



Meezan Bank
The Premier Islamic Bank

NOTICE OF EXTRAORDINARY GENERAL MEETING

To be held on Wednesday, December 18, 2019

Head Office: Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.

PABX: (92-21) 38103500 UAN: 111-331-331 & 111-331-332

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NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of the Members of Meezan Bank Limited will be held Insha-Allah on Wednesday, December 18, 2019 at 9:00 a.m. at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan to transact the following business:

1. To confirm the minutes of the 23rd Annual General Meeting (AGM) held on March 28, 2019 at Karachi.
2. To consider, if thought fit, pass the following special resolution, with or without modification, to increase the authorized share capital of the Bank from PKR 23,383,800,000/- to PKR 25,721,800,000/- by creation of 233,800,000 new ordinary shares of PKR 10/- each:

***"RESOLVED THAT** the authorized share capital of the Bank be and is hereby increased from PKR 23,383,800,000/- (Pak Rupees Twenty Three Billion Three Hundred Eighty Three Million Eight Hundred Thousand only) to PKR 25,721,800,000 (Pak Rupees Twenty Five Billion Seven Hundred Twenty One Million Eight Hundred Thousand only) by creation of 233,800,000 new ordinary shares of PKR 10/- each, subject to completion of all legal formalities and necessary approvals.: and that*

Clause V of the Memorandum of Association of the Bank be and is hereby amended to read as follows:

"The share capital of the company is PKR 25,721,800,000 (Pak Rupees Twenty Five Billion Seven Hundred Twenty One Million Eight Hundred Thousand only) divided into 2,572,180,000 (Two Billion Five Hundred Seventy Two Million One Hundred Eighty Thousand) ordinary shares of Rs. 10/- each (Rupees ten each) with the power to increase or reduce the capital and to divide the shares in the capital for the time being into several classes."

***FURTHER RESOLVED THAT** the Chief Executive Officer or Deputy Chief Executive Officer or Chief Financial Officer or Company Secretary (the "Authorised Representatives") be and are hereby severally authorized to complete all legal formalities required under the applicable laws, rules, regulations etc. for the increase in the authorized capital of the Bank."*

3. To consider and, if thought fit, approve conversion of Sukuk into Ordinary Shares of the Bank upon the occurrence of a conversion event as determined by the State Bank of Pakistan and in that connection to pass the following resolution as **special resolution**:

***RESOLVED** that in respect of the Shariah compliant subordinated Tier 2 Mudaraba based Sukuk issue of PKR 4,000,000,000/- (Pak Rupees Four Billion) approved by the Board of Directors of the Bank ("Sukuk"), pursuant to their meeting held on April 25, 2019 and in accordance with the instructions of the State Bank of Pakistan ("SBP") under the 'Instructions for Basel III Implementation in Pakistan' ("**Basel III Rules**") issued under BPRD Circular No. 06 dated August 15, 2013, as amended from time to time, regarding loss absorbency, in the event the Sukuk are converted into common shares upon the declaration by the SBP of the occurrence of a Point of Non-Viability event ("**PONV**"), such ordinary shares shall be issued other than by way of rights in accordance with the proviso provided under section 83(1)(b) of the Companies Act, 2017 ("**Additional Shares**").*

FURTHER RESOLVED that the issuance of such Additional Shares shall be based on the market value of the shares of the Bank on the date of trigger of PONV as declared by SBP and shall be subject to a cap of 126,315,790 (One Hundred and Twenty Six Million Three Hundred and Fifteen Thousand Seven Hundred and Ninety) additional ordinary shares being issued, or such other number as may be agreed to in consultation with SBP and shall further be subject to approval of the Securities and Exchange Commission of Pakistan in accordance with the applicable provisions of the Companies Act, 2017.

FURTHER RESOLVED that the Chief Executive Officer or Deputy Chief Executive Officer or Company Secretary or Chief Financial Officer or their delegates (the "**Authorized Representatives**") of the Bank, be and are hereby singly authorized to take all steps, necessary, ancillary and incidental to the above, and are further authorized to sign, execute and deliver all necessary documents, agreements and letters on behalf of the Bank, as may be deemed appropriate and as may be required for the purposes abovementioned.

4. To transact any other business with the permission of the Chair.

Statements under section 134 (3) of the Companies Act, 2017 pertaining to special business contained in item (2) and (3) are enclosed.

By Order of the Board



Muhammad Sohail Khan
Company Secretary

Karachi
November 25, 2019

Notes:

1. The Share Transfer Books of the Bank will be closed from December 12, 2019 to December 18, 2019 (both days inclusive).
2. A member entitled to attend, and vote at the Meeting is entitled to appoint another member as a proxy to attend, speak and vote on his /her behalf. A corporation being a member may appoint as its proxy any of its official or any other person whether a member of the Bank or otherwise.
3. An instrument of proxy and a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney must be valid and deposited at the Share Registrar of the Bank, THK Associates (Pvt.) Limited 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400, UAN: (021) 111-000-322 not less than 48 hours before the time of the Meeting.
4. Those shareholders whose shares are deposited with Central Depository Company of Pakistan Limited (CDC) are requested to bring their original Computerized National identity Card (CNIC) along the participant ID number and their account sub-account numbers in CDC to facilitate identification at the time of Extraordinary General Meeting. In case of proxy, attested copies of proxy's CNIC or passport, account and Participant I.D. numbers must be deposited along with the Form of Proxy with our Share Registrar. In case of proxy for corporate members, the Board of Directors' Resolution/power of Attorney with

specimen signature of the nominee shall be produced at the time of the Meeting (unless it has been provided earlier to the Share Registrar).

5. Shareholders having physical scrip of shares are requested to promptly notify change in their postal address and/or email address if any, to our Share Registrar, in writing, whereas CDC accounts holders are requested to contact their CDC Participant/ CDC Account Services.

6. **Video Conference Facility for Attending General Meetings.**

If the Bank receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 07 days prior to date of meeting, the Bank will arrange video conference facility in that city subject to availability of such facility in that city.

To avail this facility a request to be submitted to registered address of the Bank 07 days before holding of the Extraordinary General Meeting.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017.

These statements set out the material facts concerning the resolution contained in item (2) and (3) of the Notice pertaining to the special business to be transacted at the Extraordinary General Meeting of the Bank to be held on December 18, 2019.

1. **Increase in Authorised Capital of the Bank**

The Board of Directors of Meezan Bank in its meeting held on October 24, 2019 has approved increased in its authorized capital. Due to locking of authorized share capital for Bank's Tier I and Tier II capital, the available room in authorized capital for further issue of share capital has reduced. Therefore, this increase is to meet the future requirements of capital for continued growth and expansion of the Bank.

The Bank's existing authorized capital is PKR 23,383,800,000/- (Pak Rupees Twenty Three Billion Three Hundred Eighty Three Million Eight Hundred Thousand only) divided into 2,338,380,000 (Two Billion Three Hundred Thirty Eight Million and Three Hundred Eighty Thousand) ordinary shares of Rs. 10 each.

It is proposed to increase the share capital of the Bank up to PKR 25,721,800,000 (Pak Rupees Twenty Five Billion Seven Hundred Twenty One Million Eight Hundred Thousand only) divided into 2,572,180,000 (Two Billion Five Hundred Seventy Two Million One Hundred Eighty Thousand) ordinary shares of Rs. 10/- each (Rupees ten each) by issuance of new shares of PKR.2,338,000,000/- (Rupees two billion three hundred thirty eight million only) divided into 233,800,000 (two hundred thirty three million and eight hundred thousand only) ordinary shares of Rs. 10/- each (Rupees ten each).

Under section 85(1) of the Companies Act, 2017, the Bank may alter the condition of the memorandum so as to interalia increase its share capital by such amount as it thinks expedient and such powers are exercisable by the shareholders through special resolution.

The Directors of the Bank have no vested interest, directly or indirectly in the above business, save to the extent of their shareholding of the Bank.

2. To consider and, if thought fit, approve conversion of Sukuk into Ordinary Shares of the Bank upon the occurrence of a conversion event as determined by the State Bank of Pakistan

On April 25, 2019 the Board of Directors of Meezan Bank Limited ("MBL" or the "Bank") resolved to raise Shariah compliant subordinated Tier 2 Mudarabah based sukuk certificates through issuance of redeemable capital under Section 66 of the Companies Act, 2017 in the amount of PKR 4,000,000,000/- (Pak Rupees Four Billion) which is expected to be issued in December 2019 (the "Sukuk Issue" or the "Sukuk") to eligible investors in terms of BPRD Circular Number 08 dated June 27, 2006 and as updated vide BPRD Circular Number 06 of August 15, 2013 (as amended from time to time), read with all relevant rules, regulations, circulars and approvals of State Bank of Pakistan ("SBP"). The Sukuk Issue is intended to contribute towards the Bank's Tier 2 Capital for Capital Adequacy Requirements as per the guidelines set by the State Bank of Pakistan.

SBP through BSD Circular No. 7 dated April 15, 2009 had directed all banks to achieve and maintain the minimum CAR of 10% by December 2013. SBP vide its Circular No. 6 of Banking Policy and Regulation Department ("BPRD") dated August 15, 2013 ("Basel III Circular"), covering Basel III reforms, gave a roadmap to increase the minimum CAR up to 12.5% in a phased manner by December 31, 2019.

As per the requirements of Basel III under the aforementioned Basel III Circular, the terms and conditions of the Sukuk must have a provision of "loss absorbency" for it to be qualified as a Tier 2 Capital instrument.

The relevant portion of the Basel III Circular relating to "loss absorbency" is reproduced below:

"A-5-3 Loss Absorbency of Non-Equity Capital Instruments at the Point of Non-Viability

- i. *The terms and conditions of all non-CET1 and Tier 2 instruments issued by banks must have a provision in their contractual terms and conditions that the instruments, at the option of the SBP, will be fully and permanently converted into common share upon the occurrence of a non-viability trigger event called the Point of Non-Viability (PONV) as described below;*
- ii. *The PONV trigger event is the earlier of;*
 - a. *A decision made by SBP that a conversion is necessary without which the bank would become non-viable.*
 - b. *The decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non-viable, as determined by SBP.*
- iii. *The issuance of any new shares as a result of the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.*
- iv. *The amount of non-equity capital to be converted will be determined by the SBP.*
- v. *Where an Additional Tier-1 capital instrument or Tier-2 capital instrument provides for conversion into ordinary shares, the terms of the instruments should include provision that upon a trigger event the investors holding 5% or more of paid-up shares (ordinary or preferred) will have to fulfill fit and proper criteria (FPT) of SBP.*

- vi. *The conversion terms of the instruments must contain pricing formula linked to the market value of common equity on or before the date of trigger event. However, to quantify the maximum dilution and to ensure that prior shareholder/ regulatory approvals for any future issue of the required number of shares is held, the conversion method must also include a cap on the maximum number of shares to be issued upon a trigger event.*
- vii. *The conversion method should describe and take into account the order (hierarchy of claims) in which the instruments will absorb losses in liquidation/ gone concern basis. These terms must be clearly stated in the offer documents. However, such hierarchy should not impede the ability of the capital instrument to be immediately converted.*
- viii. *There should be no impediments (legal or other) to the conversion i.e. the bank should have all prior authorizations (sufficient room in authorized capital etc.) including regulatory approvals to issue the common shares upon conversion.*
- ix. *The contractual terms of all Additional Tier 1 and Tier 2 capital instruments must state that SBP will have full discretion in deciding/ declaring a bank as a non-viable bank. SBP will, however, form its opinion based on financial and other difficulties by which the bank may no longer remain a going concern on its own unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a bank should be such that these are likely to result in financial losses and raising the CET1/ MCR of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures will include conversion of non-equity regulatory capital into common shares in combination with or without other measures as considered appropriate by the SBP."*

As per the loss absorbency conditions, upon the occurrence of a "Point of Non-Viability" event ("PONV"), SBP may at its option, fully and permanently convert the Sukuk into common shares of the issuer, i.e. the Bank.

In light of the above conditions, the Bank is required to obtain all approvals (in advance) for the issuance of such additional shares, which additional shares shall be issued based on the market value of the shares of the Bank on the date of trigger of PONV as declared by SBP and shall be subject to a cap of 126,315,790 (One Hundred and Twenty Six Million Three Hundred and Fifteen Thousand Seven Hundred and Ninety) additional ordinary shares being issued in aggregate, or such other number as may be agreed to in consultation with SBP. It may further be noted that issuance of such additional shares shall further be subject to approval of the Securities and Exchange Commission of Pakistan in accordance with section 83(1)(b) of the Companies Act, 2017.

The information required to be annexed to the notice is set out below:

Name of the persons to whom shares will be issued	The shares will be issued to the Sukuk holders (at that time) in accordance with the directions of SBP at the time of trigger of PONV.
Price at which the proposed shares will be issued	The shares shall be at the market value of the shares of the Bank on the date of trigger of PONV as declared by SBP however, total no. of shares to be issued are capped at 126,315,790 or such other number as may be agreed to in consultation with SBP.
Purpose of the issue, utilization of the proceeds of the issue and benefits to the	To convert the outstanding Sukuk amount (in whole) into shares of the Bank in

Company and its shareholders with necessary details	accordance with the directions of SBP.
Existing shareholding of the persons to whom the proposed shares will be issued	Not Applicable
Total shareholding of the persons after the proposed issue of shares	Not Applicable
Whether the persons have provided written consent for purchase of such shares	The terms of the Trust Deed for the Sukuk Issue shall contain the details regarding such conversion.
Justification as to why proposed shares are to be issued otherwise than rights and not as rights shares	This is in accordance with the requirements of SBP vide its Circular No. 6 of Banking Policy and Regulation Department ("BPRD") dated August 15, 2013
Justification, with details of the latest available market price and break-up value per share, if such price differs from par value	Not Applicable

The shares issued will rank pari passu in all respects with the existing shares of the Bank. The issue of shares other than by way of rights is subject to approval from the Securities and Exchange Commission of Pakistan.

The Directors of the Bank have no vested interest, directly or indirectly in the above business, save to the extent of their shareholding of the Bank.