

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSE/N-3421

NOTICE

June 21, 2011

Reproduced hereunder letter 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).

June 20th, 2011Ref # COMPSEC/KSE/001-2011

Mr. Muhammad Ghufan, Esq.
Deputy General Manager,
The Karachi Stock Exchange (Guarantee) Limited,
Karachi Stock Exchange Building,
Stock Exchange Road,
Karachi

Subject: Placement of Samba Bank Limited on the Non-Compliant Segment of the Exchange on account of Default of the Listing Regulation

Dear Sir,

This is with reference to your letter number No. KSE/Gen-3584 dated June 7th, 2011 received on June 9th, 2011 by Samba Bank Limited ("Samba" / "Bank"), and our earlier letter dated July 12th, 2010 (copy is enclosed herewith), in this matter.

The objective of this letter is to give you an update on the Bank's financial health in order to consider our request to provide a further exemption of one year.

Samba Financial Group of Saudi Arabia ("Group") made an initial investment of Rs. 6 Billion in year 2007. In 2010, the Group made an additional investment of Rs. 3.199 Billion resulting in a total investment of Rs. 9.199 Billion, which translates into 80.68% shareholding of the Group in Samba. This additional investment demonstrates the confidence of the Group in the future viability of Samba, as well as in the Pakistan banking sector as a whole.

Furthermore, as already submitted in our above mentioned Letter, Samba carries the legacy portfolio inherited from the merged entities. Primarily due to this SBL posted losses in the last five years. The Bank posted losses before tax for the years 2008 and 2009 amounting to Rs. 1.011 Billion and Rs. 1.068 Billion respectively. However, in 2010, SBL managed to restrict its losses before tax to only Rs.130 Million. This transformation is mainly achieved by focusing on the following areas:

- (i) Increasing the earning assets of the Bank while managing its risk profile;
- (ii) Effectively managing the cost of deposit; and
- (iii) Bringing in the operational efficiencies

Due to the losses in the previous years, Samba was unable to declare dividend to its shareholders. However, the management of Samba is committed to turn around this Bank and is striving to provide a respectable return to all its investors. We are confident that the Bank will continue the business momentum of 2010 in 2011 and are hopeful that the Bank will generate a profit in 2011. This is also evident from our latest financial Report of 2011, where the Bank has posted a profit before tax.