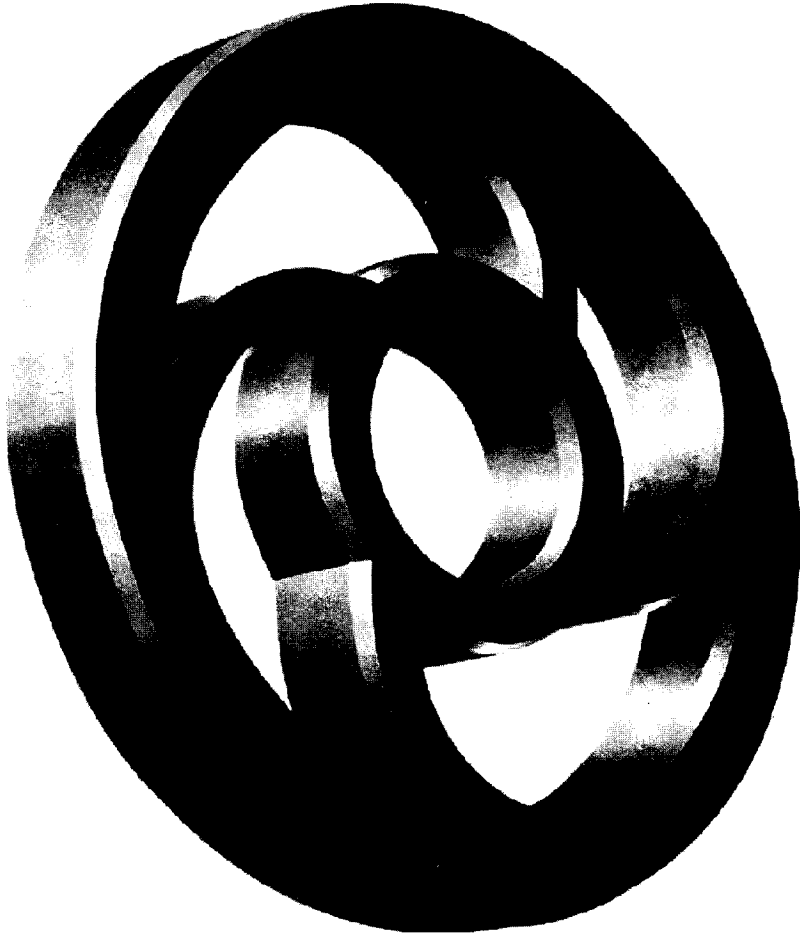




National Bank of Pakistan
نیشنل بینک آف پاکستان

NOTICE OF EXTRAORDINARY GENERAL MEETING
TO BE HELD ON MAY 15th, 2017 AT 09.00 A.M
AT GRAND BALL ROOM, PEARL CONTINENTAL HOTEL, KARACHI.



NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that Extraordinary General Meeting (“EOGM”) of National Bank of Pakistan (the “Bank”) will be held on Monday the 15th May, 2017 at 9:00 A.M. (PST), at Grand Ball Room, Pearl Continental Hotel, Karachi.

The following business will be transacted in the meeting:

Ordinary Business:

1. To confirm minutes of the Annual General Meeting held on 30th March, 2017, at Karachi.
2. To elect one (01) Director from the Private Shareholders against a vacancy as fixed by the Board of Directors in accordance with Section 178 (1) of the Companies Ordinance, 1984, for a term of three years in place of Mr. Tariq Kirmani who has completed his term of office of Director.

Special Business:

3. To consider and approve compensation package of new President of the Bank, as recommended by the Board of Directors.
4. To approve Performance Bonus of Syed Iqbal Ashraf, Ex-President for the years 2015 & 2016.
5. To approve enhancement in meeting fee of Non-Executive Directors.
6. To transact any other business with the permission of the Chairman.

Karachi
Dated: 24-04-2017

By Order of the Board
Sd/-
Secretary

Note:

- i) The Share Transfer Books of the Bank shall remain closed from 09-05-2017 to 15-05-2017 (both days inclusive). Transfers received at Messrs Central Depository Company of Pakistan Limited, CDC House 99-B, Block "B", SMCHS, Main Shakra-e-Faisal, Karachi – 74400, the Bank's Registrar and Share Transfer Agent, at the close of the business on 08-05-2017 will be treated in time for purpose of the entitlement of attending the meeting.
- ii) A member who seeks to contest the election for the office of director must hold in his/her own right of unencumbered shares of the Bank to the nominal amount of ten thousand rupees at the least (1000 Shares of Rs.10/= each), and shall file with the Bank, not later than 14 days before the date of the meeting at which election is to be held, a notice of his/her intention to offer himself/herself for election as a Director under Section 178(3) of the Companies Ordinance 1984. A declaration in accordance with the listing regulations, NBP Ordinance and SBP, BPRD Circular No. 4 dated 23-04-2007 is also required to be filed.
- iii) In terms of the State Bank of Pakistan ("SBP") circulars, notifications, directions, letters, instructions and other orders issued from time to time ("SBP Directives"), it is expressly required that any person who seeks to contest an election to the office of a director, should file with the Bank not later than 14 days before the date of this meeting, a specified affidavit required by the SBP, stating that he / she (i) is not / has not been associated with any illegal activity, especially related to banking business; (ii) in his / her individual capacity or a proprietary concern or any partnership firm or any private limited company or any unlisted public company or any listed public company (of which he / she has been a proprietor, partner, director or shareholder), has not been in default of payment of dues owed to any financial institution and / or in default of payment of any taxes; (such person to be a director with anomalies stated above is undesirable and against public interest in terms of the SBP Directives). Further he / she should not be a director of any other bank / DFI or working as Chairman, Director, CEO, CFO, Chief Internal Auditor, Research Analyst or trader (by whatever name / designation called) of a (a) moneychanger, (b) member of stock exchanges, (c) corporate brokerage houses and (d) any company / entity owned or controlled by the persons mentioned at (a) to (c) above.
- iv) A candidate must be qualified for election under sub section (1) and not disqualified under sub section (2) of Section 17 of the NBP Ordinance 1949.
- v) A confirmation to the effect that he / she meets the requirements of "Fit and Proper Test" prescribed for Directors under the SBP Prudential Regulations is also required to be filed alongwith Annexure-I & II of SBP, BPRD Circular No.4 dated April 23, 2007, candidate also required to furnish all the documents / papers / Confirmations as required SBP BPRD Circular No.05 of 2015 dated March, 12 2015 and BPRD Circular No.15 of 2016 dated December 28, 2016.
- vi) All nomination papers after scrutiny shall immediately be submitted to SBP for clearance.
- vii) Persons not cleared by SBP to hold office as Bank's director shall not be allowed to contest in the election or assume office of the director, as the case may be.
- viii) A member eligible to attend and vote at this Extraordinary General Meeting is entitled to appoint another member as his/her proxy to attend and vote on his / her behalf. **The Government of Pakistan, State Bank of Pakistan and any Corporation(s), being a member of the Bank, may nominate any person as its representative to attend the Extraordinary General Meeting under authority of a Power of Attorney or a Board of Directors' Resolution. However, majority shareholders like SBP and other Government shareholders shall not be entitled to cast their votes for election of Private Director(s).** Proxies or nominations, in order to be effective and valid, must be received at the office of the Bank's Registrar / Share Transfer Agent, Messrs Central Depository Company of Pakistan Limited, CDC House 99-B, Block "B", SMCHS, Main Shakra-e-Faisal, Karachi – 74400,, not later than 48 hours before the time fixed for holding the Meeting.

- ix) - CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated January 26,2000 issued by the Securities and Exchange Commission of Pakistan:
- a. For Attending the Meeting:
- In case of individuals, the account holder or sub-account holder shall authenticate his / her identity by showing his / her Original Computerized National Identity Card (“CNIC”) or original Passport at the time of attending the meeting,
 - In case of corporate entity, the Original or duly authenticated Board of Directors’ resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
- b. For Appointing Proxies:
- In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.
 - The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be furnished with the proxy form.
 - The proxy shall produce his /her original CNIC or original passport at the time of the Meeting.
 - In case of corporate entity, the Original or duly authenticated Board of Directors’ resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) along with proxy form to Messrs Central Depository Company of Pakistan Limited.
- x) CDC Account Holders and Sub-account Holders, whose Registration details are available in Share Book Detail Report shall have to produce respective Original Computerized National Identity Cards (CNICs) or Original Passports for the purpose of identification to participate in the Extraordinary General Meeting. Such Account Holders and Sub Account Holders should know the CNIC Numbers and CDC Account Number of the respective partner and should bring the same along with them. In case of Proxy, the person should positively attach the attested copy of the CNIC or Passport. In case of corporate member’s representative, usual documents should be accompanied for the same purpose.
- xi) Members are requested to immediately notify any change in their addresses to the Bank’s Registrar / Transfer Agent, Messrs Central Depository Company of Pakistan Limited.

“STATEMENT OF MATERIAL FACTS”

This statement sets out material facts concerning the special Business given in agenda item No.03, 04 & 05 of the notice, to be transacted in the EOGM of National Bank of Pakistan’s shareholders.

Item No.03:**TO CONSIDER AND APPROVE COMPENSATION PACKAGE OF NEW PRESIDENT OF THE BANK, AS RECOMMENDED BY THE BOARD OF DIRECTORS.**

Mr. Saeed Ahmad has taken over the charge as President / CEO of NBP on March 24, 2017 vide Ministry of Finance Notification No. F.1(9)Bkg-III / 2017-537 dated March 22, 2017. Accordingly, his compensation package was finalized and recommended by the Board to NBP shareholders for approval, in terms of Section 11(3) (a) of the Banks (Nationalization) Act, 1974. The Board decided to offer similar compensation package to new President which was approved in respect of the previous President of NBP in 2014 except for the change in gross salary and accommodation.

The Board noted that the monthly gross salary of the ex-President was fixed three years ago which needed to be adjusted as per the market compensation levels and inflation. The Board then perused the remuneration levels of the Presidents of peer banks and other medium / small size banks which are summarized below:

Peer Banks	NBP	UBL	HBL	MCB	ABL
Remuneration	42.000 M	129.907 M	72.900 M	68.973 M	13.519 M
Total Pay	49.728 M	145.604 M	111.310 M	89.141 M	58.137 M
Pre-Tax Profit	37.141 B	46.015 B	52.246 B	36.074 B	23.83 B
Market Rank (Remuneration)	5	1	2	3	4

Other Banks	Alfalah	SCB
Remuneration	82.669 M	45.000 M
Total Pay	101.681 M	71.732 M
Pre-Tax Profit	13.023 B	15.344 B

The Board observed that the average remuneration of peer banks (except NBP) was Rs. 71.325 million per annum (Rs. 5.94 million per month) which was well above that in NBP. Moreover, other medium / small sized banks were also paying their Presidents / CEOs quite hefty salaries, which were on higher side as compared to NBP. In order to ensure that the salary of NBP President is competitive in relation to peer banks, various comparisons and analyses were considered. During the last three years, the government employees have been allowed a total of 27.5% increase in their salaries. The incumbent President has opted to forego certain admissible benefits / perks i.e. House Building Finance, Furnishing Allowance, Club Membership Entry Fee and purchase of two new vehicles, by the bank to be provided to the President.

The Board, after deliberation and taking into consideration the salary being paid to the Presidents of peer banks and inflation, recommended Rs. 5,600,000/- per month as gross salary of the President alongwith other package and key performance indicators / target achievement levels for performance bonus of the President to the shareholders for approval.

However, the President said that he would like to reduce his salary from what the Board has recommended, i.e. Rs. 5,600,000/- to Rs. 4,760,000/- per month which is 15% less than the amount recommended by the Board.

The following comparison shows that with foregoing benefits and after reducing the Board's recommended amount by 15%, his package will still be marginally lower than previous President's package. This is without allowing for any inflationary increases.

Compensation Head	Ex-President	New President
Two club memberships	Rs. 164,706/-	-
Furnishing Allowance	Rs. 164,706/-	-
House Building Finance	Rs. 408,333/-	-
Housing Rent for new President	-	Rs. 170,000/-
Depreciation on cars for ex-President	Rs. 819,404/-	-
Proposed car for new President	-	Rs. 100,000/-
Monthly Gross Salary	Rs. 3,500,000/-	Rs. 4,760,000/-
Total Amount	Rs. 5,057,149/-	Rs. 5,030,000/-
Inflation over the last three years		16.79%
New President's Package is lower even without taking account of inflation		-0.54%

The following resolution was recommended to the shareholders, for approval:

“RESOLVED THAT the following Compensation Package of Mr. Saeed Ahmad, President / CEO, National Bank of Pakistan and key performance indicators / target achievement levels for performance bonus, be and is hereby approved, in terms of Section 11 (3) (a) of the Banks (Nationalization) Act, 1974:

Head	Compensation Package and Benefits
Gross Salary	Rs. 4,760,000/- per month
Utilities, Security Arrangements and Domestic Helper	<ol style="list-style-type: none"> 1. Utilities (electricity, gas, water) at actual. 2. Two (2) telephone(s) at residence / Two (2) Mobile Phone(s) and monthly bills at actual. 3. Security arrangement to be provided by the Bank. Deployment of four (04) security guards i.e. two security guards on 12 hours shift basis at residence. 4. Salary of five (05) persons for domestic help (total PKR 90,000/- per month on reimbursement basis). <p>Same as previous compensation package of Ex-President, NBP.</p>
House Loan	<p>As part of the employment arrangement, NBP will take over the unpaid portion of the existing housing loan, if any, on the terms and conditions applicable on Staff Finance in NBP. However, upon request, the Bank may convert the same into a commercial finance or Consumer finance (Saiban) (as the case may be) in case of separation of the President from the Bank.</p> <p>The incumbent President has opted NOT to avail this facility.</p>
Bank's Owned Accommodation	<p>Bank's provided furnished and fully maintained accommodation for the tenure of incumbency as President / CEO of NBP, plus three months thereafter / furnished accommodation provided by State Bank of Pakistan (SBP) for Rs. 170,000/- monthly rent. However, the utility bills, applicable taxes and other charges relating to this accommodation will be borne by NBP on actual basis.</p> <p>(If a Deputy Governor, SBP prefers to claim the residential facility under standard rules / practice, NBP shall provide SBP with an equivalent facility on similar terms and conditions for the time SBP Premises remain in use of the incumbent President-NBP).</p>

House Furnishing Allowance	<p>Amount equivalent to one gross salary payable once during tenure of the presidency.</p> <p>This will NOT be availed by the current President / CEO, NBP.</p>
Vehicles and Fuel	<p>Two cars (one 4,700 cc and one 3,500cc) owned and maintained by the Bank, with the option to purchase one car at 10% of the cost or at WDV, whichever is higher, at separation or on expiry of the contract. Fuel for the bank provided vehicles at actual.</p> <p>In view of the proposed austerity measures to be taken, the current President / CEO, NBP has opted to avail the vehicle from the pool instead of buying a new one.</p>
Drivers	<p>Two drivers to be provided by the Bank or alternatively, salary of two drivers to be reimbursed @ PKR 25,000/- per driver per month.</p> <p>Same as previous compensation package of Ex-President, NBP.</p>

Leave Entitlement	<p>Annual leave of 30 days and casual / sick leave 18 days per annum. Annual leave may be accumulated upto 90 days, which is encashable on the basis of last drawn gross salary.</p> <p>Same as previous compensation package of Ex-President, NBP.</p>
Generator Facility at Residence	<p>As per Bank's policy for SEVPs</p> <p>Same as previous compensation package of Ex-President, NBP.</p>
Official Travel & Expenses Reimbursement	<p>As per Bank's policy for SEVPs</p> <p>Same as previous compensation package of Ex-President, NBP.</p>
Medical	<p>Full-fledged Medical / Dental coverage for self and dependent family members within Pakistan on reimbursement basis at actual. No post separation or retirement medical / dental facility will be available.</p> <p>Same as previous compensation package of Ex-President, NBP.</p>
Group / Life Insurance	<p>Life Insurance coverage to be provided by the Bank (amount Rs. 30 million) during the tenure of contract. 50% yearly premium to be paid by him and remaining 50% yearly premium to be paid by the Bank during the tenure of contract only.</p> <p>Same as previous compensation package of Ex-President, NBP.</p>
Terminal Benefits	<p>Gratuity to be paid at one-month last drawn gross salary for each year of service. Six (06) months or more to be treated as a completed year of service.</p> <p>Same as previous compensation package of Ex-President, NBP.</p>
Club Membership	<p>Membership (entry fee) for two clubs of incumbent's choice to be paid by the Bank. Subscription / other charges of 3 clubs to be paid by the Bank.</p> <p>The incumbent President has opted NOT to avail the facility of membership (entry fee).</p>

Annual Salary and Benefits Review	The package shall remain fixed during the tenure of the contract. Same as previous compensation package of Ex-President, NBP.
Separation from Bank's Service	In case of Termination of Contract: Three months' notice period or gross salary in lieu thereof to be paid by the Bank. In case of Resignation: Three months' notice period or gross salary in lieu thereof to be paid to the Bank. Same as previous compensation package of Ex-President, NBP.

Performance Indicators for payment of Annual Performance Bonus to the President / CEO, NBP:

Sr. No.	KPIs / Targets	Weightage
1	Profit Before Tax	20%
2	Return on Equity (Pre-tax)	5%
3	Return on Assets (Pre-tax)	5%
4	Dividend to shareholders	5%
5	NPL Gross	5%
6	IT Core Banking	5%
7	HR Program	15%
8	Advances (Gross)	15%
9	Deposits	15%
10	Culture Change Program	10%
		100%

The following target achievement ranges and bonus payout range will be followed for disbursement of Performance Bonus to the President / CEO, NBP:

Target Achievement Range	Bonus Amount Range (Million)
100%	Rs. 40 M
67% - 99%	Rs. 31-39 M
34% - 66%	Rs. 21-30 M
1% - 33%	Rs. 1 - 20 M
0%	0

No Director directly or indirectly interested in the resolution except the President.

Item No.04:**TO APPROVE PERFORMANCE BONUS OF SYED IQBAL ASHRAF, EX-PRESIDENT FOR THE YEAR 2015 & 2016.**

The bonus payout as per compensation package approved by the EOGM was linked with achievement level of undernoted KPIs of 2015 and 2016 respectively which are given hereunder:

S. No.	KPIs – 2015	Weightage	Achievement level
1.	Profit before tax	25%	26.43
2.	Return on equity (Pre-tax)	5%	5.47
3.	Return on assets (Pre-tax)	5%	5.53
4.	Dividend to shareholders (5.5 in 2014)	5%	6.82
5.	Deposits	12%	12.49
6.	Advances	3%	2.59
7.	NPL Gross	5%	4.48
8.	IT Core Banking	15%	15.00
9.	HR program	15%	11.25
10.	Administrative expenses	10%	10.59
		100%	100.65

S. No.	KPIs – 2016	Weightage	Achievement level
1.	Profit before tax	25%	23.75
2.	Return on equity (Pre-tax)	5%	5.06
3.	Return on assets (Pre-tax)	5%	5.04
4.	Dividend to shareholders	5%	7.50
5.	NPL Gross	5%	4.29
6.	IT Core Banking	15%	13.50
7.	HR program	15%	11.25
8.	Advances (Gross)	3%	2.79
9.	Deposits	12%	12.19
10.	Administrative expenses	10%	10.43
		100%	95.80

* These are subjective items and their evaluation is based on account of their performance during the year.

The following target achievement level, target achievement ranges and bonus payout range there against were considered by the Board.

(Amount in million rupees)

Target Achievement Level	Target Achievement Range	Bonus Amount Range
Exceeded the targets	100%	30
Achieved majority of the targets	67% - 99%	21-29
Achieved some targets	34% - 66%	11-20
Failed to achieve most of the targets	1% - 33%	1-10
Could not achieve any target	0%	0

As per the annual results of 2015, the total achievement level for all the KPIs as per approved weightage exceeded 100% and therefore fell in the highest range of 100%. The Board in its 258th meeting held on 29-02-2016, therefore, recommended Performance Bonus 2015 amounting to Rs.30 million for payment to Syed Iqbal Ashraf, Ex-President, NBP to the Shareholders for approval.

As per the annual results 2016 the total achievement level for all the KPIs as per approved weightage fell in the second highest range of 67% - 99%. The Board in its 269th meeting held on 22-02-2017, therefore, recommended Performance Bonus 2016 amounting to Rs. 27 million for payment to Syed Iqbal Ashraf, Ex-President, NBP to the shareholders for approval.

Accordingly, the Board has recommended the following resolutions to the Shareholders for approval:

“RESOLVED THAT an amount of Rs. 30,000,000/- (Rupees Thirty Million only) as recommended by the Board of Directors in its 258th meeting held on 29.02.2016 on the basis of the performance indicators and in comparison to the presidents of the peer banks in accordance with the compensation package approved by the shareholders in EOGM held on 06-02-2015 be and is hereby approved as the performance bonus of the Syed Iqbal Ashraf, Ex-President of the Bank for the year 2015 in terms of section 11(3)(a) of the Banks (Nationalization) Act, 1974.

“FURTHER RESOLVED THAT an amount of Rs.27,000,000/- (Rupees Twenty Seven Million only) as recommended by the Board of Directors in its 269th meeting held on 22.02.2017 on the basis of the performance indicators and in comparison to the presidents of the peer banks in accordance with the compensation package approved by the shareholders in EOGM held on 06-02-2015 be and is hereby approved as the performance bonus of the Syed Iqbal Ashraf, Ex-President of the Bank for the year 2016 in term of section 11(3)(a) of the Banks (Nationalization) Act 1974.”

No Director / President is directly or indirectly interested in the resolution.

Item No.05:

TO APPROVE ENHANCEMENT IN MEETING FEE OF NON-EXECUTIVE DIRECTORS.

The shareholders in their 61st AGM held on 31-03-2010 had approved non-executive Directors' fee / expense package w.e.f. 01-01-2010. During the last more than seven years, the fee of Directors had not been enhanced. NBP Board is comprised of members with diversified work experience who devote their precious time to oversight Bank's functions and formulation of its Policies / Strategies and shoulder enormous responsibilities under the Code of Corporate Governance, SBP's Prudential Regulations & applicable provisions of various laws. Nationally / Internationally, Non-Executive Directors especially in the banking sector are compensated well in order to attract and retain competent professionals on their Boards. NBP needed to review the level of compensation of its directors, keeping in view their greater time commitment, professional acumen, exposure and fiduciary responsibility. In view thereof, it was considered an urgent need of upward revision in meeting fee of NBP's Non-Executive Directors for attending Board / Committee meetings to bring it at par with other peer banks and to fairly compensate them for sparing their valuable time and assuming responsibilities under various statutes / Code & Prudential Regulations etc.

The Board of Directors of the Bank in its 270th meeting held on April 8, 2017 have recommended to enhance Directors fee from Rs. 90,000/- (approved on March 31, 2010) to Rs. 150,000/- for the Bank's Non-Executive Directors for attending meeting(s) of the Board and Committees of the Board which is 7.6% p.a. increase over 7 years. However, the other Components of Directors' package e.g. Travel, Accommodation / Daily Allowance, Mileage Allowance (In case of Journey by Road) will remain unchanged as approved in 2010.

In terms of Section 11 (3) (a) of The Banks' (Nationalization) Act, 1974 and the State Bank of Pakistan, BPRD Circular No.03 dated April 23, 2007, the Shareholders are requested to approve the enhancement of meeting fee from Rs. 90,000/- to Rs. 150,000/- per meeting for the Bank's Non-Executive Directors, duly recommended by the Board in its 270th meeting held on April 8, 2017.

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

“RESOLVED THAT the Directors fee for attending Board / Committees meeting be enhanced from Rs. 90,000/- (approved on March 31, 2010) to Rs. 150,000/- per meeting for Non-Executive Directors, be and is hereby approved in terms of Section 11(3)(a) of the Banks (Nationalization) Act, 1974. The other Components of Directors' package e.g. Travel, Accommodation / Daily Allowance, Mileage Allowance (In case of Journey by Road) will remain unchanged as approved in 2010.”

The Directors (Except the President) are interested in the resolution to the extent of their fee.



NATIONAL BANK OF PAKISTAN

Extraordinary General Meeting

FORM OF PROXY

Folio No. _____ Or CDC participant identity No. _____ CDC A/c No. _____

I/we _____

Of _____

being a member(s) of the National Bank of Pakistan holding shares No. _____

hereby appoint _____ of _____

also a member of National Bank of Pakistan (Folio No. _____) or failing him / her _____

_____ also a member of National Bank of Pakistan (Folio No. _____) as my/our

proxy, to vote for me/us and on my/ our behalf at the **Extraordinary General Meeting of National Bank of Pakistan,**

to be held at **09:00 A.M., on Monday, May 15, 2017** at Grand Ball Room, Pearl Continental Hotel, Karachi and at any adjournment thereof.

Signed this _____ day of _____ 2017

Witnesses:

1. Name: _____

Address: _____

C.N.I.C. No.: _____

Affix Revenue Stamp
of Five Rupees

2. Name: _____

Address: _____

C.N.I.C. No.: _____

Signature _____
(signature should agree with
the specimen signature
registered with the Bank).

NOTES:

A. General:

1. A member entitled to attend and vote at an Extraordinary General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person shall act as a proxy, who is not a member of the Bank except that Government of Pakistan/ State Bank of Pakistan / Corporation(s) may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member or by his/ her attorney duly authorized in writing. If the member is a Corporation (other than Government of Pakistan and State Bank of Pakistan), its common seal should be affixed on the instrument.
3. The instrument appointing a proxy, together with Power of attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with our Registrar/Transtr Agent, Messrs Central Depository Company of Pakistan Ltd., CDC House, 99-B, Block 'B' S.M.C.H.S., Main Shakra-e-Faisal, Karachi, 74400. not less than 48 hours before the time of holding the meeting.
4. If a member appoints more than one proxy, and more than one instrument of proxy are deposited by a member with the Bank, all such instruments of proxy shall be rendered invalid.

B. For CDC Account Holders:

1. The Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
2. Attested copies of CNIC or the passport of the beneficial owner(s) and the proxy shall be furnished with the proxy form.
3. The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
4. In case of Government of Pakistan / State Bank of Pakistan / Corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted along with proxy form to the Bank.