

KARACHI STOCK EXCHANGE LIMITED

KSE/N-5762

NOTICE

November 04, 2015

Reproduced hereunder letter No. KSE/ C-796-8954 dated October 26, 2015 sent by the Exchange to **MCB BANK LIMITED**. and response received from the Bank vides letter No.SE-100(5F))2015/53 dated November 02,2015 for information of all concerned.

(Copy of the same is also available on our Website www.kse.com.pk).



KARACHI STOCK EXCHANGE LIMITED

STOCK EXCHANGE BUILDING, STOCK EXCHANGE ROAD, KARACHI-74000, PAKISTAN.

UAN : 111-001-122 FAX : 32410825

WEBSITE: www.kse.com.pk E-mail: gm@kse.com.pk

Ref. No. KSE/ C-796-8954

October 26, 2015

The Company Secretary
MCB Bank Limited
6th Floor, MCB House
15 - Main Gulberg, Jail Road
Lahore

Dear Sir,

Subject: **Approval of Scheme of Compromises, Arrangements and Reconstruction
(Demerger of Islamic Banking Group from MCB Bank Limited)**

Please refer to your letter dated October 20, 2015 on the subject.

We have reviewed the contents of your letter and it has been noted that MCB Bank Limited is being demerged into MCB Bank Limited and MCB Islamic Bank Limited. The Board has also approved the Scheme of Compromises, Arrangements and Reconstruction under Sections 284/287 of the Companies Ordinance, 1984.

In view of above, you are requested to submit us the draft Scheme of Compromises, Arrangements and Reconstruction approved by the Board.

Please also confirm about the status of MCB Islamic Bank Limited relating to its listing on the Exchange, its capital structure, issuance of shares of the Bank to the shareholders of MCB Bank Limited, etc.

The above is requested for dissemination to all concerned at the earliest.

Yours sincerely,

Muhammad Ghufuran
Deputy General Manager

Copy to:
Managing Director - KSE

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Bank for Life

SE-100(5F)2015/53
November 02, 2015

Mr. Muhammad Ghufan
Deputy General Manager
Karachi Stock Exchange Limited
Stock Exchange Building,
Stock Exchange Road,
Karachi.

SUB: Approval of Scheme of Compromises, Arrangements and Reconstruction
(Demerger of Islamic Banking Group from MCB Bank Limited).

Dear Sir,

This is in reference to your letter No. KSE/C-796-8954, dated October 26, 2015. As desired in the letter, please find enclosed "*Scheme of Compromises, Arrangements and Reconstruction Between MCB Bank Limited (MCB) (Transferor Company) and MCB Islamic Bank Limited (MCBIBL) (Transferee Company)*" as approved by the Board of MCB Bank Ltd., in its meeting held on October 20, 2015.

Please note that this Scheme is subject to approval from Honourable Lahore High Court ("LHC"). As per advice of the Bank's legal counsel, the Scheme shall first be submitted before LHC and then on instructions of LHC, EoGM shall be convened.

Also please note that MCB Islamic Bank Ltd. is a public unlisted company with an authorised share capital of PKR 15,000,000,000 and issued share capital of PKR 10,000,000,000, divided into ordinary shares of PKR. 10/- each. The said Bank is a wholly owned subsidiary of MCB Bank Ltd. MCBIBL would go for listing in the due course.

Yours truly,

Fida Ali Mirza
Company Secretary

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SCHEME OF COMPROMISES, ARRANGEMENTS AND RECONSTRUCTION BETWEEN MCB BANK LIMITED (MCB) (TRANSFEROR COMPANY) AND MCB ISLAMIC BANK LIMITED (MCBIBL) (TRANSFEE COMPANY)

FOR

Transfer of all assets, liabilities and operations of Islamic Banking Group of MCB Bank Limited (transferor company) to MCB Islamic Bank Limited (transferee company).

ARTICLE – 1

1. CORPORATE INFORMATION

MCB BANK LIMITED

Board of Directors

Mian Mohammad Mansha	Chairman
Mr. S. M. Muneer	Vice Chairman
Mr. Tariq Rafi	Director
Mr. Shahzad Saleem	Director
Mr. Sarmad Amin	Director
Dato' Seri Ismail shahudin	Director
Mian Raza Mansha	Director
Mian Umer Mansha	Director
Mr. Aftab Ahmad Khan	Director
Mr. Ahmad Alman Aslam	Director
Mr. Muhammad Ali Zeb	Director
Mr. Mohd Suhail Amar Suresh	Director
Mr. Imran Maqbool	President and CEO

Mr. Fida Ali Mirza : Company Secretary

Mr. Salman Zafar Siddiqi : Chief Financial Officer

Registered Office : MCB, 15- Main Gullberg, Jail Road, Lahore

Authorized Share Capital : Rupees 15,000,000,000 divided into 1,500,000,000 ordinary shares of Rupees 10 each.

Issued, Subscribed and Paid up Capital : Rupees 11,130,307,000 divided into 1,113,030,748 ordinary shares of Rupees 10 each.

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MCB ISLAMIC BANK LIMITED

Board of Directors	:	
Mr. Ali Muhammad Mahoon	:	Chief Executive Officer
Mr. Muhtashim Ahmad Ashai	:	Chairman
Mr. Muhammad Nauman Chughtai	:	Director
Mr. Usman Hassan	:	Director
Mr. Omair Safdar	:	Director
Mr. M.U.A Usmani	:	Director
Mr. Khalid Mahmood Bhaimia	:	Director
Mr. Ahmed Ebrahim Hasham	:	Director
Ms. Maimoona Cheema	:	Company Secretary
Mr. Syed Iftikhar Hussain Rizvi	:	Chief Financial Officer
Registered Office	:	7 th Floor, MCB Center, Airport Road, Opposite Askari X, Cantt, Lahore.
Authorized Share Capital	:	Rupees 15,000,000,000 divided into 1,500,000,000 ordinary shares of Rupees 10 each.
Issued, Subscribed and Paid up Capital	:	Rupees 10,000,000,000 divided into 1,000,000,000 ordinary shares of Rupees 10 each.

ARTICLE – 2

2. DEFINITIONS

2.1 In this Scheme, unless the subject or context otherwise requires, the following expressions shall bear the meanings specified against them below:

“Companies” mean MCB Bank Limited (MCB) and MCB Islamic Bank Limited (MCBIBL) Collectively.

“Court” means the Lahore High Court, Lahore or any other Court for the time being having jurisdiction under the Companies Ordinance, 1984, and / or Banking Companies Ordinance, 1962.

“Completion Date” means the date on which this Scheme becomes operative pursuant to the provisions of Article 14 of this Scheme, and is the date on which the assets, liabilities and operation of Islamic Banking Group of “MCB” are transferred to and vested in “MCBIBL” by virtue of and Order of the Court under section 287 (1) of the Companies Ordinance, 1984

“Effective Date” means 30 September 2015

“Existing” means existing, outstanding or in force immediately prior to the Completion Date.

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“Financial Statements” mean financial statements of “MCB” and “MCBIBL”

“MCB” means MCB Bank Limited, a Banking Company incorporated in Pakistan and is engaged in Commercial banking and related services.

“MCBIBL” means MCB Islamic Bank Limited, a wholly owned subsidiary of “MCB”

“Scheme” means this Scheme of Compromises, Arrangements and Reconstruction in its present form with any modification thereof or addition thereto approved or condition imposed by the Court.

“Demerged Undertaking” means the entire operations of Islamic Banking Group of “MCB” and Includes business, operations, systems, assets, liabilities and obligations on a going concern basis, and includes, without limitation the following:

- (i) Cash and Balance with treasury banks, balance with other banks, investments, Islamic financing and related assets including murabaha, ijarah and diminishing musharakah and Istisna, operating fixed assets, deferred tax assets and other assets, all liabilities including bills payable, due to financial institution, deposit and other accounts including current accounts, saving accounts, term deposits and others, deposit from financial institution – remunerative, deposits from financial institution – non remunerative, deferred liabilities, other liabilities, contingencies etc.

Without prejudice to the generality of the above, Demerged Undertaking shall include all rights, powers, authorities, privileges, contracts, benefits of Government, consents, sanctions and authorizations, licenses, liberties and all properties, immovable and movable, real, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wheresoever situate, including in particular softwares and all other authorities, operation, licenses, rights or interests in or arising out of such property as may belong to or be in the possession or claim of “MCB” on the transfer date, duties and obligations of “MCB” of whatever kind, including liabilities for payment of compensation in the event of retrenchment of employees and all books of account and documents relating thereto.

2.2 In this Scheme, unless the context otherwise requires:

- References to persons shall include individuals, bodies corporate (wherever incorporated), unincorporated associations;
- The headings are inserted for ease of reference only and shall not affect the construction or interpretation of this Scheme;
- References to one gender include all genders; and
- Words in the singular shall include the plural and vice versa.

2.3 Any references in the Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” shall mean the completion date.

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ARTICLE – 3

3. OBJECT OF THE SCHEME

- 3.1 The demerger will provide scope for independent collaboration and expansion without committing the existing organization in its entirety. The principal object of this scheme is to segregate and demerge operations, assets and liabilities of Islamic Banking Group of "MCB" pursuant to a scheme of compromises, arrangements and reconstruction and to transfer these operations, assets and liabilities to "MCBIBL" which is wholly owned subsidiary of "MCB" against payment of cash without further act or deed or documents being required to be executed, registered or filed in respect of such transfer, vesting and / or assumption except transfer and registration of immovable properties and vehicles in the name of "MCBIBL" with the relevant authorities.

ARTICLE – 4

4. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

- 4.1 Subject to the provisions of the scheme, the demerged undertaking, as defined in clause 2.1 and assets and liabilities presented in Annex "A" and without further act or deed, be transferred to and vested in and is deemed to be transferred to and vested in "MCBIBL".
- 4.2 The transfer of assets and liabilities of demerged undertaking will be made at book as presented in Annex "A".
- 4.3 The transfer of assets and liabilities of demerged undertaking and continuance of business operations by "MCB" hereof shall not affect any transactions or proceedings already concluded by "MCB" in the ordinary course of business and after the transfer date to the end and intent that "MCBIBL" accept on behalf of itself all acts, deeds and things done and executed by "MCB"
- 4.4 Assets and liabilities being transferred to "MCBIBL", shall form assets and liabilities of corresponding nature in the books of "MCBIBL" as on 30 September 2015.

ARTICLE – 5

5. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 5.1 "MCBIBL" shall undertake, pay, perform and fulfill all contracts, engagements and obligations whatsoever of "MCB" regarding assets and liabilities including deposits and other accounts being transferred as at the effective date, and all contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and all other instruments of whatever kind, subsisting or having effect immediately before the transfer date to which "MCB" may be a party or which shall be in favour of "MCB" as they were before the transfer date and may be enforced or acted upon as fully and effectively as if instead of "MCB" had been a party thereto.
- 5.2 Agreements entered into by "MCB" with their respective bankers, deposit and account holders, companies, persons, agents, etc, if any, regarding assets and liabilities being transferred shall continue to be in full force and effect and may be enforced by or against "MCBIBL".

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ARTICLE – 6

6. LEGAL PROCEEDINGS

- 6.1 All causes, suits, appeals, petitions/revisions or other judicial, quasi judicial and/or administrative proceedings of whatever nature by or against "MCB" which shall be pending on the effective date in or before any court, tribunal forum or other authority will be continued, prosecuted and enforced in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against "MCBIBL" regarding assets and liabilities being transferred as if this Scheme had not been made, by or against "MCB" the same shall not abate, be discontinued or be in any way prejudiced or affected by the provisions of this Scheme.

ARTICLE – 7

7. CONDUCT OF BUSINESS BY "MCB" TILL COMPLETION DATE

- 7.1 "MCB", with effect from the effective date and up to completion date:
- (a) Shall be deemed to have been carrying on and to be carrying on all business and activities relating to demerged undertaking and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the demerged undertaking for and on account of, and in trust for, the transferee company;
 - (b) All profits and income accruing or arising to the demerged company from the demerged undertaking, and losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to the demerged undertaking based on the financial statements shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditures, as the case may be, of the transferee company; and
 - (c) Any of the rights, powers, authorities, privileges, attached, related or pertaining to the demerged undertaking exercised by the demerged company shall be deemed to have been exercised by the demerged company for and on behalf of, and in trust for and as an agent of the respective transferee company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the demerged undertaking that have been undertaken or discharged by the demerged company shall be deemed to have been undertaken for and on behalf of and as an agent for the respective transferee company.
- 7.2 With effect from the effective date and until the completion date, "MCB" undertakes that it will preserve and carry on the business of the demerged undertaking with reasonable diligence and business prudence and shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber of the demerged undertaking or any part thereof save and except in each:
- 7/10

- (a) If the same is in its ordinary course of business as carried on by it as on the date of filing this scheme with the High Court; or
- (b) If the same is expressly permitted by this scheme; or
- (c) If the prior written consent of the board of directors of the relevant transferee company has been obtained.

7.3 As and from the effective date and till the completion date:

- (a) All debts and liabilities, raised and used, liabilities and obligations incurred, duties and obligations as on the close of business on 30 September 2015, whether or not provided in the books of the demerged undertaking, and all debts and liabilities raised and used, liabilities and obligations incurred, duties and obligations relating thereto which arise or accrue to the demerged company on or after the effective date in accordance with this scheme, shall be deemed to be the debts and liabilities raised and used, liabilities and obligations incurred, duties and obligations of the relevant transferee company to which that demerged undertaking is transferred.
- (b) All assets comprised in any of the demerged undertaking as on the date immediately preceding the effective date, whether or not included in the books of the demerged company, and all assets relating thereto, which are acquired by the demerged company in relation to any of the demerged undertaking, on or after the effective date, in accordance with this scheme, shall be deemed to be the assets of the transferee company to which that demerged undertaking is transferred.

ARTICLE – 8

8. TRANSFER OF STAFF, WORKMEN AND EMPLOYEES

- 8.1 The employees of MCB Islamic Banking Group shall become the employees of "MCBIBL" from the effective date on the same terms and conditions as applicable to them earlier.
- 8.2 All staff retirement benefits on account of provident fund, benevolent scheme, pension fund, post retirement medical benefit or any other amount of approved retirement benefits will be determined on the effective date and settled / paid to the respective employees covered under clause 8.1.

ARTICLE – 9

9. BASIS OF DEMERGER AND RECONSTRUCTION

Upon coming in to effect of the scheme and in consideration of the demerger, including the transfer and vesting of the all assets, liabilities, systems and operations of Islamic Banking Group of MCB at its 34 Branches (Annex-B) in the "MCBIBL" pursuant to this Scheme, the "MCBIBL" shall, without any further act or deed make payment of net worth of Rupees 6,134,858,000/- as at 30 September 2015 (Annex-A) to MCB which is subject to adjustment if any.

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ARTICLE – 10

10. MODIFICATIONS / AMENDMENTS TO THE SCHEME

- 10.1 "MCB" and "MCBIBL" by their respective Directors may assent to any modification or amendment to the scheme or agree to any terms and / or conditions which the Courts and / or any other authorities under law may deem fit to direct to impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and / or carrying out the scheme and do all acts, deed and things as may be necessary, desirable or expedient for putting the scheme into effect.
- 10.2 For the purpose of giving effect to the scheme or to any modification thereof, the Directors of "MCB" are hereby authorized to give such directions and / or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

ARTICLE – 11

11. SCHEME CONDITIONAL ON APPROVAL / SANCTIONS

- 11.1 The scheme is conditional on and subject to:
- Approval of and agreement to the scheme by the requisite majority of the respective board of directors of "MCB", and "MCBIBL" or as may be directed by the court;
 - Requisite resolution(s) under the applicable provision of the Companies Ordinance, 1984 being passed by the shareholders of "MCB", and "MCBIBL" for any of the matters provided for or relating to the scheme as may be necessary or desirable; and
 - Certification of the scheme by the State Bank of Pakistan.
 - Any other sanctions or approval of the appropriate authorities concerned, as may be necessary and appropriate by the respective board of directors of "MCB", and "MCBIBL", being obtained and granted in respect of and of the matters for which such sanctions or approvals are required.

ARTICLE – 12

12. EXPENSES CONNECTED WITH THE SCHEME

- 12.1 All costs, charges and expenses of "MCB" and "MCBIBL" respectively in relation to or in connection with the scheme and of carrying out and implementing / completing the terms and provisions of the scheme and / or incidental to the completion of the objects of the scheme shall be borne equally by "MCB" and "MCBIBL".

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ARTICLE – 13

13. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

- 13.1 In the event of any of the said sanctions and approvals not being obtained and / or the scheme not being sanctioned by the Court and / or the Order or Orders not being passed as aforesaid on or before 31 December 2016 or within such further period or periods as may be agreed upon between “MCB” and “MCBIBL” through their respective Board of Directors, the scheme shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and / or in connection with the scheme.

ARTICLE – 14

14. COMPLETION DATE OF SCHEME

- 14.1 The scheme, although operative from the effective date, shall take effect finally upon and from the date on which the last of the aforesaid sanctions or approvals or orders shall have been obtained, and such date shall be the completion date for the purpose of the scheme.

ARTICLE – 15

15. APPLICATION TO THE COURT

- 15.1 “MCB” and “MCBIBL” hereto shall, with all reasonable dispatch, make applications to the Court for sanctioning the scheme.

Scheme Date: _____

Petitioner No. 1

Petitioner No. 2

For MCB Bank Limited

For MCB Islamic Bank Limited

(PRESIDENT AND CHIEF EXECUTIVE)

(PRESIDENT AND CHIEF EXECUTIVE)

(COMPANY SECRETARY)

(COMPANY SECRETARY)

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