



# Network Microfinance Bank Limited

NMBL/KSE /CS/174 - 11

June 14, 2011

Mr. Muhammad Ghufraan  
DGM Companies Affairs  
Karachi Stock Exchange (Guarantee) Limited  
Stock Exchange Road  
Karachi.



Dear Sir,

**Re: Placement of NMBL on the Non-Compliant Segment of the Exchange under Listing Regulation 30(2)**

This in reference to your letter No.KSE/Gen-3584 dated June 7, 2011.

It may be recalled that last year when the Karachi Stock Exchange (Guarantee) Limited ("the Exchange") had issued a Show Cause Notice No.KSE/Gen-4414 dated June 22, 2010, Network Microfinance Bank Limited ("NMBL"), vide its letter No.NMBL/KSE/CEO/810 dated July 1, 2010, had requested for an exemption from compliance with Regulation 30(2) of the Listing Regulations on plausible grounds mentioned in NMBL's said letter. Based on these grounds, the Exchange was pleased to grant an extension upto June 30, 2011. Copy of NMBL's letter dated July 1, 2010 is enclosed for your ready reference.

There have been positive developments since then. A Group of Investors known as *Auriga Group* (hereinafter referred to as "the Group") has submitted an Expression of Interest to NMBL's holding company i.e. Jahangir Siddiqui & Co. Limited ("JSCL") to acquiring all the 21,245,184 shares of NMBL from JSCL constituting 70.82% of the total issued shares of NMBL. This material information was disseminated to the Exchange vide NMBL's letter No. NMBL/KSE/CS/153-11 dated May 19, 2011, a copy of which is enclosed for your ready reference.

The Group has also approached the State Bank of Pakistan ("State Bank") for permission to conduct due diligence of NMBL. The State Bank also requires a resolution from NMBL's Board of Directors for permitting the Group to conduct due diligence. Accordingly, NMBL's Board of Directors have passed a resolution for such purpose at its meeting held on June 6, 2011, which information was also communicated to the Exchange vide NMBL's letter No. NMBL/KSE/CS/168-11 dated June 6, 2011. Copy of NMBL's letter dated June 6, 2011 is enclosed.

According to the papers submitted by the Group to the State Bank, the Group intends to convert NMBL from a *district level* microfinance bank to a *national level* microfinance bank and to extend NMBL's operations throughout the Country. In NMBL's letter dated July 1, 2010, the attention of the Exchange was drawn to the fact that NMBL was the only *district level* microfinance bank operating in Karachi, whereas other microfinance banks are