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CORPORATE INFORMATION

QUARTERLY REPORT MARCH 2011

Board of Directors

Chairman

Nasir Ali Shah Bukhari

Acting President / Chief Executive Officer

Munir Saleem

Directors

Irshad Ali Shaban Ali Kassim

Leon Seynave

Muneer Kamal

Syed Tariq Hussain Gilani

Tariq M. Rangoonwala

Waseem Haqqie

Chief Financial Officer

Sheikh Muhammed Moeen

Company Secretary

Muhammad Hamidullah

Auditors

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Legal Advisors

Mandviwalla & Zafar

Advocates & Legal Consultants

Registered Office

Razia Sharif Plaza,

Jinnah Avenue, 90-Blue Area, Islamabad

Tel: (92-51) 2270725, 2276828-30

Fax: (92-51) 2270727

Principal Office

Business & Finance Centre

I.I. Chundrigar Road, Karachi

Tel: (92-21) 32446772-77

Fax: (92-21) 32446828 & 32446865

Website

<http://www.kasb.com/bank>

Audit Committee

Irshad Ali Shaban Ali Kassim

Leon Seynave

Syed Tariq Hussain Gilani

Waseem Haqqie (Chairman)

Human Resource and Remuneration Committee

Irshad Ali Shaban Ali Kassim

Leon Seynave

Muneer Kamal

Nasir Ali Shah Bukhari (Chairman)

Waseem Haqqie

Risk Management and Recovery Committee

Irshad Ali Shaban Ali Kassim (Chairman)

Muneer Kamal

Syed Tariq Hussain Gilani

Tariq M. Rangoonwala

Waseem Haqqie

Regional Office, Lahore

KASB House

14-C, Jail Road, Gulberg,

Lahore.

Tel: (92-42) 35776723-4

Fax: (92-42) 35762192

Registrar and Share Transfer Office

Noble Computer Services (Pvt.) Limited

Mezzanine Floor, House of Habib Building,

(Siddiqsons Tower),

3-Jinnah Cooperative Housing Society,

Main Shahrah-e-Faisal,

Karachi - 75350.

Tel. #: (92-21) 34325482-87 (6 Lines)

Fax #: (92-21) 34325442

E-mail: ncsl@noble-computers.com

(All names in alphabetical order)

DIRECTORS' REVIEW

On behalf of the Board of Directors of KASB Bank Limited I present to you the review report of the Bank for the first Quarter ended March 31, 2011 along with the Bank's un-audited standalone and consolidated financial statements for the quarter ended March 31, 2011.

Economic Overview

I take this opportunity to quote from a recent expert analysis on Pakistan, which informs your Bank's outlook.

"The investment case for Pakistan has a strong secular growth component, with attractive near-term characteristics.

Pakistan has a nominal GDP of \$189bn or \$1,110 per capita and a GDP based on purchasing power parity of \$460bn or \$2,500 per capita. It has youthful demographics with 56% of its \$173mm people below the age of 25. Cellular services are available to over 96% of the population. It has a prudently regulated financial sector with investor friendly policies that allow 100% foreign ownership and dividend repatriation. GDP growth has been as high as 9% in 2005 fiscal year and low of 1% in 2009 fiscal year. The economy is expected to grow 2.5% in the 2011 fiscal year, slowing from the 4% growth shown in 2010. Agriculture represents 21% of GDP, with Services being 53% and Manufacturing being 19% of GDP.

With only 11% of GDP coming from exports, Pakistan is mainly a domestic demand driven story. Domestic demand in Pakistan is visible, strong in a relative sense and large in absolute terms. Key sectors are underpenetrated and should provide profitable growth opportunities as middle class incomes rise along with a macroeconomic recovery and continued demographics that skew towards younger consumers. Pakistan has shown macroeconomic resilience as GDP growth has not gone negative despite a severe balance of payment crisis in 2008 and destructive "once in a lifetime" floods in 2010. Robust remittance inflows have provided a cushion. As noted previously, worker remittances are growing and expected to touch \$11bn in the 2011 fiscal year."

However, revival of economy has been further stretched by higher inflation due to deficit financing and heavy government borrowing. Other challenges are high oil prices, slow implementation of reforms and deteriorating law and order situation in the country.

Key financial indicators

Balance Sheet	31 Mar, 2011	31 Dec, 2010
-----Rs in million-----		
Paid up Capital	9,509	9,509
Equity	1,635	2,182
Deposits	46,637	46,274
Advances -net	28,866	29,528
Investments-net	14,696	13,053
Profit and Loss Account	31 Mar, 2011	31 Mar, 2010
-----Rs in million-----		
Revenue	10	142
Non markup expenses	550	568
Operating (Loss)	(540)	(425)
Provisions / (Reversals)	(79)	(69)
(Loss) before tax	(462)	(360)
(Loss) after tax	(549)	(360)
(Loss) per share - Rupees	(0.58)	(0.38)

DIRECTORS' REVIEW

Business review Q1 2011

With the continued emphasis towards increasing both the deposit base and its mix your bank has managed to reduce the cost of deposits by 5.4% this Quarter. However, this improvement was offset by a 7% reduction in core earnings, thus recording a negative spread of Rs 72.89m, in the main due to the size of the continuing non-performing assets and loan portfolio.

The injection of capital in the coming quarter will substantially improve income margins going forward.

Your Bank continues to keep tight rein on fresh disbursements and a watchful eye on the non-performing book. Recoveries and restructurings are being given priority and these efforts have resulted in restricting its growth by only 1.2% this Quarter, reaching Rs. 9,729m.

In line with the Bank's internal policies and the State Bank's Prudential Regulations, your Bank made a net provision charge of Rs. 133m for the Quarter (net of Rs. 94m reversal). As a consequence 55% of the non-performing loan portfolio is now provided for. The fuller impact of the recovery and restructuring measures are expected to be seen towards the end of this year.

During the Quarter, New Horizon Exploration and Production Limited (NHEPL) an associated concern of your Bank has recorded a gas discovery in one of its exploration fields, the Expected Monetary Value of which has been assessed by an independent firm of Chartered Accountants. In their assessment, the fair value of NHEPL shares is determined to increase substantially and as a result the Bank has reversed previously held provision for impairment related to this investment.

Subsequent to the end of the Quarter, KASB Funds Limited - the asset management subsidiary of your Bank has received authorization from its regulator for acquiring another operating Asset Management Business subject to necessary approvals. It is anticipated that such an acquisition will result in generating fresh revenue streams for your Bank.

Your Management has been working tirelessly to increase the Bank's fee based revenues. In this regard volumes from transactional businesses have registered impressive growth during this Quarter and are expected to increase further with fresh inflows from the investment banking unit in the coming periods.

Administrative and operating expenditure is being kept in check despite rising inflation and in fact decreased by 5% in comparison with the corresponding period last year. Expense for the Quarter was Rs. 550m (Q1 2010: Rs. 568m).

Your Bank is advanced in its capabilities in Information Technology and with further enhancements plans to launch new innovative products later this year, thus extending its range and competence in transaction banking products. As an example, today KASB Bank is one of the top performers in the State Bank led PRI Initiative, achieving an excellent reputation by virtue of its quality of service.

Shareholders' Equity

It gives me great pleasure to inform you that the KASB Group is in the process of receiving capital investment from a new strategic partner. An initial installment has already been received and the balance is expected imminently. The investor is Asia International Finance Limited (AIFL) from China. Amongst other aspects of the investment the partner anticipates that Group companies will become significant financial players in Pakistan's ever increasing trade with China and Asia and the expected influx of further investments from China.

DIRECTORS' REVIEW

The Group will consequently inject Rs. 3,000m into your Bank through a rights issue, which will increase Tier1 Capital, but also envisages raising long term Tier II Capital through an issue of rated Term Finance Certificates and liquidating some of the high value investments in the portfolio. This plan has been submitted to the State Bank of Pakistan with a request for an exemption from compliance with the prescribed Minimum Capital Requirement and the Capital Adequacy Ratio until December 31, 2011.

Credit Rating

The Pakistan Credit Rating Agency Limited (PACRA) has determined the medium to long term rating as A- (Single A Minus) and short term rating as A-2 (A Two). It is expected that the planned increase in capital will have a positive impact on the Bank's ratings.

Future Prospects

Following the injection as anticipated above, your Bank will be seeking to raise further capital, not only in order to comply with the revised regulatory MCR but also to finance its expansion initiatives which had been suspended in 2009 and 2010 due to the economic downturn in the Country.

Your Management has demonstrated an excellent branch building capability in the past, establishing 38 branches in 2007 and 27 in 2008 before the suspension. Furthermore, the branches have consistently been rated top position for service quality in "mystery shopper" surveys by independent agencies. Therefore a cornerstone of your Bank's expansion plans will be vigorous growth in the reach and number of branches across the country.

The Bank's assets in future will be less reliant on large ticket corporate lending (which has been the problem for most banks in Pakistan, large and small) with greater emphasis in the middle-market and SME sectors and in rebuilding the secured consumer portfolio. The non-consumer portfolio will be predominantly trade based.

The Bank's Transaction Banking capability (the Global Transactional Services unit) currently focuses on cash management services, home remittance services and Banc Assurance (insurance products sold from its outlets). Further transaction banking services are expected to emanate from developments in IT.

The projected expansion in the Bank's business is not expected to incur a corresponding increase in costs as current centralized staff, IT and operations are in the main well resourced to service it.

The successful outcome of these initiatives will make your Bank into a strong and profitable one, with stable long term earnings.

Acknowledgment

We would like to thank our valued customers for their continued patronage and support, the State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulatory authorities for their guidance, our staff for their commitment, hard work and dedication, and our shareholders for the trust and confidence reposed in us.

On behalf of the Board of Directors



Nasir Ali Shah Bukhari
Chairman

Karachi
April 27, 2011

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

QUARTERLY REPORT MARCH 2011

As at 31 March 2011	Note	31 March 2011 (Un-audited)	31 December 2010 (Audited)
----- (Rs. in '000) -----			
ASSETS			
Cash and balances with treasury banks		3,109,015	3,272,520
Balances with other banks		159,671	199,276
Lendings to financial institutions		424,063	40,000
Investments	6	14,695,793	13,052,504
Advances	7	28,866,026	29,527,698
Operating fixed assets		3,288,020	3,379,130
Deferred tax assets		3,879,380	3,966,880
Other assets		3,090,400	2,991,475
		57,512,368	56,429,483
LIABILITIES			
Bills payable		531,425	541,041
Borrowings		7,336,031	6,138,207
Deposits and other accounts		46,636,725	46,274,187
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		1,662	2,170
Deferred tax liabilities		-	-
Other liabilities		1,371,733	1,291,421
		55,877,576	54,247,026
NET ASSETS		1,634,792	2,182,457
REPRESENTED BY			
Share capital		9,508,617	9,508,617
Reserves		151,287	151,287
Accumulated losses		(8,396,888)	(7,853,152)
Share Premium		23,724	23,724
		1,286,740	1,830,476
Surplus on revaluation of assets - net of tax	8	348,052	351,981
		1,634,792	2,182,457
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The annexed notes form an integral part of these interim condensed financial statements


Acting President
& Chief Executive


Director


Director


Director


Director


INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UNAUDITED)

QUARTERLY REPORT MARCH 2011

For the quarter ended 31 March 2011	31 March 2011	31 March 2010
	----- (Rs. in '000) -----	
Mark-up / return / interest earned	1,167,033	1,255,459
Mark-up / return / interest expensed	<u>(1,239,925)</u>	<u>(1,310,831)</u>
Net mark-up / return / interest income	(72,892)	(55,372)
(Provision) / reversal against non-performing loans and advances	<u>(132,797)</u>	60,846
(Provision) / reversal for diminution in the value of investments	211,904	8,525
Bad debts written off directly	<u>(1,555)</u>	<u>(3,928)</u>
	77,552	65,443
Net mark-up / return / interest income after provisions	<u>4,660</u>	<u>10,071</u>
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	<u>58,387</u>	61,037
Dividend income	574	16,289
Income from dealing in foreign currencies	10,960	15,328
Gain on sale of securities	873	82,947
Unrealised loss on revaluation of investments classified as held for trading	-	(114)
Other income	<u>12,433</u>	<u>22,065</u>
Total non mark-up / interest income	<u>83,227</u>	<u>197,552</u>
	87,887	207,623
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	<u>(539,062)</u>	(567,626)
Other provisions / write offs	<u>(10,563)</u>	-
Other charges	<u>(128)</u>	-
Total non mark-up / interest expenses	<u>(549,753)</u>	<u>(567,626)</u>
LOSS BEFORE TAXATION	<u>(461,866)</u>	<u>(360,003)</u>
Taxation - Current year	-	-
- Prior years	-	-
- Deferred	<u>(87,500)</u>	-
	(87,500)	-
LOSS AFTER TAXATION	<u>(549,366)</u>	<u>(360,003)</u>
	----- Rupees -----	
Loss per share	<u>(0.58)</u>	<u>(0.38)</u>

The annexed notes form an integral part of these interim condensed financial statements


Acting President
& Chief Executive


Director


Director


Director


Director

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

QUARTERLY REPORT MARCH 2011

For the quarter ended 31 March 2011

	31 March 2011	31 March 2010
	------(Rs. in '000)-----	
Net loss for the period	(549,366)	(360,003)
Other comprehensive income	-	-
Total comprehensive loss for the period	<u>(549,366)</u>	<u>(360,003)</u>

Surplus / deficit arising on revaluation of fixed assets and available-for-sale investments is required to be shown separately below equity as 'surplus / deficit on revaluation of assets' in accordance with the requirements specified by the State Bank of Pakistan. Accordingly, these have not been included in the statement of comprehensive income.

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


Acting President
& Chief Executive


Director


Director


Director


Director

INTERIM CONDENSED CASH FLOW STATEMENT (UNAUDITED)


QUARTERLY REPORT MARCH 2011

For the quarter ended 31 March 2011

	31 March 2011	31 March 2010
	------(Rs. in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(461,866)	(360,003)
Less: dividend income	(574)	(16,289)
	(462,440)	(376,292)
Adjustments for non-cash items		
Depreciation	66,214	63,462
Amortisation	11,923	15,483
Provision against non-performing loans and advances	132,797	(60,846)
Provision for diminution in the value of investments	(211,904)	(8,525)
Bad debts written-off directly	1,555	3,928
Unrealised loss on revaluation of investments classified as held for trading	-	114
Loss/ (gain) on disposal of fixed assets	2,517	(373)
Provision for gratuity	11,662	9,816
Financial charges on leased assets	28	185
	14,792	23,244
	(447,648)	(353,048)
(Increase) / decrease in operating assets		
Lendings to financial institutions	(384,063)	1,288,788
Investments in held-for-trading securities	-	(360)
Advances	527,320	(3,148,517)
Others assets	(98,906)	(497,725)
	44,351	(2,357,814)
Increase / (decrease) in operating liabilities		
Bills payable	(9,616)	(19,294)
Borrowings	1,180,177	(1,255,655)
Deposits and other accounts	362,538	2,971,832
Other liabilities	71,165	(404,516)
	1,604,264	1,292,367
	1,200,967	(1,418,495)
Income tax paid	(593)	(3,617)
Gratuity paid	(2,442)	(3,395)
Compensated absences paid	(73)	-
Net cash inflow from / (used in) operating activities	1,197,859	(1,425,507)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available for sale securities	(1,435,800)	1,703,896
Net investment in held to maturity securities	6,116	(6,854)
Dividend income received	1,148	14,112
Investments in operating fixed assets	(68,874)	(174,909)
Sale proceeds on disposal of operating fixed assets	79,330	10,824
Net cash (used in) / inflow from investing activities	(1,418,080)	1,547,069
CASH FLOW FROM FINANCING ACTIVITIES		
Payments against lease obligations	(536)	(1,092)
Net (decrease) / increase in cash and cash equivalents during the period	(220,757)	120,470
Cash and cash equivalents at beginning of the period	3,443,777	3,021,539
Cash and cash equivalents at the end of the period	3,223,020	3,142,009

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


Acting President
& Chief Executive


Director


Director


Director


Director

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the quarter ended 31 March 2011

	Share capital	Statutory reserve	General reserve	Share Premium	Accumulated losses	Total
	----- (Rupees in '000) -----					
Balance as at 31 December 2009	9,508,617	150,903	384	23,724	(5,179,823)	4,503,805
Total comprehensive loss for the period from 1 January 2010 to 31 March 2010	-	-	-	-	(360,003)	(360,003)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	5,678	5,678
Balance as at 31 March 2010	9,508,617	150,903	384	23,724	(5,534,148)	4,149,480
Total comprehensive loss for the period from 1 April 2010 to 31 December 2010	-	-	-	-	(2,350,666)	(2,350,666)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	31,662	31,662
Balance as at 31 December 2010	9,508,617	150,903	384	23,724	(7,853,152)	1,830,476
Total comprehensive loss for the period from 1 January 2011 to 31 March 2011	-	-	-	-	(549,366)	(549,366)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	5,630	5,630
Balance as at 31 March 2011	<u>9,508,617</u>	<u>150,903</u>	<u>384</u>	<u>23,724</u>	<u>(8,396,888)</u>	<u>1,286,740</u>

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







Acting President & Chief Executive
 Director
 Director
 Director
 Director

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

1. STATUS AND NATURE OF BUSINESS

- 1.1 KASB Bank Limited (the Bank) was incorporated in Pakistan on 13 October 1994 as a public limited company under the Companies Ordinance, 1984. The Bank received banking license from the SBP on 9 January 1995 and obtained certificate of commencement of business from Securities and Exchange Commission of Pakistan (SECP) on 11 January 1995. The Bank is engaged in commercial banking, consumer banking, corporate and investment banking and related services through 104 branches (including 34 sub branches) [31 December 2010: 104 branches (including 34 sub branches)] operating in 42 cities. The Bank is listed on all the Stock Exchanges in Pakistan.
- 1.2 In accordance with the SBP's BSD Circular No 7 dated 15 April 2009, the Minimum Capital Requirement (MCR) - net of losses for the Bank as at 31 December 2010 was Rs 7 billion and for the current year ending 31 December 2011 is Rs. 8 billion. Further, the Bank is also required to maintain a Capital Adequacy Ratio (CAR) of at least 10% as at 31 March 2011. The paid up capital of the Bank (net of losses) as of 31 March 2011 amounts to Rs. 1,112 million, while CAR stands at (5.98%) (un-audited) as of that date.

The paid up capital (net of losses) and the Capital Adequacy Ratio (CAR) of the Bank fall short of the regulatory requirements as prescribed by the SBP. In view of the above regulatory capital requirements and the financial condition of the Bank, the sponsors of the Bank have entered into an agreement with a foreign investor whereby, equity investment will be made into the Bank. Accordingly, subsequent to the quarter end, the Board of Directors (the Board) in its meeting held on 4 April 2011 has resolved to issue right shares at a subscription price of Rs. 3/- per share to increase the paid up capital of the Bank by Rs. 3,000 million, subject to authorisation from the shareholders and requisite regulatory approvals.

Based on the above, the Bank's management and the Board have made an assessment and are satisfied that the Bank has adequate resources to continue in business on a sustainable basis for the foreseeable future and consequently, would be able to realise its assets and discharge its liabilities in the normal course of business. Therefore, the financial statements of the Bank have been prepared on a going concern basis. Keeping in view the shortfall in above the regulatory capital requirements, the Bank has sought an extension of time from SBP till 31 December 2011 for compliance with MCR and CAR.

2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these condensed interim financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

3. STATEMENT OF COMPLIANCE

- 3.1 These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable to banks in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified by the Securities and Exchange Commission of Pakistan (SECP) from time to time, the requirements of the Companies Ordinance, 1984, the requirements of the Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives prevail.
- 3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular No. 10 dated August 26, 2002. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.
- 3.3 The disclosures made in these condensed interim financial statements have, however been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the bank for the year ended December 31, 2010.

4 BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts, certain investments and derivative financial instruments are measured at fair value.

5. 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, 2010.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

6. INVESTMENTS

Investment by types

	31 March 2011			31 December 2010		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
------(Rs. in '000)-----						
Available-for-sale securities						
Pakistan Investment Bonds	863,446	-	863,446	551,760	-	551,760
Market Treasury Bills	3,392,093	2,699,702	6,091,795	3,949,452	981,149	4,930,601
Ordinary Shares of listed companies	46,940	-	46,940	66,939	-	66,939
Ordinary Shares of unlisted companies (note 6.1)	330,588	-	330,588	330,588	-	330,588
Listed Term Finance Certificates	210,439	165,803	376,242	381,635	-	381,635
Unlisted Term Finance Certificates	764,984	-	764,984	776,672	-	776,672
Open ended Mutual Funds	500,000	-	500,000	500,000	-	500,000
	6,108,490	2,865,505	8,973,995	6,557,046	981,149	7,538,195
Held-to-maturity						
Pakistan Investment Bonds	634,228	-	634,228	640,344	-	640,344
Unlisted Term Finance Certificates	1,236,604	-	1,236,604	1,236,604	-	1,236,604
	1,870,832	-	1,870,832	1,876,948	-	1,876,948
Associates						
KASB Asset Allocation Fund	298,424	-	298,424	298,424	-	298,424
KASB Capital Protected Gold Fund	71,039	-	71,039	71,039	-	71,039
KASB Cash Fund	28,961	-	28,961	28,961	-	28,961
KASB Income Opportunity Fund	328,794	-	328,794	328,794	-	328,794
KASB Islamic Income Opportunity Fund	103,525	-	103,525	103,525	-	103,525
KASB Stock Market Fund	142,287	-	142,287	142,287	-	142,287
KASB International Limited	41,867	-	41,867	41,867	-	41,867
New Horizon Exploration & Production Limited	558,000	-	558,000	558,000	-	558,000
Shakarganj Food Products Limited	627,942	-	627,942	627,942	-	627,942
	2,200,839	-	2,200,839	2,200,839	-	2,200,839
Subsidiaries						
KASB Modaraba	91,676	-	91,676	91,676	-	91,676
KASB Securities Limited	2,394,937	-	2,394,937	2,394,937	-	2,394,937
KASB Funds Limited	432,302	-	432,302	432,302	-	432,302
KASB Modaraba Management (Private) Limited	28,000	-	28,000	28,000	-	28,000
KASB Technology Services Limited	104,771	-	104,771	104,771	-	104,771
	3,051,686	-	3,051,686	3,051,686	-	3,051,686
Investment at cost	13,231,847	2,865,505	16,097,352	13,686,519	981,149	14,667,668
Provision for diminution in the value of investments	(1,301,659)	-	(1,301,659)	(1,513,563)	-	(1,513,563)
Investment - net of provisions	11,930,188	2,865,505	14,795,693	12,172,956	981,149	13,154,105
Deficit on revaluation of available for sale securities	(90,671)	(9,229)	(99,900)	(101,184)	(417)	(101,601)
Total Investments after revaluation	11,839,517	2,856,276	14,695,793	12,071,772	980,732	13,052,504

6.1 Included Rs. 314.908 million (December 2010: 314.908 million) representing investment in a related party.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

	31 March 2011	31 December 2010
	----- (Rs. in '000) -----	
7. ADVANCES		
Loans, cash credits, running finances, etc. - in Pakistan	32,404,729	32,908,517
Net investment in finance lease - in Pakistan	1,149,815	1,223,587
Bills discounted and purchased (excluding government treasury bills)		
- Payable in Pakistan	529,618	445,695
- Payable outside Pakistan	201,462	260,200
	731,080	705,895
	34,285,624	34,837,999
Provision against non performing loans and advances		
- Specific	(5,401,472)	(5,290,067)
- General	(18,126)	(20,234)
	(5,419,598)	(5,310,301)
	28,866,026	29,527,698

7.1 Advances include Rs 9,729 million (December 31, 2010: Rs. 9,617 million) which have been placed under non-performing status as detailed below:

Category of classification	31 March 2011			Provision required	Provision held
	Domestic	Overseas	Total		
	----- Rupees in '000 -----				
Substandard	779,810	-	779,810	71,914	71,914
Doubtful	2,457,114	-	2,457,114	832,204	832,204
Loss	6,491,727	-	6,491,727	4,497,354	4,497,354
	9,728,651	-	9,728,651	5,401,472	5,401,472

Category of classification	31 December 2010			Provision required	Provision held
	Domestic	Overseas	Total		
	----- Rupees in '000 -----				
Substandard	941,780	-	941,780	129,645	129,645
Doubtful	2,166,675	-	2,166,675	722,989	722,989
Loss	6,508,144	-	6,508,144	4,437,433	4,437,433
	9,616,599	-	9,616,599	5,290,067	5,290,067

7.2 Particulars of provision against non-performing advances

	31 March 2011		
	Specific	General	Total
	----- (Rs. in '000) -----		
Opening balance	5,290,067	20,234	5,310,301
Charge for the period	226,661	-	226,661
Reversals	(91,756)	(2,108)	(93,864)
Net charge	134,905	(2,108)	132,797
Amounts written off	(23,500)	-	(23,500)
Closing balance	5,401,472	18,126	5,419,598

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

QUARTERLY REPORT MARCH 2011

	31 March 2011	31 December 2010
	------(Rs. in '000)-----	
8. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Operating fixed assets	8.1 417,285	422,915
Available for sale investments	8.2 (69,233)	(70,934)
	<u>348,052</u>	<u>351,981</u>
8.1. Operating fixed assets		
Balance at the beginning of the year	644,318	695,693
Transfer to accumulated loss in respect of incremental depreciation charged during the period	(8,687)	(51,375)
	<u>635,631</u>	<u>644,318</u>
Related deferred tax liability:		
Balance at the beginning of the year	221,403	235,437
Transfer to accumulated loss in respect of incremental depreciation charged during the period	(3,057)	(14,034)
	<u>218,346</u>	<u>221,403</u>
	<u>417,285</u>	<u>422,915</u>
8.2. Available for sale investments		
Federal Government Securities	(51,732)	(63,413)
Ordinary shares of listed companies	5,609	2,889
Listed Term Finance Certificates	(25,079)	(14,341)
Open ended mutual funds	(28,698)	(26,736)
	<u>(99,900)</u>	<u>(101,601)</u>
Related deferred tax asset - Investments	30,667	30,667
	<u>(69,233)</u>	<u>(70,934)</u>
9 CONTINGENCIES AND COMMITMENTS		
9.1 Direct credit substitutes	-	-
9.2 Transaction-related contingent liabilities		
Letters of Guarantee	<u>10,000,936</u>	<u>10,270,775</u>
9.3 Trade-related contingent liabilities		
Letters of credit	3,317,104	2,867,131
Acceptances	920,867	1,657,589
	<u>4,237,971</u>	<u>4,524,720</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

	31 March 2011	31 December 2010
	------(Rs. in '000)-----	
9.4 Commitments in respect of forward exchange contracts		
Purchase	<u>3,179,955</u>	<u>3,547,188</u>
Sale	<u>2,302,598</u>	<u>2,429,361</u>
9.5 Commitments for the acquisition of operating fixed assets	<u>273,889</u>	<u>275,029</u>

10 RELATED PARTY TRANSACTIONS

The management has determined related party relationships in accordance with approved accounting standards which include subsidiaries, associates, retirement benefits funds, major share holders, directors and key management personnel and their close family members.

Transaction with related parties, other than those disclosed elsewhere in financial statements, are summarized as follows:

	31 March 2011 (Un-audited)					
	Subsidiaries	Associates	Directors	Key Management Personnel	Other Related Parties	Total
	------(Rupees in '000)-----					
Deposits						
As at 01 January 2011	138,423	220,673	2,968	35,906	216,992	614,962
Deposits received during the period	21,882,457	1,093,251	8,678	73,572	106,379	23,164,337
Withdrawals during the period	(21,945,560)	(718,650)	(9,511)	(83,576)	(91,021)	(22,848,318)
As at 31 March 2011	<u>75,320</u>	<u>595,274</u>	<u>2,135</u>	<u>25,902</u>	<u>232,350</u>	<u>930,981</u>
Loan and advances						
As at 01 January 2011	102,868	129,645	15,580	49,496	388	297,977
Disbursements during the period	205,601	-	-	120	-	205,721
Repayments during the period	(106,457)	-	(1,149)	(1,992)	(194)	(109,792)
As at 31 March 2011	<u>202,012</u>	<u>129,645</u>	<u>14,431</u>	<u>47,624</u>	<u>194</u>	<u>393,906</u>
Other assets	9,158	8,573	-	-	11	17,742
Other liabilities	42	3,100	3	47	9	3,201
Contingencies and commitments	-	425,612	-	-	2,141	427,753
	31 December 2010 (Audited)					
Deposits						
As at 01 January 2010	329,891	177,498	2,567	20,987	215,216	746,159
Adjustment during the year	-	9,783	-	-	(51,170)	(41,387)
Deposits received during the year	77,149,980	2,888,409	185,605	333,351	346,252	80,903,597
Withdrawals during the year	(77,341,448)	(2,855,017)	(185,204)	(318,432)	(293,306)	(80,993,407)
As at 31 December 2010	<u>138,423</u>	<u>220,673</u>	<u>2,968</u>	<u>35,906</u>	<u>216,992</u>	<u>614,962</u>
Loan and Advances						
As at 01 January 2010	99,988	90,000	19,123	62,147	251,555	522,813
Adjustment during the year	-	-	-	-	(250,000)	(250,000)
Disbursements during the year	254,254	285,681	4,959	31,025	-	575,919
Repayments during the year	(251,374)	(246,036)	(8,502)	(43,676)	(1,167)	(550,755)
As at 31 December 2010	<u>102,868</u>	<u>129,645</u>	<u>15,580</u>	<u>49,496</u>	<u>388</u>	<u>297,977</u>
Other Assets	2,822	4,319	-	-	22	7,163
Other liabilities	52	3,045	21	252	-	3,370
Contingencies and commitments	-	404,001	-	-	2,141	406,142

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

Quarter ended 31 March 2011 (Un-audited)

Subsidiaries	Associates	Directors	Key Management Personnel	Other Related Parties	Total
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(Rupees in '000)

Mark-up earned	8,070	5,101	185	739	11	14,106
Mark-up expensed	2,533	5,268	3	590	6,390	14,784
Group Executive Services	-	9,742	-	-	-	9,742
Directors' fee	-	-	825	-	-	825
Remunerations paid	-	-	-	24,779	-	24,779
Other Administrative expenses	3,440	-	-	-	-	3,440
Contribution to staff provident fund	-	-	-	-	9,047	9,047
Other Income	812	574	-	-	-	1,386

Quarter ended 31 March 2010 (Un-audited)

Mark-up earned	5,360	3,831	230	762	9,266	19,449
Mark-up expensed	5,046	4,699	17	226	5,119	15,107
Group Executive Services	-	8,002	-	-	-	8,002
Directors' fee	-	-	1,350	-	-	1,350
Remunerations paid	-	-	-	24,735	-	24,735
Other administrative expenses	4,754	-	-	-	-	4,754
Contribution to staff provident fund	-	-	-	-	8,850	8,850
Other Income	36	-	-	-	35	71

11 GENERAL

Figures have been rounded up to the nearest thousand rupees.

12 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 27 April 2011 by the Board of Directors of the bank.


Acting President
& Chief Executive


Director


Director


Director


Director

CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

QUARTERLY REPORT MARCH 2011

AS AT 31 MARCH 2011

31 March 2011 31 December 2010
(Un-audited) **(Audited)**
 -----(Rs. in '000)-----

ASSETS

Cash and balances with treasury banks	3,109,182	3,272,624
Balances with other banks	439,222	360,306
Lendings to financial institutions	424,063	40,000
Investments	13,428,137	12,019,099
Advances	29,791,413	30,209,384
Operating fixed assets	4,447,893	4,541,778
Deferred tax assets	3,725,079	3,810,399
Other assets	4,398,092	4,306,772
	59,763,081	58,560,362

LIABILITIES

Bills payable	531,425	541,041
Borrowings	7,931,233	6,636,645
Deposits and other accounts	47,179,234	46,694,675
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	1,662	2,170
Deferred tax liabilities	-	-
Other liabilities	2,064,633	1,989,290
	57,708,187	55,863,821

NET ASSETS

2,054,894	2,696,541
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REPRESENTED BY

Share capital	9,508,617	9,508,617
Reserves	162,727	162,727
Accumulated losses	(8,515,069)	(8,012,226)
Share premium	23,724	23,724
	1,179,999	1,682,842
Non-controlling interests	533,746	534,801
	1,713,745	2,217,643
Surplus on revaluation of assets - net of tax	341,149	478,898
	2,054,894	2,696,541

CONTINGENCIES AND COMMITMENTS

The annexed notes form an integral part of these consolidated interim condensed financial statements.


 Acting President
 & Chief Executive


 Director


 Director


 Director


 Director

CONSOLIDATED INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UNAUDITED)

QUARTERLY REPORT MARCH 2011

FOR THE QUARTER ENDED 31 MARCH 2011	31 March 2011	31 March 2010
	----- (Rs. in '000) -----	
Mark-up / return / interest earned	1,185,344	1,278,238
Mark-up / return / interest expensed	(1,248,094)	(1,331,325)
Net mark-up / return / interest income	(62,750)	(53,087)
(Provision) / Reversal against non-performing loans and advances - net	(132,798)	60,846
(Provision) / Reversal for diminution in the value of investments	216,795	(24,757)
Bad debts written off directly	(1,555)	(3,928)
	82,442	32,161
Net mark-up / return / interest after provisions	19,692	(20,926)
NON MARK-UP / RETURN / INTEREST INCOME		
Fee, commission and brokerage income	119,111	144,401
Dividend income	2,772	21,605
Income from dealing in foreign currencies	10,960	15,328
Gain on sale of securities	25,089	96,807
Unrealised (loss) / gain on revaluation of investments classified as held for trading	(439)	12,977
Other income	15,010	41,968
Total non mark-up / return / interest income	172,503	333,086
	192,195	312,160
NON MARK-UP / RETURN / INTEREST EXPENSES		
Administrative expenses	(636,383)	(691,283)
Other provisions / write offs	(21,934)	675
Other charges	(4,681)	-
Total non mark-up / return / interest expenses	(662,998)	(690,608)
	(470,803)	(378,448)
Share of profit from associates	45,704	18,422
LOSS BEFORE TAXATION	(425,099)	(360,026)
Taxation - Current year	(2,250)	(6,017)
- Prior years	-	-
- Deferred	(82,180)	9,513
	(84,430)	3,496
LOSS AFTER TAXATION	(509,529)	(356,530)
Loss after taxation attributable to:		
Equity holders of the Holding Company	(508,474)	(354,776)
Non-controlling interest	(1,055)	(1,754)
	(509,529)	(356,530)
	Rupees	
Loss per share	(0.54)	(0.37)

The annexed notes form an integral part of these consolidated interim condensed financial statements.

 Acting President & Chief Executive	 Director	 Director	 Director	 Director
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CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

QUARTERLY REPORT MARCH 2011

For the quarter ended 31 March 2011

	31 March 2011	31 March 2010
	------(Rs. in '000)-----	
Net loss for the period	(509,529)	(356,530)
Other comprehensive income	-	-
Total comprehensive loss for the period	<u>(509,529)</u>	<u>(356,530)</u>

Surplus / deficit arising on revaluation of fixed assets and available-for-sale investments is required to be shown separately below equity as 'surplus / deficit on revaluation of assets' in accordance with the requirements specified by the State Bank of Pakistan. Accordingly, these have not been included in the consolidated interim condensed statement of comprehensive income.

The annexed notes form an integral part of these consolidated interim condensed financial statements.


 Acting President & Chief Executive


 Director


 Director


 Director


 Director

CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT (UNAUDITED)

QUARTERLY REPORT MARCH 2011

FOR THE QUARTER ENDED 31 MARCH 2011

	31 March 2011	31 March 2010
	(Rs. in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(425,099)	(360,026)
Less: dividend income	(2,772)	(21,605)
	<u>(427,871)</u>	<u>(381,631)</u>
Adjustments for non cash items:		
Depreciation	69,947	69,106
Amortisation	13,024	20,040
Provision against non-performing loans and advances - net	132,798	(60,846)
Share of profit from associates	(45,704)	(18,422)
Reversal of provision for compensated absences	(73)	-
Provision for gratuity	9,262	9,845
Gain on disposal of operating fixed assets - net	2,489	(676)
Finance charge on lease obligations	28	188
Unrealised loss / (gain) on revaluation of investments classified as held for trading	439	(12,977)
Bad debts written off directly	1,555	3,928
(Provision) / Reversal for diminution in the value of investments	(216,795)	24,757
Gain on sale of securities	(25,089)	7,926
	<u>(58,119)</u>	<u>42,869</u>
	(485,990)	(338,762)
(Increase) / decrease in operating assets		
Lendings to financial institutions	(384,063)	1,288,788
Investments in held for trading securities	160,461	(417,180)
Advances	283,618	(3,233,695)
Other assets	(99,265)	(48,831)
	<u>(39,249)</u>	<u>(2,410,918)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(9,616)	(19,294)
Borrowings	1,276,941	(1,252,655)
Deposits and other accounts	484,559	3,062,659
Other liabilities	66,154	(341,308)
	<u>1,818,038</u>	<u>1,449,402</u>
	1,292,799	(1,300,278)
Income tax paid	(4,778)	(3,331)
Gratuity benefits paid	-	(3,395)
Net cash inflow from / (used in) operating activities	<u>1,288,021</u>	<u>(1,307,004)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(1,508,251)	1,741,626
Net investments in held to maturity securities	(21,858)	(8,655)
Net investments in associates	115,640	(4,764)
Dividend income received	19,443	16,144
Investments in operating fixed assets	(76,088)	(182,541)
Sale proceeds realised on disposal of operating fixed assets	81,456	15,638
Net cash (used in) / inflow from investing activities	<u>(1,389,658)</u>	<u>1,577,448</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments against lease obligations - net	(536)	(1,173)
Net cash used in financing activities	<u>(536)</u>	<u>(1,173)</u>
Net increase / (decrease) in cash and cash equivalents	(102,173)	269,271
Cash and cash equivalents at the beginning of the period	<u>3,604,911</u>	<u>3,070,882</u>
Cash and cash equivalents at the end of the period	<u><u>3,502,738</u></u>	<u><u>3,340,153</u></u>

The annexed notes form an integral part of these consolidated interim condensed financial statements.

 Acting President & Chief Executive	 Director	 Director	 Director	 Director
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CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

QUARTERLY REPORT MARCH 2011

FOR THE QUARTER ENDED 31 MARCH 2011

	Share capital	Statutory reserve	General reserve	Share premium	Accumulated losses	Total	Non-controlling interests	Total
	(Rs. in '000)							
Balance as at 31 December 2009	9,508,617	150,903	384	23,724	(5,296,811)	4,386,817	524,694	4,911,511
Total comprehensive loss for the quarter ended 31 March 2010	-	-	-	-	(354,776)	(354,776)	(1,754)	(356,530)
Transferred from surplus on revaluation of fixed assets-net of tax	-	-	-	-	5,678	5,678	-	5,678
Balance as at 31 March 2010	9,508,617	150,903	384	23,724	(5,645,909)	4,037,719	522,940	4,560,659
Transferred from surplus on revaluation of fixed assets-net of tax	-	-	-	-	31,662	31,662	-	31,662
Transfer to statutory reserve	-	11,440	-	-	(11,440)	-	-	-
Total comprehensive loss / income for the period from 01 April 2010 to 31 December 2010	-	-	-	-	(2,386,539)	(2,386,539)	15,724	(2,370,815)
Dividends	-	-	-	-	-	-	(3,863)	(3,863)
Balance as at 31 December 2010	9,508,617	162,343	384	23,724	(8,012,226)	1,682,842	534,801	2,217,643
Transferred from surplus on revaluation of fixed assets-net of tax	-	-	-	-	5,631	5,631	-	5,631
Total comprehensive loss for the quarter ended 31 March 2011	-	-	-	-	(508,474)	(508,474)	(1,055)	(509,529)
Balance as at 31 March 2011	9,508,617	162,343	384	23,724	(8,515,069)	1,179,999	533,746	1,713,745

The annexed notes form an integral part of these consolidated interim condensed financial statements.


Acting President
& Chief Executive


Director


Director


Director


Director

FOR THE QUARTER ENDED 31 MARCH 2011

1. STATUS AND NATURE OF BUSINESS

- 1.1 KASB Bank Limited (the Holding Company) was incorporated in Pakistan on 13 October 1994 as a public limited company under the Companies Ordinance, 1984. The Holding Company received banking license from the SBP on 9 January 1995 and obtained certificate of commencement of business from Securities and Exchange Commission of Pakistan (SECP) on 11 January 1995. The Holding Company is engaged in commercial banking, consumer banking, corporate and investment banking and related services through 104 branches (including 34 sub branches) operating in 42 cities. The Holding Company is listed on all the Stock Exchanges in Pakistan.

Holding Company

KASB Bank Limited

<u>Name of subsidiaries</u>	<u>Percentage holding</u>
KASB Technology Services Limited	100.00%
KASB Securities Limited	77.12%
KASB Funds Limited	67.18%
KASB Modaraba Management (Private) Limited	96.02%
KASB Modaraba	51.60%
Structured Venture (Private) Limited (indirectly through KASB Securities Ltd.)	100.00%

- 1.2 In addition, the Group maintains significant influence in the following associates:

<u>Name of associates</u>	<u>Percentage holding</u>
New Horizon Exploration and Production Limited	42.95%
Shakarganj Food Products Limited	40.20%
KASB International Limited	21.78%
KASB Stock Market Fund	53.86%
KASB Asset Allocation Fund	66.93%
KASB Income Opportunity Fund	32.50%
KASB Islamic Income Opportunity Fund	48.45%
KASB Cash Fund	47.19%
KASB Capital Protected Gold Fund	15.93%

- 1.3 In accordance with the SBP's BSD Circular No 7 dated 15 April 2009, the Minimum Capital Requirement (MCR) - net of losses for the holding company as at 31 December 2010 was Rs. 7 billion and for the current year ending 31 December 2011 is Rs. 8 billion. Further, the holding company is also required to maintain a Capital Adequacy Ratio (CAR) of at least 10% as at 31 March 2011. The paid up capital of the bank (net of losses) as of 31 March 2011 amounts to Rs. 994 million, while CAR stands at (3.71%) (un-audited) as of that date.

The paid up capital (net of losses) and the Capital Adequacy Ratio (CAR) of the holding company fall short of the regulatory requirements as prescribed by the SBP. In view of the above regulatory capital requirements and the financial condition of the holding company, the sponsors of the holding company have entered into an agreement with a foreign investor whereby, equity investment will be made into the holding company. Accordingly, subsequent to the quarter end, the Board of Directors (the Board) in its meeting held on 4 April 2011 has resolved to issue right shares at a subscription price of Rs. 3/- per share to increase the paid up capital of the holding company by Rs. 3,000 million, subject to authorisation from the shareholders and requisite regulatory approvals.

Based on the above, the holding company's management and the Board have made an assessment and are satisfied that the holding company has adequate resources to continue in business on a sustainable basis for the foreseeable future and consequently, would be able to realise its assets and discharge its liabilities in the normal course of business. Therefore, the financial statements of the holding company have been prepared on a going concern basis. Keeping in view the shortfall in above the regulatory capital requirements, the holding company has sought an extension of time from SBP till 31 December 2011 for compliance with MCR and CAR.

2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these condensed interim consolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

3. STATEMENT OF COMPLIANCE

- 3.1 These condensed interim consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified by the Securities and Exchange Commission of Pakistan (SECP) from time to time, the requirements of the Companies Ordinance, 1984, the requirements of the Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives prevail.
- 3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular No. 10 dated August 26, 2002. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim consolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.
- 3.3 The disclosures made in these condensed interim consolidated financial statements have, however been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2010.

4 BASIS OF MEASUREMENT

These condensed interim consolidated financial statements have been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts, certain investments and derivative financial instruments are measured at fair value.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the annual financial statements of the group for the year ended December 31, 2010.

6. BASIS OF CONSOLIDATION

The consolidated financial statements of the group include the financial statements of KASB Bank (Holding company) and its subsidiaries. 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.

The matter relating to the consolidation and classification of the Group's investments in the mutual funds as subsidiaries has been referred by some of the Asset Management Companies to the Professional Standards and Technical Advisory Committee and Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP). Till such time as clarification is received from ICAP, the investments of the Group in these funds have not been classified as subsidiaries and accordingly have not been consolidated in these condensed interim consolidated financial statements.

7. GENERAL

Figures have been rounded up to the nearest thousand rupees.

8. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 27 April 2011 by the Board of Directors of the holding company, KASB Bank Limited.







Acting President & Chief Executive Director Director Director Director

BRANCHES NETWORK

KARACHI BRANCHES

<p>Main Branch Tel: (021) 32446005-10 / 32446772-77 Fax: (021) 32446781 UAN: 111 555 666</p>	<p>Gulshan-e-Iqbal Branch Tel: (021) 34981330-31 Fax: (021) 34981334</p>	<p>Hyderi Branch PABX (021) 36724280-3-4 Fax No. (021) 36724282</p>
<p>Jodia Bazar Branch Tel: (021) 32521351-4 Fax: (021) 32521357</p>	<p>Gulshan Chowranghi Branch (Sub Branch) PABX No. (021) 34832541-3 FAX No. (021) 34832548</p>	<p>Nazimabad (Sub Branch) PABX No. (021) 36611909-12-13 Fax (021) 36611909</p>
<p>Cochinwala Branch (Sub Branch) PABX No. (021) 32462703-5 FAX No. (021) 32467643</p>	<p>New Challi Branch PABX No. (021) 32601231-33 Fax No. (021) 32601337</p>	<p>F.B.Area Karimabad Branch (Sub Branch) PABX No. (021) 36826728/31/35 FAX No. (021) 36826805</p>
<p>Korangi Branch Tel: (021) 35078922-25 Fax (021) 35078926</p>	<p>Shaheed-e-Millat Road Branch PABX No (021) 34145183-84-86 Fax No. (021) 34145187</p>	<p>Karachi Stock Exchange Branch Tel: (021) 32473560-63 Fax (021) 32473564</p>
<p>Preedy Street Branch PABX No (021) 32724121, 32724135, 32724178 Fax (021) 32725175</p>	<p>Dohraji Branch (Sub Branch) PABX No. (021) 34860180-2 Fax No. (021) 34860184</p>	<p>DHA Phase 1 Branch PABX No. (021) 35314121-3 Fax No. (021) 35314127</p>
<p>Electronic Market Sadar Branch (Sub Branch) PABX No. (021) 32700561-63 Fax No. (021) 32700567</p>	<p>Khalid Bin Waleed Branch (Sub Branch) PABX (021) 34302806-9 Fax No. (021) 34302813</p>	<p>Gulistan-e-Johar Branch PABX No. 34029901-3 Fax No. 34029902</p>
<p>DHA Shahbaz Branch PABX No. (021) 35349154-7 Fax No. (021) 35349149</p>	<p>SITE Branch PABX No (021) 32550391-3 Fax (021) 32550395</p>	<p>Malir City Branch PABX No. (021) 34117381, 34110812 / 822 FAX No. (021) 34117452</p>
<p>DHA Phase VI Branch (Sub Branch) PABX (021) 35242734-37 FAX No. (021) 35242739</p>	<p>Orangi Town (Sub Branch) PABX No. (021) 36760060-2 FAX No. (021) 36760063</p>	<p>Clifton Branch PABX No.: (021) 35879207, 35879170, 35879215 Fax: (021) 35879134</p>
<p>Defence Phase IV Branch (Sub Branch) PABX (021) 35312961-4 Fax No. (021) 35312966</p>	<p>Shahrah-e-Faisal Branch Tel: (021) 34313236-38 Fax: (021) 34538638</p>	<p>Clifton (Shireen Jinnah) (Sub Branch) PABX No. (021) 35305581-3 FAX No. (021) 35374579</p>
<p>Garden Branch PABX No. (021) 32292041-43 FAX No. (021) 32292046</p>	<p>Muhammad Ali Society Branch (Sub Branch) PABX No. (021) 34306061-3 FAX No. (021) 34306066</p>	
	<p>Manzoor Colony Branch (Sub Branch) PABX No. (021) 35392805-7 FAX No. (021) 35392810</p>	

LAHORE BRANCHES

<p>Defence Branch PABX No: (042) 35731811, 35740083 Fax: (042) 35722228</p>	<p>Raiwind Road Branch PABX No:(042) 35426923, 35437893 Fax (042) 35426926</p>	<p>Allama Iqbal Town Branch PABX (042) 35424951-3 Fax No. (042) 35436226</p>
<p>DHA-G Branch (Sub Branch) PABX (042) 35690987-8 Fax No. (042) 35690986</p>	<p>Abbot Road Branch PABX No: (042) 36305143-44 Fax: (042) 36305142</p>	<p>Wahdat Raod Branch (Sub Branch) PABX (042) 35912863-4 Fax No. (042) 35912862</p>
<p>Johar Town Branch PABX (042) 35220813-5 Fax No. (042) 35220819</p>	<p>Mozang Branch (Sub Branch) PABX No. (042) 36371254-6 Fax No. (042) 36371504</p>	<p>Circular Road Branch PABX No: (042) 37639040-42 Fax: (042) 37660649</p>
<p>Baghbanpura Branch PABX No. (042) 36820445-6 FAX No. (042) 36820447</p>	<p>Shadman Town Branch (Sub Branch) PABX No. (042) 37569488-9 Fax: (042) 37569487</p>	<p>Shadbagh Branch (Sub Branch) PABX No. (042) 37600953/986 FAX No. (042) 37600960</p>
<p>Mughalpura Branch (Sub Branch) PABX No. (042) 36524880-3 FAX No. (042) 36524887</p>	<p>Lahore Stock Exchange Branch PABX No: (042) 36367794-97 Fax No : (042) 36280804</p>	<p>Gulberg Branch PABX No: (042) 35764288-9 Fax No: (042) 35755358</p>
<p>Gulshan-e-Ravi Branch PABX No. (042) 37415063-83-86 FAX No. (042) 37414892</p>	<p>Peco Road Branch PABX No:(042) 35144951-4 FAX NO:(042) 35144955</p>	<p>KASB House (Jail Road) (Sub Branch) PABX No. (042) 35776723-5 FAX No. (042) 35875013</p>
	<p>Shah Alam Branch PABX No: (042) 37656501, 37658221 FAX NO:(042) 37658275</p>	<p>Model Town Branch (Sub Branch) PABX No. (042) 35915673-6 FAX No. (042) 35915677</p>

BRANCHES NETWORK

ISLAMABAD BRANCHES

Islamabad Branch PABX No: (051) 2826181- 83 Fax: (051) 2826184 UAN: 111 555 666	F-11 Markaz Branch PABX No. (051) 2111533-4 Fax No. 051 2111532	Bahria Town Phase VIII Branch (Sub Branch) PABX No. (051) 5705651-5705652-5705653 FAX No. (051) 5705658
G-10 Markaz Branch (Sub Branch) PABX No. (051) 2819211-3 Fax No. 051 2819214	Rawat Branch PABX No. (051) 4612413-5 FAX No. 051-4612418	
I-9 Markaz Branch (Sub Branch) PABX No. (051) 4858395-97 FAX No. 051-4858401		

SIALKOT BRANCH

Sialkot Branch
 PABX No: (052) 3241671-74
 Fax (052) 3241679
Sialkot Branch (Sub Branch)
 PABX No. (052) 3242650-3
 Fax No. 052-3242658

MULTAN BRANCH

Multan Branch
 PABX No: (061) 4587701-3
 Fax No: (061) 4587705
Bosan Road Multan Branch (Sub Branch)
 PABX No. (061) 6210213-4
 Fax No. 061-6210219

GUJRANWALA

Gujranwala Branch
 PABX No: (055) 3252348 / 3252353
 Fax: (055) 3254529
Gujranwala G.T. Road Branch (Sub Branch)
 PABX No. (055) 4294014-6
 FAX No. (055) 4274016

RAWALPINDI BRANCHES

Rawalpindi Branch PABX No: (051) 5527840-43 Fax: (051) 5527844	Bahria Town Rawalpindi Branch PABX No: (051)5730371-3 Fax: (051) 5730376
Raja Bazar Branch (Sub Branch) PABX No. (051) 5777451-2 Fax No. 051 5777453	Chandni Chowk Branch PABX No. (051) 4417049-50 Fax No. 051 4417051

PESHAWAR BRANCHES

Peshawar Branch PABX No: (091) 5279432 / 5279425 Fax: (091) 5279838	University Road Branch (Sub Branch) PABX No. (091) 5711526-7 Fax No. 091 5711529	Hayatabad Branch PABX No. (091) 5830024-8 Fax No. 091 5830025
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HYDERABAD BRANCH

Hyderabad Branch
 Tel: (022) 2729917-18
 Fax: (022) 2785977
 UAN: 111 555 666
Hyderabad Market Branch (Sub Branch)
 PABX (022) 2636660-2
 Fax 022 2636275

MIRPUR (AJK)

Mirpur (A.K.) Branch
 PABX No: (058610) 42841 / 44877
 Fax: (058610) 42742
 UAN: 111 555 666
Chaksawari Branch
 PABX No. 05827-454810-11
 FAX No. 05827-454814

GUJRAT BRANCHES

Gujrat Branch
 PABX:(053)-3517966-69
 Fax (053) 3517965
Lala Musa (Sub branch)
 PABX No. (053) 751905-8

BRANCHES NETWORK

OTHER CITIES

<p>Faisalabad Branch PABX NO (041) 2649667-70 Fax: (041) 2649672</p>	<p>Jhelum Branch PABX No. (0544) 622385/6 Fax No. 0544-622938 Kharian (Sub Branch) PABX No. (053) 7610629-36 Dina (Sub Branch) PABX No. (0544) 631171-3 / 80 Dinga (Sub Branch) PABX No. (0537) 405061-62</p>	<p>Sargodha Branch PABX No. (048) 3768121-3 Fax No. 048 3768122</p>
<p>Sukkur Branch Tel: (071) 5619083-4 Fax No. (071) 5619088</p>	<p>Kamoki Branch PABX No. (055) 6814580-2 FAX No. (055) 6814584</p>	<p>Jacobabad Branch PABX No. (0722) 654804/5 FAX No. (0722)654801</p>
<p>Quetta Branch Tel: (081) 2842531. 2836518 Fax: (081) 2842531 UAN: 111 555 666</p>	<p>Jhang Branch PABX No. (047) 7651670-2 FAX No. (047) 7651676</p>	<p>Rahimyarkhan Branch PABX No. (068) 5871901-3 Fax No. 068 5871908</p>
<p>Fateh Jang Branch PABX No. (051) 2210244-6 Fax No. 051-2210249</p>	<p>KandhkotBranch PABX No.(0722) 570041-43 FAX No. (0722) 570044</p>	<p>D.G.Khan Branch PABX No. (064) 2471560-2 FAX No. (064) 2471566</p>
<p>Nawabshah Branch PABX No (024) 4330304-5 FAX No (024)-4330307</p>	<p>Ghourghashti Branch PABX No. 057-2871291-2871292 FAX No. 057-2871393</p>	<p>Mirpurkhas Branch PABX (0233) 874612-4 Fax No. (0233) 874615</p>
<p>Sadiqabad Branch PABX No. (068) 5800067-69 FAX No. (068) 5709114</p>	<p>Mehar Branch PABX No. (0254) 730375 FAX No. (0254) 730376</p>	<p>Gujjar Khan Branch PABX No. (0571) 3511903-5 FAX No. (0571) 3511913</p>
<p>Mandi Bahaudin Branch PABX No. (054) 6507207-9 FAX No. (054) 6507210</p>	<p>Vehari Branch PABX No. (067) 3360515-7 FAX No. (067) 3360519</p>	<p>Sambriyal Branch PABX No. (052) 6521003-5 FAX No. (052) 6521006</p>
<p>Bhawalpur Branch PABX No. (062) 2880701-3 FAX No. (062) 2880704</p>	<p>Okara Branch PABX No. (044) 2520526-8 FAX No. (044) 2520590</p>	<p>Sheikhupura Branch PABX No. (056) 3780984-6 FAX No. (056) 3780987</p>
<p>Kasur Branch PABX No. (049) 2720697-98-2763823 FAX No. (049) 2763824</p>		<p>Sanghar Branch PABX No. (023) 5541479-80-5541478 FAX No.</p>