



Meezan Bank
The Premier Islamic Bank

NOTICE OF EXTRAORDINARY GENERAL MEETING

Meezan Bank, C-25 Estate Avenue, SITE, Karachi.
www.meezanbank.com



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NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting of the Members of Meezan Bank Limited will be held Insha-Allah on Tuesday, October 02, 2018 at 9:00 a.m. at Meezan House C-25, Estate Avenue, SITE, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 22nd Annual General Meeting held on March 28, 2018.

SPECIAL BUSINESS:

2. To approve interim Cash Dividend @ 15% (i.e. Rs. 1.50 per share).
3. To consider, and approve the issuance of 10% Bonus Shares as recommended by the Board of Directors and to pass the following resolution as an Ordinary Resolution:

“Resolved that:

- a. A sum of Rs.1,062,902,160 out of free reserves of the Bank for the issue of bonus shares be capitalized and applied for the issue of 106,290,216 ordinary shares of Rs 10/- each and allotted as fully paid bonus shares to those members of the Bank whose names appear in the Register of Members of the Bank on September 23, 2018 in the ratio of 1 ordinary share for every 10 ordinary shares held (10%) and that such new shares shall rank *pari passu* in all respect with the existing ordinary shares.
 - b. Members entitled to fraction of shares as a result of their holding shall be given the sale proceeds of their fractional entitlement for which purpose the fractions shall be consolidated into whole shares and sold on the Pakistan Stock Exchange.
 - c. For the purpose of giving effect to the foregoing, the President/Chief Executive or the Company Secretary be and are hereby individually authorized to take any and all actions which may deemed fit for the issuance, allotment etc. of the said bonus shares.”
4. To consider and, if thought fit, approve to increase in the authorized share capital of the Bank from Rs. 20,000,000,000 to Rs. 21,258,000,000 by creation of 125,800,000 new ordinary shares of Rs. 10/- each, **such new shares shall rank *pari passu* in all respects with the existing ordinary shares in the capital of the Bank**, and in that connection to pass the following resolution as **special resolution**:

RESOLVED THAT the authorized share capital of the Bank be and is hereby increased from Rs. 20,000,000,000 (Rupees twenty billion only) to Rs. 21,258,000,000 (Rupees twenty one billion two hundred and fifty eight



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million only) by creation of 125,800,000 new ordinary shares of Rs. 10/- each and that Clause V of the Memorandum of Association be and is hereby amended to read as follows:

“The share capital of the company is Rs. 21,258,000,000 (Rupees twenty one billion two hundred and fifty eight million only) divided into 2,125,800,000 (two billion one hundred and twenty five million eight hundred thousand only) ordinary shares of Rs. 10/- each (Rupees ten each) with 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 all formalities required under the applicable laws, rules, regulations etc. may be fulfilled to the increase in authorized capital of the Bank.

Further resolved that the Chief Executive Officer and/or Company Secretary of the Bank be and are hereby authorized to complete all legal formalities and file necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolution, as well as carry out any other act or step which may be ancillary and/or incidental to do the above and necessary to fully achieve the object of the aforesaid resolutions.

5. 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 Sukuk issue of PKR 7,000,000,000/- (Pak Rupees Seven Billion) issued by the Bank (“**Sukuk**”), pursuant to the terms of the Trust Deed dated 24th July, 2018 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 (i) all or part of the Sukuk are subject to a mandatory conversion into common shares at the discretion of SBP in case of the Bank’s inability to exercise the lock-in clause, or (ii) all or part of the Sukuk are converted into common shares upon the declaration by the SBP of the occurrence of a Point of Non-Viability event (**PONV**); or (iii) all or part of the Sukuk are converted into common shares by the Bank upon the occurrence of a Pre-specified Trigger Event (collectively the “**Conversion Events**”), such ordinary shares shall be issued other than by way of rights as per the applicable provisions of the Companies Act, 2017 (“**Additional Shares**”).



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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 the Conversion Event as declared by SBP and shall be subject to a cap of 295,358,650 (Two Hundred and Ninety Five Million Three Hundred and Fifty Eight Thousand Six Hundred and Fifty) 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.

6. 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 are enclosed.

By Order of the Board

Muhammad Sohail Khan
Company Secretary

Karachi
Date: September 11, 2018

Notes:

- i) The Members' Register will remain closed from September 24, 2018 to October 2, 2018 (both days inclusive) to determine the names of members entitled to receive the 15% cash dividend, 10% Bonus Shares and to attend and vote in the meeting.



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- ii) A member eligible to attend and vote at this meeting may appoint any person as proxy to attend and vote in the meeting. Proxies in order to be effective must be received at the Registered Office not less than forty eight (48) hours before the holding of the meeting.
- iii) An individual beneficial owner of the Central Depository Company, entitled to vote at this meeting must bring his/her Computerized National Identity Card alongwith the participant ID numbers and sub account numbers with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her Computerized National Identity Card. Representatives of corporate members should bring the usual documents required for such purpose.

For Information of the Members:

- iv) The Government of Pakistan has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rate are prescribed for deduction of withholding tax on the amount of dividend paid by the companies/banks. These rates are as per law.

To enable the Bank to make tax deduction on the amount of Cash Dividend, all the members whose names are not entered into Federal Board of Revenue (FBR)'s Active Tax-Payers List (ATL), despite the fact that they are tax return filers are advised to make sure that their names are entered into ATL, before the date of book closure for cash dividend, otherwise tax on their cash dividend will be deducted as non-filer.

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 Shares Registrar, in writing as follows:

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

The required information must reach our Shares Registrar by the close of business (5:00 pm) on September 23, 2018; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s) and tax will be deducted according to proportionate holding of each shareholder as clarified by the FBR vide its clarification letter No I(54) Exp/2014-132872-R dated September 25, 2014. Shareholders claiming tax exemption under clause 47(B) of Part IV of the Second Schedule of Income Tax Ordinance, 2001 are requested to provide valid exemption certificate under section 159 (1) of the Income Tax Ordinance, 2001 latest by September 23, 2018 to our Shares Registrar as required vide FBR clarification letter No. 1(43)DG (WHT)/2008-Vol.II-66417-R dated May 12, 2015.



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- v) Shareholders holding shares in physical form who have not yet recorded their CNIC No. contact our Shares Registrar, THK Associates (Pvt.) Ltd., 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400. Phone No. 111-000-322, alongwith copy of valid CNIC. The shareholders who are maintaining their accounts with Participants/Brokers also update their record and provide valid CNIC to the respective Participants/Brokers.

The corporate members having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate entities having physical shares should send a copy of their NTN certificate to Company's Share Registrar.

- vi) Under section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividend directly into bank account, shareholders are requested to fill in Dividend Mandate Form available on Bank's website and send it duly signed alongwith a copy of CNIC to the registrar of the company, THK Associates (Pvt.) Ltd., 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400 in case of physical shares. In case of shares are held in CDC then the Dividend Mandate Form, on below format, must be submitted directly to shareholder(s)' broker/participant/CDC account services.

Dividend Mandate Form

Folio Number/CDC Sub Account Number	
Name of Shareholder	
Title of the Bank Account	
International Bank Account Number	
Name of Bank	
Name of Bank Branch/Address	
Cellular and Landline number	
CNIC/NTN (Attach copy)	
Signature of Shareholder	



STATEMENTS UNDER SECTION 134(3) OF THE COMPANIES ACT 2017

These statements set out the material facts concerning the resolutions contained in items 2, 3, 4 and 5 of the Notice pertaining to the special business to be transacted at the Extraordinary General Meeting of the Bank to be held on October 02, 2018.

1. 15% INTERIM CASH DIVIDEND

The profit of the Bank for the half year ended June 30, 2018 and its reserves justify the payment of interim cash dividend. Therefore, in order to maintain unbroken payout history of the Bank since its listing on Stock Exchange, the Board of Directors has decided to declare 15% interim cash dividend i.e. Rs. 1.50 per share to shareholders of the Bank.

2. Issue of Bonus Shares

The Profit of the Bank for the Half year ended June 30, 2018 and its reserves justify the capitalization of free reserves amounting to Rs.1,062,902,160 for the issue of 106,290,216 bonus shares of Rs. 10/- each in the ratio of 1 ordinary shares of every 10 ordinary shares held i.e. 10%.

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.

3. Increase in Authorised Capital of the Bank

The Board of Directors of Meezan Bank Limited (the “**Bank**”) in its meeting held on August 29, 2018 has approved Issuance of 10% Bonus Shares i.e.106,290,216 Bonus Shares.

Further, the Bank has issued Additional Tier I Sukuk of 7,000,000,000 which may be convertible into ordinary shares of Rs. 10 each, under clause ix of Annexure 2 of State Bank of Pakistan (SBP)’s BPRD Circular 6 dated August 15, 2013.

Accordingly, the Bank seeks to enhance its authorized share capital from PKR 20,000,000,000 (Pak Rupees twenty billion only) divided into 2,000,000,000 billion ordinary shares of Rs. 10 each to PKR 21,258,000,000 (Rupees twenty one billion two hundred and fifty eight million only) divided into 2,125,800,000 (two billion one hundred and twenty five million eight hundred thousand only) ordinary shares of Rs. 10 each.

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.



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4. 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 February 14, 2018 the Board of Directors of the Bank resolved to raise Pakistan's first ever Shariah compliant Additional Tier 1 Capital through issuance of redeemable capital under Section 66 of the Companies Act, 2017 in the amount of PKR 7,000 million which was issued on August 01, 2018 (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 comply with the State Bank of Pakistan's ("SBP") regulation to maintain the minimum Capital Adequacy Ratio and to support on going business operations of the Bank ("CAR").

The 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 ADT 1 must have a provision of "loss absorbency" for it to be qualified as a Additional Tier 1 Capital instrument.

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

"A-5-2 Loss Absorption of Additional Tier-1 Instruments at a Pre-specified Trigger:

- i. The additional Tier-1 capital instruments (classified as other than equity at issuance) must have loss absorption clause whereby these instruments will be permanently converted to common shares when the bank's CET1 ratio falls to or below 6.625% of RWA {i.e. minimum CET1 of 6.0% plus 25% of capital conservation buffer of 2.5% (0.625%)}. Moreover, the bank should immediately notify SBP upon reaching the trigger point.
- ii. A bank will have full discretion to determine the amount of Additional Tier-1 instruments to be converted into common shares subject to following conditions:
 - a. Where a bank's CET1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at



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least be the amount sufficient to immediately return the CET1 ratio to above 6.625% of total RWA (if possible).

- b. The converted amount should not exceed the amount needed to bring the CET1 ratio to 8.5% of RWA (i.e. minimum CET1 of 6.0% plus capital conservation buffer of 2.5%).
- iii. The contractual terms and conditions of Additional Tier-1 instruments must also include a clause requiring full and permanent conversion of the instrument into common shares at the point of non-viability (mentioned below in Section A-5-3).
- iv. The conversion method will describe and follow the order (hierarchy of claims) in which they will absorb losses in liquidation/ gone concern basis. These terms must be clearly stated in the offer documents.

“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.



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- 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.”

In addition to the above conversion conditions, it is expected that SBP will also require conversion of the Sukuk ADT 1 where all or part of the Sukuk ADT 1 are subject to a mandatory conversion into common shares at the discretion of SBP in case of the Issuer's inability to exercise the lock-in clause as follows:

Lock-in Clause

In compliance with the lock-in requirement provided under the Basel III Circular, neither profit nor principal can be paid in respect of the Sukuk Issue, if such payment will result in a shortfall in the Bank's minimum capital requirement or capital adequacy ratio or results in an increase in any existing shortfall in minimum capital requirement or capital adequacy ratio. It is being clarified that the profit rate for such period shall effectively be reduced to 0.005%. Any inability to exercise the lock-in clause will subject the ADT 1 Sukuk to mandatory conversion into common shares at the discretion of the SBP.



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In light of the above contemplated conversion events, 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 (as at the relevant time) and shall be subject to a cap of 295,358,650 (Two Hundred and Ninety Five Million Three Hundred and Fifty Eight Thousand Six Hundred and Fifty) 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 84(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 ADT1 holders (at that time).
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 relevant date.
Purpose of the issue, utilization of the proceeds of the issue and benefits to the Company and its shareholders with necessary details	To convert the outstanding Sukuk ADT1 amount (in whole or part) into shares of the Bank.
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 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 shall 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.