



LDN/MEA/
18th September 2014

The General Manager
Karachi Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

By Fax and Hand

Fax No: 111-573-329
Total Pages: 7 (seven)

Dear Sir,

NOTICE OF THE EXTRA-ORDINARY GENERAL MEETING
LISTING OF COMPANIES AND SECURITIES REGULATIONS NO. 5.5.14

We write to inform you that an Extra Ordinary General Meeting ("EOGM") is called by the Board of Director of Bank Alfalah Limited ("the Bank") on Friday, 10th October 2014 at 10:00 AM at Movenpick Hotel, Karachi to consider the proposals for equity investment by International Finance Company in the Bank along with other agenda items. The Share Transfer Books of the Bank will remain closed from 4th October 2014 to 10th October 2014 (both days inclusive). Notice of the EOGM along with Statement of material facts is attached herewith and the same will be dispatched to the shareholders and published in the newspapers by 19th September 2014 i.e. 21 days before the EOGM.

Yours truly,

MIAN EJAZ AHMAD
Company Secretary &
General Manager Legal

Encls: as above

Cc:

The Company Secretary, Lahore Stock Exchange Limited, 19, Khayaban-e-Aiwan-e-Iqbal Road, Lahore (Fax No. 042-3636 8485).

The Managing Director, Islamabad Stock Exchange Limited, 101-E, Fazal-ul-Haq Road, Blue Area, Islamabad (Fax No. 051-11147 3329).



B.A. Building, I.I. Chundrigar Road, Karachi

NOTICE OF EXTRA-ORDINARY GENERAL MEETING

Notice is hereby given that an Extra-Ordinary General Meeting of Bank Alfalah Limited ("the Bank") will be held on Friday, 10th October 2014 at 10:00 AM at Movenpick Hotel, Karachi, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the Minutes of the 22nd Annual General Meeting held on 28th March 2014 at Karachi.

SPECIAL BUSINESS:

2. To consider and pass the following Special Resolution to approve equity investment approximately PKR 6.7 billion (not to exceed US\$ equivalent of US\$ 67.1 million) by International Finance Company ("IFC") in Bank Alfalah Limited (the "Bank") and to authorize the Bank to issue new shares, without issuance of Right Shares, to IFC in lieu of proposed equity investment of IFC:

"RESOLVED THAT subject to all necessary/regulatory approvals and compliance with applicable laws and regulations, the proposal of equity investment by International Finance Company ("IFC") in Bank Alfalah Limited (the "Bank") for PKR 6.7 billion approximately (not to exceed US\$ equivalent of US\$ 67.1 million) to obtain approximately 238 million common shares of the Bank (without issuance of right shares), at a subscription price of PKR 28.00 per share, representing approximately 15% of Bank's shares outstanding, be and is hereby approved.

RESOLVED FURTHER THAT in lieu of the aforementioned equity investment, the Bank is hereby authorized to issue approximately 238 million shares of Rs. 10 each to IFC (either in consolidated form or in tranches), without issuance of right shares, at a subscription price of Rs. 28.00 per share, subject to all necessary/regulatory approvals.

RESOLVED FURTHER THAT the proposal to grant an option to IFC for purchasing Additional Equity of approximately 5% on a pro forma/pro rata basis (if exercised the IFC's holding will reach up to 20% of Bank's shares) on the following terms, be and is hereby approved:

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|------|--|--|
| i) | Term of Option: | Expiry on December 31, 2015 unless extended with mutual consent; |
| ii) | Strike Price: | PKR 28.00 per share; |
| iii) | Amount of Shares: | Approximately 5.0% of BAFL shares outstanding on a pro forma/pro rata basis such that IFC's pro forma/pro rata ownership in BAFL stands approximately 20.0%; |
| iv) | Upper Cap: | PKR 31.00 per share; |
| v) | The Option Strike Price of Rs. 28.00 will be valid till Term of Option as long as the market price of Bank Alfalah's shares at the time of exercise is equal to or less than Rs. 31.00. If the market price at the time of exercise is higher than Rs. 31.00, then the value in excess of the Upper Cap will be shared on a 50/50 basis between IFC and BAFL. Any amount of benefit to BAFL under this agreement will be translated into a higher strike price by 50% of the delta | |

between Rs. 31.00 and the market price. As an example, if the market price is Rs. 33.00 at the time of exercise, the Option Strike Price will move up from Rs. 28.00 to Rs. 29.00 (i.e., 50% of the Rs 2.00 differential over the Upper Cap of Rs. 31.00).

RESOLVED FURTHER THAT the Chief Executive Officer, Head of Merchant Banking, Chief Financial Officer, Company Secretary and Head of Strategy, be and are hereby authorized jointly (any two of them acting jointly) to:

- a) negotiate and agree on the provisions of any agreement, deed, document, term sheet or instrument, of whatsoever nature, required for the purposes of the aforementioned IFC equity Investment and to sign the same, on behalf of the Bank.
 - b) apply for and receive any approvals, permissions or registrations required for the IFC Investment from any government or regulatory body, department, agency or other authority;
 - c) furnish and provide any and all such information to IFC as may be required (in accordance with the provisions of applicable laws and regulations), in connection with the IFC Investment;
 - d) do or cause to be done all such acts and deeds as are ancillary or incidental to the IFC Investment or are required under law to be done or which would facilitate the successful closing of the IFC Investment transaction."
3. In the Extra Ordinary General Meeting of the Bank held on 22nd November 2013, the shareholders had already approved equity investment of the Bank into Sapphire Wind Power Company Limited ("**the Company**") to subscribe/purchase 104 Million shares of Rs. 10/- each of the Company, at the rate of Rs. 10/- per share (i.e. 30% of the total equity). The total cost of the project was estimated at USD 127 Million and the equity partners M/s Sapphire Textile Mills Limited and Bank Alfalah Limited were estimated to invest USD 32 Million as equity and Bank Alfalah's share of equity investment was USD 9.6 Million being 30% of the total equity. At the Financial Close, actual lending agreed by OPIC is USD 91.5 Million. On the basis of the revised numbers at Financial Close, the equity amount increased from USD 32 Million to USD 35.6 Million and as a result, Bank's equity investment has also increased from USD 9.6 Million to USD 10.7 Million being 30% of the total equity amount. The percentage of the Bank's equity remains the same i.e. 30% and the number of shares of the Company will be issued to the Bank depending upon the currency exchange rate at the time of issuance of shares.

The shareholders are requested to consider and pass the following Special Resolution for the increased amount of equity investment of the Bank from USD 9.6 Million USD 10.7 Million.

"RESOLVED THAT in furtherance of the Special Resolution, already passed by the shareholders in the Extra Ordinary General Meeting held on 22nd November 2013 and consequent upon reduction in the lending limit of Overseas Private Investment Company ("**OPIC**") in Sapphire Wind Power Company Limited ("**the Company**"), the increase in the amount of equity investment of Bank Alfalah Limited in the Company from USD 9.6 Million to USD 10.7 Million to subscribe/purchase 30% shares of the Company be and is hereby approved/ratified."

Karachi
Dated: 19 September 2014

BY ORDER OF THE BOARD

MIAN EJAZ AHMAD
Company Secretary

**NOTES:**

1. The statement of material facts under Section 160(1)(b) of the Companies Ordinance 1984 relating to the aforesaid Special Business to be transacted at the Extra Ordinary General Meeting is being sent to the Members with the Notice.
2. The Share Transfer Books of the Bank will be closed from 4th October 2014 to 10th October 2014 (both days inclusive).
3. 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.
4. 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, F.D. Registrar Services (SMC-Pvt) Limited, Room No. 1705, 17th Floor, Saima Trade Tower "A", I.I.Chundrigar Road, Karachi, not less than 48 hours before the time of the Meeting.
5. 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) alongwith participant's ID number and their account/sub-account numbers in CDC to facilitate identification at the time of Annual General Meeting. In case of Proxy, attested copies of proxy's CNIC or passport, Account and Participant's I.D. numbers must be deposited alongwith the Form of Proxy with our Share Registrar as per paragraph No. 4 above. 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).
6. Shareholders are requested to notify change in their address, if any, to our Share Registrar, F.D. Registrar Services (SMC-Pvt) Limited.
7. **Mandatory submission of CNIC**
Those shareholders who have not yet submitted a valid copy of their CNIC to our Share Registrar are once again requested to please submit the same immediately to our Share Registrar at their address mentioned at Sr. No. 4 above.
8. **Increase in tax on dividend income for Non-Filers**
This is to inform the shareholders that the Government; through its Fiscal Budget for 2014-15, announced that withholding tax rate on Dividend Income has been increased from 10% to 15% for non-filers. The shareholders are requested to submit a copy of their National Tax Number (NTN) certificate to our Shares Registrar at their address mentioned at Sr. No. 4. Those shareholders who do not provide copy of their NTN Certificate, will be subject to 15% withholding tax deduction on dividend.
9. **Payment of Cash Dividend Electronically (e-Dividend)/Dividend Mandate (optional):**
In accordance with SECP's letter No. 8(4) SM/CDC 2008 dated 5th April 2013, we would like to apprise the shareholders that SECP has devised a strategy for implementation and promotion of e-dividend mechanism whereby the cash dividend amount would be directly credited into the respective bank account of the shareholders through electronic fund transfer



facilities. The benefits associated with this (e-dividend) mechanism include instant credit of cash dividends, no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address etc. The shareholders can avail benefits of the e-dividend mechanism by providing dividend mandate in their CDS accounts through their Participants or to the respective share registrar.

Those shareholders, who have shares in physical form and wish to receive their cash dividend through the afore mentioned e-dividend mechanism, are requested to send complete details of their bank account to our Share Registrar at the above address. The CDC sub-account holders are requested to provide the required information/document to their Participant/CDC Investor Account Services for the purpose.

Statement of material facts under Section 160(1)(b) of the Companies Ordinance, 1984 pertaining to Special Businesses

Equity investment by International Finance Corporation (IFC) in Bank Alfalah Limited (issue of further shares, without issuance of right shares):

The International Finance Corporation (“IFC”) has expressed an interest of equity investment in Bank Alfalah Limited (“the Bank”). The strategic value of the proposed investment by IFC are capital growth and strengthen Tier-1 Capital given stringent Basel III Regulations; strategic synergies; IFC risk participation in SME lending will add impetus to lending at lower risk; realization of premium on current valuations; and positive signals to the banking sector/market from IFC investment.

IFC is willing to subscribe approximately 238 million shares (approximately 15%) fully paid ordinary shares of the Bank at a price of Rs. 28/- per share. The Board of Directors of the Bank has consented to issue said shares of the Bank to IFC, subject to shareholders and necessary regulatory approvals and compliance with applicable laws and regulations. In addition, the IFC requested the Bank to grant an Option to purchase approximately 5% additional shares of the Bank, if exercised by IFC it may take IFC's holding in the Bank to up to 20% of its shares outstanding. The Option will be granted at the strike price of Rs. 28 per share with the upper cap of Rs. 31 per share, within the term of the Option i.e. December 31, 2015 unless extended with mutual consent. If the market price at the time of exercise of Option is higher than Rs. 31.00, then the value in excess of the upper cap will be shared on a 50/50 basis between IFC and the Bank.

Equity investment in Sapphire Wind Power Company:

In the Extra Ordinary General Meeting of the Bank held on 22nd November 2013, the shareholders had already approved equity investment of the Bank into Sapphire Wind Power Company Limited (“the Company”) to subscribe/purchase 104 Million shares of Rs. 10/- each of the Company, at the rate of Rs. 10/- per share (i.e. 30% of the total equity). The total cost of the project was estimated at USD 127 Million and the equity partners M/s Sapphire Textile Mills Limited and Bank Alfalah Limited were estimated to invest USD 32 Million as equity and Bank Alfalah's share of equity investment was USD 9.6 Million being 30% of the total equity. At the Financial Close, actual lending agreed by OPIC is USD 91.5 Million. On the basis of the revised numbers at Financial Close, the equity amount increased from USD 32 Million to USD 35.6 Million and as a result, Bank's equity investment has also increased from USD 9.6 Million to USD 10.68 Million being 30% of the total equity amount. The percentage of the Bank's equity remains the same i.e. 30% and the number of shares of the Company will be issued to the Bank depending upon the currency exchange rate at the time of issuance of shares.

The Directors of the Bank are not interested in the above special businesses except to the extent of their shareholding.



FORM OF PROXY

Folio/CDC Account No.

I/We, _____, of _____ being member(s) of
BANK ALFALAH LIMITED ("the Bank"), holding _____ ordinary shares, hereby appoint
 _____ of
 _____ or failing
 him/her _____ of
 _____, who is also a
 member of the Bank, as my/our proxy to vote for me/us, and on my/our behalf at the **Extra-Ordinary General Meeting**
 of the Bank to be held on October 10, 2014 and at any adjournment thereof.

As witness my/our hand this _____ day of _____, 2014

Witness:

Name:

CNIC/Passport No:

Address:

**(Member's signature on
 Rs.5/- Revenue Stamp)**

1. 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.
2. 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, M/s. F. D. Registrar Services (SMC-Pvt) Limited, Office No: 1705, 17th Floor, Saima Trade Tower-A, I. I. Chundrigar Road, Karachi-74000, not less than 48 hours before the time of the Meeting.
3. In case of proxy for an individual beneficial owner of CDC, attested copy of beneficial owner's Computerized National Identity Card, Account and Participant's ID numbers must be deposited alongwith the form of proxy with the Share Registrar. The proxy must produce his/her original identity card at the time of the Meeting. In case of proxy for corporate members, he/she should bring the usual documents required for such purpose.