



Bank Alfalah

LDN/MEA/2216
28th March 2018

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

Dear Sir,

Certified Resolutions passed in the 26th Annual General Meeting of Bank Alfalah Limited

We enclose certified copies of the following Resolutions unanimously passed by the shareholders of Bank Alfalah Limited ("the Bank") in the 26th Annual General Meeting of the Bank held on 28th March 2018 at Karachi.

1. Resolution for grant of leave of absence.
2. Resolution for confirmation of Minutes of the 25th Annual General Meeting of the Bank held on 28th March 2017.
3. Resolution for approval of audited Annual Accounts for the year ended 31st December 2017 including post-facto approval of remuneration paid to non-executive directors for attending Board and Board Committees Meetings.
4. Resolution for approval of payment of cash dividend.
5. Resolution for appointment of Statutory Auditors of the Bank for the year 2018.
6. Special Resolution as per the regulatory requirements, pertaining to the TFC issue (ADT1), upon its conversion into ordinary shares otherwise than rights, subject to the terms and conditions stated in the statement of material facts, attached.

This is for your information.

Yours truly,


MIAN EJAZ AHMAD
Company Secretary
Encls: as above



Bank Alfalah

Certified that the following Resolution was passed by the shareholders of Bank Alfalah Limited in the 26th Annual General Meeting held on 28th March 2018 at Karachi.

Quote

“RESOLVED that leave of absence be and is hereby granted to 1) H.H. Sheikh Nahayan Mabarak Al Nahayan; 2) Mr. Abdulla Nasser Hawaileel Al Mansoori; and 3) Mr. Efstratios Georgios Arapoglou, Directors of Bank Alfalah Limited.”

Unquote

Karachi
28th March 2018


Mian Ejaz Ahmad
Company Secretary





Bank Alfalah

Certified that the following Resolution was passed by the shareholders of Bank Alfalah Limited in the 26th Annual General Meeting held on 28th March 2018 at Karachi.

Quote

“RESOLVED that the Minutes of the 25th Annual General Meeting held on 28th March 2017 at Karachi, be and are hereby confirmed.”

Unquote

Karachi
28th March 2018

Mian Ejaz Ahmad
Company Secretary





Bank Alfalah

Certified that the following Resolution was passed by the shareholders of Bank Alfalah Limited in the 26th Annual General Meeting held on 28th March 2018 at Karachi.

Quote

“RESOLVED THAT as recommended by the Board of Directors of Bank Alfalah Limited (**“the Bank”**), the audited unconsolidated statement of financial position as at 31st December 2017, the audited unconsolidated profit & loss account, the audited unconsolidated statement of comprehensive income, audited unconsolidated cash flow statement and audited unconsolidated statement of changes in equity together with notes thereon for the year 1st January 2017 to 31st December 2017, the Directors' Report presented to this meeting and the Auditors' Report read before this meeting, be received and adopted.

RESOLVED FURTHER THAT as recommended by the Board of Directors of the Bank, the audited consolidated statement of financial position as at 31st December 2017, the audited consolidated profit & loss account, the audited consolidated statement of comprehensive income, the audited consolidated cash flow statement and audited consolidated statement of changes in equity together with notes thereon for the year 1st January 2017 to 31st December 2017 presented to this meeting and the Auditors' Report read before this meeting, be received and adopted.

RESOLVED FURTHER THAT the remuneration paid to the non-executive directors of the Bank for attending Board and Board Committees meetings reported at Notes 29 and 38 of the Annual Accounts, be and is hereby approved.”

Unquote

Karachi
28th March 2018


Mian Ejaz Ahmad
Company Secretary





Bank Alfalah

Certified that the following Resolution was passed by the shareholders of Bank Alfalah Limited in the 26th Annual General Meeting held on 28th March 2018 at Karachi.

Quote

“RESOLVED that as recommended by the Board of Directors, payment of cash dividend @ Rs. 1.5 per share i.e. 15% be paid to the shareholders whose names appear on the Register of Members as at close of business on 20th March 2018.

RESOLVED FURTHER that the Chief Executive Officer, Chief Financial Officer and the Company Secretary of the Bank be and are hereby authorized to take all actions, and do all acts, deeds and things as may be necessary in the matter of payment of above cash dividend.”

Unquote

Karachi
28th March 2018



Mian Ejaz Ahmad
Company Secretary





Bank Alfalah

Certified that the following Resolution was passed by the shareholders of Bank Alfalah Limited in the 26th Annual General Meeting held on 28th March 2018 at Karachi.

Quote

“RESOLVED THAT M/s. EY Ford Rhodes Sidat Hyder Co., Chartered Accountants (**“EY Ford Rhodes”**), be and are hereby appointed as Statutory Auditors of Bank Alfalah Limited for the year 2018 on the same fee/remuneration which was paid to the outgoing auditors for the year ended 31st December 2017, as confirmed by EY Ford Rhodes vide their letter No: AC/AAR/231/18 dated 19th March 2018”

Unquote

Karachi
28th March 2018


Mian Ejaz Ahmad
Company Secretary





Bank Alfalah

Certified that the following Special Resolution was passed by the shareholders of Bank Alfalah Limited in the 26th Annual General Meeting held on 28th March 2018 at Karachi.

Quote

“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.”

Unquote

Karachi
28th March 2018


Mian Ejaz Ahmad
Company Secretary





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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. failure by the Bank to comply with the lock-in clause (as specified in paragraph



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Conversion Amount

(iii)(g) of Annexure 2 of the Circular).

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.

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.

Total number of shares to be issued

Number of shares to be issued to the TFC holders at the time of conversion will be equal to:

$$\text{No. Shares} = \frac{\text{Conversion Amount}}{\text{Conversion Price}}$$

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 *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)*, 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.

Conversion Price

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.

To whom the ordinary shares will be issued

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.

Rate of discount, if applicable.

Not Applicable

Type of Ordinary Shares

The ordinary shares issued upon conversion of the TFCs will rank *pari passu* in all respects with existing ordinary shares of the Bank.

Authorised Capital

The Authorized Capital of the Bank is currently Rs. 23,000,000,000 (*Rupees Twenty Three Billion*) 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.

Corporate and Regulatory Approvals

The conversion of the TFCs into ordinary shares of the Bank is subject to the following corporate and regulatory approvals:

- (a) Shareholder approval under Section 83(1)(b) of the Companies Act, 2017;
- (b) Approval of the SECP under Section 83(1)(b) of the Companies Act, 2017; and
- (c) Approval 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.