

CS - 327  
July 23, 2010

The Managing Director  
Karachi Stock Exchange (Guarantee) Limited  
Stock Exchange Building  
Karachi

**Transfer and Allotment of Shares of Silkbank Limited**

Dear Sir,

We write with reference to the abovementioned matter.

Silkbank Limited ("**Bank**") conducted an issue of 311.00226% rights shares of Rs. 10/- each on a discount of Rs. 7.50 per share under the provisions of Section 86 of the Companies Ordinance, 1984 ("**Companies Ordinance**"). In terms of the provisions of the Companies Ordinance, the rights shares were offered to the existing shareholders of the Bank pro rata to their current shareholding in the Bank.

Bank Muscat being a majority shareholder in the Bank, holding approximately 315,776,969 shares in the Bank prior to the announcement of the rights issue, was offered 982,073,510 shares in the rights issue in proportion with its existing shareholding ("**Bank Muscat Rights Shares**"). However, Bank Muscat informed the Bank that it would not be exercising its option to subscribe and pay for the Bank Muscat Rights Shares and requested the Board of Directors of the Bank to offer and allot such Bank Muscat Rights Shares to such investors as it may deem fit.

In addition to the Bank Muscat Rights Shares, 52,536,663 shares in the rights issue were not subscribed to and paid for by the existing shareholders of the Bank and accordingly such shares were returned to the Board of Directors of the Bank for allotment in accordance with the powers granted to the Board of Directors under Section 86(7) of the Companies Ordinance ("**Unsubscribed Rights Shares**").

In view of the above and in exercise of its powers under Section 86(7) of the Companies Ordinance, the Board of Directors of the Bank have resolved to allot and issue the Bank Muscat Rights Shares and the Unsubscribed Rights Shares (collectively the "**Rights Shares**") to Mr. Azmat Tarin subject to the following conditions:

- (i) the subscription of the Rights Shares by Mr. Azmat Tarin shall be completed on or before September 30, 2010; and
- (ii) the approval of the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan being obtained in respect of the allotment and issuance of the Rights Shares by Mr. Azmat Tarin.