark-up on Advances  | 249,947 |
| Interest / Mark-up on interest on Investments in Government Securities                        | 25,879  |
| Interest / Mark-up on Deposit Accounts / Placements with other Banks / Financial Institutions | 24,589  |
| Others  | -       |
|   | 300,415 |

| For Current Quarter | Year To Date |
|---------------------|--------------|
| 249,947             | 492,448      |
| 25,879              | 51,538       |
| 24,589              | 52,342       |
| -                   | -            |
| 300,415             | 596,328      |

**10. COST / RETURN ON DEPOSITS, BORROWING ETC.:**

|            |        |
|------------|--------|
| Deposits   | 1,089  |
| Borrowings | 60,238 |
| Others     | -      |
|            | 61,327 |

|        |         |
|--------|---------|
| 1,089  | 1,901   |
| 60,238 | 127,638 |
| -      | -       |
| 61,327 | 129,539 |

**11. ADMINISTRATIVE EXPENSES:**

|                               |         |
|-------------------------------|---------|
| Staff Salaries and Benefits   | 137,926 |
| Premises Rent etc.            | 21,191  |
| Traveling Expenses            | 3,089   |
| Vehicle Running & Maintenance | 14,621  |
| Depreciation                  | 16,756  |
| Training etc.                 | 3,957   |
| Stationery & Office Supplies  | 11,662  |
| Advertisement                 | 4,446   |
| Staff Retirement Benefits     | 6,669   |
| Others                        | 44,656  |
|                               | 264,973 |

|         |
|---------|
| 270,379 |
| 41,112  |
| 6,832   |
| 28,871  |
| 33,531  |
| 6,705   |
| 18,413  |
| 8,255   |
| 13,338  |
| 81,238  |
| 508,674 |

11.1. Others includes expenses on Utilities Rs. 11M, Communication Rs. 6M, Insurance Rs. 5M, IT support Rs. 6M and Financial charges Rs. 1M during the quarter.

**12. AVERAGE ASSETS:**

for the quarter Rs. 6,646,626

Represents the average of the total assets as of the close of business on each Saturday during the quarter.

**13. NUMBER OF EMPLOYEES:**

|                                 |            |
|---------------------------------|------------|
| Permanent                       | 734        |
| Temporary/ on contractual basis | 7          |
| Daily wagers                    | -          |
| Others (please specify)         | -          |
| <b>Total No. of employees</b>   | <b>741</b> |

| Credit / Sales Staff | Banking / Support | Total |
|----------------------|-------------------|-------|
| 734                  | 603               | 1,337 |
| 7                    | 767               | 774   |
| -                    | -                 | -     |
| -                    | -                 | -     |
| 741                  | 1,370             | 2,111 |

**14. NUMBER OF BRANCHES:**

|  |     |
|--|-----|
| Branches at the beginning of the quarter | 103 |
| Add: Opened during the quarter           | 9   |

|   |            |
|---|------------|
| Less: Closed / Merged during the quarter        | 1          |
| <b>Total Branches at the end of the quarter</b> | <b>111</b> |

|     |
|-----|
| 1   |
| 111 |