NIB Bank

NIB/CSA/ 437 /10
September 15, 2010

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

Fax # 111 573 329

SUBJECT: MATERIAL INFORMATION

Dear Sir,

In accordance with the Listing Regulations / Code of Corporate Governance, we are pleased to convey the following information:

In the Board Meeting held on 15th September, 2010 the Board of NIB Bank reviewed alternative methods of raising capital, and after due consideration has decided in-principle to recommend the issue of Redeemable Convertible Preference Shares in an amount of approximately Rupees 8.6 billion (Rupees Eight Billion Six Hundred Million only). For this purpose, the Board has formed a sub-committee comprising of three Board members who will supervise, and report back to the Board on, all matters relating to the proposed Preference Shares issue, including but not limited to finalising the terms and conditions of the proposed issue and obtaining all corporate, shareholder and regulatory approvals. The proceeds of the Preference Shares will be used to enhance the Bank's capital in view of a poor credit environment which is anticipated to worsen due to the recent floods and their expected impact on an already weak economy.

The Board also considered the performance of the SME, Salaam Banking and Consumer finance portfolios which have been severely affected by the economic downturn witnessed in Pakistan, and by power shortages and restrictions imposed through regulations and other decisions on the collection of delinquent loans. In view of this performance and the wider implications of the recent floods on the economy, the Board re-emphasized the Bank's decision to pursue a much more selective lending strategy in the SME, Salaam Banking and Consumer finance businesses. As a consequence of the above strategy, the Board felt it prudent that the number of staff deployed in the areas that serve the SME, Salaam Banking and Consumer finance businesses, along with all other support areas which are impacted by the revised strategy, should be rationalized. The process of staff rationalisation shall form a part of the overall cost rationalisation strategy that the Bank has adopted and begun to execute.

NIB Bank Limited
Muhammadi House,
I. I. Chundrigar Road,
Karachi.
UAN: 111-333-111
Fax (92-21) 2417503
www.nibpk.com