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CORPORATE INFORMATION

QUARTERLY REPORT SEPTEMBER 2011

Board of Directors

Chairman
Suo Lang Duo Ji

President / Chief Executive Officer
Aamer H. Zaidi

Directors
Irshad Ali Shaban Ali Kassim
Leon Seynave
Muneer Kamal
Syed Tariq Hussain Gilani
Tariq M. Rangoonwala
Waseem Haqqie

Chief Financial Officer
Syed Liaquat Ali

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

Leon Seynave
Syed Tariq Hussain Gilani
Waseem Haqqie (Chairman)

Human Resource and Remuneration Committee

Aamer H. Zaidi
Irshad Ali Shaban Ali Kassim (Chairman)
Leon Seynave
Muneer Kamal
Waseem Haqqie

Risk Management and Recovery Committee

Aamer H. Zaidi
Muneer Kamal (Chairman)
Syed Tariq Hussain Gilani
Tariq M. Rangoonwala
Waseem Haqqie

(All names in alphabetical order)

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 Shahr-e-Faisal,
Karachi - 75350.
Tel. # : (92-21) 34325482-87 (6 Lines)
Fax # : (92-21) 34325442
E-mail: ncsl@noble-computers.com

DIRECTORS' REVIEW REPORT

We are pleased to present the review report of the Bank for the 3rd quarter ended 30 September 2011 along with the Bank's un-audited standalone and consolidated financial statements.

MACROECONOMIC PERFORMANCE

The SBP has reduced the discount rate by 150 bps on 8th October, 2011. A relative decline in CPI inflation and containment of government borrowings acted as the main factors leading to this decision. Overall, the economic outlook has been affected due to overseas adverse conditions and an uneasy domestic market environment resulting from social unrest, energy shortages and natural disasters. Despite all economic ills, however, improvement in remittances, exports and release of coalition funds can have a positive impact on the future economic outlook. Although the going is tough, the track record of the economy shows that it has the resilience to perform in tough conditions. With the strategic vision of the country's economic managers Insha Allah we expect that the projected results can be attained.

Financial Performance

Summarized financial performance of the Bank for the 3rd quarter ended 30th September 2011 was as under:

	-----Rs in Million-----
Loss before provisions against NPLs and impairments	(455)
Provisions and impairment (net of recovery)	<u>121</u>
Loss after provisions and impairment	<u>(334)</u>
Loss per share (Rupee)	<u>(0.35)</u>

Business review Q3 2011

The liquidity of the Bank has significantly improved due to consistent increase in our deposits. The surplus liquidity as at 30th September, 2011 was Rs.5.3 Billion, which is going to improve further going forward, resulting from cash inflows.

Deposit levels are rising - total deposits were at Rs 50 billion (Rs 46 billion at Dec 2010); deposit cost has been decreasing - currently at 9.24% compared to 9.6% as at December 2010 and 11.75% as at December 2009; the mix has been improving - currently CASA is 54% of total deposits. A major advertising campaign has been launched on television and the print media which has produced positive results - in Business Flex (current account) 2,539 new accounts have been opened while in Mahana Khazana (Saving Account), 806 new accounts have been opened with significant volumes added. Despite losses incurred in the last three years the KASB brand has remained strong in the market and customer accounts have increased from 67,348 in 2007 to 113,960 as of September 30, 2011 due to excellent customer service and launch of new products.

The Bank gives the management of NPLs the highest priority. The forecast shows that there will be a substantial reduction in NPLs in the next few years. The Bank through its Special Assets Management Group (SAMG) has adopted an aggressive mode for recoveries in cash and restructuring/re-scheduling in the coming years. Moreover majority of the legal cases filed where clients were not willing to settle would be reaching collateral auction stages in the coming years enhancing recoveries. The Bank has also introduced a vigorous process of watch listing in order to tackle the problematic accounts at an early stage and thus reduce accounts being classified. The Bank has a robust recovery team which is dealing with NPLs on a regular basis. We have adequate asset coverage for the net NPLs of PKR 5,151 million. In addition, substantial number of companies and customers with NPLs are still operating and the bank is in the process of restructuring their facilities wherever required.

Investment Banking Group (IBG) is progressing on various Privatization Commission transactions as well as on advisory mandates for various corporates. Some of the deals on which IBG is working is reaching maturity.

DIRECTORS' REVIEW REPORT

QUARTERLY REPORT SEPTEMBER 2011

The Bank under SBP's PRI initiative has attracted the following volumes as home remittances with a consistent rising trend supported by reputable partner institutions with unparalleled service quality

From Jan 2011 to Sep 2011 - US\$ 124 million
From Sep 2009 to Sep 2011 - US\$ 248 million

Shareholders' Equity

The Bank intends to raise further capital in order to meet the regulatory requirements through international market and for this purpose is closely engaged with consultants. Additionally, the Bank has plans to augment its TIER II capital through sub-ordinated debt in the near future.

Credit Rating

SBP has granted extension to 31st December 2011 to meet the rating requirement under SBP Prudential Regulation G-4.

Future Prospects

Going forward our strategy can be summarized as under:

- Expand the branch network.
- The growth will be generic but does not exclude the possibility of any other viable opportunity.
- The lending emphasis will be on trade based middle market and SME customers; there will be consumer lending but driven by wider business segments such as workers remittances.
- Establish a sizeable Transaction Banking business (income from processing).
- Remain at the forefront of the Governments accelerated Privatization Program.

The successful outcome of all the above initiatives will make the Bank strong, profitable and capital compliant having stable long term earnings.

Board of directors

There has been no change in the Board composition during the quarter. Mr. Aamer H. Zaidi, the new President & CEO of the Bank has joined on 25th October 2011. The Board welcomes Mr. Zaidi and acknowledges with thanks the services of Mr. Munir Saleem who performed the role of Acting President & CEO during last few months.

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.

For and on behalf of the Board of Directors.



Waseem Haqqie
Director

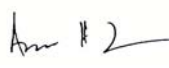



Karachi
October 28, 2011

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

QUARTERLY REPORT SEPTEMBER 2011

As at 30 September 2011	Note	30 September 2011 (Un-Audited)	31 December 2010 (Audited)
ASSETS			
(Rs. in '000)			
Cash and balances with treasury banks		4,304,955	3,272,520
Balances with other banks		1,317,516	199,276
Lendings to financial institutions		1,268,151	40,000
Investments	5	17,467,952	13,052,504
Advances	6	26,889,170	29,527,698
Operating fixed assets		3,174,470	3,379,130
Deferred tax assets		3,959,645	3,966,880
Other assets		2,884,321	2,991,475
		61,266,180	56,429,483
LIABILITIES			
Bills payable		781,552	541,041
Borrowings		6,421,249	6,138,207
Deposits and other accounts	7	50,079,849	46,274,187
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		1,510	2,170
Deferred tax liabilities		-	-
Other liabilities		1,230,418	1,291,421
		58,514,578	54,247,026
NET ASSETS		2,751,602	2,182,457
REPRESENTED BY			
Share capital		9,508,617	9,508,617
Reserves		384	151,287
Accumulated loss		(10,194,075)	(7,853,152)
Share Premium		23,724	23,724
Advance against future issue of rights shares		3,000,000	-
		2,338,650	1,830,476
Surplus on revaluation of assets - net of tax	8	412,952	351,981
		2,751,602	2,182,457
CONTINGENCIES AND COMMITMENTS			
	9		

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

 President & Chief Executive	 Director	 Director	 Director
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INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)

QUARTERLY REPORT SEPTEMBER 2011

For the period ended 30 September 2011

Note	Nine Months Ended		Quarter Ended	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
	----- (Rs. in '000) -----			
Mark-up / return / interest earned	3,472,353	3,936,383	1,232,732	1,263,851
Mark-up / return / interest expensed	(3,789,895)	(3,841,665)	(1,250,956)	(1,276,726)
Net mark-up / return / interest income	(317,542)	94,718	(18,224)	(12,875)
Provision against non-performing loans and advances	6.2 (803,745)	(231,694)	83,867	(320,789)
Reversal/(Provision) for diminution in the value of investments	127,182	(36,589)	39,028	(24,442)
Bad debts written off directly	(7,326)	(16,420)	(1,411)	(2,680)
	(683,889)	(284,703)	121,484	(347,911)
Net mark-up / return / interest after provisions	(1,001,431)	(189,985)	103,260	(360,786)
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	222,957	220,046	81,633	66,374
Dividend income	8,219	55,320	5,794	24,153
Income from dealing in foreign currencies	76,244	54,655	47,424	22,819
(Loss)/gain on sale / redemption of securities	(25,865)	85,381	9,956	(1,291)
Unrealised loss on revaluation of investments classified as held-for- trading	-	-	-	(5)
Other income	47,470	64,421	15,869	2,192
Total non mark-up / interest income	329,025	479,823	160,676	114,242
	(672,406)	289,838	263,936	(246,544)
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	(1,695,795)	(1,834,179)	(596,941)	(651,820)
Other provisions	(129,135)	-	(401)	-
Other charges	(13,195)	(27,286)	129	(586)
Total non mark-up / interest expenses	(1,838,125)	(1,861,465)	(597,213)	(652,406)
	(2,510,531)	(1,571,627)	(333,277)	(898,950)
Extraordinary / Unusual items	-	-	-	-
LOSS BEFORE TAXATION	(2,510,531)	(1,571,627)	(333,277)	(898,950)
Taxation	-	-	-	-
	-	-	-	-
LOSS AFTER TAXATION	(2,510,531)	(1,571,627)	(333,277)	(898,950)
Basic and diluted loss per share (Rupees)	(2.64)	(2.20)	(0.35)	(3.78)

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

President & Chief Executive Director Director Director

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

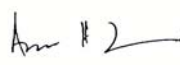



QUARTERLY REPORT SEPTEMBER 2011

For the period ended 30 September 2011

	Nine Months ended		Quarter Ended	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
	----- (Rs. in '000) -----			
Net loss for the period	(2,510,531)	(1,571,627)	(333,277)	(898,950)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(2,510,531)	(1,571,627)	(333,277)	(898,950)

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 (SBP). Accordingly, these have not been shown as part of equity.

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


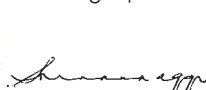


President & Chief Executive Director Director Director

INTERIM CONDENSED CASH FLOW STATEMENT (UNAUDITED)

QUARTERLY REPORT SEPTEMBER 2011

For the nine months ended 30 September 2011	30 September 2011	30 September 2010
	------(Rs. in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(2,510,531)	(1,571,627)
Less: dividend income	(8,219)	(55,320)
	<u>(2,518,750)</u>	<u>(1,626,947)</u>
Adjustments		
Depreciation	195,387	196,313
Amortisation	35,643	48,540
Provision against non-performing loans and advances	803,745	231,694
Bad debts written-off directly	7,326	16,420
(Reversal) / provision for diminution in the value of investments	(127,182)	36,589
Provision for gratuity	34,986	30,632
Reversal of provision for compensated absences	(604)	(1,398)
Loss / (gain) on disposal of operating fixed assets	12,349	(6,684)
Loss / (gain) on sale / redemption of securities	25,865	(85,381)
Financial charges on leased assets	34	1,214
Other provisions / write offs	129,135	-
	<u>1,116,684</u>	<u>467,939</u>
	<u>(1,402,066)</u>	<u>(1,159,008)</u>
Decrease / (increase) in operating assets		
Lendings to financial institutions	(1,228,151)	2,170,435
Investments in held-for-trading securities	-	5,949
Advances	1,827,457	(1,475,662)
Others assets	(20,196)	(955,853)
	<u>579,110</u>	<u>(255,131)</u>
Increase / (decrease) in operating liabilities		
Bills payable	240,511	303,924
Borrowings	(924,535)	(2,956,738)
Deposits and other accounts	3,805,662	3,255,252
Other liabilities	(77,769)	(482,400)
	<u>3,043,869</u>	<u>120,038</u>
	<u>2,220,913</u>	<u>(1,294,101)</u>
Income tax paid	(2,166)	(5,892)
Gratuity paid	(17,616)	(16,462)
Net cash used in operating activities	<u>2,201,131</u>	<u>(1,316,455)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
(Investments in) / proceeds from available-for-sale securities	(4,245,944)	2,043,243
Proceeds from held to maturity securities	18,722	55,845
Investment in associates and subsidiaries	-	(58,000)
Dividend received	8,600	54,016
Investments in operating fixed assets	(131,821)	(480,948)
Sale proceeds of operating fixed assets	93,102	82,706
Net cash (used in) / inflow from investing activities	<u>(4,257,341)</u>	<u>1,696,862</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Advance against future issue of right shares	3,000,000	-
Payments of lease obligations	(694)	(4,048)
Net cash inflow from / (used in) financing activities	<u>2,999,306</u>	<u>(4,048)</u>
Increase in cash and cash equivalents	<u>943,096</u>	<u>376,359</u>
Cash and cash equivalents at beginning of the period	<u>3,443,777</u>	<u>3,021,539</u>
Cash and cash equivalents at the end of the period	<u>4,386,873</u>	<u>3,397,898</u>

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

 President & Chief Executive	 Director	 Director	 Director
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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

**For the Nine Months ended
30 September 2011**

	Share capital	Advance against future issue of rights shares	Statutory reserve	General reserves	Shares issued on amalgamation	Accumul- ated loss	Share Premium	Total
----- (Rupees in '000) -----								
Balance as at 01 January 2010	9,508,617	-	150,903	384	-	(5,179,823)	23,724	4,503,805
Total comprehensive loss for the period	-	-	-	-	-	(1,571,627)	-	(1,571,627)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	31,708	-	31,708
Balance as at 30 September 2010	9,508,617	-	150,903	384	-	(6,719,742)	23,724	2,963,886
Total comprehensive loss for the period	-	-	-	-	-	(1,139,042)	-	(1,139,042)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	5,632	-	5,632
Balance as at 31 December 2010	9,508,617	-	150,903	384	-	(7,853,152)	23,724	1,830,476
Total comprehensive loss for the period	-	-	-	-	-	(2,510,531)	-	(2,510,531)
Transferred from Statutory reserve to accumulated loss	-	-	(150,903)	-	-	150,903	-	-
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	18,705	-	18,705
Advance against future issue of rights shares	-	3,000,000	-	-	-	-	-	3,000,000
Balance as at 30 September 2011	<u>9,508,617</u>	<u>3,000,000</u>	<u>-</u>	<u>384</u>	<u>-</u>	<u>(10,194,075)</u>	<u>23,724</u>	<u>2,338,650</u>

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

QUARTERLY REPORT SEPTEMBER 2011


President
& Chief Executive


Director


Director


Director

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the Nine Months ended 30 September 2011

1. LEGAL 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 the 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 The SBP vide BSD Circular No.7 dated 15 April 2009 set the Minimum Capital Requirement (MCR) for Banks up to Rs.10 billion to be achieved in a phased manner by 31 December 2013. The required MCR (free of losses) as of 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% of the risk weighted assets of the Bank. The paid up capital of the Bank (net of losses) as of 30 September 2011 amounts to Rs. 2,338.266 million while CAR stands at negative 1.37% (un-audited) as of that date.

In the view of the above shortfall in meeting the regulatory capital requirements, the management and sponsors of the Bank have taken the following steps:

- During year 2010, the sponsors of the Bank have entered into an agreement with a foreign investor for equity investment of Rs. 3,000 million into the Bank. Accordingly, the Board of Directors (the Board) in its meeting held on 4 April 2011 resolved to issue rights 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 requisite legal formalities. During the period, the Bank has received an advance of Rs. 3,000 million in respect of the said rights issue of shares.
- The Bank intends to raise further capital in order to meet the regulatory requirements through international market and for this purpose is closely engaged with foreign consultants. Additionally, the Bank has plans to augment its TIER II capital through sub-ordinated debt in the near future.
- The management of the Bank has prepared financial projections for a period of five years for the purpose of setting the future course of action for the Bank. These projections are approved by the Board and envisage additional capital injection through equity and sub-ordinated debt into the Bank and indicate future profitable operations based on various assumptions such as growth of deposits and advances, investment returns, future loan losses, interest rates, cost of funds etc.
- The Bank has sought an extension of time from the SBP till 31 December 2011 for compliance with MCR and CAR and expects a favourable response from the SBP in this regard.

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 its business in the foreseeable future and therefore, have prepared these condensed interim financial statements on a going concern basis. In making such assessments, the Board has taken into account the material uncertainties with respect to events or conditions that may impact the recapitalisation plan of the Bank and consequently, its sustainability in future.

2. STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements of the Bank for the nine months ended 30 September 2011 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the SECP and the SBP. In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

2.2 The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of IAS 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, International Financial Reporting Standard (IFRS) - 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified, accounted for and valued in accordance with the requirement of various circulars issued by the SBP.

2.3 The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP vide BSD Circular No. 2, dated 12 May 2004 and IAS 34 "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2010.

2.4 These are separate condensed interim financial statements of the Bank in which investments in subsidiaries and associates are reported on the basis of direct equity interest and are not consolidated or accounted for by using equity method of accounting.

3. ACCOUNTING POLICIES

3.1 The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year and following amended IFRS and IFRIC interpretations which became effective during the period:

IAS 24 – Related Party Disclosure (Revised)

IAS 32 – Financial Instruments: Presentation – Classification of Right Issues (Amendment)

IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment)

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB in April 2010

IFRS 3 – Business Combinations

IAS 27 – Consolidated and Separate Financial Statements

IAS 1 – Presentation of Financial Statements

IFRIC 13 – Customer Loyalty Programmes

IAS 34 – Interim Financial Reporting

The adoption of the above standards, amendments / improvements and interpretations during the period did not have any effect on these condensed interim financial statements.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by the management in applying the accounting policies were the same as those applied to the annual financial statements for the year ended 31 December 2010.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

QUARTERLY REPORT SEPTEMBER 2011

5. INVESTMENTS

	30 September 2011 (Un-Audited)			31 December 2010 (Audited)		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	----- (Rs. in '000) -----					
Available-for-sale securities						
Pakistan Investment Bonds	1,569,401	-	1,569,401	551,760	-	551,760
Market Treasury Bills	6,681,218	2,048,487	8,729,705	3,949,452	981,149	4,930,601
Listed Term Finance Certificates	348,671	-	348,671	381,635	-	381,635
Unlisted Term Finance Certificates	715,231	-	715,231	776,672	-	776,672
Open ended mutual funds	-	-	-	500,000	-	500,000
Ordinary Shares of listed companies	64,678	-	64,678	66,939	-	66,939
Ordinary Shares of unlisted companies	330,588	-	330,588	330,588	-	330,588
	9,709,787	2,048,487	11,758,274	6,557,046	981,149	7,538,195
Held-to-maturity securities						
Pakistan Investment Bonds	621,623	-	621,623	640,344	-	640,344
Unlisted Term Finance Certificates	1,236,604	-	1,236,604	1,236,604	-	1,236,604
	1,858,227	-	1,858,227	1,876,948	-	1,876,948
Associates						
<i>Listed</i>						
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
<i>Unlisted</i>						
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						
<i>Listed</i>						
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
<i>Unlisted</i>						
KASB Funds Limited	432,302	-	432,302	432,302	-	432,302
KASB Invest (Private) Limited [formerly 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
Investments at cost	16,820,539	2,048,487	18,869,026	13,686,519	981,149	14,667,668
Less: Provision for diminution in the value of investments	(1,386,381)	-	(1,386,381)	(1,513,563)	-	(1,513,563)
Investments net of provisions	15,434,158	2,048,487	17,482,645	12,172,956	981,149	13,154,105
Deficit on revaluation of available for sale investments - net	(12,682)	(2,011)	(14,693)	(101,184)	(417)	(101,601)
Total Investments	15,421,476	2,046,476	17,467,952	12,071,772	980,732	13,052,504

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

	Note	30 September 2011 (Un-Audited)	31 December 2010 (Audited)
----- (Rs. in '000) -----			
6. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		30,932,721	32,908,517
Net investment in finance lease - in Pakistan		997,803	1,223,587
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		908,424	445,695
Payable outside Pakistan		129,416	260,200
		1,037,840	705,895
Advances - gross		32,968,364	34,837,999
Provision against non-performing advances			
- Specific provision	6.1	(6,064,881)	(5,290,067)
- General provision against consumer advances		(14,313)	(20,234)
	6.2	(6,079,194)	(5,310,301)
Advances - net of provisions		26,889,170	29,527,698

6.1 Advances include Rs 11,767.507 million (31 December 2010: Rs. 9,616.599 million) which have been placed under non-performing status as detailed below

Category of classification	30 September 2011 (Un-Audited)				
	Domestic	Overseas	Total	Provision required	Provision held
----- (Rs. in '000) -----					
Substandard	637,372	-	637,372	62,657	62,657
Doubtful	2,767,923	-	2,767,923	749,707	749,707
Loss	8,362,212	-	8,362,212	5,252,517	5,252,517
	<u>11,767,507</u>	<u>-</u>	<u>11,767,507</u>	<u>6,064,881</u>	<u>6,064,881</u>

Category of classification	31 December 2011 (Audited)				
	Domestic	Overseas	Total	Provision required	Provision held
----- (Rs. 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
	<u>9,616,599</u>	<u>-</u>	<u>9,616,599</u>	<u>5,290,067</u>	<u>5,290,067</u>

6.2 Particulars of provision against non-performing advances

	30 September 2011 (Un-Audited)			31 December 2010 (Audited)		
	Specific	General	Total	Specific	General	Total
----- (Rs. in '000) -----						
Opening balance	5,290,067	20,234	5,310,301	4,104,983	32,322	4,137,305
Charge for the period	1,495,044	-	1,495,044	1,797,509	-	1,797,509
Reversals	(685,378)	(5,921)	(691,299)	(605,093)	(12,088)	(617,181)
Net charge	809,666	(5,921)	803,745	1,192,416	(12,088)	1,180,328
Amounts written off	(34,852)	-	(34,852)	(7,332)	-	(7,332)
Closing balance	<u>6,064,881</u>	<u>14,313</u>	<u>6,079,194</u>	<u>5,290,067</u>	<u>20,234</u>	<u>5,310,301</u>

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

	Note	30 September 2011 (Un-Audited)	31 December 2010 (Audited)
7 DEPOSITS AND OTHER ACCOUNTS		----- (Rs. in '000) -----	
Customers			
Fixed deposits		23,312,477	23,584,498
Savings deposits		17,398,951	13,991,606
Current accounts - non-remunerative		8,051,210	6,818,860
Margin deposits - non-remunerative		541,525	383,388
		<u>49,304,163</u>	<u>44,778,352</u>
Financial Institutions			
Remunerative deposits		765,538	1,474,219
Non-remunerative deposits		10,148	21,616
		<u>775,686</u>	<u>1,495,835</u>
		<u>50,079,849</u>	<u>46,274,187</u>
8. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Operating fixed assets	8.1	404,213	422,915
Available for sale investments	8.2	8,739	(70,934)
		<u>412,952</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		(29,200)	(51,375)
		<u>615,118</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		(10,498)	(14,034)
		<u>210,905</u>	<u>221,403</u>
		<u>404,213</u>	<u>422,915</u>
8.2. Available for sale investments			
Federal Government Securities		(3,225)	(63,413)
Ordinary shares of listed companies		4,726	2,889
Listed Term Finance Certificates		(16,194)	(14,341)
Open ended mutual funds		-	(26,736)
		<u>(14,693)</u>	<u>(101,601)</u>
Related deferred tax asset - Investments		23,432	30,667
		<u>8,739</u>	<u>(70,934)</u>
9 CONTINGENCIES AND COMMITMENTS			
9.1 Direct credit substitutes		-	-
9.2 Transaction-related contingent liabilities			
Includes performance bonds, bid bonds, warranties advance payment guarantees and shipping guarantees related to particular transactions issued in favour of:			
- Government		8,227,353	9,044,031
- Others		1,438,425	1,226,744
		<u>9,665,778</u>	<u>10,270,775</u>
9.3 Trade-related contingent liabilities			
Letters of credit		2,670,425	2,867,131
Acceptances		1,543,721	1,657,589
		<u>4,214,146</u>	<u>4,524,720</u>

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

30 September 2011 (Un-Audited)

	Subsidiaries	Associates	Directors	Key Management Personnel	Other Related Parties	Total
----- Rupees in '000 -----						
Mark-up earned	15,585	18,684	513	1,377	12	36,171
Mark-up expensed	5,519	66,496	8	1,062	17,304	90,389
Commission on letters of guarantee	536	878	-	-	-	1,414
Rental Income	1,487	-	-	-	-	1,487
Group Executive Services	-	6,742	-	-	-	6,742
Brokerage Commission paid	114	-	-	-	-	114
Salaries and allowances	-	-	13,050	56,370	-	69,420
Directors' fee	-	-	4,050	-	-	4,050
Other Administrative expenses	6,786	462	-	-	-	7,248
Contribution to staff provident fund	-	-	-	-	26,500	26,500
Other Income	1,284	1,939	-	-	-	3,223
Reimbursement against Utilities & Other Exp	683	-	-	-	-	683
Advance received against future issue of Shares	-	3,000,000	-	-	-	3,000,000

Nine months ended 30 September 2010 (Un-Audited)





Mark-up earned	14,381	14,651	677	1,945	128	31,782
Mark-up expensed	15,075	11,900	36	574	13,836	41,421
Commission on letters of guarantee	-	273	-	-	5	278
Rental Income	36	-	-	-	-	36
Group Executive Services	-	48,674	-	-	-	48,674
Brokerage Commission paid	182	-	-	-	-	182
Salaries and allowances	-	-	-	75,969	-	75,969
Director Fee	-	-	5,025	-	-	5,025
Other administrative expenses	15,099	-	-	-	-	15,099
Contribution to staff provident fund	-	-	-	-	27,308	27,308
Other Income	372	-	-	-	-	372

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 28 October 2011 by the Board of Directors of the bank.

President & Chief Executive Director Director Director

CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

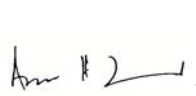
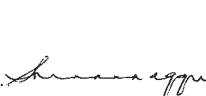


QUARTERLY REPORT SEPTEMBER 2011

As at 30 September 2011

	30 September 2011 (Un-Audited)	31 December 2010 (Audited)
	(Rs. in '000)	
ASSETS		
Cash and balances with treasury banks	4,305,175	3,272,624
Balances with other banks	1,495,936	360,306
Lendings to financial institutions	1,268,151	40,000
Investments	16,038,884	12,019,099
Advances	27,883,982	30,209,384
Operating fixed assets	4,346,575	4,541,778
Deferred tax assets	3,810,115	3,810,399
Other assets	4,218,426	4,306,772
	63,367,244	58,560,362
LIABILITIES		
Bills payable	781,552	541,041
Borrowings	6,755,714	6,636,645
Deposits and other accounts	50,703,658	46,694,675
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	1,510	2,170
Deferred tax liabilities	-	-
Other liabilities	2,115,827	1,989,290
	60,358,261	55,863,821
NET ASSETS	3,008,983	2,696,541
REPRESENTED BY		
Share capital	9,508,617	9,508,617
Reserves	16,838	162,727
Accumulated losses	(10,527,648)	(8,012,226)
Share premium	23,724	23,724
Advance against proposed rights shares	3,000,000	-
	2,021,531	1,682,842
Non-controlling interests	523,466	534,801
	2,544,997	2,217,643
Surplus on revaluation of assets - net of tax	463,986	478,898
	3,008,983	2,696,541

CONTINGENCIES AND COMMITMENTS

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


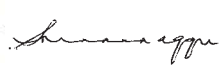


 President & Chief Executive	 Director	 Director	 Director
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CONSOLIDATED INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)

QUARTERLY REPORT SEPTEMBER 2011

For the period ended 30 September 2011	30 September 2011	30 September 2010
	(Rs. in '000)	
Mark-up / return / interest earned	3,603,716	4,033,116
Mark-up / return / interest expensed	(3,897,506)	(3,917,463)
Net mark-up / return / interest income	(293,790)	115,653
(Provision) / Reversal against non-performing loans and advances - net	(803,745)	(231,694)
(Provision) / Reversal for diminution in the value of investments	118,208	(67,585)
Bad debts written off directly	(7,326)	(16,420)
	(692,863)	(315,699)
Net mark-up / return / interest after provisions	(986,653)	(200,046)
NON MARK-UP / RETURN / INTEREST INCOME		
Fee, commission and brokerage income	408,919	439,539
Dividend income	15,508	48,312
Income from dealing in foreign currencies	76,244	54,655
Gain on sale of securities	(20,321)	114,946
Unrealised (loss) / gain on revaluation of investments classified as held for trading	(8,307)	1,335
Other income	118,659	107,437
Total non mark-up / return / interest income	590,702	766,224
	(395,951)	566,178
NON MARK-UP / RETURN / INTEREST EXPENSES		
Administrative expenses	(2,023,831)	(2,188,344)
Other provisions / write offs	(143,630)	10,277
Other charges	(16,188)	(27,286)
Total non mark-up / return / interest expenses	(2,183,649)	(2,205,353)
	(2,579,600)	(1,639,175)
Share of loss from associates	(97,186)	(15,216)
LOSS BEFORE TAXATION	(2,676,786)	(1,654,391)
Taxation - Current year	(6,316)	(6,939)
- Prior years	(243)	-
- Deferred	10,090	21,475
	3,531	14,536
LOSS AFTER TAXATION	(2,673,255)	(1,639,855)
Loss after taxation attributable to:		
Equity holders of the Holding Company	(2,661,920)	(1,633,813)
Non-controlling interest	(11,335)	(6,042)
	(2,673,255)	(1,639,855)
	----- Rupees -----	
Loss per share	(2.81)	(2.30)

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

			
President & Chief Executive	Director	Director	Director

CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

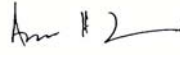



QUARTERLY REPORT SEPTEMBER 2011

For the period ended 30 September 2011

	30 September 2011	30 September 2010
	(Rs. in '000)	
Net loss for the period	(2,673,255)	(1,639,855)
Other comprehensive income	-	-
Total comprehensive loss for the period	<u>(2,673,255)</u>	<u>(1,639,855)</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 (SBP). Accordingly, these have not been included in comprehensive income which has been shown as part of equity.

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

President & Chief Executive Director Director Director

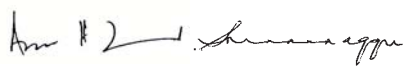
CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT (UNAUDITED)

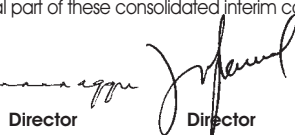
QUARTERLY REPORT SEPTEMBER 2011

For the period ended 30 September 2011

	30 September 2011	30 September 2010
	(Rs. in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,676,786)	(1,654,391)
Less: dividend income	(15,508)	(48,312)
	(2,692,294)	(1,702,703)
Adjustments for non cash items:		
Depreciation	205,920	211,950
Amortisation	38,181	51,558
Provision against non-performing loans and advances	803,745	231,694
Share of profit from associates	97,186	15,216
Reversal of provision for compensated absences	(604)	(1,398)
Provision for gratuity	17,512	38,062
Gain on disposal of operating fixed assets - net	(3,151)	(6,684)
Finance charge on lease obligations	34	1,214
Unrealised loss / (gain) on revaluation of investments classified as held for trading	8,307	(1,335)
Bad debts written off directly	7,326	16,420
(Provision) / Reversal for diminution in the value of investments	(118,208)	67,585
Other provisions / write offs	143,630	-
Gain on sale of securities	20,321	(114,946)
	1,220,199	509,336
	(1,472,095)	(1,193,367)
(Increase) / decrease in operating assets		
Lendings to financial institutions	(1,228,151)	2,170,435
Investments in held for trading securities	122,312	(319,064)
Advances	1,514,331	(1,827,972)
Other assets	(41,074)	(261,420)
	367,418	(238,021)
Increase / (decrease) in operating liabilities		
Bills payable	240,511	303,924
Borrowings	(1,088,508)	(2,960,838)
Deposits and other accounts	4,008,983	3,688,758
Other liabilities	109,629	(832,984)
	3,270,615	198,860
	2,165,938	(1,232,528)
Income tax paid	(20,865)	(38,036)
Gratuity benefits paid	-	(16,462)
Net cash inflow from / (used in) operating activities	2,145,073	(1,287,026)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(4,387,988)	2,168,441
Net investments in held to maturity securities	18,726	53,675
Net investments in associates	230,584	(103,967)
Dividend income received	29,241	80,621
Investments in operating fixed assets	(159,491)	(586,399)
Sale proceeds realised on disposal of operating fixed assets	103,249	90,004
Net cash (used in) / inflow from investing activities	(4,165,679)	1,702,375
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments against lease obligations - net	(694)	(4,126)
Advance against proposed rights issue	3,000,000	-
Profit distribution	(18,096)	-
Net cash used in financing activities	2,981,210	(4,126)
Net increase / (decrease) in cash and cash equivalents	960,604	411,223
Cash and cash equivalents at the beginning of the period	3,604,911	3,070,882
Cash and cash equivalents at the end of the period	4,565,515	3,482,105

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


**President
& Chief Executive**


Director


Director

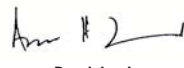



CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2011

	Attributable to equity holders of the Holding Company							Non-controlling interests	Total
	Share Capital	Advance against future issue of rights shares	Statutory reserve	General reserve	Share premium	Accumulated losses	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 nine months ended 30 September 2010	-	-	-	-	-	(1,633,813)	(1,633,813)	(6,042)	(1,639,855)
Transfer to statutory reserve	-	-	12,687	-	-	(12,687)	-	-	-
Transferred from surplus on revaluation of fixed assets-net of tax	-	-	-	-	-	31,708	31,708	-	31,708
Dividends	-	-	-	-	-	-	-	(7,917)	(7,917)
Balance as at 30 September 2010	9,508,617	-	163,590	384	23,724	(6,911,603)	2,784,712	510,735	3,295,447
Transferred from surplus on revaluation of fixed assets-net of tax	-	-	-	-	-	5,632	5,632	-	5,632
Transfer to statutory reserve	-	-	(1,247)	-	-	1,247	-	-	-
Total comprehensive loss / income for the period from 01 October 2010 to 31 December 2010	-	-	-	-	-	(1,107,502)	(1,107,502)	20,012	(1,087,490)
Dividends	-	-	-	-	-	-	-	4,054	4,054
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	-	-	-	-	-	18,705	18,705	-	18,705
Transfer from statutory reserve to accumulated loss	-	-	(145,889)	-	-	145,889	-	-	-
Total comprehensive loss for the nine months ended 30 September 2011	-	-	-	-	-	(2,661,920)	(2,661,920)	(11,335)	(2,673,255)
Profit distribution	-	-	-	-	-	(18,096)	(18,096)	-	(18,096)
Advance against future issue of rights shares	-	3,000,000	-	-	-	-	3,000,000	-	3,000,000
Balance as at 30 September 2011	9,508,617	3,000,000	16,454	384	23,724	(10,527,648)	2,021,531	523,466	2,544,997

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

QUARTERLY REPORT SEPTEMBER 2011

President & Chief Executive **Director** **Director** **Director**

For the period ended 30 September 2011

1. STATUS AND NATURE OF BUSINESS

1.1 KASB Bank Limited (Holding Company) 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 the 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.

Holding Company

KASB Bank Limited

Name of subsidiaries

Percentage holding

KASB Technology Services Limited	100.00%
KASB Securities Limited	77.12%
KASB Funds Limited	67.18%
KASB Invest (Private) Limited {Formerly KASB Modaraba Management (Private) Ltd.}	96.02%
KASB Modaraba Structured Venture (Private) Limited {indirectly through KASB Securities Ltd.}	51.60%
	100.00%

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

Name of associates

Percentage holding

New Horizon Exploration and Production Limited	42.94%
Shakarganj Food Products Limited	40.20%
KASB International Limited	21.78%
KASB Stock Market Fund	85.70%
KASB Asset Allocation Fund	68.52%
KASB Income Opportunity Fund	38.79%
KASB Islamic Income Opportunity Fund	45.94%
KASB Cash Fund	30.55%
KASB Capital Protected Gold Fund	15.98%

1.3 The SBP vide BSD Circular No.7 dated 15 April 2009 set the Minimum Capital Requirement (MCR) for Banks up to Rs.10 billion to be achieved in a phased manner by 31 December 2013. The required MCR (free of losses) as of 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% of the risk weighted assets of the Bank. The paid up capital of the group (net of losses) as of 30 September 2011 amounts to Rs. 2,004.693 million while CAR stands at negative 0.05% (un-audited) as of that date.

In the view of the above shortfall in meeting the regulatory capital requirements, the management and sponsors of the Holding Company have taken the following steps:

- During year 2010, the sponsors of the Holding Company have entered into an agreement with a foreign investor for equity investment of Rs. 3,000 million into the Holding Company. Accordingly, the Board of Directors (the Board) in its meeting held on 4 April 2011 resolved to issue rights 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 requisite legal formalities. During the period, the Holding Company has received an advance of Rs. 3,000 million in respect of the said rights issue of shares.
- The Holding Company intends to raise further capital in order to meet the regulatory requirements through international market and for this purpose is closely engaged with foreign consultants. Additionally, the Holding Company has plans to augment its TIER II capital through sub-ordinated debt in the near future.
- The management of the Holding Company has prepared financial projections for a period of five years for the purpose of setting the future course of action for the Holding Company. These projections are approved by the Board and envisage additional capital injection through equity and sub-ordinated debt into the Holding Company and indicate future profitable operations based on various assumptions such as growth of deposits and advances, investment returns, future loan losses, interest rates, cost of funds, etc.
- The Holding Company has sought an extension of time from the SBP till 31 December 2011 for compliance with MCR and CAR and expects a favourable response from the SBP in this regard.

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 its business in the foreseeable future and therefore, have prepared these condensed interim financial statements on a going concern basis. In making such assessments, the Board has taken into account the material uncertainties with respect to events or conditions that may impact the recapitalisation plan of the Holding Company and consequently, its sustainability in future.

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.

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

3. STATEMENT OF COMPLIANCE

- 3.1** These condensed interim consolidated financial statements of the group for the nine months ended 30 September 2011 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the SECP and the SBP. In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 3.2** The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of IAS 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, International Financial Reporting Standard (IFRS) - 7 "Financial Instruments: Disclosure" has not been made applicable for banks. 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, accounted for and valued in accordance with the requirement of various circulars issued by the SBP.
- 3.3** The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BSD Circular No. 2, dated 12 May 2004 and IAS 34 "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual financial statements of the group for the year ended 31 December 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 28 October 2011 by the Board of Directors of the holding company, KASB Bank Limited.


President
& Chief Executive


Director


Director


Director

BRANCHES NETWORK

KARACHI BRANCHES

Main Branch
Tel: (021) 32446005-10 / 32446772-77
Fax: (021) 32446781
UAN: 111 555 666

Jodia Bazar Branch
Tel: (021) 32521351-4
Fax: (021) 32521357

Cochinwala Branch (Sub Branch)
PABX No. (021) 32462703-5
FAX No. (021) 32467643

Korangi Branch
Tel: (021) 35078922-25
Fax (021) 35078926

Preedy Street Branch
PABX No (021) 32724121,
32724135, 32724178
Fax (021) 32725175

**Electronic Market Sadar Branch
(Sub Branch)**
PABX No. (021) 32700561-63
Fax No. (021) 32700567

DHA Shahbaz Branch
PABX No. (021) 35349154-7
Fax No. (021) 35349149

DHA Phase VI Branch (Sub Branch)
PABX (021) 35242734-37
FAX No. (021) 35242739

Defence Phase IV Branch (Sub Branch)
PABX (021) 35312961-4
Fax No. (021) 35312966

Garden Branch
PABX No. (021) 32292041-43
FAX No. (021) 32292046

Gulshan-e-Iqbal Branch
Tel: (021) 34981330-31
Fax: (021) 34981334

Gulshan Chowranghi Branch (Sub Branch)
PABX No. (021) 34832541-3
FAX No. (021) 34832548

New Challi Branch
PABX No. (021) 32601231-33
Fax No. (021) 32601337

Shaheed-e-Millat Road Branch
PABX No (021) 34145183-84-86
Fax No. (021) 34145187

Dohraji Branch (Sub Branch)
PABX No. (021) 34860180-2
Fax No. (021) 34860184

Khalid Bin Waleed Branch (Sub Branch)
PABX (021) 34302806-9
Fax No. (021) 34302813

SITE Branch
PABX No (021) 32550391-3
Fax (021) 32550395

Shahrah-e-Faisal Branch
Tel: (021) 34313236-38
Fax: (021) 34538638

**Muhammad Ali Society Branch
(Sub Branch)**
PABX No. (021) 34306061-3
FAX No. (021) 34306066

Manzoor Colony Branch (Sub Branch)
PABX No. (021) 35392805-7
FAX No. (021) 35392810

Hyderi Branch
PABX (021) 36724280-3-4
Fax No. (021) 36724282

Nazimabad (Sub Branch)
PABX No. (021) 36611909-12-13
Fax (021) 36611909

F.B.Area Karimabad Branch (Sub Branch)
PABX No. (021) 36826728/31/35
FAX No. (021) 36826805

Karachi Stock Exchange Branch
Tel: (021) 32473560-63
Fax (021) 32473564

DHA Phase 1 Branch
PABX No. (021) 35314121-3
Fax No. (021) 35314127

Gulistan-e-Johar Branch
PABX No. 34029901-3
Fax No. 34029902

Malir City Branch
PABX No. (021) 34117381, 34110812 / 822
FAX No. (021) 34117452

Clifton Branch
PABX No.: (021) 35879207, 35879170,
35879215
Fax: (021) 35879134

Clifton (Shireen Jinnah) (Sub Branch)
PABX No. (021) 35305581-3
FAX No. (021) 35374579

LAHORE BRANCHES

Defence Branch
PABX No: (042) 35731811, 35740083
Fax: (042) 35722228

DHA-G Branch (Sub Branch)
PABX (042) 35690987-8
Fax No. (042) 35690986

Johar Town Branch
PABX (042) 35220813-5
Fax No. (042) 35220819

Baghbanpura Branch
PABX No. (042) 36820445-6
FAX No. (042) 36820447

Mughalpura Branch (Sub Branch)
PABX No. (042) 36524880-3
FAX No. (042) 36524887

Gulshan-e-Ravi Branch
PABX No. (042) 37415063-83-86
FAX No. (042) 37414892

Raiwind Road Branch
PABX No:(042) 35426923, 35437893
Fax (042) 35426926

Abbot Road Branch
PABX No: (042) 36305143-44
Fax: (042) 36305142

Mozang Branch (Sub Branch)
PABX No. (042) 36371254-6
Fax No. (042) 36371504

Shadman Town Branch (Sub Branch)
PABX No. (042) 37569488-9
Fax: (042) 37569487

Lahore Stock Exchange Branch
PABX No: (042) 36367794-97
Fax No : (042) 36280804

Peco Road Branch
PABX No:(042) 35144951-4
FAX NO:(042) 35144955

Shah Alam Branch
PABX No: (042) 37656501, 37658221
FAX NO:(042) 37658275

Allama Iqbal Town Branch
PABX (042) 35424951-3
Fax No. (042) 35436226

Wahdat Raod Branch (Sub Branch)
PABX (042) 35912863-4
Fax No. (042) 35912862

Circular Road Branch
PABX No: (042) 37639040-42
Fax: (042) 37660649

Shadbagh Branch (Sub Branch)
PABX No. (042) 37600953/986
FAX No. (042) 37600960

Gulberg Branch
PABX No: (042) 35764288-9
Fax No: (042) 35755358

KASB House (Jail Road) (Sub Branch)
PABX No. (042) 35776723-5
FAX No. (042) 35875013

Model Town Branch (Sub Branch)
PABX No. (042) 35915673-6
FAX No. (042) 35915677

BRANCHES NETWORK

ISLAMABAD BRANCHES

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

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

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

PESHAWAR BRANCHES

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

QUARTERLY REPORT SEPTEMBER 2011

OTHER CITIES

Faisalabad Branch
PABX NO (041) 2649667-70
Fax: (041) 2649672

Sukkur Branch
Tel: (071) 5619083-4
Fax No. (071) 5619088

Quetta Branch
Tel: (081) 2842531, 2836518
Fax: (081) 2842531
UAN: 111 555 666

Fateh Jang Branch
PABX No. (051) 2210244-6
Fax No. 051-2210249

Nawabshah Branch
PABX No (024) 4330304-5
FAX No (024)-4330307

Sadiqabad Branch
PABX No. (068) 5800067-69
FAX No. (068) 5709114

Mandi Bahaudin Branch
PABX No. (054) 6507207-9
FAX No. (054) 6507210

Bhawalpur Branch
PABX No. (062) 2880701-3
FAX No. (062) 2880704

Kasur Branch
PABX No. (049) 2720697-98-2763823
FAX No. (049) 2763824

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

Kamoki Branch
PABX No. (055) 6814580-2
FAX No. (055) 6814584

Jhang Branch
PABX No. (047) 7651670-2
FAX No. (047) 7651676

Kandhkot Branch
PABX No. (0722) 570041-43
FAX No. (0722) 570044

Ghourghashti Branch
PABX No. 057-2871291-2871292
FAX No. 057-2871393

Mehar Branch
PABX No. (0254) 730375
FAX No. (0254) 730376

Vehari Branch
PABX No. (067) 3360515-7
FAX No. (067) 3360519

Okara Branch
PABX No. (044) 2520526-8
FAX No. (044) 2520590

Sahiwal (Sub Branch)
PABX No. (040) 4228801

Sargodha Branch
PABX No. (048) 3768121-3
Fax No. 048 3768122

Jacobabad Branch
PABX No. (0722) 654804/5
FAX No. (0722)654801

Rahimyarkhan Branch
PABX No. (068) 5871901-3
Fax No. 068 5871908

D.G.Khan Branch
PABX No. (064) 2471560-2
FAX No. (064) 2471566

Mirpurkhas Branch
PABX (0233) 874612-4
Fax No. (0233) 874615

Gujjar Khan Branch
PABX No. (0571) 3511903-5
FAX No. (0571) 3511913

Sambriyal Branch
PABX No. (052) 6521003-5
FAX No. (052) 6521006

Sheikhupura Branch
PABX No. (056) 3780984-6
FAX No. (056) 3780987

Sanghar Branch
PABX No. (023) 5541479-80-5541478
FAX No.