

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSE/N-1276

N O T I C E

March 01, 2011

Reproduced hereunder letter received from NIB BANK LIMITED , for information of members of the Exchange.

(Copy of the same is also available on our Website www.kse.com.pk).

Press Release**NIB Bank to increase capital by Rs 8.575 billion**

Karachi, March 1, 2011: With the objective of keeping the Bank strong and well-capitalised, the Board of Directors of NIB Bank announced today that NIB Bank would issue 6,259,124,088 new Rights shares at a price of Rs 1.37 per share, subject to all corporate and regulatory approvals. The proceeds of the capital increase will be used to enhance NIB Bank's Tier 1 capital and to support its earnings. The majority shareholder of NIB Bank, Bugis Investments, which is a wholly-owned subsidiary of Fullerton Financial Holdings of Singapore, has already remitted an amount of Rs 6.352 bn representing its portion of the Rights Offer. Bugis Investments has also provided an undertaking to subscribe to any portion of the Rights Offer that is not taken up. Full subscription of the Rights Offer is thus assured. With this Rights Offer NIB Bank's paid-up capital will increase to Rs 103.028 bn.

As a result of the deteriorating credit environment, NIB Bank's focus on the consumer and SME segments and further weakening in the portfolios acquired from PICIC and PICIC Commercial Bank Limited, the Bank has had to take a charge of Rs 9.872 bn in provisions for the year 2010. This includes provisions that relate to 2010, as well as some provisions that the Bank has considered prudent to recognize now on a subjective basis in the interests of good governance. On an unconsolidated basis therefore, NIB Bank reported a loss after tax of Rs 10.112 bn for the year ended 2010. Many of the loans against which NIB Bank has been required to take provisions are secured by tangible hard collateral like land, buildings, plant and machinery. NIB Bank has begun to experience strong recoveries and expects to reverse a sizeable portion of these provisions as it pursues recovery of the NPLs through negotiations as well as legal actions against defaulting customers.

Despite the increased level of provisioning and the resultant impact on its profitability, NIB Bank remains liquid, well-capitalised and sound. The Board of Directors and the management of NIB Bank remain committed to building a Bank that is focused on market opportunities and provides innovative products to suit the specific needs of its valued customers. In order to increase its earnings, the Bank has already reduced its monthly operating costs by 28% and is focussed on growing its deposit base across all customer segments. This effort is being aided by customer and industry specific deposit and transactional banking products as well as enhanced branch traffic and cross-sell of new, fee-based products. NIB Bank's branch network has been enriched by recruiting highly experienced branch banking staff and by improving branch ambiance along with a relentless focus on service quality.

Tickers for TV Channels**NIB Bank to increase capital by Rs 8.575 billion****NIB Bank declares Rs. 10,112 million after tax loss for the year 2010**