



# Network Microfinance Bank Limited

NMBL/KSE/CEO/810.

July 1, 2010

Mr. Haroon Askari  
GM operations  
Karachi Stock Exchange (Guarantee) Ltd.  
Stock Exchange Building,  
Stock Exchange Road  
Karachi

Dear Sir,

## SHOW CAUSE NOTICE UNDER KSE LISTING REGULATION NO. 30(2)

We refer to your letter no KSE/ Gen-4414 dated June 22, 2010 and subsequent discussion with our company secretary on June 23, 2010 at your office.

We have to inform you that NMBL is the only district level bank operating in Karachi, whereas all other Microfinance finance banks established under Microfinance Institution ordinance, 2001 are country level banks. Moreover, NMBL has a district feature being the only listed bank among all Microfinance banks operating in Pakistan.

You will please appreciate that before Microfinance Institution Ordinance came into existence these functions were being performed by NGO's under microcredit but there was no concept of microfinance as these NGOs' were not allowed to mobilize deposits. Nevertheless through Microfinance Banks this objective is being achieved and poor are becoming aware of banking facilities and habit of small savings is being inculcated, which is creating ripple effects on their life through it becomes a loss making proposition for the banks to maintain accounts of such small savings. Hence the dependence of our deposit portfolio is on high worth individuals and corporate sector who are doing it under corporate social responsibility.

Therefore, the Bank aims to support and promote affordable, self-help-based incremental development initiatives by offering microfinance services to urban micro-enterprises of Karachi. The Bank's two main areas of focus are savings mobilization and empowerment of micro entrepreneurs (including women) through Group-based and individual-based financing to support income generation and to improve economic conditions.

Since the business of microfinance is volume based and our average loan size is Rs.20,000/- there could be no concept of profitability in the first 7 to 10 years of operation and rather sustainability is the benchmark. The other Country level