

April 23, 2010

The General Manager  
 Karachi Stock Exchange (Guarantee) Ltd.  
 Stock Exchange Building  
 Stock Exchange Road,  
 Karachi.

**Subject: Financial Results for the Year ended December 31, 2009**

Dear Sir,

We have to inform you that the Board of Directors of our Bank in their meeting held on Friday, April 23, 2010 at 11:30 AM at Karachi recommended the following:

i) CASH DIVIDEND	-	Nil
ii) BONUS SHARES	-	Nil
iii) RIGHT SHARES	-	Nil
iv) ANY OTHER ENTITLEMENT / CORPORATE ACTION	-	Nil
v) ANY OTHER PRICE-SENSITIVE INFORMATION	-	Nil

The financial results of the Bank are as follows:

	2009	2008
	(Rupees in '000)	
Mark-up / return / interest earned	5,061,633	4,861,400
Mark-up / return / interest expensed	<u>(5,490,397)</u>	<u>(4,448,440)</u>
Net mark-up / return / interest income	(428,764)	412,960
Provision against loans and advances - net	<u>(1,294,517)</u>	<u>(2,034,196)</u>
Provision for diminution in the value of investments	<u>(1,142,717)</u>	<u>(187,964)</u>
Bad debts written off directly	(1,156)	(230)
Investments written off directly	<u>(73,983)</u>	<u>(1,548)</u>
	<u>(2,512,373)</u>	<u>(2,223,938)</u>
<b>Net mark-up / return / interest after provisions</b>	<b>(2,941,137)</b>	<b>(1,810,978)</b>
<b>NON MARK-UP / RETURN / INTEREST INCOME</b>		
Fee, commission and brokerage income	149,285	162,362
Dividend income	101,253	86,835
(Loss) / income from dealing in foreign currencies - net	(16,065)	146,722
Gain on sale of securities - net	226,834	163,835
Unrealised loss on revaluation of investments classified as held for trading	(76)	-
Other income	93,801	55,837
<b>Total non mark-up / return / interest income</b>	<b>555,032</b>	<b>615,591</b>
	<u>(2,386,105)</u>	<u>(1,195,387)</u>
<b>NON MARK-UP / RETURN / INTEREST EXPENSES</b>		
Administrative expenses	<u>(2,379,347)</u>	<u>(1,759,032)</u>
Other provisions / write offs	(2,108)	(9,282)
Other charges	<u>(33,063)</u>	<u>(19,050)</u>
<b>Total non mark-up / return / interest expenses</b>	<b>(2,414,518)</b>	<b>(1,787,364)</b>
	<u>(4,800,623)</u>	<u>(2,982,751)</u>

	2009 (Rupees in '000)	2008 (Rupees in '000)
Gain on remeasurement of previously held equity interest in associate arising upon amalgamation	-	1,278,400
Impairment of goodwill	(1,142,681)	(144,848)
<b>Loss before taxation</b>	<b>(5,943,304)</b>	<b>(1,849,199)</b>
Taxation - Current year	(10,145)	(25,078)
- Prior years	-	(26,506)
- Deferred	1,725,701	927,814
<b>Loss after taxation</b>	<b>1,715,556</b>	<b>876,230</b>
Accumulated losses brought forward	(4,227,748)	(972,969)
Transfer from surplus on revaluation of fixed assets - net of tax	(974,788)	(7,497)
Transfer to statutory reserve	22,713	5,678
<b>Accumulated losses carried forward</b>	<b>(5,179,823)</b>	<b>(974,788)</b>
<b>Loss per share (Rupees)</b>	<b>(4.45)</b>	<b>(1.63)</b> <i>(Restated)</i>

As per the approved financials the requirements of adhering to the minimum capital and adequacy ratio requirements as laid down by the State Bank of Pakistan have not been met. The management has submitted a plan to the State Bank of Pakistan for capital enhancement and has sought exemption with compliance of the above capital requirements, reply of which has not been received as yet. Auditors of the bank have accordingly highlighted the above facts in their report.

The date of the Annual General Meeting and related Book Closure will be announced later in a separate notice.

We will be sending you 300 copies of printed accounts for distribution amongst the members of the Exchange 21 days before the date of AGM.

Yours Sincerely,  
For KASB Bank Limited

  
**Sheikh Muhammad Moeen**  
Chief Financial Officer

CC The General Manager  
Islamabad Stock Exchange (Guarantee) Ltd.  
Stock Exchange Building  
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Islamabad

The General Manager  
Lahore Stock Exchange (Guarantee) Ltd.  
Stock Exchange Building  
19-Khayaban-e-Aiwan-e-Iqbal  
Lahore