

JS BANK LIMITED
NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Fifteenth Annual General Meeting (“**AGM**”) of the shareholders of JS Bank Limited (the “**Bank**”) will be held on Monday, March 29, 2021 at 10:00 a.m. 15th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi to transact the following business:

ORDINARY BUSINESS:

- i. To receive, consider and adopt the Annual Audited Standalone and Consolidated Financial Statements of the Bank for the year ended December 31, 2020 together with the Directors’ and Auditors’ Reports thereon.
- ii. To appoint Bank’s Auditors for the year ending December 31, 2021 and fix their remuneration. The term of the present auditors Messrs. EY Ford Rhodes, Chartered Accountants, (a member firm of Ernst & Young Global Limited) shall expire at the AGM and cannot, in compliance of the Listed Companies (Code of Corporate Governance) Regulations, 2019, be re-appointed as having completed a term of five years. The Board of Directors, on the suggestion of the Audit Committee of the Bank, has recommended KPMG Taseer Hadi & Co., Chartered Accountants as auditors for the year 2021.

SPECIAL BUSINESS:

- i. To consider and if thought fit, approve the conversion of Term Finance Certificates (“**TFCs**”), rated, privately placed, unsecured and subordinated TFCs of PKR 3,000 Million (**TFC-I**; issued on December 14, 2016) and PKR 2,000 Million (**TFC-II**; issued in December 29, 2017) of JS Bank Limited (the “**Bank**”) into common shares if (i) directed by State Bank of Pakistan (“**SBP**”) on the occurrence of a point of non-viability as determined by SBP, pursuant to the ‘Instructions for Basel III Implementation in Pakistan’ issued by the SBP, subject to a maximum of 467,836,257 in respect of TFC-I and 319,982,544 in respect of TFC-II additional ordinary shares to be issued respectively, and which ordinary shares shall be issued other than by way of rights in accordance with Section 83(1)(b) of the Companies Act, 2017.

The resolutions to be passed by the members as Special Resolutions are as under:

“**RESOLVED THAT** with respect to the Tier-II capital raised by JS Bank Limited (the “**Bank**”) in the amount of up to PKR 3,000,000,000/- (Pak Rupees Three Billion) in the form of rated, privately placed and unsecured, subordinated, Term Finance Certificates (“**TFC-I**”) as approved by the Board of Directors on August 25, 2016, and in accordance with the ‘Instructions for Basel III Implementation in Pakistan’ (“**Basel III Regulations**”) issued by the State Bank of Pakistan (“**SBP**”) under BPRD Circular No. 06 dated August 15, 2013, as amended from time to time, regarding loss absorbency, in the event SBP exercises its option to convert the TFC-I into ordinary shares of the Bank upon the occurrence of a Point of Non-Viability (“**PONV**”), such ordinary shares shall be issued, subject to the approval of the Securities and Exchange Commission of Pakistan (“**SECP**”), other than by way of rights in accordance with Section 83(1)(b) of the Companies Act, 2017 (the “**Act**”), subject to a maximum of 467,836,257 shares, or such other number as may be agreed to in consultation with the SBP (“**TFC-I Additional Shares**”).”

“**FURTHER RESOLVED THAT** with respect to the Tier-II capital raised by the Bank in the amount of up to PKR 2,000,000,000/- (Pak Rupees Two Billion) in the form of rated, privately placed, listed, unsecured and subordinated Term Finance Certificates (“**TFC-II**”) as approved by the Board of Directors on September 27, 2017, and in accordance with the ‘Instructions for Basel

III Implementation in Pakistan' ("**Basel III Regulations**") issued by the SBP under BPRD Circular No. 06 dated August 15, 2013, as amended from time to time, regarding loss absorbency, in the event SBP exercises its option to convert the TFC-II into ordinary shares of the Bank upon the occurrence of a PONV, such ordinary shares shall be issued, subject to the approval of the SECP, other than by way of rights in accordance with Section 83(1)(b) of the Act, subject to a maximum of 319,982,544 shares, or such other number as may be agreed to in consultation with the SBP ("**TFC-II Additional Shares**")."

"**FURTHER RESOLVED** that any two of the President & CEO, Chief Operating Officer, Chief Financial Officer and Company Secretary of the Bank be and are hereby authorized to take all steps necessary, ancillary, and incidental to the above-mentioned resolutions, as and when required, and are further authorized to sign, execute, and deliver all necessary documents, agreements, and letters on behalf of the Bank, as may be deemed appropriate and as may be required for the purposes above-mentioned."

- ii. To approve the remuneration paid to the Directors of the Bank for attending Board and Board's Sub-Committees meetings on post facto basis in terms of Prudential Regulation No. G-1 C(2) by passing the following ordinary resolution:

"**RESOLVED** that the remuneration of PKR 250,000/- per meeting payable to the Directors of the Bank for attending Board meetings and PKR 150,000 per meeting payable to the Directors for attending Board's Sub-Committees meetings, be and is hereby approved."

Karachi: March 8, 2021

By Order of the Board
Ashraf Shahzad
Company Secretary

Notes:

- a) Share transfer books of the Bank will remain closed from March 22, 2021 to March 28, 2021 (both days inclusive). Transfers received in order at Bank's Independent Share Registrar, CDC Share Registrar Services Limited, CDC House, Shahra-e-Faisal, Karachi at the close of business on March 21, 2021 will be treated in time for purpose of attending and vote at the Meeting.
- b) A member of the Bank entitled to attend, and vote may appoint another member as his/her proxy to attend and vote instead of him/her.
- c) Proxies must be received at the Registered Office of the Bank not later than 48 hours before the time of the Meeting.
- d) Beneficial owners of the shares registered in the name of CDC Share Registrar Services Limited (CDCSRSL) and/or their proxies will have to follow the following guidelines as laid down by the Securities and Exchange Commission of Pakistan:

For Attending the Meeting

- In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with Participant ID number and the account number at the time of attending the Meeting.
- In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
- Members whose names are appearing in the register of members as of 21 March, 2021 are entitled to attend and vote at the meeting.

- The proceedings of the AGM shall also be held online through video link.
- The members who wish to attend the Annual General Meeting through video link are requested to get themselves registered by sending the particulars prescribed in the table below at the following email address AGM@jsbl.com by the close of business hours (5:00pm) on March 26, 2021.

Name of member	Authorised Representative (in case of corporate member)	CNIC No. /NTN No.	CDC Participant ID / Folio No.	Cellphone #	Email address

- The Video Conference Link would be emailed to the registered members or their proxies who have provided all the requested information.

For Appointing Proxies

- In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Bank.
- Shareholders are requested to notify immediately for any change in their address to the Bank Registrar.

Notice to Shareholders who have not provided CNIC:

The Companies (Distribution of Dividends) Regulations, 2017 requires that the dividend warrants should bear the Identification Number which includes: (i) in the case of a registered shareholder or an authorized person, the Computerized National Identity Card Numbers (CNIC); (ii) in the case of a minor, child registration number or juvenile card number; and (iii) in the case of corporate shareholders registration number or national tax number. The Identification Number of the shareholders is, therefore, mandatory for the issuance of dividend warrants and in the absence of such information, payment of dividend may be withheld in terms of the Companies (Distribution of Dividends) Regulations, 2017. Therefore, the shareholders who have not yet provided their Identification Numbers advised to provide their Identification Numbers (if not already provided) directly to our Independent Share Registrar at the address given herein above without any further delay.

Placement of Financial Statements

The Bank has placed the annual Audited Financial Statements for the year ended December 31 2020, along with the Auditors and Directors Reports on its website: www.jsbl.com.

Mandate for E-DIVIDENDS for shareholders

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. CDC Share Registrar Services Limited, CDC House, Shahra-e-Faisal, Karachi in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.

Deduction of Income Tax from Dividend at Revised Rates

Pursuant to the provisions of the Finance Act deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

S.No	Nature of Shareholders	Rate of deduction
1	Filers of Income Tax Return	15%
2	Non-Filers of Income Tax Return	30%

Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website.

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.

E-Voting

Pursuant to SECP S.R.O. No. 43(I)/2016 dated January 22, 2016, members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of meeting to the Bank on the appointment by the Intermediary as a Proxy.

Provision of Video Link Facility

Shareholders may participate in the meeting via video-link facility. If the Bank receives a demand (at least 7 days before the date of meeting) from shareholder(s) holding an aggregate 10% or more shareholding residing in any other city, to participate in the meeting through video link, the Company will arrange video link facility in that city.

Shareholders, who wish to participate through video-link facility, are requested to fill in 'Video Link Facility Form' available at Bank's website and send a duly signed copy to the Registered Address of the Company.

Distribution of Annual Report

The audited financial statements of the Bank for the year ended December 31, 2020 have been made available on the Company's website (<http://www.jsbl.com/>) in addition to annual and quarterly financial statements for the prior years.

Further, Annual Report of the Bank for the year ended December 31, 2020 is dispatched to the shareholders through CD. However, if a shareholder, in addition, requests for hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven days of receipt of such request. For convenience of shareholders, a "Standard Request Form for provision of Annual Audited Accounts" has also been made available on the Bank's website (<http://www.jsbl.com/>).

**Statement Under Section 134(3)
of the Companies Act, 2017**

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of JS Bank Limited (the “**Bank**”) to be held on March 29, 2021.

Conversion of Tier -II Term Finance Certificates of PKR 3,000 million (TFC-I) and/or PKR 2,000 million (TFC-II) into common shares.

The Bank on December 14, 2016 and December 29, 2017 issued rated, privately placed, unsecured, subordinated and non-cumulative Term Finance Certificates (“**TFCs**”) of PKR 3,000 million (**TFC-I**) and PKR 2,000 million (**TFC-II**) respectively, as Tier-II Capital. The State Bank of Pakistan (“**SBP**”), through Banking Policy and Regulation Department Circular No. 06 dated August 15, 2013 (“**SBP Circular**”), prescribes a “loss absorbency” feature for it to be qualified as Tier-II capital instruments, pursuant to which the TFCs will be converted into ordinary shares of the Bank at the Point of Non-Viability (“**PONV**”) trigger event as defined in the Basel III regulations. In accordance with the requirements of the SBP Circular, the Bank has agreed with the SBP for the issuance of common shares against TFC-I and TFC-II in case of the occurrence of a conversion event as per the terms of the TFCs and SBP Circular (“**Conversion Events**”).

The relevant portion of the SBP Circular relating to “loss absorbency” is reproduced below:

“A-5-3 Loss Absorbency of Non-Equity Capital Instruments at the Point of Non-Viability

- i. The terms and conditions of all non-CET1 and Tier 2 instruments issued by banks must have a provision in their contractual terms and conditions that the instruments, at the option of the SBP, will either be fully and permanently converted into common share or immediately written off upon the occurrence of a non-viability trigger event called the Point of Non-Viability (PONV) as described below;
- ii. The PONV trigger event is the earlier of;
 - a. A decision made by SBP that a conversion or temporary/ permanent write-off is necessary without which the bank would become non-viable.
 - b. The decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non-viable, as determined by SBP.
- iii. The issuance of any new shares as a result of the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.
- iv. The amount of non-equity capital to be converted/ written-off will be determined by the SBP.
- v. Where an Additional Tier-1 capital instrument or Tier-2 capital instrument provides for conversion into ordinary shares, the terms of the instruments should include provision that upon a trigger event the investors holding 5% or more of paid-up shares (ordinary or preferred) will have to fulfill fit and proper criteria (FPT) of SBP.
- vi. The conversion terms of the instruments must contain pricing formula linked to the market value of common equity on or before the date of trigger event. However, to

quantify the maximum dilution and to ensure that prior shareholder/ regulatory approvals for any future issue of the required number of shares is held, the conversion method must also include a cap on the maximum number of shares to be issued upon a trigger event.

- vii. The conversion method should describe and take into account the order (hierarchy of claims) in which the instruments will absorb losses in liquidation/ gone concern basis. These terms must be clearly stated in the offer documents. However, such hierarchy should not impede the ability of the capital instrument to be immediately converted or to be written off.
- viii. 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.
- ix. The contractual terms of all Additional Tier 1 and Tier 2 capital instruments must state that SBP will have full discretion in deciding/ declaring a bank as a non-viable bank. SBP will, however, form its opinion based on financial and other difficulties by which the bank may no longer remain a going concern on its own unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a bank should be such that these are likely to result in financial losses and raising the CET1/ MCR of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures will include complete write-off/ conversion of non-equity regulatory capital into common shares in combination with or without other measures as considered appropriate by the SBP."

As per the loss absorbency conditions, upon the occurrence of a "Point of Non-Viability" event ("PONV"), SBP may at its option, fully and permanently convert the TFCs into common shares of the issuer, i.e. the Bank and / or have them immediately written off (either partially or in full).

In light of the above contemplated PONV events, the Bank is required to obtain all approvals for the issuance of such additional shares, which additional shares shall be issued based on the market value of the shares of the Bank, on the date of trigger of PONV as declared by the SBP, and shall be subject to a cap of 467,836,257 for TFC-I and 319,982,544 for TFC-II additional ordinary shares being issued, or such other number as may be agreed to in consultation with the SBP. It may be noted that issuance of such additional shares shall further be subject to approval of the Securities and Exchange Commission of Pakistan ("SECP") in accordance with the proviso under Section 83(1)(b) of the Companies Act, 2017.

At the time of obtaining prior approval from SECP for conversion of TFC-I and TFC-II into ordinary shares of the Bank at the Point of Non-Viability trigger event as defined in the Basel III regulations, the SECP vide its letter dated March 16, 2020 advised the Bank to submit the revised approval from the shareholders in this regard.

The information required to be annexed to the notice is set out below:

Name and brief profile of the banks/financial institutions to whom such shares are proposed to be issued	The shares will be issued to the holders of TFC-I and/or TFC-II (at that time) in accordance with the directions of SBP at the time of trigger of PONV.
Price at which the proposed shares will be issued	The price of the shares shall be issued at the market value of the shares of the Bank,

	on the date of trigger of PONV as declared by the SBP.
Purpose of the issue of shares other than right, utilization of the proceeds of the issue and benefits to the Bank and its shareholders with necessary details	To convert the outstanding TFC-I and/or TFC-II (in whole or part) into shares of the Bank, as per the directions of the SBP.
Existing shareholding of the banks / financial institutions to whom the proposed shares will be issued	Not Applicable
Total shareholding of the banks / financial institutions after the proposed issue of shares	Not Applicable
Whether the banks/financial institutions have provided written consent for purchase of such shares	The terms of the Trust Deeds for the TFC-I issue and TFC-II issue contain the details regarding such conversion.
Justification as to why proposed shares are to be issued otherwise than rights and not as rights shares	This is in accordance with the requirements of the SBP vide its Circular No. 6 of Banking Policy and Regulation Department dated August 15, 2013 and further directions of SBP in this matter.
Justification, with details of the latest available market price and break-up value per share, if such price differs from par value.	Not Applicable
Details of the average market price during the last 3 (three) months and 6 (six) months preceding the board announcement as well as the latest available market price.	Not Applicable

The shares issued will rank *pari passu* in all respects with the existing ordinary shares of the Bank. The issue of shares other than by way of rights is subject to approval from the SECP

The directors of the Bank, whether directly or indirectly, have no personal interest in the resolutions except in their capacity as shareholders of the Bank, to the extent of their respective shareholdings in the Bank.

To approve the remuneration paid to the Directors of the Bank for attending Board and Board's Sub-Committees meetings:

The remuneration paid to Directors was approved by the Board of Directors in terms of Article 64 of the Articles of Association of the Bank. The remuneration requires approval (which is permissible on post facto basis) of the shareholders in the Annual General Meeting in accordance with the requirements of the Prudential Regulations (Regulation G-1 C(2)) issued by the State Bank of Pakistan.

Statement under Regulation 4 (2) of the Companies (Investment in Associated Companies or Associated Undertaking) Regulations, 2012

The Bank in its Annual General Meeting held on March 27, 2020 had approved long term equity investments of up to PKR 675 million in ordinary shares of EFU Life Assurance Limited an associated company of the Bank. The resolution is valid for a period of three years commencing from March 27, 2020.

S.No	Name of Company	Total Investment approved upto PKR	Amount of Investment till Dec. 31, 2020 PKR	Reasons for not making complete investment in the specified time	Material change in Financial Statement of Associated Company
1	EFU Life Assurance Ltd	675 million	250.7 million	Time Remaining	No