

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSE/N-737

NOTICE

February 18, 2010

Reproduced hereunder Financial Projection received from SAMBA BANK LIMITED for information of members of the Exchange.

(Copy of the same is also available on our Website www.kse.com.pk).

**Capital Injection
Through Issuance of Right Shares
For Samba Bank Limited**

Purpose:

To strengthen the capital base of the banking sector in Pakistan, State Bank of Pakistan (SBP), through Circular No. 7 dated April 15, 2009 requires all locally incorporated banks to maintain the following minimum capital (net of losses):

Year	2008	2009	2010	2011	2012	2013
Minimum Capital Requirement	Rs. 5 billion	Rs. 6 billion	Rs. 7 billion	Rs. 8 billion	Rs. 9 billion	Rs. 10 billion

As the capital (net of losses) of Samba Bank Limited (SBL) is below the minimum capital requirement during 2009 and requires maintaining at least Rs. 6 billion by December 31, 2009, it requires to inject additional capital to comply with SBP's regulatory requirement.

All things considered, it is proposed that it would be prudent for the bank to inject enough capital to meet the minimum capital requirement for both 2009 and 2010, i.e., go up to Rs. 7 billion. After evaluating various alternatives to inject additional capital, it is recommended to inject additional capital through issuance of right share. Given the financial health of SBL and the prevailing market price of its shares, it is proposed to issue the right share at a discounted price of Rs. 5.75 per share. For this, the bank has already obtained the No Objection Certificate (NOC) from SBP vide its Letter No. BSD/BAI-2/201/901/2009 dated September 19, 2009. Further, our parent, Samba Financial Group (SFG) through their letter dated December 16, 2009 has already given its commitment to fully subscribe its share in the proposed right issue. Additionally, through the same letter, SFG also committed to take up all shares which were not subscribed by the remaining shareholders.

Therefore, the purpose of the right share issuance is to comply with the SBP's minimum capital requirement of Rs. 6 billion and Rs. 7 billion for the years 2009 and 2010 respectively.

Benefit to Shareholders and Uses of Funds:

In the current economic scenario where spreads of the banking industry are shrinking and costs are increasing due to the inflationary pressures, banks need to increase the earning assets base to manage profitability. While maintaining the growth momentum, banks also require to focus on mitigating risks inherent in the asset growth by prudently selecting the growth avenues. However, this in turn put pressure on yields on earning assets.