THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSE/N-28 **N O T I C E** **January 02, 2009**

*Reproduced hereunder letter No.**BPRD(LCGD-04)/625-93/2009/29** dated January 01,2009 received from **STATE BANK OF PAKISTAN, BANKING POLICY & REGULATIONS DEPARTMENT**, for information of all concerned.*

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STATE BANK OF PAKISTAN
BANKING POLICY & REGULATIONS DEPARTMENT
KARACHI

No. BPRD (LCGD-04)/625-93/2009/29 January 01, 2009

1. The President/CEO
KASB Bank Limited
Karachi.

2. The CFO/ Co. Secretary
KASB Capital Limited
Karachi.

3. The CEO
Network Leasing Corporation Limited
Karachi.

Dear Sirs,

Amalgamation of KASB Capital Limited, Network Leasing Corporation Limited with and into KASB Bank Limited

Please refer to your letters dated December 29 and 31, 2008 and other relevant correspondence/discussion on the captioned subject.

2. In this connection, State Bank of Pakistan (SBP) is pleased to sanction the Schemes of Amalgamation of KASB Capital Limited and Network Leasing Corporation Limited with and into KASB Bank Limited, under Section 48 of Banking Companies Ordinance (BCO), 1962, effective from close of business on December 31, 2008. A copy of the Governor's order ("the Order") dated January 01, 2009 passed in this regard is enclosed for information and further necessary action. You are advised to ensure compliance with the conditions stated in the order as well as the following while implementing the Schemes of Amalgamation:-

i. KASB Bank shall meet shortfall in Minimum Capital Requirement (MCR) if any as a consequence of merger/amalgamation, from its own resources. The amalgamating entity shall at all times meet the MCR and Capital Adequacy Ratio.

ii. Depositors' funds will not at any time be used on account of this transaction.

iii. All the sponsors' shares shall be immediately deposited with Central Depository Company (CDC) as per SBP's instructions issued vide BPRD Circular No 4 of 2008. Further, as a result of the schemes of amalgamation, any shareholder who achieves 5% or more holding in the KASB Bank shall immediately seek SBP's clearance in terms of Fit & Proper Test.

2/-