

NOTICE OF 66TH ANNUAL GENERAL MEETING

Notice is hereby given that the **66th Annual General Meeting (“AGM”)** of National Bank of Pakistan (the “**Bank**”) will be held on **Monday the 30th March, 2015 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 Extraordinary General Meeting of Shareholders held on 06th February, 2015, at Karachi.
2. To receive, consider and adopt the Annual Audited Financial Statements of National Bank of Pakistan and Consolidated Accounts of National Bank of Pakistan and its Subsidiaries for the year ended 31st December, 2014, together with the Directors’ & Auditors’ Reports thereon.
3. To appoint auditors for the year ending 31st December, 2015 and fix their remuneration. The Board of Directors has recommended appointment of Messrs KPMG Taseer Hadi & Company, Chartered Accountants and Messrs Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants to be the auditors of the Bank for the year ending 31st December, 2015 at 10% increase in fee as paid to the retiring auditors.
4. To consider and approve cash dividend at Rs.5.50 per share, i.e.55% as recommended by the Board of Directors for the year ended 31st December, 2014 (subject to Government of Pakistan’s approval).

Special Business:

5. To consider and approve End Service Benefits (Gratuity and Provident Fund) of Mr. S. Ali Raza, former President, NBP.
6. To ratify payment of 5½ months’ Salary to Mr. S. Ali Raza former President, NBP for the remaining period of his service.
7. To approve Non-Executive Directors / Chairman’s fee and other expenses package.
8. To approve Performance Bonus of the President for the year-2014.
9. To transact any other business with the permission of the Chairman.

By Order of the Board

Sd/=
President

Karachi
Dated: March 09 , 2015

Notes:

- i) The Share Transfer Books of the Bank shall remain closed from 20-03-2015 to 30-03-2015 (both days inclusive). Transfers received at Messrs Central Depository Company of Pakistan Limited, CDC House 99-B, Block “B”, SMCHS, Main Shahr-e-Faisal, Karachi – 74400, the Bank’s Registrar and Share Transfer Agent, at the close of the business on 19-03-2015 will be treated in time for purpose of attending the meeting and entitlement of any Cash Dividend.
- ii) A member eligible to attend and vote at the AGM is entitled to appoint another member as a 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 AGM 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 / Share Transfer Agent, Messrs Central Depository Company of Pakistan Limited, CDC House 99-B, Block “B”, SMCHS, Main Shahr-e-Faisal, Karachi – 74400, not later than 48 hours before the time of holding the AGM.
- iii) 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 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.
- iv) 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 Annual 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.
- v) Members are requested to immediately notify any change in their addresses to the Bank’s Registrar and Share Transfer Agent, Messrs Central Depository Company of Pakistan Limited.

vi) **COMPUTERIZED NATIONAL IDENTITY CARD (CNIC)**

Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 779 (1)/2011 dated August 18, 2011 has directed all listed companies to ensure that Dividend Warrants should bear the Computerized National Identity Card (CNIC) Numbers of the registered members. Members who have not yet provided attested copies of their valid CNICs / NTN (in case corporate entities) are requested to send the same directly to the Share Registrar at aforementioned address.

vii) **REVISION OF WITHHOLDING TAX ON DIVIDEND INCOME UNDER SECTION 150 OF THE FINANCE ACT 2014:**

Please note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2014 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders @ 10% and 15% respectively. According to clarification received from Federal Board of Revenue (FBR) withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint Holder(s) based on their shareholding proportions, in case of joint accounts

In this regard, all shareholders who hold shares jointly, are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Folio / CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must be reached to our Share Registrar by 23-03-2015, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

Shareholders are therefore requested to please check and ensure Filer status from Active Taxpayers List (ATL) available at FBR website <http://www.fbr.gov.pk/> as well as ensure that their CNIC / Passport number has been recorded by the Participant / Investor Account Services or by Share Registrar (in case of physical shareholding). Corporate bodies (non-Individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in ATL at FBR website and recorded by respective Participant / Investor Account Services or in case of physical shareholding by Bank's Share Registrar.

viii) **DELIVERY OF THE UNCLAIMED / UNDELIVERED SHARES LYING WITH THE SHARE REGISTRAR:**

As directed by SECP vide letter # SMD/CIW/Misc./14/2009 dated October 11, 2011, shareholders are requested to please contact / coordinate with Bank's Share Registrar for collection of unclaimed / Undelivered Bonus Share Certificates / Dividend Warrants.

ix. TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL:

In pursuance of the directions given by SECP vide SRO 787 (1)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Bank's website i.e. www.nbp.com.pk and send the said form duly filled in and signed along with copy of his / her / its CNIC / Passport to the Bank's Share Registrar. Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice and, in such case, Annual Financial Statements will be sent at your registered address, as per normal practice.

x. DIVIDEND MANDATE (OPTIONAL):

A shareholder may, if he so desires, direct the Bank to pay dividend through his / her / its bank account. If you want to avail the facility of direct credit of dividend amount in your bank account, please provide the following information to Bank's Share Registrar and CDC Shareholders are requested to send their bank account details to their respective Participant / Investor Account Services. In pursuance of directions given by SECP, kindly authorize the bank for direct credit of cash dividend in your bank account. (Please note that giving bank mandate for dividend payments in optional, in case you do not wish to avail this facility please ignore this notice and, in such case, dividend will be paid through dividend warrant to your registered address, as per normal practice).

Dividend Mandate - Bank Account Details of Shareholder	
Title of Bank Account:	Bank Account Number:
Bank's name:	Branch name with complete address:
Cell and Landline numbers:	
Please provide full account number OR IBAN, please check with your concerned Branch.	
The above-mentioned information is correct and in case of any change therein, I / we will immediately intimate to my / our Participant / Investor Account Services OR our Share Registrar.	
Signature of Shareholder(s):	
Name of Shareholder(s):	
Folio Number / CDC ID & A/c Number:	
CNIC Number:	

Detailed information / formats are available at NBP's website www.nbp.com.pk

“STATEMENT OF MATERIAL FACTS”:

This statement sets out the material facts concerning the Special Business given in agenda items No.5, 6, 7 and 8 of the Notice, to be transacted at the AGM of National Bank of Pakistan's shareholders.

Item No. 5:

The shareholders in the 63rd AGM held on 30-03-2012 approved / ratified end of service benefits of Mr. S. Ali Raza former President-NBP in accordance with the terms and conditions approved earlier in the 52nd AGM. Accordingly, the Board of Directors has recommended to the Shareholders for approval: payment of the following end of service benefits of Mr. S. Ali Raza former President-NBP.

TO CONSIDER AND APPROVE END OF SERVICE BENEFITS (I.E. GRATUITY AND PROVIDENT FUND) OF MR. S. ALI RAZA, FORMER PRESIDENT, NBP.

“RESOLVED THAT the payment of Gratuity to Mr. S. Ali Raza, former President, NBP on the basis of last drawn half gross salary for each year of service for 11 years amounting to PKR. 13,915,000/- along-with the interest thereon at best rate applicable to the ordinary customer with effect from 15-01-2011 to 30-03-2015 (date of AGM) amounting to PKR. 6,906,030/- as recommended by the Board of Directors in its 233rd meeting held on 03-03-2014 and 235th meeting held on 12-05-2014 after deduction of admissible tax on profit (payments subject to external audit), be and is hereby approved.”

“FURTHER RESOLVED that the payment of Provident Fund to Mr. S. Ali Raza, former President, NBP at Employees' Provident Fund rate on his own contribution and best rate on Bank's contribution upto 14-01-2011 (the date of separation from Bank's service) total amounting to PKR. 37,262,765/-, along-with interest thereon at best rate with effect from 15-01-2011 to 30-03-2015 (date of AGM) amounting to PKR. 11,269,512/- after adjustment of an amount PKR. 20,387,619/- (being his Contribution already refunded on 12-12-2011), as recommended by the Board of Directors in its 233rd meeting held on 03-03-2014 and 235th meeting held on 12-05-2014 after deduction of admissible tax on profit (applicable w.e.f. 15-01-2011 to 30-03-2015) (payments subject to external audit), be and is hereby approved.”

Item No. 6:

TO RATIFY PAYMENT OF 5½ MONTHS' SALARY TO MR. S. ALI RAZA FORMER PRESIDENT, NBP FOR THE REMAINING PERIOD OF HIS SERVICE.

In view of the premature termination of contract of Mr. S. Ali Raza, former President-NBP, the Board of Directors has approved the payment of 5½ months' Salary to Mr. S. Ali Raza former President, NBP for the remaining period of his service from 15-01-2011 to 30-06-2011 alongwith interest at the best rate applicable to an ordinary customer upto the date of payment as per legal opinion. The shareholders are requested to pass the following resolution for ratification of the Board's decision.

“RESOLVED THAT the decision taken by the Board of Directors in its 242nd meeting held on 29th & 30th December, 2014 regarding payment of Salary & Allowances (last drawn Basic pay, House Rent Allowance, Senior Post Allowance & Vacation Allowance aggregating to Rs. 2,530,000/- per month) alongwith the Utilities (reimbursements taken on average of preceding six months) of Mr. S. Ali Raza, former President, NBP for the 5½ months of remaining service period w.e.f. 15-01-2011 to 30-06-2011 amounting to Rs.16,027,743/- alongwith the interest at the best rate applicable to an ordinary customer upto the date of payment (i.e. 30-12-2014) amounting to Rs.5,110,357/-, after deductions of all applicable taxes, as per legal opinion already obtained, be and is hereby ratified.”

Item No. 7:

TO APPROVE FEE OF NON-EXECUTIVE DIRECTOR / CHAIRMAN'S FEE AND OTHER EXPENSES PACKAGE

The shareholders in their 61st Annual General Meeting held on March 31, 2010 approved Non-Executive Directors' fee / expenses package (w.e.f. 01-01-2010). During the last five years, the fee of Directors has not been enhanced. NBP Board is comprised of members with diversified experience who are devoting their significant time on oversight of Bank's functions and formulation of its Policies / Strategies and shoulder enormous responsibility under the Corporate Governance Rules and SBP's Prudential Regulations. Nationally / internationally Non-Executive Directors especially in the banking sector were commanding significant compensation packages and in order to attract and retain competent senior professionals, on the Board, NBP would have to start compensating them adequately keeping in mind their greater time commitment and legal exposure. In view thereof, there is a need to consider an upward revision in fee expenses package of NBP Non-Executive Directors for attending Board / Committee meetings to bring it at par with other banks and to fairly compensate the non-executive Board Members for sparing their valuable time and assuming responsibilities under various statutes / Prudential Regulations.

The Government has appointed Mr. Muneer Kamal as Chairman (Non-Executive) of the NBP Board of Directors vide Notification No. F.10 (31) Bkg-III / 2010/ 1376 dated 9th September, 2013, for a term of three years, with immediate effect, on such terms & conditions as may be fixed by General Meeting of the Bank.

The Board of Directors of the Bank in its 242nd meeting held on December 29 & 30, 2014 recommended the following fee / expenses package for the Bank's Non-Executive Directors and Chairman with effect from, January 01, 2015.

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 fee / expenses package for the Bank's Non-Executive Directors and Chairman with effect from, January 01, 2015, duly recommended by the Board in its 242nd meeting held on December 29 & 30, 2014.

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

“RESOLVED THAT, the following Package of Non-Executive Directors / Chairman's Fee and other expenses, for attending meeting (s) of the Board / Committee(s) of the Board, as recommended by the Board of Directors in its 242nd meeting held on December 29 & 30, 2014, be and is hereby approved w.e.f. January 01, 2015:

a) Travel

(In case meeting is held at stations other than that of Directors and Chairman's residence)

One return club class airfare.

(As per existing package)

b) Accommodation/Daily Allowance

(In case meeting is held at stations other than that of Directors and Chairman's residence)

Actual hotel bill or daily allowance @ Rs.25,000/- per diem, in lieu of hotel accommodation and other expenses, for meeting day(s) plus two days for travel.

- c) Mileage Allowance @ Rs.40/- (Rupees forty only) per
(In case of journey by Road) kilometer.
- d) Fee Per meeting for attending Board Non-Executive Director: Rs. 150,000/-
/ Committee of the Board meeting: Non-Executive Chairman: Rs. 150,000/-"

The Directors / Chairman (Except President) are interested to the extent of their fee.

Item No. 8:

TO APPROVE PERFORMANCE BONUS OF PRESIDENT FOR THE YEAR-2014.

The shareholders in the EOGM held on 06-02-2015 have approved the compensation package of Syed Ahmed Iqbal Ashraf, President, NBP. It was decided that the variable salary/performance bonus will be recommended by the Board and approved by the shareholders in the general meeting, based on performance against agreed performance indicators and in comparison to the Presidents of the peer Banks. Accordingly, the Board has recommended the following resolution to the shareholders for approval:

“RESOLVED THAT an amount of Rs. 21,000,000/- (Rupees Twenty one Million Only) as recommended by the Board of Directors 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 President of the Bank for the year 2014 in terms of Section 11(3)(a) of the Banks (Nationalization) Act, 1974.”

No Directors except the President is interested in this resolution.