

Faysal Bank Limited

Faysal House

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Karachi, Pakistan

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June 14, 2018

**The General Manager
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.**

Dear Sir,

Sub: Notice of Extra Ordinary General Meeting of Faysal Bank Limited

We enclose herewith a Notice of Extra Ordinary General Meeting of Faysal Bank Limited will be held on July 10, 2018 at 9:30 a.m. at Karachi.

You may please inform the TRE certificate holders of the Exchange accordingly.

Yours truly,

**Aurangzeb Amin
Company Secretary &
Haed of Legal**

Encl: as above

NOTICE OF THE EXTRA ORDINARY GENERAL MEETING

Notice is hereby given that the Extra Ordinary General Meeting of Faysal Bank Limited ("FBL") will be held on July 10, 2018 at 9:30 a.m. at Crystal Ballroom, Marriott Hotel, Karachi to transact the following business:

SPECIAL BUSINESS:

1. **To consider and approve the acquisition of 50% Shareholding (7,500,000 shares) of Faysal Asset Management Limited (FAML) (an associated company of Faysal Bank Limited) by Faysal Bank Ltd., from Islamic Investment Company of the Gulf (Bahamas) Ltd. (being a related party) and to pass the following Resolutions as Special Resolution with or without modifications:**

"RESOLVED that the acquisition by Faysal Bank Ltd., of 50% voting shares of Faysal Asset Management Limited i.e. 7,500,000 shares, from Islamic Investment Company of the Gulf (Bahamas) Ltd., at the rate of PKR. 30/- per share, as recommended for approval by the Members of the Board of Directors of the Bank (who are not in conflict with this transaction) be and is hereby approved, subject to all applicable Regulatory approvals.

FURTHER RESOLVED that for the purpose of giving effect to this Special Resolution; 1) the President & CEO and / or 2) the Company Secretary and / or 3) Chief Financial Officer of the Bank be and are hereby singly or jointly authorized to (a) execute the Share Purchase Agreement and all accompanying documents and (b) take all necessary actions and do all acts, deeds and things in the matter."

2. **To consider and approve the acquisition of up to 19.99% Shareholding (2,998,000 shares) of Faysal Asset Management Limited (FAML) (an associated company of Faysal Bank Limited) by Faysal Bank Ltd., from Mr. Razi-ur-Rehman Khan and to pass the following Resolutions as Special Resolution with or without modifications:**

"RESOLVED that the acquisition by Faysal Bank Ltd., of 19.99% voting shares of Faysal Asset Management Limited i.e. 2,998,000 shares, from Mr. Razi-ur-Rehman Khan at the rate of PKR. 30/- per share, as recommended for approval by the Members of the Board of Directors of the Bank be and is hereby approved, subject to all applicable Regulatory approvals.

FURTHER RESOLVED that for the purpose of giving effect to this Special Resolution; 1) the President & CEO and / or 2) the Company Secretary and / or 3) Chief Financial Officer of the Bank be and are hereby singly or jointly authorized to (a) execute the Share Purchase Agreement and all accompanying documents and (b) take all necessary actions and do all acts, deeds and things in the matter."

3. **To Consider and approve Capital Support of PKR 280 Million for Faysal Asset Management Limited an Associated Company of Faysal Bank Limited (FBL) and pass the following Special Resolutions with or without modifications:**

"RESOLVED that the Capital Support in the amount of PKR 280 Million by Faysal Bank Limited (FBL) for Faysal Asset Management Limited, an Associated Company of FBL to be provided on the request of the Faysal Asset Management Limited be and is hereby approved, subject to compliance of all the regulatory approvals."

FURTHER RESOLVED that for the purpose of giving effect to this Special Resolution; 1) the President & CEO and / or 2) the Company Secretary and / or 3) Chief Financial Officer of the Bank be and are hereby singly or jointly authorized to take all necessary actions and do all acts, deeds and things in the matter.

4. **To transact any other Business with the permission of the Chairman.**

By the order of the Board
Aurangzeb Amin
 Company Secretary & Head of Legal

Karachi dated: June 13, 2018

Notes:

1. The Share Transfer Books of the Bank shall remain closed from July 4, 2018 to July 10, 2018 (both days inclusive). Transfers received at the Office of our Share Registrar, M/s. Central Depository Company of Pakistan Limited, CDC House 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi by the close of business on July 3, 2018 will be treated in time for attending Extra Ordinary General Meeting (EOGM) will be held on July 10, 2018 at Karachi.
2. A member entitled to attend and vote at the Meeting may appoint another individual as per his/her proxy to attend and vote for him/her provided that a corporation may appoint as its proxy a person who is not a member, but is duly authorized by the corporation. Proxies must be received at the Registered Office of the Bank not less than 48 hours before the time of the holding of the Meeting.
3. Members are required to timely notify any change in their address to Bank's Shares Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.
4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

For attending the Meeting:

5. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
6. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

For appointing proxies:

7. In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
8. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
9. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
10. The proxy shall produce his/her original CINC or original passport at the time of the Meeting.
11. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Consent for Video Conference Facility:

12. Members can also avail vide conference facility. In this regard, please fill the following and submit the registered address of the Company 10 days before holding of the EOGM.
13. If the Company receives consents 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 Company will arrange video conference facility in the city subject to availability of such facility in that city.
14. The Company will intimate members regarding venue of the video conference facility at least 10 days before the date of EOGM along with complete information necessary to enable them to access such facility.

"I/We _____ of _____ being a member of Faysal Bank Limited, holder of _____ Ordinary Shares as per registered Folio # CDC ID & A/C No. _____ hereby opt for video conference facility at _____. My email address _____"

Signature of Shareholder

Statement of Material Facts under Section 134 (3) of the Companies Act 2017 relating to the Special Business

- 1. To consider and approve the acquisition of up to 7,500,000 shares representing 50% Shareholding of Faysal Asset Management Limited (FAML) (an associated company of Faysal Bank Limited) by Faysal Bank Ltd., from Islamic Investment Company of the Gulf (Bahamas) Ltd (being a related party)**
- 2. To consider and approve the acquisition of up to 2,998,000 shares representing 19.99% Shareholding of Faysal Asset Management Limited (FAML) (an associated company of Faysal Bank Limited) by Faysal Bank Ltd., from Mr. Razi-ur-Rehman Khan:**

1. Faysal Bank Ltd. (FBL) owns 30% shareholding of Faysal Asset Management Ltd. (FAML) and as such FAML is an associated company of FBL. The Islamic Investment Company of the Gulf (Bahamas) Ltd., (IICG) holds 50% shares of FAML and given that IICG is a group company of Dar-ul-Maal Islami Trust (DMIT) which is ultimate beneficial owner of the majority shareholding of FBL through Ithmaar Bank BSC, it thereby makes IICG a related party of FBL. Accordingly, in terms of Section 199 of the Companies Act, 2017 the proposed acquisition requires the approval of FBL's shareholders by way of a special resolution.
2. FBL's directors namely (1) Mr. Ahmed Abdulrahim Mohamed Abdulla Bucheery, (2) Mr. Abdulelah Ebrahim Mohamed Al-Qasimi and (3) Mr. Abdulla Abdulaziz Ali Taleb being the employees / directors with the Ithmaar Bank BSC and (4) Mr. Juma Hasan Ali Abul being an employee of MFAI (Jersey) Ltd., which is also a Group company of Dar-ul-Maal Islami Trust, could have indirect interest in the transaction by virtue of their being employee or director in the Group companies even though they do not have any personal interest in the proposed transaction. However, since they are part of the Group companies, accordingly the said directors have recused themselves from being a part of the discussion and decision-making process with regards to acquisition of shares of FAML from IICG. The remaining directors on the FBL's Board including P&CEO do not have any direct or indirect interest in FAML or the proposed transaction namely (1) Mr. Farooq Rahmatullah Khan, (2) Mr. Yousaf Hussain (3) Mian Mohammad Younis, (4) Mr. Imtiaz Ahmed Pervez, (5) Mr. Ali Munir, (6) Mr. Fuad Azim Hashimi, are referred to in this statement as "non-conflicted directors"
3. IICG being desirous of selling its shareholding in FAML has offered FBL the same and in response, with the consent of the non-conflicted directors, FBL appointed KPMG Taseer Hadi & Co. Chartered Accountants for conducting valuation and detailed financial and tax due diligence of the FAML and Mandviwalla & Zafar, Legal Consultants were appointed for conducting legal due diligence. KPMG Taseer Hadi & Co, gave a price range of the per value fully paid share of FAML on which they considered the proposed acquisition to be commercially acceptable and Mandviwalla & Zafar did not bring out any adverse factor.
4. Furthermore, the non-conflicted directors, in arriving at their recommendation to the shareholders for approval of the acquisition of the 50% voting shares in FAML from IICG at the price of Rs. 30/- per share, have taken into consideration the financial projections of FAML, based on current market position, as additionally reviewed and reported upon by KPMG Taseer Hadi & Co. Given that FAML is an associated concern whilst IICG is also a related party therefore, the recommendation making process at the FBL's Board level was undertaken exclusively by the non-conflicted directors being the 3 Independent directors, 2 non-executive directors and the President & CEO of FBL as named above.
5. Mr. Razi-ur-Rehman Khan currently owns 19.99% shares of FAML (2,998,000 shares) and he is willing to sell this shareholding in FAML to FBL at the price of PKR 30/- per share and other terms as agreed by IICG. In this respect the Board of FBL is of the view that the acquisition of 19.99% shareholding of Mr. Khan, along with the acquisition of IICG's shares, will enable FBL to have majority directors nominated on the Board of FAML. This will create an expectation to make FAML a profitable subsidiary of FBL.
6. With respect to the proposed purchase of FAML's shares from Mr. Khan the Board Members of FBL including P&CEO do not have any direct or indirect interest in FAML or the proposed transaction.
7. Currently FAML does not appear to be performing at the optimal level however, after acquisition of the 50% and 19.99% shareholding is approved by the shareholders, FAML will become a majority owned subsidiary, i.e. 99.99%, of FBL and thereby bring the desired synergies between the two institutions to give FAML a positive turnaround. The asset management business in Pakistan is growing and there are a number of asset management companies which are highly profitable. FBL intends to provide support of its branch and distribution network which in turn will be the main driver for FAML growth. Furthermore, on technology and operational side also FBL will be able to help FAML. For FBL this asset

management company provides a natural synergy as their product offerings will complete the product suite of FBL for high net worth individuals and FBL will be able to divert its high cost deposit / rate sensitive customers to FAML products.

8. Earnings per share/ (Loss per Share) of last 3-years

FY 2017	PKR (5.32)
FY 2016	PKR (4.18)
FY 2015	PKR (0.66)

9. Break-up Value / Book Value per Share as per the latest financial statement of FAML

FY17: PKR 6.59

10. Financial position, including main items of statement of financial position and profit & loss account based on latest audited financial statements:

Main items of Financial Position

	June 30, 2017 Audited Rs. In '000	June 30, 2016 Audited Rs. In '000
Non-Current Assets	55,727	96,143
Current Assets	78,105	116,830
Total Assets	133,832	212,973
=====		
Share Capital	150,000	150,000
(Accumulated Losses)/Unappropriated Profit	(51,070)	29,173
Equity	98,930	179,173
Liabilities	34,902	33,800
Total Equity and Liabilities	133,832	212,973

Main Items of Profit and Loss Account

	June 30, 2017 Audited Rs. In '000	June 30, 2016 Audited Rs. In '000
Total Income	137,333	132,166
Operating & Financial Expenses	186,842	183,317
Loss for the year before tax	(49,509)	(51,151)
Tax	(30,311)	(11,601)
Loss for year after tax	(79,820)	(62,752)
=====		
Loss per share – basic and diluted (Rs.)	(5.32)	(4.18)
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11. Sources of Funds to be Utilized for the Proposed Purchase / Investment:

Faysal Bank will be utilizing its own funds for the proposed purchase / investment.

12. Performance Review of Previous Investment of Faysal Bank in FAML:

Faysal Asset Management Limited has been incurring losses for the last four years. Investment in FAML is accounted for by Faysal Bank under the equity method of accounting. As at December 31, 2017 investment in FAML's is carried at PKR 23.17 million against the cost of PKR 45 Million. Faysal Bank currently owns 30% shareholding of FAML which translates into 4,500,000 shares.

13. Reasons for the proposed transaction:

As mentioned in the Statement under Section 134(3) of the Companies Act, 2017 attached with the Notice of EOGM dated

July 10, 2018, FAML does not appear to be operating at the optimal level. However, asset management sector in Pakistan is growing and most of the asset management companies, especially those backed by banks, are showing healthy profits. There exist synergies between the banking and assets management business and FBL intends to exploit all these synergies for the mutual benefit of these two companies. Detail of these synergies is given in para 7 above.

14. Keeping in view the above the following resolutions are to be approved:

“RESOLVED that the acquisition by Faysal Bank Ltd., of 50% voting shares of Faysal Asset Management Limited i.e. 7,500,000 shares, from Islamic Investment Company of the Gulf (Bahamas) Ltd., at the rate of PKR. 30/- per share, as recommended for approval by the Members of the Board of Directors of the Bank (who are not in conflict with this transaction) be and is hereby approved, subject to all applicable Regulatory approvals.

FURTHER RESOLVED that for the purpose of giving effect to this Special Resolution; 1) the President & CEO and / or 2) the Company Secretary and / or 3) Chief Financial Officer of the Bank be and are hereby singly or jointly authorized to (a) execute the Share Purchase Agreement and all accompanying documents and (b) take all necessary actions and do all acts, deeds and things in the matter.”

“RESOLVED that the acquisition by Faysal Bank Ltd., of 19.99% voting shares of Faysal Asset Management Limited i.e. 2,998,000 shares, from Mr. Razi-ur-Rehman Khan at the rate of PKR. 30/- per share, as recommended for approval by the Members of the Board of Directors of the Bank be and is hereby approved, subject to all applicable Regulatory approvals.

FURTHER RESOLVED that for the purpose of giving effect to this Special Resolution; 1) the President & CEO and / or 2) the Company Secretary and / or 3) Chief Financial Officer of the Bank be and are hereby singly or jointly authorized to (a) execute the Share Purchase Agreement and all accompanying documents and (b) take all necessary actions and do all acts, deeds and things in the matter.”

3. To Consider and approve Capital Support of PKR 280 Million for Faysal Asset Management Limited an Associated Company of Faysal Bank Limited (FBL) and pass the following Special Resolutions with or without modifications:

(A) Regarding associated company or associated undertaking:-

I.	name of associated company or associated undertaking	Faysal Assets Management Limited (FAML)
II.	basis of relationship	FBL holds 30% shareholding in FAML
III.	earnings per share for the last three years	Please refer para 8 above
IV.	break-up value per share, based on latest audited financial statements	Please refer para 9 above
V.	financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and	Please refer para 10 above
VI.	(i) in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,- (i) description of the project and its history since conceptualization; (ii) starting date and expected date of completion of work; (iii) time by which such project shall become commercially operational; (iv) expected time by which the project shall start paying return on investment; and (v) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non- cash amounts;	Not Applicable

B. <u>General disclosures:-</u>		
(i)	maximum amount of investment to be made;	<i>PKR 280 million under this agenda item</i>
(ii)	purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	<p><i>This is capital support and all synergies existing between the business model of a bank and an asset management company (AMC) will be available to Faysal Bank. Some of them are listed below:</i></p> <p><i>a) FBL will be able to redirect high cost deposits to FAML funds without losing its relationship with the customers. This is in line with bank's strategy to lower deposit cost.</i></p> <p><i>b) FAML products will complete the FBL's wealth management product menu, especially when Islamic conversion is a strategic goal.</i></p> <p><i>c) At operating level FAML can benefit from FBL in the following areas:</i></p> <ul style="list-style-type: none"> <i>• Use of sales model and branch network for selling mutual funds</i> <i>• Shared services including premises, technology, marketing etc., at arm's length</i>
(iii)	<p>(i) sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-</p> <p>(i) justification for investment through borrowings;</p> <p>(ii) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</p> <p>(iii) cost benefit analysis;</p>	<i>Faysal Bank will be utilizing its own funds for this investment</i>
(iv)	salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	<i>Not applicable</i>
(v)	direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	<i>None in this transaction. Interest of directors in the acquisition of IICG shares has been explained in para 2 of this statement</i>
(vi)	in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	<i>Explained in Para 12 above</i>
(vii)	any other important details necessary for the members to understand the transaction;	<p><i>This investment will help FAML to:</i></p> <p><i>a. Meet minimum capital requirements specified by SECP</i></p> <p><i>b. Upgrade its rating from existing AM3</i></p>

		<p>c. Launch new funds which are currently restricted by SECP due to capital shortfall</p> <p>d. Address liquidity issues</p>
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C. Equity investments related disclosures-

(i)	Maximum price at which securities will be acquired	<i>At par value</i>
(ii)	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	<i>Not applicable</i>
(iii)	Maximum number of securities to be acquired	<i>Equivalent to the value of PKR 280 million</i>
(iv)	Number of securities and percentage thereof held before and after the proposed investment	<p><i>Currently Faysal Bank holds 30% shareholding or 4,500,000 shares in FAML. It intends to increase its shareholding to 99.99% by acquiring 10,498,000 shares from other shareholders (7,500,000 shares from IICG and 2,998,000 shares from Mr. Razi ur Rehman Khan). Total shareholding of Faysal Bank in FAML after these acquisitions will be 14,998,000 shares representing about 99.99% shareholding.</i></p> <p><i>As this investment will be made subsequent to above acquisition, there will be no change in Faysal Bank's shareholding percentage in FAML</i></p>
(v)	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	<i>Not applicable</i>
(vi)	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	<i>PKR 46.83 per share under DCF method as per the valuation done by KPMG Taseer Hadi & Co. based on the financial statements of FAML as at December 31, 2017</i>