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Corporate Information

Board of Directors	Chairman : H. U. Beg Directors : Nasir Ali Shah Bukhari Sohail Wajahat H. Siddiqui Tariq M. Rangoonwala N. K. Shahani Syed Asghar Ali Shah
President / Chief Executive Officer	Muneer Kamal
Audit Committee	Chairman : H. U. Beg Tariq M. Rangoonwala N. K. Shahani Syed Asghar Ali Shah
Human Resource & Remuneration Committee	Chairman : Nasir Ali Shah Bukhari H. U. Beg Sohail Wajahat H. Siddiqui Syed Asghar Ali Shah Muneer Kamal
Risk Management Committee	Chairman : Tariq M. Rangoonwala Nasir Ali Shah Bukhari N. K. Shahani Muneer Kamal
Company Secretary	Muhammad Hamidullah
Chief Financial Officer	Laila Humayun
Auditors	A. F. Ferguson & Co.
Legal Advisors	Ghulam Ali & Co.
Registered Office and Head Office	Business & Finance Centre, I.I. Chundrigar Road, Karachi Tel : (92-21) 2446772-77 Fax : (92-21) 2446828 & 2446865
Regional Office, Lahore	76-B, E-1, Main Boulevard, (Next to Hafeez Centre,) Gulberg-III, Lahore-54000. Tel : (92-42) 5764288-9 Fax : (92-42) 5755358 & 5760079
Registrar and Share Transfer Office	Noble Computer Services (Pvt.) Ltd. 2nd Floor, Sohni Centre, BS 5&6, Main Karimabad, Block-4, Federal 'B' Area, Karachi. Tel : (92-21) 6801880-2 Fax : (92-21) 6801129



I have the privilege to present before you, on behalf of the Board of Directors of the Bank, the quarterly unaudited financial statements of the Bank along with consolidated financial statements of the Bank and its subsidiary for the three months period and quarter ended March 31, 2008.

The two pronged strategy of achieving growth while streamlining systems and enhancing controls adopted by the bank, has started yielding results and the bank has earned profit before tax of Rs.97 million during the first quarter of 2008. The improvement was made possible by the untiring efforts of the management and staff of the Bank.

Financial Performance

Summarized financial performance of the Bank for the quarter ended March 31, 2008 is as follows:

	Rupees in million
Profit before taxation	97.0
Provision for taxation	(5.9)
	<hr/>
Profit after taxation	91.1
Accumulated loss brought forward	(7.5)
Transfer to statutory reserves	(18.2)
	<hr/>
Un-appropriated profit carried forward	65.4
Annualized Earning per share (Rupee)	0.92

Operating and Financial Review

The Bank achieved an operating profit before provisioning and taxation of Rs. 135 million for the first quarter of 2008 as compared to an operating loss before provisioning and taxation of Rs. 1 million in the same period last year. Net markup income at Rs. 296 million is up by 168% against the corresponding period last year. Profit after tax amounted to Rs. 91 million as against Rs.30 million showing a 203% increase from the same period last year.

During the period under review, the total assets base of the Bank increased by 12.13% from Rs.40,890 million to Rs.45,850 million. Advances grew by Rs. 3,955 million from Rs.25,143 million to Rs.29,099 million. The deposit grew by 15 % from Rs.33,132 million to Rs.37,977 million.

Future Prospects

The Bank has started to invigorate the core banking businesses by focusing on clearly defined market segments. Our target is to transform transactional relationship into long term relationships and to achieve these objectives, we have hired professionals who bring with them relevant experience. We are planning to develop a well diversified loan book ensuring optimal equilibrium between risk and reward comprising the corporate sector, small and medium enterprises and the consumer finance.

Pursuing the policy of building of quality assets, the management continues to strive for relationship with additional quality clients of stature and is focusing on developing and enriching core business relationships. Focus remains on devising and launching products best suited to market demands with attention to quality customer services through technologically supported online banking and other technology based services.

KASB Bank has invested in KASB Capital Ltd. which the Bank is contemplating to divest through an offer for sale during the current year

We assure the stakeholders that with consistent innovation and progressive development in all directions, KASB Bank is poised to become a significant player in the banking industry.

Branch Expansion

The State Bank of Pakistan has granted our Bank approval to open 18 branches and 20 sub-branches in 2008. This expansion will increase our network to 73 outlets that will enable our customers better access to our services. We have Masha-Allah already opened 3 new branches and 2 sub-branches and we will be opening the rest during the course of the year.

Credit Rating

Credit rating by PACRA remains unchanged with medium to long-term rating of A-(Single A Minus) with a 'positive' outlook, and a short term rating of A-2 (A Two).

Acknowledgment

In the end I would like to thank our valued customers and shareholders for the trust they have shown in KASB Bank Limited. I would also like to thank the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan for their continued support. I would also like to commend the management team at the Bank for their praiseworthy performance. On the basis of their efforts we can, with confidence, look forward to a prosperous year for the Bank in a difficult and competitive environment.

On behalf of the Board of Directors



H.U Beg
Chairman

Karachi
April 28, 2008

Condensed Interim Balance Sheet
As at March 31, 2008

	Note	Unaudited March 31, 2008	Audited December 31, 2007
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		3,435,943	3,001,895
Balances with other banks		330,093	807,555
Lendings to financial institutions		2,821,266	1,766,398
Investments	4	7,050,772	7,277,875
Advances	5	29,098,870	25,143,153
Operating fixed assets		1,170,733	1,094,748
Deferred tax assets - net		611,261	610,533
Other assets		1,331,207	1,188,415
		45,850,145	40,890,572
LIABILITIES			
Bills payable		829,219	879,152
Borrowings		1,797,508	1,745,807
Deposits and other accounts		37,976,973	33,131,773
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		1,177	1,428
Other liabilities		852,947	848,420
Deferred tax liabilities		-	-
		41,457,824	36,606,580
NET ASSETS		4,392,321	4,283,992
REPRESENTED BY			
Share capital		4,014,890	3,106,978
Subscription money received on proposed issue of right shares		-	907,912
Reserves		169,518	151,287
Effect of fair value measurement of capital on amalgamation		13,775	13,775
Unappropriated profit / (accumulated loss)		65,427	(7,497)
		4,263,610	4,172,455
Surplus on revaluation of securities - net of tax	6	128,711	111,537
		4,392,321	4,283,992
CONTINGENCIES AND COMMITMENTS			
	7		

The annexed notes 1 to 10 form an integral part of these financial statements.


President & Chief Executive


Director


Director


Director

Condensed Interim Profit And Loss Account (Unaudited)
For the quarter ended March 31, 2008

	March 31, 2008	March 31, 2007
	(Rupees in '000)	
Mark-up / return / interest earned	1,061,090	541,579
Mark-up / return / interest expensed	<u>(764,418)</u>	<u>(431,765)</u>
Net mark-up / interest income	296,672	109,814
(Provision) / reversal against non-performing loans and advances	<u>(37,774)</u>	31,127
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
	<u>(37,774)</u>	31,127
Net mark-up / interest after provisions	<u>258,898</u>	<u>140,941</u>
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	<u>42,584</u>	25,308
Dividend income	<u>5,081</u>	4,344
Income from dealing in foreign currencies	<u>45,413</u>	10,598
Gain on sale of securities (other than Govt. Securities)	<u>617</u>	34,862
Unrealised gain on revaluation of investments classified as held for trading	<u>23,600</u>	37,314
Other income	<u>15,836</u>	10,410
Total non mark-up / interest income	<u>133,131</u>	122,836
	<u>392,029</u>	<u>263,777</u>
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	<u>(294,809)</u>	(234,221)
Other provisions / write offs	-	-
Other charges	<u>(122)</u>	(81)
Total non mark-up / interest expenses	<u>(294,931)</u>	(234,302)
PROFIT BEFORE TAXATION	<u>97,098</u>	29,475
Taxation - Current year	<u>(5,943)</u>	(3,560)
- Prior years	-	-
- Deferred	-	4,318
	<u>(5,943)</u>	758
PROFIT AFTER TAXATION	<u>91,155</u>	30,233
Accumulated loss brought forward	<u>(7,497)</u>	(163,156)
	<u>83,658</u>	<u>(132,923)</u>
Basic / Diluted Earnings per share	<u>0.23</u>	<u>0.12</u>
Basic / Diluted Earnings per share (annualised)	<u>0.92</u>	<u>0.47</u>

The annexed notes 1 to 10 form an integral part of these financial statements.


President & Chief Executive


Director


Director


Director

**Condensed Interim Cash Flow Statement (Unaudited)
For the quarter ended March 31, 2008**

	March 31, 2008	March 31, 2007
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	97,098	29,475
Less: Dividend income	<u>(5,081)</u>	<u>(4,344)</u>
	92,017	25,131
Adjustments for non-cash items		
Depreciation	24,898	21,216
Amortisation	1,839	6,741
Provision / (reversal) against non-performing advances - net	37,774	(31,127)
(Gain) / Loss on sale of fixed assets - net	(25)	163
Unrealised gain on revaluation of investments classified as held for trading	(23,600)	(37,314)
Financial charges on leased assets	34	103
Amortisation of premium on investments	6,566	8,824
	<u>47,486</u>	<u>(31,394)</u>
	139,503	(6,263)
(Increase) / Decrease in operating assets		
Lendings to financial institutions	(1,054,868)	940,181
Held for trading securities	(109,690)	147,135
Advances	(3,993,491)	(441,111)
Others assets (excluding advance taxation)	(140,946)	(318,456)
	<u>(5,298,995)</u>	<u>327,749</u>
Increase / (Decrease) in operating liabilities		
Bills payable	(49,933)	169,540
Borrowings from financial institutions	157,802	64,578
Deposits	4,845,200	849,967
Other liabilities	4,527	(180,885)
	<u>4,957,596</u>	<u>903,200</u>
	(201,896)	1,224,686
Income tax (paid) / refund	(7,791)	3,509
Net cash flow from operating activities	<u>(209,687)</u>	<u>1,228,195</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in held to maturity securities	9,889	(1,097)
Net investment in available for sale securities	365,656	(1,419,295)
Dividend received	238	50,625
Investments in operating fixed assets	(104,002)	(38,759)
Sale proceeds realised on disposal of fixed assets	878	92
Net cash flow from investing activities	<u>272,659</u>	<u>(1,408,434)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of right shares	-	229,271
Payments against lease obligations - net	(285)	(307)
Net cash flow from financing activities	<u>(285)</u>	<u>228,964</u>
Net Increase in cash and cash equivalents during the period	62,687	48,725
Cash and cash equivalents at beginning of the period	3,703,349	3,096,625
Cash and cash equivalents at the end of the period	<u>3,766,036</u>	<u>3,145,350</u>

The annexed notes 1 to 10 form an integral part of these financial statements.


President & Chief Executive


Director


Director


Director



**Condensed Interim Statement of Changes in Equity (Unaudited)
For the quarter ended March 31, 2008**

	Share capital	Subscription towards issue of right shares	Statutory reserve	General reserve	Total Reserves	Effect of fair value measurement of capital on amalgamation	Unappropriated profit / (Accumulated loss)	Total
(Rupees in '000)								
Balance as at December 31, 2006	2,292,707	-	111,364	384	111,748	(79,240)	(163,156)	2,162,059
Issue of right shares	229,271	-	-	-	-	-	-	229,271
Profit for the period from January 1, 2007 to March 31, 2007	-	-	-	-	-	-	30,233	30,233
Transfer to statutory reserve	-	-	6,047	-	6,047	-	(6,047)	-
Balance as at March 31, 2007	2,521,978	-	117,411	384	117,795	(79,240)	(138,970)	2,421,563
Issue of right shares	-	-	-	-	-	-	-	-
Subscription money received against proposed issue of right shares	-	907,912	-	-	-	-	-	907,912
Shares issued on pursuant to an amalgamation	585,000	-	-	-	-	93,015	-	678,015
Share issue cost	-	-	-	-	-	-	(2,495)	(2,495)
Profit for the period from April 1, 2007 to December 31, 2007	-	-	-	-	-	-	167,460	167,460
Transfer to statutory reserve	-	-	33,492	-	33,492	-	(33,492)	-
Balance as at December 31, 2007	3,106,978	907,912	150,903	384	151,287	13,775	(7,497)	4,172,455
Issue of right shares	907,912	(907,912)	-	-	-	-	-	-
Profit for the period from January 1, 2008 to March 31, 2008	-	-	-	-	-	-	91,155	91,155
Transfer to statutory reserve	-	-	18,231	-	18,231	-	(18,231)	-
Balance as at March 31, 2008	4,014,890	-	169,134	384	169,518	13,775	65,427	4,263,610

The annexed notes 1 to 10 form an integral part of these financial statements.


President & Chief Executive


Director


Director


Director

1. STATUS AND NATURE OF BUSINESS

- 1.1** KASB Bank Limited was incorporated in Lahore, Pakistan on October 13, 1994 as a public limited company under the Companies' Ordinance, 1984 and received banking license from the State Bank of Pakistan on January 9, 1995. The registered office of the bank is situated at Business and Finance Center, I.I. Chundrigar Road, Karachi. The bank obtained Certificate of Commencement of Business on January 11, 1995 and is engaged in commercial banking and related services through 35 branches operating in different cities. Its shares are listed on Karachi, Lahore and Islamabad Stock Exchanges.

2. STATEMENT OF COMPLIANCE

- 2.1** These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962 and the directives issued by Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Approved accounting standards comprise of such International Accounting Standards (IAS) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the SECP and the SBP differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence. The disclosures made in these financial statements have, however, been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 02 dated May 12, 2004 and the requirements of International Accounting Standard 34: "Interim Financial Reporting" (IAS 34).
- 2.2** The State Bank of Pakistan as per BSD Circular No. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 39: 'Financial Instruments: Recognition and Measurement' (IAS 39) and International Accounting Standard 40: 'Investment Property (IAS 40). Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investment have been classified in accordance with the categories prescribed by the State Bank of Pakistan vide BSD Circular No. 10 dated July 13, 2004.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies 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 December 31, 2007.

Notes to the Condensed Interim Financial Statements
For the quarter ended March 31, 2008 (Unaudited)

4. INVESTMENTS

4.1 Investment by types

	March 31, 2008			December 31, 2007		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
(Rs. in '000)						
Held-for-trading						
Units of Mutual Funds	250,000	-	250,000	50,000	-	50,000
Commercial papers	-	-	-	66,710	-	66,710
Ordinary Shares of listed companies	14,422	-	14,422	14,422	-	14,422
	264,422	-	264,422	131,132	-	131,132
Available-for-sale securities						
Pakistan Investment Bonds	174,328	-	174,328	175,501	-	175,501
Market Treasury Bills	3,617,450	99,748	3,717,198	3,835,924	-	3,835,924
Listed Term Finance Certificates	119,226	-	119,226	123,092	-	123,092
Unlisted Term Finance Certificates	202,942	-	202,942	770,080	-	770,080
Commercial papers	-	-	-	102,992	-	102,992
Units of Mutual Funds	403,811	-	403,811	371,524	-	371,524
Ordinary Shares of listed companies	186,653	-	186,653	205,800	-	205,800
Ordinary Shares of unlisted companies	15,680	-	15,680	15,680	-	15,680
	4,720,090	99,748	4,819,838	5,600,593	-	5,600,593
Held-to-maturity						
Federal Investment Bonds	-	-	-	6,519	-	6,519
Pakistan Investment Bonds	705,613	-	705,613	711,002	-	711,002
Unlisted Term Finance Certificates	427,000	-	427,000	-	-	-
	1,132,613	-	1,132,613	717,521	-	717,521
Associates						
KASB Capital Limited	680,000	-	680,000	680,000	-	680,000
Subsidiaries						
KASB Technology Services Limited	4,771	-	4,771	4,771	-	4,771
Investment at cost						
	6,801,896	99,748	6,901,644	7,134,017	-	7,134,017
Less: Provision for diminution in the value of investments						
	(8,443)	-	(8,443)	(8,443)	-	(8,443)
Investment net of provision						
	6,793,453	99,748	6,893,201	7,125,574	-	7,125,574
Surplus on revaluation of held for trading securities						
	23,600	-	23,600	34,779	-	34,779
Surplus on revaluation of available for sale securities						
	133,971	-	133,971	117,522	-	117,522
Total Investments	6,951,024	99,748	7,050,772	7,277,875	-	7,277,875

4.2 INVESTMENT BY SEGMENTS:

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- Federal Investment Bonds

March 31, 2008 December 31, 2007
(Rupees in '000)

3,717,198	3,835,924
879,941	886,503
-	6,519
4,597,139	4,728,946

Fully Paid up Ordinary Shares

- Listed Companies
- Unlisted Companies

201,075	220,222
15,680	15,680
216,755	235,902

Term Finance Certificates and commercial papers

- Term Finance Certificates - Listed
- Term Finance Certificates - Unlisted
- Commercial Papers

119,226	123,092
629,942	770,080
-	169,702
749,168	1,062,874

Notes to the Condensed Interim Financial Statements
For the quarter ended March 31, 2008 (Unaudited)

	March 31, 2008	December 31, 2007			
	(Rupees in '000)				
Units of Mutual Funds	653,811	421,524			
Associates					
- KASB Capital Limited	680,000	680,000			
Subsidiaries					
- KASB Technology Services Limited	4,771	4,771			
Investment at cost	<u>6,901,644</u>	<u>7,134,017</u>			
Less: Provision for diminution in the value of investments	(8,443)	(8,443)			
Investment net of provision	<u>6,893,201</u>	<u>7,125,574</u>			
Surplus on revaluation of held for trading securities	23,600	34,779			
Surplus on revaluation of available for sale securities	133,971	117,522			
Total Investments	<u><u>7,050,772</u></u>	<u><u>7,277,875</u></u>			
5. ADVANCES					
Loans, cash credits, running finances, etc. - in Pakistan	27,584,807	23,844,503			
Net investment in finance lease - in Pakistan	1,854,073	1,898,315			
Bills discounted and purchased (excluding government treasury bills)					
- Payable in Pakistan	311,159	128,901			
- Payable outside Pakistan	280,739	175,049			
	<u>591,898</u>	<u>303,950</u>			
	30,030,778	26,046,768			
Provision for advances - specific	(894,087)	(870,746)			
Provision for advances - general	(37,821)	(32,869)			
	<u>(931,908)</u>	<u>(903,615)</u>			
	<u><u>29,098,870</u></u>	<u><u>25,143,153</u></u>			
5.1 Particulars of advances (Gross)					
5.1.1 In local currency	29,750,039	25,871,719			
In foreign currencies	280,739	175,049			
	<u>30,030,778</u>	<u>26,046,768</u>			
5.2 Advances include Rs. 1,117,739 million (2007: Rs. 1,069.872 million) which have been placed under non-performing status as detailed below:					
	March 31, 2008				
Category of classification	Domestic	Oversease	Total	Provision required	Provision held
	------(Rupees in '000)-----				
Substandard	90,950	-	90,950	8,041	8,041
Doubtful	126,378	-	126,378	41,397	41,397
Loss	900,411	-	900,411	844,649	844,649
	<u>1,117,739</u>	<u>-</u>	<u>1,117,739</u>	<u>894,087</u>	<u>894,087</u>

5.3 Particulars of provision against loans and advances

	March 31, 2008			December 31, 2007		
	Specific	General	Total	Specific	General	Total
	----- (Rs. in '000) -----			----- (Rs. in '000) -----		
Opening balance	870,746	32,869	903,615	693,484	1,577	695,061
Charge for the period	40,152	4,952	45,104	248,365	31,292	279,657
Reversals	(7,330)	-	(7,330)	(64,939)		(64,939)
Net charge	32,822	4,952	37,774	183,426	31,292	214,718
Amount written off	(9,481)	-	(9,481)	(6,164)		(6,164)
	<u>894,087</u>	<u>37,821</u>	<u>931,908</u>	<u>870,746</u>	<u>32,869</u>	<u>903,615</u>

March 31, 2008 December 31, 2007
(Rupees in '000)

6. Surplus / (deficit) on revaluation of available-for-sale securities

Federal Government securities	(28,160)	(26,093)
Listed Term Finance Certificates	355	693
Units of Mutual Funds	17,818	21,217
Fully paid up ordinary shares	143,957	121,705
	133,970	117,522
Related deferred tax asset	(5,259)	(5,985)
	<u>128,711</u>	<u>111,537</u>

7 CONTINGENCIES AND COMMITMENTS

7.1 Direct credit substitutes

Acceptances	2,570,821	1,935,011
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7.2 Transaction-related contingent liabilities

Guarantees issued favouring Government, Financial Institutions and others	4,927,155	3,360,474
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7.3 Trade-related contingent liabilities

Letters of credit	3,548,483	3,488,493
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7.4 Commitments in respect of forward exchange contracts

Purchase

From the State Bank of Pakistan	7,215	7,064
From other banks	216,058	405,900
From other customers	304	60,667
	<u>223,577</u>	<u>473,631</u>

Sale

To banks	297,576	694,642
To customers	-	-
	<u>297,576</u>	<u>694,642</u>
	<u>521,153</u>	<u>1,168,273</u>

7.5 Commitments for the acquisition of operating fixed assets 362,153 422,999

8. RELATED PARTY TRANSACTIONS

Related parties comprise of directors, subsidiaries of the Bank, major shareholders of the Bank and companies owned by such shareholders, entities owned by directors of the Bank, companies where directors of the Bank also hold directorship, key employees.

The related party transactions are entered into on an arms length basis following the Comparable Uncontrolled Price method on loans, deposits and brokerage transactions and Cost Plus method on communication expenses.

Details of transactions with related parties except those under the terms of employment and balances with them as at the period end were as follows:

	March 31, 2008				December 31, 2007			
	Subsidi- aries	Directors	Key mana- gement personnel	Associ- ates	Subsidi- aries	Directors	Key mana- gement personnel	Associ- ates
Rupees in '000								
Balances outstanding as at the period end								
Loans and advances	19,884	-	60,375	31,227	19,432	-	40,365	35,399
Deposit accounts	1,159	47,444	9,695	769,977	1,662	2,711	6,029	417,825
Security Deposit against lease advances	-	-	-	239	-	-	-	889
Receivable against expenses	780	-	-	238	780	-	-	169
Commission income receivable	-	-	-	713	457	-	-	535
Bank profit payable	-	-	48	4	-	1	16	281
Markup Receivable	243	-	-	595	1,140	-	-	257
Unearned mark up	-	-	-	88	-	-	-	469
Purchase of Computer Equipment & Machinery	1,839	-	-	-	-	-	-	-
Investments at cost	-	-	-	680,000	-	-	-	680,000

	March 31, 2008				March 31, 2007			
	Subsidi- aries	Directors	Key mana- gement personnel	Associ- ates	Subsidi- aries	Directors	Key mana- gement personnel	Associ- ates
Rupees in '000								
Profit / Expense for the period								
Brokerage commission paid	-	-	-	-	688	-	-	-
Interest Income	595	-	319	1,156	4,313	-	-	902
Interest expense	-	56	48	13,636	720	30	18	650
Rent income	-	-	-	-	132	-	-	-
Rent expense	-	-	-	-	781	-	-	-
IT service charges	233	-	-	-	17	-	-	-
Communication expenses	1,718	-	-	-	86	-	-	-
Advertisement sponsorship	-	-	-	-	-	-	-	443
Remuneration paid	-	-	10,980	-	-	-	8,959	-
Administrative expenses	157	-	-	-	-	-	-	-
Director fees	-	975	-	-	-	3,399	-	-
Distribution and facilitation income	-	-	-	232	-	-	-	-

	March 31, 2008	March 31, 2007
(Rupees in '000)		
Contribution to staff provident fund	5,201	3,351
Contribution to gratuity scheme - balance	23,816	21,475

9 GENERAL

Figures have been rounded up to the nearest thousand rupees

10 DATE OF AUTHORIZATION

These financial statements were authorized for issue on April 28, 2008 by the Board of Directors of the Bank.


President & Chief Executive


Director


Director


Director



Consolidated Balance Sheet
As at March 31, 2008

	Unaudited March 31, 2008	Audited December 31, 2007
	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	3,435,988	3,001,928
Balances with other banks	329,514	806,967
Lendings to financial institutions	2,821,266	1,766,398
Investments	7,063,064	7,280,455
Advances	29,078,986	25,123,721
Operating fixed assets	1,183,934	1,108,021
Deferred tax assets - net	658,625	657,897
Other assets	1,347,862	1,202,493
	45,919,239	40,947,880
LIABILITIES		
Bills payable	829,219	879,152
Borrowings	1,797,624	1,746,375
Deposits and other accounts	37,975,814	33,130,112
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	1,177	1,428
Deferred tax liabilities	-	-
Other liabilities	955,545	949,674
	41,559,379	36,706,741
NET ASSETS	4,359,860	4,241,139
REPRESENTED BY		
Share capital	4,014,890	3,106,978
Subscription money received against proposed issue of right shares	-	907,912
Revenue reserves	188,269	170,038
Unappropriated profit / accumulated losses	14,215	(69,101)
Effect of fair value measurement of capital on amalgamation	13,775	13,775
	4,231,149	4,129,602
Minority interest	-	-
Surplus on revaluation of securities - net of tax	128,711	111,537
	4,359,860	4,241,139

CONTINGENCIES AND COMMITMENTS

The annexed notes 1 to 6 form an integral part of these financial statements.

			
President & Chief Executive	Director	Director	Director



Consolidated Profit And Loss Account (Unaudited)
For the quarter ended March 31, 2008

	March 31, 2008	March 31, 2007
	(Rupees in '000)	
Mark-up / return / interest earned	1,060,495	541,617
Mark-up / return / interest expensed	(764,417)	(432,566)
Net mark-up / return / interest income	<u>296,078</u>	<u>109,051</u>
Provision against loans and advances - net	(37,774)	31,127
Provision for diminution in the value of investments - net	-	-
Bad debts written off directly	-	-
	<u>(37,774)</u>	<u>31,127</u>
Net mark-up / return / interest income after provisions	<u>258,304</u>	<u>140,178</u>
Non mark-up / return / interest income		
Fee, commission and brokerage income	42,584	189,156
Dividend income	5,081	4,348
Income from dealing in foreign currencies	45,413	10,598
Gain on sale of securities - net	617	39,120
Unrealised gain on revaluation of investments classified as held for trading - net	23,600	37,945
Other income	22,080	17,979
Total non mark-up / return / interest income	<u>139,375</u>	<u>299,146</u>
	<u>397,679</u>	<u>439,324</u>
Non mark-up / interest expenses		
Administrative expenses	(299,737)	(359,507)
Other provisions / write offs	-	-
Other charges	(122)	(125)
Total non mark-up / interest expenses	<u>(299,859)</u>	<u>(359,632)</u>
	<u>97,820</u>	<u>79,692</u>
Share of profit of associate	9,712	-
Extraordinary items / unusual items	-	-
Profit before taxation	<u>107,532</u>	<u>79,692</u>
Taxation - Current year	(5,985)	(18,380)
- Prior years	-	-
- Deferred	-	3,565
	<u>(5,985)</u>	<u>(14,815)</u>
Profit after taxation	<u>101,547</u>	<u>64,877</u>
Accumulated loss brought forward	(69,101)	(62,876)
Unappropriated profit carried forward	<u>32,446</u>	<u>2,001</u>
Basic / Diluted Earnings per share	<u>0.26</u>	<u>0.25</u>
Basic / Diluted Earnings per share (annualised)	<u>1.02</u>	<u>1.00</u>

The annexed notes 1 to 6 form an integral part of these financial statements.


President & Chief Executive


Director


Director



Director

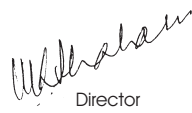
Consolidated Cash Flow Statement (Unaudited)
For the quarter ended March 31, 2008

	March 31, 2008	March 31, 2007
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	107,532	79,692
Less: Dividend income	(5,081)	(4,348)
	<u>102,451</u>	<u>75,344</u>
Adjustments for non-cash and other items:		
Depreciation	24,996	34,180
Share of profit / (loss) from associate	(9,712)	-
Amortisation of intangible assets	1,839	7,230
Provision / (reversal) against loans and advances - net	37,774	(31,127)
Gain on disposal of operating fixed assets - net	(25)	(35)
Unrealised gain on revaluation of investments classified as held for trading	(23,600)	(37,945)
Amortisation of premium on investments	6,566	8,824
Finance charges on leased assets	34	699
	<u>37,872</u>	<u>(18,174)</u>
	<u>140,323</u>	<u>57,170</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(1,054,868)	940,181
Held for trading securities	(109,690)	54,354
Advances	(3,993,039)	(204,755)
Others assets (excluding advance taxation)	(138,424)	(1,251,821)
	<u>(5,296,021)</u>	<u>(462,041)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(49,933)	169,540
Borrowings	157,350	36,410
Deposits	4,845,702	907,305
Other liabilities (excluding current taxation)	1,595	450,040
	<u>4,954,714</u>	<u>1,563,295</u>
	<u>(200,984)</u>	<u>1,158,424</u>
Income tax paid - net	(8,089)	(26,515)
Net cash flow from operating activities	<u>(209,073)</u>	<u>1,131,909</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	365,657	(1,443,062)
Net investments in held to maturity securities	9,889	(1,097)
Dividend income received	238	529
Investments in operating fixed assets	(104,028)	(74,236)
Sale proceeds realised on disposal of operating fixed assets	878	991
Net cash flow from investing activities	<u>272,634</u>	<u>(1,516,875)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments against lease obligations - net	(285)	5,543
Proceeds from issue of right shares	-	229,271
Net cash flow from financing activities	<u>(285)</u>	<u>234,814</u>
Net increase / (decrease) in cash and cash equivalents	<u>63,276</u>	<u>(150,152)</u>
Cash and cash equivalents at beginning of the period	<u>3,702,226</u>	<u>3,273,317</u>
Cash and cash equivalents at end of the period	<u><u>3,765,502</u></u>	<u><u>3,123,165</u></u>

The annexed notes 1 to 6 form an integral part of these financial statements.


President & Chief Executive


Director


Director


Director

**Consolidated Statement of Changes in Equity (Unaudited)
For the quarter ended March 31, 2008**

	Share capital	Subscription towards issue of right shares	Statutory reserve	Revenue reserve	Total reserves	Unappropriated profit / accumulated losses	Effect of fair value measurement of capital on amalgamation	Sub total	Minority interest	Total
	(Rs. in '000)									
Balance as at December 31, 2006	2,292,707	-	111,364	26,797	138,161	(62,876)	(79,240)	2,288,752	21,369	2,310,121
Right shares issued	229,271	-	-	-	-	-	-	229,271	-	229,271
Profit after taxation for the period from January 1, 2007 to March 31, 2007	-	-	-	-	-	64,877	-	64,877	-	64,877
Transfer to statutory reserve	-	-	6,047	-	6,047	(6,047)	-	-	-	-
Balance as at March 31, 2007	2,521,978	-	117,411	26,797	144,208	(4,046)	(79,240)	2,582,900	21,369	2,604,269
Subscription money received against proposed issue of right shares	-	907,912	-	-	-	-	-	907,912	-	907,912
Shares issued pursuant to amalgamation	585,000	-	-	-	-	-	93,015	678,015	-	678,015
Shares issue cost	-	-	-	-	-	(2,495)	-	(2,495)	-	(2,495)
Profit after taxation for the period from April 1, 2007 to December 31, 2007	-	-	-	-	-	(56,533)	-	(56,533)	-	(56,533)
Loss attributable to minority interest	-	-	-	-	-	19,803	-	19,803	19,803	-
Transfer from general reserve	-	-	-	(7,661)	(7,661)	7,661	-	-	-	-
Transfer to statutory reserve	-	-	33,491	-	33,491	(33,491)	-	-	-	-
Minority interest derecognised on a subsidiary	-	-	-	-	-	-	-	-	(41,172)	(41,172)
Balance as at December 31, 2007	3,106,978	907,912	150,902	19,136	170,038	(69,101)	13,775	4,129,602	-	4,089,996
Issue of right shares	907,912	(907,912)	-	-	-	-	-	-	-	-
Profit after taxation for the period ended March 31, 2008	-	-	-	-	-	101,547	-	101,547	-	101,547
Transfer to statutory reserve	-	-	18,231	-	18,231	(18,231)	-	-	-	-
Balance as at March 31, 2008	4,014,890	-	169,133	19,136	188,269	14,215	13,775	4,231,149	-	4,191,543

The annexed notes 1 to 6 form an integral part of these financial statements.


President & Chief Executive


Director


Director


Director

1. STATUS AND NATURE OF BUSINESS

1.1 The group consists of:

- KASB Bank Limited (Holding company)
- KASB Technology Services Limited (wholly owned subsidiary company)
- KASB Capital Limited (associate - 27.5 percent holding of the bank)

1.2 KASB Bank Limited was incorporated in Lahore, Pakistan on October 13, 1994 as a public limited company under the Companies Ordinance, 1984 and received banking license from the State Bank of Pakistan (SBP) on January 9, 1995. The registered office of the bank is situated at Business and Finance Center, I.I. Chundrigar Road, Karachi. The bank obtained certificate of commencement of business on January 11, 1995 and is engaged in commercial banking, consumer banking and related services through 35 branches operating in different cities. The bank's shares are listed on the Karachi, Lahore and Islamabad stock exchanges.

1.3 The Pakistan Credit Rating Agency Limited has determined the bank's long-term rating as A- (A Minus) and the short-term rating as A2.

2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962 and the directives issued by Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Approved accounting standards comprise of such International Accounting Standards (IAS) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the SECP and the SBP differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence. The disclosures made in these financial statements have, however, been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 02 dated May 12, 2004 and the requirements of International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34).

2.2 The State Bank of Pakistan as per BSD Circular No. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 39: 'Financial Instruments: Recognition and Measurement' (IAS 39) and International Accounting Standard 40: 'Investment Property (IAS 40). Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investment have been classified in accordance with the categories prescribed by the State Bank of Pakistan vide BSD Circular No. 10 dated July 13, 2004.

3. BASIS OF CONSOLIDATION

The consolidated financial statements of the group include the financial statements of KASB Bank (Holding company) and its subsidiary companies. Subsidiaries are those companies in which the bank directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has the power to elect and appoint more than 50% of its directors.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies 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 December 31, 2007.

5. GENERAL

Figures have been rounded up to the nearest thousand rupees

6. DATE OF AUTHORIZATION

These financial statements were authorized for issue on April 28, 2008 by the Board of Directors of the holding company, KASB Bank Limited.


President & Chief Executive


Director


Director


Director

KARACHI

1. **Main Branch**
Tel: 021-2446005-10, 2446772-77
Fax: 021-2446781
2. **Karachi Stock Exchange Branch**
Tel: 021-2473560-63
Fax: 021-2473564
3. **Jodia Bazaar Branch**
Tel: 021-2400322, 2400458, 2434805
Fax: 021-2433519
4. **Shahrah-e-Faisal Branch**
Tel: 021-4313236-38, 4538528
Fax: 021-4538638
5. **Gulshan-e-Iqbal Branch**
Tel: 021-4983900-4981330-31
Fax: 021-4981334
6. **Clifton Branch**
Tel: 021-5837941, 5878778
Fax: 021-5878779
7. **Site Branch**
Tel: 021-2550391-94
Fax: 021-2550395
8. **Shaheed-e-Millat Branch**
Tel: 021-4145183-85
Fax: 021-4145186
9. **Dhoraji Sub-branch**
Tel: 021-4860180-3
Fax: 021-4860187
10. **Korangi Industrial Area Branch**
Tel: 021-5078922-25
Fax: 021-5078926
11. **Preedy Street Branch**
Tel: 021-2724121, 2724135, 2724178
Fax: 021-2725175
12. **North Karachi Branch**
Tel: 021-6950194-97
Fax: 021-6950198
13. **Gulistan-e-Jauhar Branch**
Tel No: 021-4029901-4
Fax: 021-4029903
14. **DHA - Shahbaz Branch**
Tel No: 021-5349152-57
Fax: 021-5349149
15. **DHA Phase-I Branch**
Tel: 5314121-8

LAHORE

16. **Gulberg Branch**
Tel: 042-5762146, 5764384
Fax: 042-5782187
17. **Abbot Road Branch**
Tel: 042-6305143-45
Fax: 042-6305142
18. **Circular Road Branch**
Tel: 042-7639040-42
Fax: 042-7660694
19. **Defence Branch**
Tel: 042-5731811, 5740083, 5692418-19
Fax: 042-5722228
20. **Lahore Stock Exchange Branch**
Tel: 042-6280801-03
Fax: 042-6280804
21. **Raiwind Branch**
Tel: 042-5437892-93 Fax: 042-5426926

22. **Peco Road Branch**
Tel: 042-5144952-54 Fax: 042-5144955
23. **Shah Alam Branch**
Tel: 042-765650 I, 042-7658221
Fax: 042-7658275
24. **Johar Town Branch**
Tel: 042-5220815-8 Fax: 042-5220819

GUJRAT

25. **Gujrat City Branch**
Tel: 053-3517966-67 Fax: 053-3517965

ISLAMABAD

26. **Islamabad Branch**
Tel: 051-2826181-83 Fax: 051-2826184
27. **G/10 Markaz Sub-branch**
Tel: 051-2819211-3

RAWALPINDI

28. **Rawalpindi Branch**
Tel: 051-5701111-13 Fax: 051-5527844
29. **Bahria Town Branch**
Tel: 051-5730371-73 Fax: 051-5730376
30. **Chandni Chowk Branch**
Tel: 051-4417050

FAISALABAD

31. **Faisalabad Branch**
Tel: 041-2649667-70 Fax: 041-2649672

GUJRANWALA

32. **Gujranwala Branch**
Tel: 055-3254429, 3252358 Fax: 055-3254529

MIRPUR (AK)

33. **Mirpur Azad Kashmir Branch**
Tel: 058610-44877, 42841, 44061
Fax: 058610-42742

PESHAWAR

34. **Peshawar Branch**
Tel: 091-5279432, 5279698 Fax: 091-5279838

SIALKOT

35. **Sialkot Branch**
Tel: 052-4604990-92 Fax: 052-4589044

MULTAN

36. **Multan Branch**
Tel: 061-4587701-04 Fax: 061-4587705

SUKKUR

37. **Sukkur Branch**
Tel: 071-5619084-87 Fax: 071-5619088

HYDERABAD

38. **Hyderabad Branch**
Tel: 022-2729917, 2729502 Fax: 022-2785977

NAWABSHAH

39. **Nawabshah Branch**
Tel: 0244-330304-06 Fax: 0244-330307

QUETTA

40. **Quetta Branch**
Tel: 081-2836518, 2836948 Fax: 081-2842531

