



Meezan Bank
The Premier Islamic Bank



July 25, 2023

MEBL/CS/PSX-18/081/2023

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

**ALLOTMENT OF SHARES UNDER EMPLOYEES SHARE OPTION SCHEME -
MEEZAN BANK LIMITED**

Dear Sir,

السَّلَامُ عَلَيْكُمْ

This is with reference to our earlier letter No. CS/PSX-16/073/2023 dated July 13, 2022 and subsequent PSX letter No. C-1052-1179 dated July 21, 2023 concerning the captioned subject.

In this connection, please find enclosed herewith following documents for your reference and record.

- Employees Share Option Scheme (ESOS) duly certified by the Securities and Exchange Commission of Pakistan (SECP).
- SECP approval for Employees Share Option Scheme (ESOS) vide its letter No. SMD/Co.86(1)/3/2001/4 dated April 21, 2021.

You are requested to disseminate the information to the TRE Certificate Holders of the Exchange accordingly.

Yours truly,

Muhammad Sohail Khan
Company Secretary

Encls: As above

Meezan Bank Ltd.

Head Office: Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.
PABX: (92-21) 38103500 UAN: 111-331-331 & 111-331-332 www.meezanbank.com

MEEZAN BANK LIMITED

MEEZAN BANK EMPLOYEES SHARE OPTION SCHEME
April 21, 2021



Meezan Bank
The Premier Islamic Bank

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1. DEFINITIONS AND INTERPRETATION

1.1. DEFINITIONS

In the Scheme, unless the context otherwise requires, the words and expressions set out below shall have the following meanings:

Act	means the Companies Act, 2017.
Amalgamation	means merger, amalgamation or consolidation of the Bank with another entity.
Average Market Price	means the average market closing price of the Bank's shares quoted on the Pakistan Stock Exchange during the last 40 (forty) trading days prior to the Date of Grant.
Bank	means Meezan Bank Limited.
Board	means the Board of Directors of the Bank.
Business Day	means a day on which scheduled banks are open for normal business in Karachi.
Compensation Committee	means a Committee constituted under Clause 4 hereof.
CDC	means the Central Depository Company of Pakistan Limited.
CEO	means the Chief Executive Officer of the Bank.
Commission	means the Securities and Exchange Commission of Pakistan, constituted under the Securities and Exchange Commission of Pakistan Act, 1997 (Act XLII of 1997).
Date of Approval	means the date on which the Commission approves the Scheme under Section 83 of the Act read with Chapter VI of the Regulations.
Date of Grant	means in relation to any Option, the date on which such Option is granted to a Designated Employee in accordance with Clause 7 hereof.
DCEO	means the Deputy Chief Executive Officer of the Bank.
Designated Employees	means an Eligible Employee designated by the Compensation Committee from time to time as a person who may be granted an Option in accordance with Clause 7 hereof.
Directors	means the members of the Board of Directors of the Bank.



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Eligible Employee	means the CEO, DCEO, departmental heads, and all full-time employees of the Bank who are on its payroll working in or out of Pakistan and who have completed at least two (2) years of service with the Bank prior to the Date of Grant.
Entitlement Pool	has the meaning ascribed to it under Clause 8.1 hereof.
Exercise	means making of an application by an Option Holder to the Bank for the issuance of Shares against the Option vested in him or her in pursuance of the Scheme, and “ Exercising ” and “ Exercised ” should be construed accordingly.
Exercise Date	means the date(s) on which an Option may be exercised by an Option Holder.
Exercise Period	means the time period during which the Option Holders may Exercise the right to apply for Shares against an Option vested in such Option Holder.
Exercise Price	means in relation to an Option, the price per Share payable by the Option Holder upon Exercising an Option granted to and vested in him or her in terms of Clause 9 hereof.
Final Entitlement	has the meaning ascribed to it under Clause 10.3 hereof.
Final Exercise Period	has the meaning ascribed to it under Clause 10.3 hereof.
Final Vesting Period	has the meaning ascribed to it under Clause 10.3 hereof.
First Entitlement	has the meaning ascribed to it under clause 10.1 hereof.
First Exercise Period	has the meaning ascribed to it under clause 10.1 hereof.
First Vesting Period	has the meaning ascribed to it under clause 10.1 hereof.
Golden Handshake Scheme	means a severance package offered to the employees of the Bank and the acceptance of which is intended to result in a premature cessation of employment of the Option Holder and such scheme being categorised as a golden handshake scheme by the Compensation Committee.

Option

means a right but not an obligation to acquire Shares, at the Exercise Price, pursuant to the Scheme which has neither lapsed nor ceased to be exercisable.



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Option Holder	means a Designated Employee who has been granted an Option under the Scheme.
Option Letter	means a letter issued to an Option Holder in accordance with Clause 7 as per the format specified in Schedule 2 hereof.
Option Notice	means the notice issued by the Option Holder to the Bank as per the format specified in Schedule 4 and further defined in Clause 11.1 hereof.
Outstanding Share Entitlement	means the Share Entitlement as defined, minus Options already exercised or lapsed in terms of this Scheme.
Permanent Incapacitation	means, with respect to an individual, any individual whose ability to receive and evaluate information effectively or to communicate decisions, or both, is permanently and materially impaired, as determined by certification of a licensed physician acceptable to the Compensation Committee, "Permanent Incapacity" and "Permanently Incapacitated" shall be construed accordingly.
Regulations	means the Companies (Further Issue of Shares) Regulations, 2020.
Retirement	means ceasing of employment of an Option Holder: (a) under the Bank's retirement programme, applicable to such employee, (b) where the Option Holders is in contractual employment with the Bank and his or her contract period is not renewed by the Bank; (c) other than resignation by the employee or termination of the employee's service with the Bank.
Scheme	means this Meezan Bank Employees Share Option Scheme, 2020 approved by the Commission and under the Regulations, as amended and restated from time to time.
Second Entitlement	has the meaning ascribed to it under Clause 10.2 hereof.
Second Exercise Period	has the meaning ascribed to it under Clause 10.2 hereof.
Second Vesting Period	has the meaning ascribed to it under Clause 10.2 hereof.
Share Entitlement	means the number of Shares for which an Option may be granted to a Designated Employee in accordance with the Scheme.

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Share	means an ordinary share having face value PKR 10 (Pakistan Rupees Ten) each in the capital of the Bank and "Shares" should be construed accordingly.
Special Resolution	means the resolution of the shareholders of the Bank passed with a majority representing three fourth of the shareholders of the Bank approving the Scheme or any amendments thereof.
Vesting	means the right to Exercise the Option.
Vesting Period	means the period during which the Exercise of Option cannot take place.

1.2. INTERPRETATIONS

- 1.2.1. Words denoting the singular shall include the plural and words denoting one gender shall include the other.
- 1.2.2. The headings herein and the index hereto are for ease of reference only and shall not affect construction.
- 1.2.3. The Scheme shall come into force with effect from the Date of Approval by the Commission.

2. INTRODUCTION

- 2.1. The Bank was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously, the Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited.
- 2.2. The Bank, as part of its objective to align the interests of employees and shareholders so as to achieve goal congruence, hereby introduces a Stock Option Scheme, to be known as the "Meezan Bank Employees Share Option Scheme, 2020" or the **Scheme**, for offer of stock options to its Eligible Employees under Section 83 of the Act read with the Chapter VI of the Regulations.
- 2.3. The Scheme has been approved by the Commission vide letter dated April 21, 2021.

3. PURPOSE OF THE SCHEME

The purpose of the Scheme is as under:

- (i) to align the interests of shareholders and employees of the Bank;
- (ii) to reward those employees who will contribute to the success of the Bank; and
- (iii) to attract and retain the Designated Employees.

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4. COMPOSITION OF THE COMPENSATION COMMITTEE

- 4.1. Pursuant to Regulation 7(1)(ii) of the Regulations, the Bank's Human Resources, Remuneration and Compensation Committee ("**Compensation Committee**") has been empowered to administer and supervise implementation of the Scheme.
- 4.2. The Compensation Committee is presently comprised of the following members:
- Noorur Rahman Abid Chairman – Independent Director
 - Riyadh S.A.A. Edrees Member
 - Nausheen Ahmad Member
- 4.3. The Compensation Committee may be reconstituted by the Board from time to time, subject to applicable provisions of the Regulations.

5. POWERS AND FUNCTIONS OF THE COMPENSATION COMMITTEE

- 5.1. The Compensation Committee shall have all powers vested in it by the terms of the Scheme, including, within the limitations stated herein, to:
- (i) select the Eligible Employee(s) from time to time to be granted Options under the Scheme, based on the recommendations of a committee which shall comprise of: (i) the CEO; and (ii), a senior executive of the Bank as designated for this purpose by the Compensation Committee from time to time; and (iii) the Head of Human Resources Department. Such selection of the Eligible Employee(s) shall be consistent with the policy framed under this Scheme.
 - (ii) determine the Share Entitlement to be offered to each Designated Employee selected from time to time;
 - (iii) determine the guidelines and/or procedures for the payment of Exercise Price or Exercise of Options; and
 - (iv) adopt such rules, regulations, agreements, guidelines and instruments for the administration of the Scheme and for the conduct of its businesses which the Compensation Committee deems necessary or advisable from time to time.
- 5.2. Without prejudice to the generality of the foregoing, the Compensation Committee shall exercise all powers as it deems fit to administer the Scheme, subject to the provisions and limitations of the Act, the Regulations and the Special Resolution(s).
- 5.3. Subject to manifest error, the Compensation Committee's interpretations of the Scheme, and all actions taken and determinations made by it pursuant to the powers vested in it shall be conclusive and binding on all parties concerned, including the Bank, its shareholders, its employees, the Option Holders, the Eligible Employees, the Designated Employees and any person receiving an Option under the Scheme.

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6. ELIGIBILITY OF THE EMPLOYEES FOR THE SCHEME

- 6.1. An Option shall be granted to an Eligible Employee only.
- 6.2. Subject to Clause 5.1 hereof, the Compensation Committee shall at its absolute discretion determine the Share Entitlement in respect of which an Option may be granted to a Designated Employee.
- 6.3. The decision of the Compensation Committee, pursuant to Clause 6.1 and Clause 6.2 shall be final and binding on all employees of the Bank.

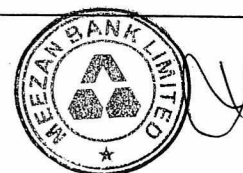
7. GRANT OF OPTIONS

- 7.1. The Compensation Committee may grant an Option to the Designated Employee, as it may select from time to time, on the first (1st) day of May in each calendar year. For the purposes of determining the Share Entitlement to be offered to such Designated Employee, the Compensation Committee may take into consideration, *inter alia*, the past performance and contribution of such Designated Employee towards the Bank.
- 7.2. The Compensation Committee shall deliver an Option Letter on the format specified under Schedule 2 to the Designated Employee, stating therein the Share Entitlement, Date of Grant, Exercise Price, Exercise Period and Exercise Date.
- 7.3. Unless the Bank otherwise determines in relation to the grant of Options on any occasion, any person to whom an Option is granted must confirm his or her acceptance of such grant by executing and delivering to the Bank a duly completed form of acceptance on the format specified under Schedule 3 hereof.
- 7.4. The Options granted under the Scheme are not transferable but may be exercised by the legal heir(s) or nominee(s), as the case may be, on the demise or Permanent Incapacitation of the Option Holder in accordance with Clauses 16.3 and 16.4 hereof.

8. ENTITLEMENT POOL, MAXIMUM ALLOWABLE ALLOTMENT AND GUIDELINES

- 8.1. The maximum number of Shares, that may be issued and allocated pursuant to the Scheme, shall not, in aggregate, exceed 70,736,139 (Seventy Million Seven Hundred and Thirty Six Thousand and One Thirty Nine) Shares (representing 5% of the existing ordinary share capital of the Bank) (“Entitlement Pool”); however (subject to prior approval of the Board) the Entitlement Pool may be adjusted upwards solely to account for any issuance of Shares by way of bonus, rights and/or other than rights. Provided that Entitlement Pool shall not exceed, at any time, 5% of the ordinary share capital of the Bank.
- 8.2. The Compensation Committee shall evolve the methodology for selecting from time to time the Designated Employees and their respective Share Entitlement.
- 8.3. The decision of the Compensation Committee shall be final and binding.

9. EXERCISE PRICE



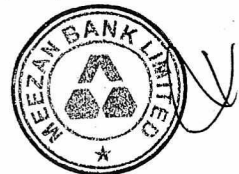
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- 9.1. The Exercise Price will be [70% (seventy percent)] of the Average Market Price (as defined under this Scheme) and shall be determined on the Date of Grant. The Exercise price of the Share will be payable by the Option Holder at the time of Exercising the Option, provided nevertheless **under no circumstances shall the Exercise Price be less than the face value of the Shares.**
- 9.2. In case of any issue of bonus shares or right shares by the Bank, the Exercise Price issued to an Option Holder shall be revised downward as determined by the Compensation Committee in accordance with the adjustment mechanism set forth under **Schedule 1** hereto. **However, there shall not be any adjustment in the Outstanding Share Entitlement of the Designated Employee due to any issue of bonus or right shares by the Bank.**
- 9.3. The Exercise Price shall be determined by the Compensation Committee and duly reviewed by the external auditors of the Bank as per the mechanism specified in this Clause 9.

10. VESTING AND EXERCISE PERIODS

- 10.1. The initial Vesting Period will be two (2) years from the Date of Grant ("**First Vesting Period**") during which no Exercise of Option will take place, subject to provisions of Clause 16.2 or 16.5 hereof. After the expiry of First Vesting Period, the Option Holder may Exercise the Option to a maximum of 33.33% (thirty-three point three three percent) of the total Share Entitlement ("**First Entitlement**") within a period of one (1) month from the expiry of the First Vesting Period ("**First Exercise Period**"). If an Option Holder does not Exercise or partly exercise the right of the First Entitlement, then the balance portion of First Entitlement not Exercised within the First Exercise Period shall lapse.
- 10.2. The second Vesting Period will be for a period of eleven (11) months after the expiry of the First Exercise Period ("**Second Vesting Period**") during which no Exercise of Option will take place subject to provisions of Clause 16.2 or Clause 16.5 hereof. After the expiry of Second Vesting Period, the Option Holder may Exercise the Option by a further 33.33% (thirty-three point three three percent) of the total Share Entitlement ("**Second Entitlement**") within a period of one (1) month from the expiry of the Second Vesting Period ("**Second Exercise Period**"). If an Option Holder does not Exercise or partly exercise the right of the Second Entitlement, then the balance portion of the Second Entitlement not Exercised within the Second Exercise Period shall lapse.
- 10.3. The final Vesting Period will be for a period of eleven (11) months after the expiry of the Second Exercise Period ("**Final Vesting Period**") during which no Exercise of Option will take place, subject to provisions of Clause 16.2 or Clause 16.5 hereof. After the expiry of Final Vesting Period, the Option Holder may Exercise a further 33.34% (thirty-three point three four percent) of the total Share Entitlement ("**Final Entitlement**") within a period of one (1) month from the expiry of the Final Vesting Period ("**Final Exercise Period**"). If an Option Holder does not Exercise or partly exercises the right of the Final Entitlement, then the balance portion of the Final Entitlement not Exercised within the Final Exercise Period shall lapse.

- 10.4. Any fractional number of share entitlement due to Exercise of Option under clauses 10.1, 10.2 and 10.3 would be revised downward to the nearest number of shares.



11. PROCEDURES

- 11.1. The Exercise of Options granted to the Option Holder shall take place during normal business hours on any Business Day, by notice in writing (“**Option Notice**”) by the Option Holder to the Compensation Committee in the form prescribed in Schedule 4, during the Exercise Period, specifying the number of Shares in respect of which the Option is being exercised, together with a copy of the Option Letter relating to the Option being exercised and details of the CDS (Central Depository System) account held with the Central Depository Company of Pakistan Limited (CDC) by such Option Holder to which the Shares may be credited. All Option Holders shall be required to maintain a CDS account with the CDC.
- 11.2. Every Option Notice shall be accompanied by a crossed cheque or a pay order in Bank’s favour covering the full Exercise Price to be payable in accordance with the procedures set out by the Compensation Committee in their sole discretion.

12. TERMS, CONDITIONS AND RESTRICTIONS

- 12.1. The following terms, conditions and restrictions shall apply to all Options granted under the Scheme:
- (i) The Options granted but not vested shall not be exercisable.
 - (ii) Unless specified otherwise in the Scheme, the Options vested shall be exercisable only during the respective Exercise Period.
 - (iii) The Options granted shall, other than to the legal heirs or nominee(s) of the Option Holder upon the death or Permanent Incapacitation of an Option Holder, be non-transferable.
 - (iv) The Options granted shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- 12.2. In addition to the terms and condition stipulated herein, the Compensation Committee may prescribe from time to time, such terms and conditions as they deem fit for the purposes of administering the Scheme in accordance with the Regulations.

13. RIGHTS OF THE OPTION HOLDERS

- 13.1. The Option Holders shall have the following rights:
- (i) An Option Holder can exercise all Options vested in him or her during the respective Exercise Period.
 - (ii) in the event of death of a Designated Employee while in employment of the Bank, all Options granted to him or her till the date of his or her death shall vest in his or her legal heirs or nominee(s) subject to, and in accordance with Clause 16 hereof.



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- (iii) In case an employee suffers Permanent Incapacity while in employment of the Bank, all Options granted to him or her, as on the date of Permanent Incapacitation, shall vest in him or her on that day subject to, and in accordance with Clause 16 hereof.

14. ISSUANCE OF SHARES

As soon as practical, and in any event not later than forty-five (45) calendar days from the end of the relevant Exercise Period, and after receipt by the Compensation Committee of: (a) the Option Notice; (b) the relevant Option Letter; (c) the payment of the Exercise Price; and (d) the details of the CDS Account, the Shares in respect of which the Option has been exercised shall be allotted by the Bank to the Option Holder. The Option Holders upon Exercise of the Option shall be issued Shares in dematerialized form and such Shares shall be credited in their respective CDS Accounts maintained with CDC.

15. RIGHTS ATTACHING TO THE SHARES

- 15.1. The new Shares to be allotted and issued upon any exercise of Option will, upon such allotment and issuance, rank pari passu in all respects with the existing issued Ordinary Shares of the Bank.
- 15.2. Subject to provisions of Clause 15.1, an Option Holder shall not have the right to receive notice of meeting of members, vote at any meeting of the members, receive any cash dividends, stock dividends, right shares and/or any other distributions or any other rights in respect of an Option granted to him or her prior to issuance of Shares pursuant to the Exercise of Option.
- 15.3. The Shares issued to an Option Holder, pursuant to the Exercise of Option, will be subject to all the provisions of the Bank's Articles of Association in relation to its transfer, transmission or otherwise.

16. LAPSE OF OPTIONS

- 16.1. Upon an Option Holder ceasing to be in employment of the Bank by reason of resignation or termination from service, any Option held by him or her shall lapse.
- 16.2. Upon the Option Holder ceasing to be in employment by reason of Retirement, any outstanding Options at the date of Retirement shall stand vested on the later of the date of Retirement or date of expiry of the First Vesting Period and shall remain capable of Exercise within [six (6) months] from such date, notwithstanding anything to the contrary contained in Clause 10.
- 16.3. Upon the death of any Option Holder, any outstanding Options of the deceased Option Holder shall stand vested and remain capable of Exercise by the legal heir(s) within six (6) months from the date of the Option Holder's death, notwithstanding anything to the contrary contained in Clause 10. The Compensation Committee shall have the final authority to determine the legal heir(s) and may require production of such document or order of the court it may deem appropriate and **shall not allot any Shares until it has so determined**. It is being clarified that the legal heir(s) may produce such document or order following the said six (6) month period provided it has Exercised its entitlement within the said six (6) month period.

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- 16.4. Upon Permanent Incapacitation of any Option Holder, any outstanding Options of the Permanently Incapacitated Option Holder shall stand vested and remain capable of Exercise by such Option Holder (and in case such Option Holder is incapable of so Exercising, by an authorised nominee of such Option Holder acceptable to the Compensation Committee) within six (6) months from the date of the Option Holder's Permanent Incapacitation, notwithstanding anything to the contrary contained in Clause 10.
- 16.5. Upon acceptance of the Golden Handshake Scheme by an Option Holder, any outstanding Options at the date of acceptance of the Golden Handshake Scheme shall stand fully vested on the later of the date of acceptance of the Golden Handshake Scheme or date of expiry of the First Vesting Period and shall remain capable of Exercise within six (6) months from such date, notwithstanding anything to the contrary contained in Clause 10.
- 16.6. An Option shall lapse immediately in the event of the Bank being wound-up, whether voluntary or otherwise.

17. AMALGAMATIONS AND REORGANISATIONS

- 17.1. To the fullest extent legally permissible, the Bank shall cause and ensure that in case of an Amalgamation of the Bank whereby the Bank ceases to be a going concern, then the entity surviving upon such Amalgamation shall assume and be bound by the provisions of the Scheme to the extent Options have been granted prior to the date on which such Amalgamation is completed. The Shares comprised in each Option and/or the Option Price there under shall be adjusted in such manner as the auditors of the surviving entity shall determine to be fair and reasonable such that the economic value of the Options granted remains as far as possible unaffected by the Amalgamation.

18. EXPENSES

Any and all expenses of the Bank pertaining to any issuance of Shares from time to time in the name of any Option Holder, the legal heir(s) or the nominee(s), as the case may be, shall be payable by the Bank.

19. GENERAL

- 19.1. Any notification or other notice in writing which the Bank is required to give or may desire to give, to any Eligible Employee or Option Holder (or his/her legal heir or nominee, as the case may be) in pursuance of the Scheme shall be sufficiently given if delivered to him or her by hand or sent through prepaid post and addressed to the Eligible Employee or Option Holder at the last address known to the Bank. Any certificate, notification or other notice in writing required to be given to the Bank or the Compensation Committee shall be properly given if sent to or delivered to the registered office of the Bank.

- 19.2. The Compensation Committee shall at all times keep available for issue such authorised and unissued Shares as may be required to meet the subsisting subscription rights of the Option Holders.

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19.3. Participation in the Scheme by an Option Holder is a matter entirely separate from any gratuity, provident fund, pension right or any entitlement that he or she may have from the terms or conditions of employment and participation in the Scheme shall in no respects whatever affect in any way an Option Holder's other rights or entitlement or terms or conditions of the employment. In particular (but without limiting the generality of the foregoing words) any Option Holder who leaves employment shall not be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under the Scheme which he might have otherwise enjoyed, whether such compensation is claimed by way of damages for wrongful dismissal or breach of contract or by way of compensation for loss of office or otherwise howsoever.

20. POLICY TO MONITOR AND CONTROL VIOLATION OF THE INSIDER TRADING LAWS

20.1. The Compensation Committee has framed a suitable policy and system to ensure that there is no violation of the insider trading provisions of the Securities Act, 2015; and the Securities and Exchange Commission of Pakistan Act, 1997; or rules and regulations made thereunder. **If any Option Holder is found involved in insider trading, the Options granted and not yet exercised shall lapse.** The Bank shall forfeit all payments of such Eligible Employees against which Shares have not been allotted.

20.2. The policy and system for controlling insider trading is as follows:

- (i) The Bank will be required to ensure that each Eligible Employee is provided with a copy of the Scheme prior to grant of any Option;
- (ii) The Bank will be required to warn each Eligible Employee that all Options granted will lapse forthwith if the employee indulges in insider trading;
- (iii) The Bank will be required to provide the Eligible Employee with copies of the relevant Sections of law (including any up-dates or amendments thereto) dealing with the prohibition against insider trading;
- (iv) The policy shall be subject to modification if required by the amendments in the relevant laws and/or rules and regulations made thereunder.

21. VARIATION OF THE TERMS OF THE SCHEME

21.1. The terms of the Scheme can be varied with approval of the members by way of Special Resolution provided such variation is not: (i) prejudicial to the interests of the Option Holders; and (ii) related to the Options already exercised.

21.2. The Bank shall not vary the terms of the Scheme in any manner which may be detrimental to the interest of the Option Holders.

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22. TERMINATION



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The Board may, at any time, resolve to terminate the Scheme in which event no further or new Options shall be granted but the provisions of the Scheme shall, in relation to Options then subsisting, continue in full force and effect.

23. TAXATION

The liability of paying the applicable tax, if any, on the Options granted / vested / exercised / allotted pursuant to the Scheme and the Shares issued pursuant to the Exercise of the Options shall be entirely on the Option Holders and shall be in accordance with the provisions of the Income Tax Ordinance, 2001 and the rule and regulations framed thereunder. The Bank shall, withhold such income tax from employees' salary in accordance with the provisions of the Income Tax Ordinance, 2001.

24. WINDING UP

If an effective resolution is passed for the voluntary winding-up of the Bank in the Bank's general meeting before the date upon which an Option lapses in accordance with the provisions of Clause 16, such Option shall thereupon become and shall remain capable of exercise for the period of [one (1) month] after such resolution becomes effective (at the end of which period all Options shall lapse immediately) provided that such Option is so exercised before the date upon which it lapses in accordance with the provisions of Clause 11. If such resolution is duly passed, Option Holders, who have previously exercised their Options (or who do during the said period of [one (1) month]) having duly delivered the Option Notice and the Exercise Price, shall be entitled, as appropriate, to a share in the net assets of the Bank but all other Options shall lapse.

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SCHEDULE 1 – ADJUSTMENT MECHANISM FOR EXERCISE PRICE

Under the Clause 9.2, in case of any issue of bonus shares or right shares by the Bank, the Exercise Price issued to an Option Holder shall be revised with the adjustment mechanism as mentioned below:

1. Bonus Issue

The Adjusted Exercise price (AE) upon issue of bonus shares under Clause 9.2 of the scheme shall be as follows:

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise price as determined under clause 9.1}}{(1 + \text{percentage of bonus issue})}$$

Illustration:

For the purpose of this illustration, we have assumed the following:

Exercise price as determined clause 9.1	A	Rs 12.60
Bonus issue	B	10.00%
Grant Date		01-May-2021
Bonus Issue Date		01-June-2021

The adjusted Exercise price (AE) upon issue of bonus shares shall be as follows:

$$\text{(AE) Adjusted Exercise price} = A / (1 + B)$$

$$\text{(AE) Adjusted Exercise price} = 12.60 / (1 + 10.00\%)$$

$$\text{(AE) Adjusted Exercise price} = 11.45$$

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2. Right Issue

The Adjusted Exercise price (AE) upon issue of right shares under Clause 9.2 of the scheme shall be as follows:

$$\text{Adjusted Exercise Price} = \text{Exercise Price} \times (1 - \text{Right Adjustment Factor})$$

Where:

$$\text{Right Adjustment Factor} = \left[\frac{\text{Market Price immediately before the right issue}}{\text{Theoretical Ex-Right Price}} \right] - 1$$

$$\text{Theoretical Ex-Right Price} = \frac{(\text{Share Capital} \times \text{Share price before right issue}) + (\text{Share Capital} \times \text{Right Issue \%} \times \text{Right price})}{\text{Share Capital} \times (1 + \text{Right Issue \%})}$$

Illustration:

For the purpose of this illustration, we have assumed the following:

Exercise price as determined clause 9.1	A	Rs 12.60
Right issue	B	10.00%
Market Price immediately before the right issue	C	Rs 21.00
Price per share for Right Issue	D	Rs 15.00
Existing Share Capital	E	1,000,000
Grant Date	F	01-May-2021
Right Issue Date	G	01-June-2021

The Adjusted Exercise price (AE) upon issue of right shares shall be as follows:

$$\text{(H) Theoretical Ex-Right Price} = \frac{(\text{E} \times \text{C}) + (\text{E} \times \text{B} \times \text{D})}{\text{E} \times (1 + \text{B})}$$

$$\text{(H) Theoretical Ex-Right Price} = \frac{(1000,000 \times 21) + (1000,000 \times 10\% \times 15)}{1000,000 \times (1 + 10\%)} = 20.45$$

$$\text{(I) Right Adjustment Factor} = \frac{\text{C}}{\text{H}} - 1$$

$$\text{(I) Right Adjustment Factor} = \frac{21}{20.45} - 1 = 0.03$$

$$\text{(AE) Adjusted Exercise price} = \text{A} \times (1 - \text{I})$$

$$\text{(AE) Adjusted Exercise price} = 12.6 \times (1 - 0.03)$$



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SCHEDULE 2 – FORM OF OPTION LETTER

Dated: _____

OPTION CERTIFICATE

Name of Option Holder: _____

Address of Option Holder: _____

Date of Grant: _____

Share Entitlement: _____

Exercise Price: _____

Vesting Period: _____

Exercise Date: _____

Meezan Bank Limited hereby grants to the Option Holder named above an Option to subscribe for a maximum of [●] ordinary shares in the Bank at a price per share of [●].

The Option is exercisable subject to and in accordance with the terms of the Meezan Bank Employees Share Option Scheme, 2020 (the **Scheme**) as amended from time to time.

The Option is not transferable but may be exercised by your heirs/nominees in the event of your death or Permanent Incapacitation as specified in the Scheme.

Please submit the acceptance letter in the form specified in Schedule 3 of the Scheme within one (1) month of the receipt of this Certificate.

For and behalf of
Meezan Bank Limited

Samia


[insert name]

[insert designation]

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SCHEDULE 3 – FORM OF ACCEPTANCE OF OPTION

To:
Meezan Bank Limited
[insert address]

Date: _____

Dear Sirs,

1. I hereby agree to accept the grant of an option over _____ shares on [insert date] and be bound by the terms and conditions set out in the rules of the Meezan Bank Employees Share Option Scheme, 2020 (the Scheme).
2. I hereby authorise Meezan Bank Limited to transfer to any such other person charged with the responsibility for the administration of the Scheme any information about me which is reasonably necessary to enable such other person to fulfil any duty or obligation which it may have pursuant to or in connection with the Scheme.

Yours faithfully,

Signature: _____

Name: _____

Designation: _____

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SCHEDULE 4 – NOTICE OF EXERCISE OF OPTION

MEEZAN BANK EMPLOYEES SHARE OPTION SCHEME, 2020

To:
Meezan Bank Limited
[insert address]

Date: _____

Dear Sirs,

I hereby exercise the option referred to overleaf in respect of [all/[•]] of the shares over which the option may be exercised, and request the allotment to me of those shares in accordance with the rules of the Scheme and the memorandum and articles of association of Meezan Bank Limited (**Bank**).

I enclose a [cheque / pay order] made payable to the Bank in the sum of PKR [•] being the aggregate Exercise Price of such shares.

Upon receipt of the Exercise Price, Bank is kindly requested to credit my CDC account with the shares mentioned in the foregoing. Details of my CDC Account are as follows:

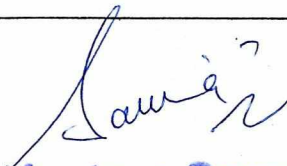
IAS Participant ID	Account Number
[•]	[•]

Yours faithfully,

Signature: _____

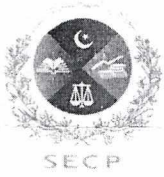
Name: _____

Address: _____



Certified to be true Copy





SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Securities Market Division
Primary Market Approvals and Development Department

No. SMD/Co.86(1)/3/2001 /4

April 21, 2021

Mr. Muhammad Sohail Khan,
Company Secretary,
Meezan Bank Limited,
Meezan House,
C-25, Estate Avenue,
SITE, Karachi.

Subject: Application under section 83 (1) (b) of the Companies Act, 2017 read with regulation 5 of the Companies (Further Issue of Shares) Regulations, 2020

Dear Sir,

This is with reference to Meezan Bank Limited (Bank)'s application dated April 15, 2021 regarding the captioned subject.

2. In this regard, I am directed to inform you that based on the special resolution passed in the Annual General meeting of the Company held on March 29, 2021 and the contents of the application, the Securities and Exchange Commission of Pakistan in exercise of its powers under Section 83 (1) (b) of the Companies Act, 2017 (the **Act**) read with the Companies (Further issue of Shares) Regulations, 2020 (the **Regulations**) is pleased to

- i. Allow the Bank to issue 70,736,139 ordinary shares of Rs. 10 each to its eligible employees under the Employee Stock Option Scheme, 2020 (ESOS) by way of otherwise than right offer; and
- ii. Approve the Bank's ESOS.

3. The aforesaid approval is, however, subject to the following conditions:

- i. The Entitlement Pool of the ESOS shall not exceed 25 % of the enhanced capital of the Bank at any point in time and 10% of the enhanced capital in a year;
- ii. No variations in terms of the ESOS shall be made without approval of the members by way of special resolution and approval of the Commission; and
- iii. Any variation allowed in the Regulations, if made shall be immediately reported to the Commission; and
- iv. The Bank shall ensure compliance with all the applicable laws.

4. Please note that the date of ESOS will be the date of approval by the Commission. You are advised to reset the date on the ESOS and submit amended copy thereof to the Commission.

Regards,


Saima Ahrar
Joint Director