



Bank Alfalah

LDN/MEA/1151
6th March 2018

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

Dear Sir,

Notice of 26th Annual General Meeting of Bank Alfalah Limited

We enclosed a copy of Notice of 26th Annual General Meeting (“AGM”) of Bank Alfalah Limited (“BAFL”) to be held on 28th March 2018 at 10:30 AM at Karachi, for circulation amongst the TRE Certificate Holders of the Exchange.

The above Notice of AGM will be published in the newspapers of 7th March 2018 and shall forward to you clippings of the same.

Yours truly,

MIAN EJAZ AHMAD
Company Secretary



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NOTICE OF THE 26TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 26th Annual General Meeting (“AGM”) of Bank Alfalah Limited (“the Bank”) will be held on Wednesday, 28th March 2018 at 10:30 AM at Ballroom, Pearl Continental Hotel, Karachi to transact the following business:

Ordinary Business:

1. To confirm Minutes of the 25th Annual General Meeting held on 28th March 2017.
2. To receive, consider and adopt the audited Annual Accounts of the Bank for the year ended 31st December, 2017 together with Directors’ Report and Auditors’ Report thereon including post-facto approval of remuneration paid to the non-executive directors for attending Board and Board Committees meetings as reported under Notes No. 29 and 38 of the Annual Accounts, in compliance with SBP Prudential Regulations.
3. To approve as recommended by the Board of Directors, payment of cash dividend at the rate of Rs.1.5 per share i.e. 15%
4. To appoint auditors of the Bank for the year ending December 31, 2018 and to fix their remuneration. M/s. EY Ford Rhodes Sidat Hyder, Chartered Accountants, have consented to act as auditors. The retiring auditors M/s KPMG Taseer Hadi, Chartered Accountants have completed the period of five (5) years in accordance with the Clause (xxxvii)(a) of the Code of Corporate Governance and therefore, are not eligible for re-appointment.
5. To transact any other business with the permission of the Chair.

Special Business:

6. To consider, and if thought fit, pass the following Special Resolution (with or without modifications) under Section 83(1)(b) of the Companies Act, 2017 for issuance of a maximum of 191,000,000 ordinary shares of PKR 10 each of the Bank by way of otherwise than rights upon conversion of the Term Finance Certificates issued by the Bank as Additional Tier 1 Capital on the terms and conditions applicable thereto.

“**RESOLVED THAT**, subject to the approval of the Securities and Exchange Commission of Pakistan, the issuance by way of otherwise than rights of a maximum of 191,000,000 ordinary shares of PKR 10 each of Bank Alfalah Limited (“the Bank”), upon conversion of the Term Finance Certificates (“TFCs”) issued by the Bank as Additional Tier 1 Capital under the Basel III framework implemented by the State Bank of Pakistan (“SBP”) vide BPRD circular # 06 dated August 15, 2013 (“Circular”), be and is hereby approved on the terms/conditions stated in the statement of material facts.

FURTHER RESOLVED THAT, the Chief Executive Officer, Chief Financial Officer, Head of Strategy and Company Secretary of the Bank be and are hereby authorized jointly (any two of them acting jointly) to complete any/all the necessary corporate and regulatory formalities, sign all documents/agreements in respect of the above, including but not limited to filing of application with the Securities and Exchange Commission of Pakistan for approval under Section 83(1)(b) of the Companies Act, 2017 and/or to do any other acts, deeds, things and matters in respect of the above.”



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A statement of material facts under Section 134(3) of the Companies Act, 2017 in respect of the aforesaid special business to be considered at the Annual General Meeting is being sent to the members along with the Notice.

Karachi
Dated: 7th March 2018

By Order of the Board

MIAN EJAZ AHMAD
Company Secretary

NOTES:

- Closures of Share Transfer Books:**
The Share Transfer Books of the Bank will be closed from 21st March 2018 to 28th March 2018 (both days inclusive). Transfers received at the office of the Share Registrar of the Bank, M/s. F. D. Registrar Services (SMC-Pvt) Limited, Room No. 1705, 17th Floor, Saima Trade Tower "A", I.I. Chundrigar Road, Karachi before the close of business on 20th March 2018 will be treated in time for the purpose of above entitlement to the transferees and of attending meeting by the transferees.
- 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.
- 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, not less than 48 hours before the time of the Meeting.
- 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 with 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 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).
- Change of postal address and/or email address:**
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 account holders are requested to contact their CDC Participant/CDC Account Services.
- Mandatory submission of CNIC:**
The shareholders are informed that SECP vide its letter No. EMD/233/655/2004/2106 dated 20th April 2016, has allowed the Bank to withhold all future cash dividends of those shareholders, who have not provided a copy of their valid CNIC to the Bank. In view of this, those shareholders are once again requested to submit a valid copy of Computerized National Identity Card (CNIC) to our Share Registrar at their above mentioned address.

A list of shareholders, who have not yet provided copies of their valid CNIC is placed on the Bank's website, www.bankalfalah.com.



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7. **Payment of Cash Dividend through Electronic mode (e-Dividend)**
In accordance with the Companies (Distribution of Dividends) Regulations, 2017, shareholders of the Bank are requested to provide required dividend mandate information to their respective CDS accounts through their Participants or to the Share Registrar (if shares are held in physical form) for direct credit of cash dividends into their designated bank accounts through electronic modes.

The required dividend mandate information must include the following; 1) IBAN number 2) Title of Bank Account; 3) Bank Account number; 4) Bank Code and Branch Code; 5) Bank Name, Branch Name and Address; 6) Cell Number; 7) CNIC number; and 8) Email Address. Further note that, as per provisions of the Companies (Distribution of Dividends) Regulations, 2017, the Bank is required to withhold cash dividend payment of those shareholders whose dividend mandate information is not available at the time of payment of cash dividend.

8. **Financial Statements and Notice of Annual General Meeting through email**
SECP vide SRO No. 787(I) 2014 dated 8th September, 2014 has allowed companies to circulate the audited financial statements and notice of Annual General Meeting to shareholders through their email address subject to their written consent. Desiring shareholders are requested to provide their complete email address through a duly signed letter along with copy of valid CNIC to our Share Registrar, F.D. Registrar Services (SMC-Pvt) Limited. Such shareholders are also required to notify immediately any change in email address for the same purpose in writing to our Share Registrar.

9. **Video Conference Facility for Attending General Meetings**
In accordance with the Section 134 (1)(b) of the Companies Act, 2017 and SECP's Circular No. 10 of 2014 dated 21st May, 2014 ("the Circular"), members holding in aggregate 10% or more shareholding in the paid up capital of the Bank, residing in a city, may avail video conference facility to attend the meeting.

Requirements and procedures for availing video conference facility as stipulated in the Circular are as under:

The members should provide their consent as per the following format and submit to the registered address of the Bank, 10 days before holding of AGM.

<u>Consent Form for Video Conference Facility</u>
I/We, _____ of _____, being a member of Bank Alfalah Limited, holder of _____ Ordinary shares as per Register Folio/CDC Account No. _____ hereby opt for video conference facility at _____ (geographical location).
_____ Signature of member

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 10 days prior to date of the meeting, the Bank will arrange video conference facility in that city subject to availability of such facility in that city.

The Bank will intimate members regarding venue of video conference facility at least 5 days before the date of Annual General Meeting along with complete information necessary to enable them to access such facility.



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10. Un-claimed Dividends / Shares

The shareholders are hereby informed that in accordance with Section 244 of the Companies Act, 2017 and the Unclaimed Shares, Modaraba Certificates, Dividend, Other Instruments and Undistributed Assets Regulations, 2017, the companies are required to deposit cash dividends to the credit of the Federal Government and shares to the Commission, which are unclaimed/un-collected for a period of three (3) years or more from the date it is due and payable. The notices to this fact have already been dispatched to the relevant shareholders.

Shareholders who have not yet collected/received their dividends/shares are advised to contact our Share Registrar for details.

11. Withholding Tax on dividends

Shareholders are informed that pursuant to the provisions of the Finance Act 2017, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 have been revised as (a) 15% for filers of income tax returns and (b) 20% for non-filers of income tax returns.

Those shareholders, whose name will not be appeared (at the time of issuance/process of dividend) in the Active Tax Payers List of filers, as updated by the Federal Board of Revenue at its website, will be subject to 20% withholding tax deduction on the dividend income.

The corporate shareholders having CDC accounts are requested to provide their National Tax Numbers (NTNs) to their respective CDC Participants/CDC Account Services, whereas corporate shareholders having shares in physical form should send a copy of their NTN certificate to the Bank's Share Registrar.

12. Tax in case of Joint Shareholders

The Federal Board of Revenue has clarified that where the shares are held in joint accounts/names, each account/joint holder will be treated individually as either a filer or a non-filer and tax will be deducted according to his/her shareholding proportion. If the share proportion (of joint holders) is not determined then each account/joint holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly.

In view of the above, you are requested to please provide the details of shareholding (proportion) of each shareholder/joint holder(s) to the Bank's Share Registrar latest by March 21, 2018 in the following manner:

Folio / CDC A/c No.	Name of Shareholders (Joint Holders)	# of shares (proportion)	CNIC No. (valid copy attached)	Signature
	1)			
	2)			
	3)			
	4)			
	Total shares			



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STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017, CONCERNING TO THE SPECIAL BUSINESS:

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of Bank Alfalah Limited (“the Bank”) to be held on 28th March 2018.

Issuance of shares, without rights issuance, upon conversion of TFCs issued by the Bank as Additional Tier 1 Capital

1. The Bank has issued/being issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of term finance certificates (“TFCs”) under Section 66 of the Companies Act, 2017 of up to PKR 7,000,000,000/- (*Rupees Seven Billion Only*) (“TFC Issuance”) as Additional Tier 1 capital under the Basel III framework implemented by the State Bank of Pakistan (“SBP”) vide BPRD Circular No. 06 dated August 15, 2013 (“Circular”). The TFC Issuance has been approved by the SBP vide SBP letter No. BPRB/BA&CP/29935/2017 dated December 21, 2017 and the Pakistan Stock Exchange Limited vide PSX letter No. PSX/GEN-740. Approval of the Securities and Exchange Commission of Pakistan (“SECP”) is pending under the Public Offering Regulations, 2017.
2. Out of the total issue amount of PKR 7,000,000,000/- (*Rupees Seven Billion Only*), TFCs worth PKR 6,300 million have been issued to institutional investors as part of the pre-IPO placement, with the remaining PKR 700 million worth of TFCs being issued to the general public by way of an initial public offering.
3. The Circular prescribes a mandatory loss absorption feature for Additional Tier 1 capital instruments pursuant to which the TFCs will, if directed by the SBP, be subject to mandatory conversion into ordinary shares of the Bank, on the occurrence of the following trigger events: (i) the CET-1 Trigger Event (as defined in paragraph A-5-2 of Annexure 5 of the Circular); (ii) the PONV trigger event (as defined in paragraph A-5-3 of Annexure 5 of the Circular); or (iii) Lock-In Event, i.e. failure by the Bank to comply with the lock-in clause (as specified in paragraph (iii)(g) of Annexure 2 of the Circular). Accordingly, at the direction of the SBP, the Bank is under an obligation to mandatorily convert the TFCs on the occurrence of any of the aforementioned trigger events.

Note: The Circular can be accessed from http://www.sbp.org.pk/bprd/2013/Basel_III_instructions.pdf.

4. In accordance with the requirements of the Circular, the Bank has agreed with the SBP for the issuance of a maximum of 191,000,000 ordinary shares upon conversion of the TFCs on the occurrence of any of the trigger events.
To secure the Bank’s obligation to convert the TFCs, the Circular expressly requires that 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. To the extent ordinary shares will be issued to the TFC holders on a without rights basis at the time of conversion of the TFCs, the Bank is required to comply with Section 83(1)(b) of the Companies Act, 2017 and which requires the Bank to obtain the approval of its shareholders and the SECP. Such approvals are, in terms of the Circular and the Public Offering Regulations, 2017, required to be procured before the issuance of the TFCs, however, the SBP has vide letter No. BPRD/BA&CP/616/26915/2017 dated November 17, 2017, graciously provided relaxation to the Bank to procure the approval of its shareholders under Section 83 of the Companies Act, 2017 before March 31, 2018, followed by the SECP approval on post facto basis.
5. The shareholders are therefore requested to consider and give their approval by way of special resolution for the issuance otherwise than by way of rights of ordinary shares of the Bank upon conversion of the TFCs. The terms of conversion are set out in more detail hereinbelow:

Conversion Trigger Events

The TFCs shall, only if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET-1 Trigger Event (as defined in paragraph A-5-2 of Annexure 5 of the Circular); (ii) the PONV trigger event (as defined in paragraph A-5-3 of Annexure 5 of the Circular); or (iii) Lock-In Event, i.e.



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Conversion Amount	<p>failure by the Bank to comply with the lock-in clause (as specified in paragraph (iii)(g) of Annexure 2 of the Circular).</p> <p>In the case of CET 1 Trigger Event, the Bank will have full discretion to determine the amount of TFCs to be converted into ordinary shares, which amount shall at least be the amount required to immediately return the Bank's CET 1 ratio to above the CET 1 Trigger Event but will not exceed the amount required to bring the CET 1 ratio to 8.5% of RWA.</p> <p>In the case of a PONV Trigger Event or Lock-In Event, the amount of TFCs to be converted will be determined by the SBP in its sole discretion.</p>
Total number of shares to be issued	<p>Number of shares to be issued to the TFC holders at the time of conversion will be equal to:</p> $\text{No. Shares} = \frac{\text{Conversion Amount}}{\text{Conversion Price}}$ <p>Provided that, at any time, the maximum number of ordinary shares to be issued shall be capped at 191,000,000 ordinary shares. This number has been calculated on the basis of the <i>aggregate face value of the TFC (being PKR 7,000,000,000) being divided by 89% of the six monthly average share price of the Bank's ordinary shares between May'17-Oct'17 as required by Annexure 5 of the Circular (i.e PKR 41.2* 89% = PKR 36.7)</i>, and represents the maximum dilution that will be faced by the shareholders of the Bank upon conversion of the TFCs. It may also be noted that the maximum number of shares (i.e. 191,000,000 ordinary shares) will not be adjusted on account of any further issue of capital, stock splits, stock dividends or similar corporate actions.</p>
Conversion Price	<p>Fair value per share (i.e. market price per ordinary share, or, in case market price is not available, the break-up value of share duly certified by the independent auditor) on the date of the CET1 Trigger Event, PONV Trigger Event or Lock-In Event as declared by SBP.</p>
To whom the ordinary shares will be issued	<p>TFC Holders at the time of conversion comprising of institutional pre-IPO investors (including banks, insurance companies, provident funds, pensions funds, financial institutions and other companies) and general public.</p>
Rate of discount, if applicable.	<p>Not Applicable</p>
Type of Ordinary Shares	<p>The ordinary shares issued upon conversion of the TFCs will rank <i>pari passu</i> in all respects with existing ordinary shares of the Bank.</p>
Authorised Capital	<p>The Authorized Capital of the Bank is currently Rs. 23,000,000,000 (<i>Rupees Twenty Three Billion</i>) divided into 2,300,000,000 ordinary shares of Rs 10 each which is sufficient to allow the conversion of the TFCs as provided above. The Bank is however under a contractual and legal obligation to ensure sufficient room is maintained at all time in its authorized capital to allow for the conversion of the TFCs.</p>
Corporate and Regulatory Approvals	<p>The conversion of the TFCs into ordinary shares of the Bank is subject to the following corporate and regulatory approvals:</p> <ol style="list-style-type: none">Shareholder approval under Section 83(1)(b) of the Companies Act, 2017;Approval of the SECP under Section 83(1)(b) of the Companies Act, 2017; andApproval of the SBP in case of any TFC Holder that, upon conversion, will become shareholder of 5% or more of the issued and paid up share capital of the Bank.