

December 19, 2009

Syed Adil Gillani,
Chairman,
Transparency International,
5-C, Khayaban-e-Itahhad, Highway,
Phase-VII, Defence Housing Authority,
Karachi.
Fax No. 021-35390410
E-mail: gilanniadil@gmail.com

Subject:- **Alleged Violations of Public Procurement Rules 2004 in NBP.**

Dear Sir,

1. We refer to your letter dated 22nd July 2009 addressed to Mr. S. Ali Raza, President National Bank of Pakistan which was forwarded to us by Mr. Naeem Ahmed, Deputy Director-II, Public Procurement Regulatory Authority constituted under the Public Procurement Regulatory Authority Ordinance 2002 with his letter dated 27th July 2009.
2. As directed by PPRA, the National Bank of Pakistan (NBP) has carried out and completed its investigation into the alleged contraventions indicated by Transparency International and a comprehensive report along with comments has been prepared based upon the investigation carried out by various departmental heads at NBP. This report has been sent by NBP to PPRA with its letter dated December 19, 2009
3. PPRA has called upon NBP to provide necessary information from NBP pursuant to the powers conferred on PPRA under Section 5(2)(i) of the Public Procurement Regulatory Authority Ordinance 2002 and since PPRA is the authority established under the laws of Pakistan, we have complied with the direction given to us.
4. Since PPRA endorsed a copy of its letter dated 27th July 2009 to you, we enclose a copy of our letter dated August 1, 2009 to PPRA.



5. Earlier an interim report dated 1st August 2009 on the alleged contraventions and/or irregularities was sent by NBP to PPRA and PPRA forwarded this to you vide its letter dated 6th August 2009. The matter rested there and we are, therefore, shocked that TI placed material with regard to the alleged contraventions on its website in November 2009.
6. With the completion of a full report as required by PPRA which has now been sent, you are requested to withdraw the material placed on your website as there neither was nor exists at present any basis or justification to do so.
7. You are well aware that NBP is Pakistan's premier banking institution as well as the Treasury Bank. NBP has a network of 1250 Pakistan branches and 25 foreign branches and offices. NBP is a major employer and a major contributor to the Exchequer to the extent of Rs. 15 billion in 2008 and has paid out cash dividends of Rs. 5.8 billion to its shareholders plus 180 million bonus shares valued at Rs. 14 billion.
8. We would like to avail of this opportunity of requesting you to kindly withdraw the material placed by Transparency International on its website all of which pertains to alleged contraventions and/or irregularities which are a matter between NBP and PPRA and now subject matter of the investigation report carried out at NBP. The placement of these allegations pertaining to contraventions and/or irregularities on the website has and will continue to harm the good name, reputation, standing and ranking of NBP as Pakistan's premier banking institution. You are accordingly requested to kindly withdraw the material placed on the website which is obviously premature and unjustified in the facts and circumstances of the case.
9. You are requested to kindly give the above matter your immediate favorable consideration.

Yours faithfully,

Tariq Jamali
EVP, Group Chief,
Compliance Group
National Bank of Pakistan

C. C. Mr. Naeem Ahmed
Deputy Director - II
PPRA - Islamabad

Ref # HO/Compliance/PPRA

December 19, 2009

Mr. Naeem Ahmed,
Deputy Director-II,
Public Procurement Regulatory Authority,
(Cabinet Division),
Government of Pakistan,
Islamabad.

**Subject:- Frequent violation of Public Procurement Rules, 2004 in
National Bank of Pakistan.**

Dear Sir,

1. We refer to your letter dated 27th July 2009 with which you enclosed a letter dated 22nd July 2009 from ALAC Pakistan (Transparency International).
2. National Bank of Pakistan (NBP) has acted upon the direction contained in your letter of 27th July 2009 in terms whereof you have required us to provide information to PPRA under the powers and authority contained in Section 5(2)(i) of Public Procurement Regulatory Authority Ordinance 2002.
3. Investigations have been conducted by various departments at NBP with a view to consider and deal with the various alleged contraventions and/or irregularities and we trust that the investigation report which has been duly signed by departmental heads and the explanation contained therein will be to your entire satisfaction.
4. We regret the delay in completing the investigation and submitting the final report to you. Earlier an interim report dated 1st August 2009 was sent to you by NBP which you forwarded to Transparency International with your letter of 6th August 2009.

5. This response and the investigation carried out at NBP is a matter between NBP and PPRA which is the authority established under the laws of Pakistan to whom NBP is liable and answerable.
6. Since you have marked a copy of your letter dated 27th July 2009 to Syed Adil Gillani, Chairman Transparency International, we are also endorsing a copy of this letter to Syed Adil Gillani.
7. If PPRA needs any further information, please let us know and NBP shall provide the same as soon as possible.
8. It is a matter of deep regret to NBP that Transparency International placed on its website material relating to alleged contraventions and/or irregularities in November 2009 while the matters in issue were under consideration of the PPRA. We now trust that you will find the final Investigation Report and NBP comments to be in full compliance of your requirement and also to your satisfaction.

Yours faithfully,



Tariq Jamali
EVP, Group Chief,
Compliance Group
National Bank of Pakistan

✓ C.C. Mr. Syed Adil Gillani,
Chairman,
Transparency International,