

NOTICE OF 61ST ANNUAL GENERAL MEETING

Notice is hereby given that the **61st Annual General Meeting** of National Bank of Pakistan (“**Bank**”), will be held on **Wednesday, the 31st March, 2010** at **10:30 A.M (PST)**, at **Ball Room, Pearl Continental Hotel, Karachi**.

The following business will be transacted in the meeting:

Ordinary Business:

1. To confirm minutes of the 60th Annual General Meeting held on Tuesday 28th April, 2009 at 10:30 A.M at Marriott Hotel, Karachi.
2. To receive and adopt the Audited Accounts of the Bank for the year ended 31st December, 2009, together with the Directors’ & Auditors’ Reports thereon.
3. To appoint auditors for the year ending 31st December, 2010 and fix their remuneration.
4. To consider and approve Cash Dividend @ 75% and Bonus Shares @ 25% (thereby increasing the Paid-up Capital of the Bank from Rs. 10,763,702,260/- to Rs.13,454,627,830/-) as recommended by the Board of Directors for the year ended 31st December, 2009 (subject to Government of Pakistan approvals).

Special Business:

5. To ratify the revision / enhancement of the Directors’ Fee/Expenses Package.
6. To approve donation of Rs. 220,759.47 to one or more charitable trust(s) / Welfare Association(s) or any other institution / organization engaged in the welfare of human being, by passing the following ordinary resolution:

“**RESOLVED THAT** the donation of Rs. 220,759.47, being the net sale proceeds of 2,507 fractional Bonus Shares - 2008 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 of the Bank, be and is hereby approved.”

(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 9, 2010

(**S. Ali Raza**)
President

Note:

- i) *The Share Transfer Books of the Bank shall remain closed from **March 25, 2010 to March 31, 2010** (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 **March 24, 2010** 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, State Bank of Pakistan and any Corporation(s), being a 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 and Share Transfer Agent, Messrs Central Depository Company of Pakistan Limited, CDC House 99-B, Block "B" SMCHS, Main Shahr-e-Faisal, Karachi-74400, 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 valid Computerized National Identity Cards ("CNIC") or valid 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 valid 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 and Share Transfer Agent, Messrs Central Depository Company of Pakistan Limited.*

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984 FOR THE YEAR ENDED DECEMBER 31, 2009

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 61st Annual General Meeting of National Bank of Pakistan.

Item No. 5:

TO RATIFY THE REVISION / ENHANCEMENT OF THE DIRECTORS' FEE/EXPENSES PACKAGE

The HR Committee of the Board, in terms of its ToRs approved by the Board, had reviewed the structure of Directors' fee package in its 60th meeting held on January 6, 2010. The Committee agreed in principle for revision in Directors' fee / expenses package and advised the Secretary Board to conduct a market study in this regard and suggest recommendations for consideration of the Committee.

In compliance of the directive of the Board HR Committee (BHRC) Messrs M. Yousuf Adil Saleem & Co., ("**Consultants**") were requested to carry out a market survey of remuneration being paid by various banks, financial institutions and corporate sector companies to their Non Executive Directors. The Consultants accordingly carried out the market survey and in their report referred to the international best practices on remuneration of directors, including Higgs Report in the UK and a study on Director Compensation of top 200 companies of the world by Pearl Meyer & Partners. They had also reviewed the requirements of the State Bank of Pakistan contained in BPRD Circular No. 03 of 2007.

The Consultant's report with their recommendations was presented to the Board HR Committee in its 62nd meeting held on February 2, 2010 and the Committee after review of the report noted that even some smaller banks in Pakistan were paying higher remuneration to their directors for attending board / committee meetings as compared to the Bank which is the largest bank in Pakistan.

The Committee observed that the Board of the Bank is comprised of competent, high profile members with diversified experience who are devoting their significant time on oversight of the Bank's functions and formulation of its Policies / Strategies and shoulder enormous responsibility under the Corporate Governance Rules and the Prudential Regulations of the State Bank of Pakistan. The Committee further observed that 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, the Bank would have to start compensating them adequately keeping in mind their greater time commitment and legal exposure.

The committee, therefore, agreed that there is a need to consider an upward revision in the remuneration package of the Directors of the Bank for attending Board/Committee meetings to bring it at par with other banks and financial institutions to fairly compensate the Non Executive Board Members for sparing their valuable time and assuming responsibilities under various statutes / Prudential Regulations.

The Committee, while reviewing the Consultant’s survey report noted that all banks and corporate sector companies are allowing business class air travel to their Directors. The shareholders of the Bank in the 60th AGM held on April 28, 2009 had approved club class air travel facility for Non Executive Directors to attend Board / Committee meetings, however on receipt of Finance Division letter F-7(2) BKG – III / 2009 dated October 22, 2009 along with Cabinet Division’s U.O No. 9-148/2002- Min-II dated October 10, 2009 advising directors of public sector organizations to travel by Economy Plus Class on domestic routes, the club class facility was withdrawn. The Board of Directors of the Bank on recommendation of Board HR Committee has passed a fresh resolution to restore the club class travel facility for the Bank’s Non Executive Directors subject to MOF’s approval. This is in line with the travel facility of directors in banks / corporate sector.

The Board of Directors of the Bank in its 187th meeting held on February 3, 2010 approved the recommendations of Board HR Committee made in their 62nd meeting held on February 2, 2010 with some amendments and approved the following revised remuneration / fee package for the Bank’s Non-Executive Directors, with effect from, January 1, 2010 and its post facto approval by the Bank’s Shareholders in the next AGM.

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 ratify the Non – Executive Directors’ revised Fee / Expenses package, with effect from January 1, 2010 duly approved by the Board in its 187th meeting held on February 3, 2010. 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 following Package of Non-Executive Directors’ Fee & other expenses, for attending meeting (s) of the Board / Committee(s) of the Board, as approved by the Board of Directors in its 187th meeting held on February 3, 2010, be and is hereby approved with effect from **January 1, 2010:**

- | | |
|--|---|
| <p>a) Travel
(In case meeting is held at stations other than that of directors’ residence)</p> | <p>One return club class airfare.
(As per existing package subject to clearance of MoF / GoP).</p> |
| <p>b) Accommodation/Daily Allowance</p> | <p>Actual hotel bill or daily allowance @ Rs.15,000/- per diem, in lieu of hotel accommodation and other expenses, for a maximum period of 3 days in either case.
(Increased from existing Rs.10,000/- per diem)</p> |
| <p>c) Mileage Allowance
(In case of journey by Road)</p> | <p>Actual meal expenses paid in cash by the Director will be reimbursed.
@ Rs.30/- (Rupees Thirty only) per kilometer.
(Increased from existing Rs.25/- Per K.M.)</p> |
| <p>d) Fee Per meeting for each Non-Executive Director for attending Board / Committee of the Board meeting.</p> | <p>Rs. 90,000/-
(Increased from existing Rs.50,000/-)”</p> |

Item No. 6:

DONATION OF NET SALE PROCEEDS AMOUNTING TO RS. 220,759.47 OF 2507 FRACTIONAL BONUS SHARES-2008 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, 2008, the Bank's Board in its 179th meeting held on March 18, 2009, recommended payment of 65% cash dividend and 20% Bonus Shares to the Bank's Shareholders, which was also approved by the Bank's Shareholders in their 60th AGM held on April 28, 2009.

Accordingly, Dividend Warrants and Bonus Shares were issued to the shareholders as per their entitlement. In this connection, 2507 Bonus Shares, being fractional shares, could not be distributed to the Shareholders. For disposal of these fractional 2507 Bonus Shares, a consolidated Share Certificate No. 080456 covering 2507 fractional bonus shares-2008, bearing distinctive Nos. 1076367720 to 1076370226 in the name of the "Secretary (Board) NBP", was issued with the Board's approval dated March 18, 2009, which was sold, through a Corporate Member of KSE, Messrs Sherman Securities (Private.) Limited, against net sale proceeds of Rs.220,759.47.

On account of high cost of computer printing, distribution / postage and handling charges of the fractional coupons, the Board of the Bank in its 179th meeting held on March 18, 2009 recommended that with the approval of the Shareholders, the net sale proceeds of the fractional Bonus Shares-2008, 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 being solicited for donating the net sale proceeds amounting to Rs.220,759.47 of 2507 fractional Bonus Shares - 2008, 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 of the Bank.

There is no interest, directly or indirectly, of any of the Nominee Directors of the Bank except as a Director of the Bank and the interest of the elected Director is to the extent of his holding, in the above mentioned item of Special Business.