



18 May 2007

*The General Manager  
Karachi Stock Exchange (Guarantee) Limited  
Stock Exchange Building  
Karachi.*

*Dear Sir,*

**Subject: Board Meeting**

*The Board of Directors of Arif Habib Securities Limited (AHSL), in its meeting held at 4:30 p.m. on 17<sup>th</sup> May 2007, has recommended a swap ratio of one new share of the merged entity for one share of AHSL (ex-bonus) and 0.154 (i.e. 1 / 6.4935) new share of the merged entity for one existing share of Arif Habib Rupali Bank Limited (AHRBL) for the purpose of the proposed merger of Arif Habib Securities Limited (AHSL) with and into Arif Habib Rupali Bank Limited (AHRBL). The swap ratio has been recommended on the basis of the fair valuation of the two merging entities as determined on April 30, 2007.*

*The Board has recommended that the merged entity should have a paid-up share capital of Rs. 3,050,305,575/- with 305,030,557 shares to be issued in lieu of existing shares of AHSL and AHRBL. The shares held by respective shareholders on the "Effective Date", to be announced after the approval of the merger by the State Bank, shall be used for determining the swap entitlement. The book closure for the "Effective Date" shall be announced in due course. The 267,334,042 or 89.11% shares of AHRBL, which AHSL owns, shall stand cancelled as a result of the merger and the remaining shareholders of AHRBL shall be issued 5,030,557 new shares in the merged entity. AHSL's shareholders would, as a result, own 98.35% shares of the merged entity.*

*EOGM is being called at 11:00 AM on 16<sup>th</sup> June 2007 for the approval of the scheme of merger. Book closure for this purpose shall take place from 9<sup>th</sup> June to 16<sup>th</sup> June, 2007.*

*Based on the financial statements of the two entities as of April 30, 2007 the financials of the merged entity as of that date would represent the carried values of the individual merging entities and would result in the following summarised position:*