



Notice of 59th Annual General Meeting

Notice is hereby given that the **59th Annual General Meeting** of National Bank of Pakistan, will be held on **Monday March 31st, 2008 at 9:00 am (PST)**, at Crystal Ball Room, Marriott Hotel, Karachi.

The following business will be transacted in the meeting:

Ordinary Business:

1. To confirm minutes of Extraordinary General Meeting held on Saturday the February 16th, 2008, at 10:00 am at Marriott Hotel, Karachi.
2. To receive and adopt the Audited Accounts of the Bank for the year ended December 31st, 2007 together with the Directors' & Auditors' Reports thereon.
3. To appoint auditors for the year ending December 31st, 2008 and fix their remuneration.
4. To consider and approve Cash Dividend @ 75% and Bonus Shares @ 10% (thereby increasing Paid-up Capital of the Bank from Rs. 8,154,319,890/- to Rs.8,969,751,880/-) as recommended by the Board of Directors for the year ended December 31st, 2007 (subject to Government of Pakistan / Regulatory approvals).

Special Business:

5. To ratify the revision / enhancement of the Directors' remuneration.
6. To approve / ratify the following donations recommended / approved by the Board / Bank's Management, by passing the following ordinary resolution(s):

"RESOLVED THAT the donation of Rs.534,695/-, being the net sale proceeds of 1,988 fractional Bonus Shares - 2006 to one or more charitable trust(s) / Welfare Association(s) or any other institution / organization engaged in the welfare of human being, name(s) of which will be approved by the President (NBP), be and is hereby approved."

"FURTHER RESOLVED THAT the decisions taken by the Management / Board towards approving following donations, be and are hereby ratified.

Donation to Department of Economics, University of Karachi for providing books to Qazi Mohammad Fareed Memorial Library through Oxford University Press, Karachi.	Rs.199,975/-
Donation to Hasrat Mohani Memorial Library and Hall Trust (Rgd.) Karachi for holding one day Moulana Hasrat Mohani Conference at Arts Council, Karachi.	Rs. 95,000/-
Total	Rs. 294,975/-"

(Statement under Section 160 of The Companies Ordinance, 1984 in respect of Special Business is enclosed with the notice sent to Bank's shareholders.)

7. To transact any other business with the permission of the Chairman.

By Order of the Board

Karachi.
Dated: March 10, 2008

(S.Ali Raza)
President

Notice of 59th Annual General Meeting



Note:

- i) The Share Transfer Books of the Bank shall remain closed from **March 24, 2008 to March 31, 2008** (both days inclusive). Transfers received at Messrs THK Associates (Pvt.) Ltd., Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi, the Bank's Registrar and Share Transfer Agent, at the close of the business on **March 22, 2008** (March 23, 2008 being Sunday) will be treated in time for purpose of the entitlement of Cash Dividend / Bonus Shares.
- ii) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend and vote on his / her behalf. The Government of Pakistan and State Bank of Pakistan and any Corporation(s), being member of the Bank, may nominate any person as its representative to attend the Annual General Meeting under authority of a Power of Attorney or a Board of Directors' Resolution. Proxies or nominations, in order to be effective and valid, must be received at the office of the Bank's Registrar / Transfer Agent, Messrs THK Associates (Pvt.) Ltd., Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi, not less than 48 hours before the time of holding the Annual General Meeting.
- iii) The CDC Account Holders and Sub-account Holders, whose Registration details are available in the Share Book Detail Report shall be required to produce their respective Original Computerized National Identity Cards (CNICs) or original Passports at the time of attending the Annual General Meeting to facilitate identification. Such Account Holders and Sub-Account Holders should also bring / know their respective participant I.D. Number and the CDC Account Number. In case of proxy, he/she must enclose an attested copy of his / her CNIC or Passport. Representative(s) of corporate member(s) should bring usual documents required for such purpose.
- iv) Members are requested to immediately notify any change in their addresses to the Bank's Registrar / Transfer Agent, Messrs THK Associates (Pvt.) Limited.



Statement under Section 160 of the Companies Ordinance, 1984

This statement sets out the material facts concerning the Special Business, given in agenda item No. 5 & 6 of the Notice, to be transacted at the 59th Annual General Meeting of National Bank of Pakistan.

Item No. 5:

TO RATIFY THE REVISION / ENHANCEMENT OF THE DIRECTORS' REMUNERATION

The Sub-Committee of the Board on Human Resource Management during discussion in the meeting held on 24-08-2007, felt that the enhancement allowed in 2007 in the fees paid to Directors still needed to be discussed and reviewed in the light of the recommendations contained in Management Letter/Internal Control Memorandum of 2006 issued by the Bank's external Auditors. Members were of the view that looking at the quantum of work that was required to be done and the enormous responsibility vested in the Directors under the new Corporate Governance Rules, their remuneration should be enhanced to compensate the amount of time they had to spend on oversight of Bank's functions and formulation of its strategies and Policies.

The Board in its 160th Meeting held on November 03, 2007 directed the Secretary of the Board to ask the External Auditors to conduct a survey of Board remuneration being paid in the Corporate Sector/Banking Sector and put up recommendations in the light of the survey report.

The External Auditors Messrs M.Yousuf Adil Saleem & Co. (M/s Deloitte) were requested accordingly and their survey report revealed that banks of smaller size were paying much higher remunerations to their Board Members than NBP which is the largest bank in Pakistan. Some other banks were also in the process of reviewing their Director's remuneration.

The NBP Board is comprised of competent, high profile members with diversified experience who are devoting their significant time in the overall stewardship and management of the affairs of the Bank in order to ensure maximum compliance to the requirements of the Code of Corporate Governance and to promote business of the Bank which is evident from the outstanding financial results of the Bank for the year ended 31-12-2007.

It was felt that in view of NBP Board's enormous responsibilities as required under Section 11 of the Banks' (Nationalization) Act, 1974 and SBP BPRD Circular No. 3 dated April 23, 2007 and enhanced role under the aforementioned statutes, coupled with Bank's proposed listing on the London Stock Exchange after the issuance of GDRs, there is a need to reconsider further upward revision in their remuneration package to fairly compensate them for sparing their valuable time and assuming the additional responsibilities in the interest of all stakeholders.

In view of the foregoing, the Board in its meeting held on 24-1-2008 enhanced meeting fee from Rs.500/- to Rs.1,000/- and out of pocket expenses from Rs.20,000/- to Rs.30,000/- for attending meeting(s) of the Board / Sub Committees of the Board w.e.f. February 01, 2008, subject to other terms and conditions of "Directors' Remuneration & Fee Package", as already approved by the Bank's shareholders in 57th Annual General Meeting held on April 27, 2006, to remain unchanged.

In terms of Section 11 (3-a) of The Banks' (Nationalization) Act, 1974 and SBP, BPD, Circular No. 45 dated November 22, 2004, the Shareholders are requested to ratify the above mentioned enhancement in the Directors' meeting fee and out of pocket expenses, approved by the Board w.e.f. 01-02-2008. The Directors are interested to the extent of their remuneration.

In this respect, the following ordinary resolution is proposed to be passed:

"RESOLVED THAT the "meeting fee and out of pocket expenses" for attending meeting(s) of the Board / Sub Committees of the Board, be and are hereby increased w.e.f. February 01, 2008 as under; subject to other terms and conditions of "Directors' Remuneration and Fee Package", as already approved by the Bank's shareholders in 57th Annual General Meeting held on April 27, 2006, to remain unchanged."

Fee & out of pocket expenses per meeting of Board / Sub-Committees of the Board:

Meeting Fee	Rs. 1,000/-
Out of Pocket Expenses	Rs.30,000/-

Statement under Section 160 of the Companies Ordinance, 1984



Item No. 6:

i) **DONATION OF NET SALE PROCEEDS AMOUNTING TO Rs. 534,695/- OF 1,988 FRACTIONAL BONUS SHARES-2006 TO ONE OR MORE CHARITABLE TRUST(S) / WELFARE ASSOCIATION(S) OR ANY OTHER INSTITUTION ENGAGED IN THE WELFARE OF HUMAN BEING**

On the basis of operating results for the year ended December 31, 2006, the Bank's Board in its 153rd meeting held on 24-2-2007, recommended payment of 40% cash dividend and 15% Bonus Shares to the Bank's shareholders, which was also approved by the Bank's shareholders in 58th AGM held on April 02, 2007.

Accordingly, Dividend Warrants and Bonus Shares were issued to the shareholders as per their entitlement. In this connection, 1,988 Bonus Shares, being fractional shares, could not be distributed to the shareholders. For disposal of these fractional 1,988 Bonus Shares, with the Board's approval dated 24-02-2007, a consolidated Share Certificate No. 073916 covering 1988 fractional bonus shares-2006, bearing distinctive No. 815430002 to 815431989 in the name of "Secretary (Board) NBP", was issued which was sold, through a member of KSE, Messrs Sherman Securities (Pvt.) Ltd., against net sale proceeds of Rs.534,695/-.

On account of high cost of computer printing, post printing, distribution / postage and handling charges of the fractional coupons, the NBP Board in its 153rd meeting held on 24-2-2007 recommended that with the approval of the shareholders, the net sale proceeds of the fractional Bonus Shares-2006, be donated to one or more charitable trust(s) / Welfare Association(s) or any other institution / organization engaged in the welfare of human being.

In this connection, approval of shareholders is now being solicited for donating the net sale proceeds amounting to Rs.534,695/- of 1,988 fractional Bonus Shares - 2006, to one or more charitable trust(s) / Welfare Association(s) or any other institution / organization engaged in the welfare of human being, name(s) of which will be approved by the President (NBP).

ii) **TO RATIFY THE DECISIONS TAKEN BY THE BANK'S MANAGEMENT / BOARD FOR APPROVING THE DONATIONS AGGREGATING Rs.294,975/-**

- i) A donation of Rs. 199,975/- was made to Department of Economics, Karachi University for purchase of Economics books for providing to Qazi Mohammad Fareed Memorial Library in the Economics Department of the Karachi University. The Management's action for making the above donation was ratified by the Board in its 165th meeting held on February 29, 2008.
- ii) A donation of Rs. 95,000/- was made for holding a one day Moulana Hasrat Mohani Conference at the Arts Council Karachi, under the auspices of the Sindh Government Departments of Culture and information, Ombudsman Sindh and the University of Karachi. The Management's action for making the above donation was ratified by the Board in its 165th meeting held on February 29, 2008.

The matter is now being placed before the shareholders for ratification in terms of NBP Policy for donations as approved by the Board.

There is no interest, directly or indirectly, of any of the directors of NBP except as a Director of the Bank, in the above mentioned items of Special Business.