

JS BANK LIMITED
NOTICE OF 17th ANNUAL GENERAL MEETING

Notice is hereby given that the 17th Annual General Meeting (“AGM”) of the shareholders of JS Bank Limited (the “Bank”) will be held on Wednesday, March 29, 2023, at 10:00 a.m. at Ramada Karachi Creek, Zulfiqar Street 1, DHA Phase VIII, 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, 2022, together with the Directors’ and Auditors’ Reports thereon.
- ii. To appoint Bank’s Auditors for the year ending December 31, 2023, and fix their remuneration. The Audit Committee and the Board of Directors have recommended the appointment of the retiring auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, who being eligible have offered themselves for re-appointment.
- iii. To consider and approve, the review of the Directors’ Remuneration Policy.

SPECIAL BUSINESS:

- iv. To consider, and if deemed appropriate, to pass the following resolutions as Special Resolutions as envisaged under Sections 199, 183(3)(a) and 83(1)(b) of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, and the provisions of the Companies (Further Issue of Shares) Regulations, 2020, with or without modifications (or with or without any amendments as may be eventually directed by the SECP and/or SBP) for investment in 42.45% ordinary shares of BankIslami Pakistan Limited (‘BIPL’), as an associated entity, through agreements from existing shareholders of BIPL in consideration of new shares of the Bank to be issued to such shareholders as “other than cash and other than rights” at the agreed swap ratio (i.e. ratio of 1.1318 ordinary shares of the Bank to be issued as consideration for every 1 share of BIPL acquired by the Bank through agreements from such shareholders) and for making a public offer for the remaining 50% of the shares of BIPL (translating to 24.88% paid up capital of BIPL) to the public shareholders of BIPL in consideration of a maximum of 59.56% shares of JS Investments Limited (‘JSIL’) and a maximum of 67.90% ordinary shares of JS Global Capital Limited (‘JS Global’) currently held by the Bank;

“RESOLVED THAT based on satisfactory results of the valuation as per the Valuation Report dated February 8, 2023 as prepared by the independent valuer (i.e. M.s Yousuf Adil, Chartered Accountants) and due diligence as carried out by the management in respect of acquiring majority shares and control (both approved by the Board), subject to the obtention of all requisite approvals of the State Bank of Pakistan (‘SBP’), Competition Commission of Pakistan (‘CCP’) as well as other regulatory approvals and compliance of all regulatory and statutory formalities as may be applicable, consent and approval be and is hereby accorded to the Bank to invest into and acquire 42.45% ordinary voting shares and control of BankIslami Paksitan Limited (‘BIPL’) from existing sponsors and other shareholders through agreements as envisaged herein below and for making a public offer for a minimum 24.88% ordinary shares of BIPL as required under the applicable regulations as detailed below;

RESOLVED FURTHER THAT based on the valuations carried out by the independent valuer and subject to the permission from the Securities & Exchange Commission of Pakistan (‘SECP’) as required under Section 83(1)(b) of the Companies Act, 2017 and the provisions of the Companies (Further Issue of Shares) Regulations, 2020, 532,629,349 ordinary shares of the Bank be issued by way of other than rights and other than cash as consideration payable to the existing sponsors and other named shareholders of BIPL for 470,603,772 ordinary shares (constituting 42.45% paid up capital) of BIPL to be acquired from them by the Bank (i.e. 1.1318 ordinary shares of the Bank to be issued as consideration for every 1 share of BIPL acquired by the Bank through agreements);

RESOLVED FURTHER THAT subject to receipt of all necessary regulatory approvals from the SBP, the CCP, and SECP (wherever applicable) and satisfactory completion of all other conditions precedent as contained therein, the Share-Purchase Agreement dated February 20, 2023 as entered into by the Bank with Ahmed Goolam Mohamed Randeree and, Shabir Ahmed Randeree for the purchase of 87,965,233 and 127,965,233 ordinary shares of BIPL (collectively 19.48% of the issued paid up capital of BIPL) respectively held by them in consideration of 99,559,050 and 144,831,051 ordinary shares of the Bank (proposed to be issued by way of other than rights and other than cash) based on the valuations carried out by the valuer is hereby accepted, confirmed and ratified.

RESOLVED FURTHER THAT subject to receipt of all necessary regulatory approvals from the SBP, the CCP, and SECP (wherever applicable) and satisfactory completion of all other conditions precedent as contained therein, approval is hereby given for the draft share purchase agreement proposed to be entered into with Jahangir Siddiqui & Co. Limited, the holding company of the Bank, for the purchase and acquisition of 235,684,306 ordinary shares (constituting 21.26% of the issued paid up capital) of BIPL in consideration of 266,747,498 ordinary shares of the Bank (proposed to be issued by way of other than rights and other than cash) based on the valuations carried out by the valuer is hereby approved for execution;

RESOLVED FURTHER THAT subject to receipt of all necessary regulatory approvals from the SBP, the CCP, and SECP (wherever applicable) and satisfactory completion of all other conditions precedent as contained therein, the Share Purchase Agreement dated March 01, 2023 as entered into with M/s Sumya Builders and Developers for purchase and acquisition of 18,989,000 ordinary shares (constituting 1.71% paid up capital) of BIPL in consideration of 21,491,750 ordinary shares of the Bank (proposed to be issued by way of other than rights and for other than cash) based on valuations carried out by the valuer is hereby accepted, confirmed and ratified;

RESOLVED FURTHER THAT subject to receipt of requisite regulatory approvals, consent and approval to make a public offer for a minimum 24.88% ordinary shares of BIPL to all public shareholders of BIPL in exchange for (as consideration) a maximum of 59.56% shares of JS Investments Limited ('JSIL') and a maximum of 67.90% ordinary shares of JS Global Capital Limited ('JS Global') currently held by the Bank as permissible and in accordance with the valuation requirements detailed under the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 and to pay for fractional shares /entitlement in cash as may be necessary be and is hereby accorded to the Bank;

RESOLVED FURTHER THAT formal applications be made concurrently to the SBP and the CCP for approval of the proposed acquisition and investment of approximately 67.33% paid up capital of BIPL (via agreements and tender offer) and to the SECP for the further issue of shares other than rights and for consideration other than cash as well as divestment of holding in JSIL and JS Global;

RESOLVED FURTHER THAT subject to the obtention of all regulatory approvals, all formalities pertaining to (i) the issuance and freezing of new ordinary shares (to be issued by way of other than rights and other than cash) of JSBL and (ii) acquisition of ordinary shares of BIPL and deposit and freezing of such additional shares of BIPL as may be acquired via agreements and/or public offer and (iii) unfreezing and transfer of the Bank's sponsor shares of JS Global and JSIL for the purposes of payment as consideration of the public offer portion be fulfilled in accordance with the applicable laws, rules and regulations;

RESOLVED FURTHER THAT any two of the President & Chief Executive Officer, Chief Operating Officer and Company Secretary are hereby jointly and severally authorized to fulfill all legal, corporate and procedural formalities in connection with the above, including dissemination of material information to Pakistan Stock Exchange Limited, fulfilling all reporting and disclosure requirements, personal and written representations and submission of all applications to SBP, SECP, CCP, Pakistan Stock Exchange and Central Depository Company of Pakistan Limited and other organizations whenever required and signing and execution of all documents, applications, deeds and agreements related thereto (including giving and signing any

resolution on any standard template or pattern as may be required by any of the above entities) for achieving the above purposes and to take all such necessary, ancillary and incidental steps and do all such acts, deeds and things that may be required for the purpose of giving effect to the this resolution.

(Attached to this Notice is a Statement of Material Facts covering the above-mentioned special business, as required under Section 134(3) of the Companies Act, 2017).

Karachi: March 8, 2023,

By Order of the Board
Hasan Shahid
Company Secretary

Notes:

- a) Share transfer books of the Bank will remain closed from March 23, 2023 to March 29, 2023 (both days inclusive). Transfers received in order at Bank’s Independent Share Registrar, CDC Share Registrar Services Limited, CDC House, Shakra-e-Faisal, Karachi at the close of business on March 22, 2023 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 light of the clarification issued by the Securities and Exchange Commission of Pakistan for ensuring participation of members in general meeting through electronic means as a regular feature, the Bank has also provided the facility for attending the meeting via video-link to its shareholders. The members are encouraged to participate in the meeting online for following the below guidelines.
- 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, 2023.

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.
- The Members who intend to attend and participate physically in the AGM of the Bank will be allowed to participate keeping in view the COVID-19 related SOP’s issued by the Provincial and/or the Federal Government. The Bank will follow the best practices and comply with the instructions of the Government and SECP to ensure protective measures are in place for well-being of its Members.
- In the 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 the case of a 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.

For Appointing Proxies

- In the 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 the 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 the case of the corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with a proxy form to the Bank.

Procedure for E-Voting

- In accordance with the Companies (Postal Ballot) Regulations 2018, for the purpose of approval of any special agenda item at the AGM, members will be allowed to exercise their vote through postal ballot i.e., by post or e-voting, in the manner and subject to conditions contained in the Companies (Postal Ballot) Regulations, 2018.
- Details of the e-voting facility will be shared through an e-mail with those members of the Bank who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Bank by the close of business on March 23, 2023.
- The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).
- Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- Members shall cast vote online at any time from March 24, 2023, 9:00 am to March 28, 2023. Voting shall close on March 28, 2023, at 5:00. Once the vote on the resolution is cast by a Member, he/she shall not be allowed to change it subsequently.

Procedure for Voting Through Postal Ballot

- Pursuant to Companies (Postal Ballot) Regulations 2018, for the purpose of election of directors and for any other agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post, in accordance with the requirements and procedure contained in the aforesaid Regulations.
- The members shall ensure that the duly filled and signed ballot paper, along with a copy of the Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through the post at the Bank's registered address, 1st Floor Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi, or email at chairman@jsbl.com one day before the AGM on March 28, 2023, during working hours. The signature on the Ballot Paper shall match with signature on the CNIC.
- In accordance with Regulation 11 of the Regulations, the Board of the Bank has appointed M/s PKF F.R.A.N.T.S, Chartered Accountants, (a QCR rated audit firm) to act as the Scrutinizer of the Company for the special business to be transacted in the meeting and to undertake other responsibilities as defined in Regulation 11A of the Regulations.
- Shareholders are requested to notify immediately of any change in their address to the Bank's share 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 are 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 and Electronic Transmission of Financial Statements & Notices

The Bank has placed the annual Audited Financial Statements for the year ended December 31, 2022, along with the Auditors and Directors' Reports on its website: <https://jsbl.com/knowledge-center/financial-reports/> as required under Section 223(7) of the Companies Act, 2017.

Further, the Annual Report of the Bank for the year ended December 31, 2022, is transmitted to the shareholders at their email address registered with the Share Registrar.

Under Section 223(6) of the Companies Act, 2017, listed companies are allowed to send the Audited Financial Statements etc., through an electronic mail system (e-mail). The members are hereby requested to convey their consent via email on a standard request form which is available at the Bank's website i.e. <https://jsbl.com/wp-content/uploads/2022/03/Annual-Audit-Acc-Email-Request.pdf>. Please ensure that your email account has sufficient rights and space available to receive such an email that may be greater than 1 MB in size. Members can request a hard copy of Audited Financial Statements which shall be provided free of cost within seven days from the date of requisition. Further, it is the responsibility of the member(s) to timely update the Share Registrar of any change in his (her/its/their) registered email address at the address of the Bank's Share Registrar mentioned above.

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 the bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in the Electronic Credit Mandate Form available on Bank's website and send it duly signed along with a copy of CNIC to the Registrar of the Bank M/s. CDC Share Registrar Services Limited, CDC House, Shakra-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 the 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 the 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.

STATEMENT OF ORDINARY BUSINESS

Review of the Directors' Remuneration Policy

The provisions of Regulation No. 16 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 read with Regulation G-15 of the SBP's 'Corporate Governance Regulatory Framework', a formal policy and transparent procedure for fixing the remuneration packages of individual directors for attending the meeting of the Board and its committees was formulated and approved by the Board of Directors. Further, The Corporate Governance Regulatory Framework requires that the remuneration policy for the Directors should be approved by the shareholders of the Bank preferably on a pre-facto basis in the AGM/EOGM. Therefore, in order to comply with the regulatory requirements, Directors' Remuneration Policy is presented to the shareholders for approval.

The Policy was approved by the Board and thereafter by the Shareholders of the Bank at AGM in March 2020. The next review of the Policy by the shareholders is due at the upcoming AGM on March 29, 2023, on the recommendation of the Board.

The Policy is reviewed and amended in line with SBP's Corporate Governance Regulatory Framework (CGRF) and other regulatory directives and recommended by the Board for approval of shareholders.

STATEMENT OF SPECIAL BUSINESS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

Investment and Acquisition of majority shares and control of BankIslami Pakistan Limited

BankIslami Pakistan Limited is one of the premier Islamic banking entities of Pakistan, having a total deposit base of PKR 388.13 billion. Its total asset size as per its balance sheet dated September 30, 2022, stands at PKR 454.72 billion. Currently, it has more than 330 branches across all cities of Pakistan.

It was the first bank to receive the Islamic banking license under the Islamic banking policy of 2003 on 31 March 2005, and the second full fledged Islamic bank to start operations in Pakistan.

The Pakistan Credit Rating Agency (PACRA) has assigned a long-term credit rating of A+ and short-term entity ratings of 'A1'.

Considering the fact that the Bank does not have any Islamic Banking operations or window, this acquisition shall allow it to have some (indirect) presence in the sector, which will help develop synergies which previously was not possible. Secondly, this will also help the Bank in benefiting from various Islamic financing avenues and transactions which previously could not be capitalized due to no presence of the Bank in the Islamic banking sector.

The Bank currently owns 7.79% shares of BIPL. In order to acquire majority control, it needs to acquire an additional 42.45% paid up capital of BIPL at a minimum. Such shares will be acquired by the Bank via agreements with major shareholders of BIPL. For such shares which are to be acquired via agreements, the Bank shall issue new shares as consideration, which shares shall be issued as "*other than rights and other than cash*" offer. Such issuance is permissible under the provisions of Section 83(1)(b) of the Companies Act, 2017 and the Companies (Issue of Shares) Regulations, 2020, provided however that such an issue has been approved by the shareholders by way of a special resolution.

In order to ensure that this transaction and the share swap is undertaken at arms-length basis and on pricing terms that are not disadvantageous to the Bank or any of the shareholders of BIPL, services of an independent valuer M/S Yousuf Adil, Chartered Accountants (which is a QCR rated firm of chartered accountants) were sought to calculate the estimated fair value of the shares of BIPL and the Bank. As per the report of the independent valuer, a swap ratio of 1.1318 (i.e. 1.1319 shares of JSBL for every 1 share of BIPL) was computed, which ratio has been relied on and agreed to between the parties.

To this effect, the Bank has (subject to receipt of approval by shareholders and all regulatory approvals and compliances) entered into an agreement dated February 20, 2023 for acquiring 19.48% shares of BIPL with Mr. Ahmed Golam Mohamed Randeree and Mr. Shabir Ahmed Randeree. In exchange thereof, Mr. Ahmed Golam Mohamed Randeree and Mr. Shabir Ahmed Randeree shall be issued 99,559,050 and 144,831,051 shares of the Bank respectively as consideration for their shares of BIPL.

Additionally, the holding company of the Bank, i.e. Jahangir Siddiqui & Co Limited ("JSCL"), also owns and controls 235,684,306 ordinary (aggregating to approximately 21.26% paid up capital) of BIPL. Consequently, JSCL will be one of the parties with whom the Bank will be entering into an agreement to acquire shares of BIPL. In consideration of its shares of BIPL, JSCL will be issued 266,747,498 new shares of the Bank.

Furthermore, the Bank has also entered into a formal share purchase agreement on March 01, 2023 with M/s Sumya Builders & Developers, (a partnership concern) under the terms of which the Bank shall acquire 18,989,000 ordinary shares (constituting 1.71% paid up capital) of BIPL in consideration of 21,491,750 ordinary shares of the Bank (proposed to be issued by way of other than rights and for other than cash) based on the same valuation and on the same terms on which the shares have been acquired (and will be issued) to the Randeree Family and JSCL.

Effectively, all the agreements are on predominantly the same terms (other than changes which may be required customarily) which are on the arms-length basis at all times.

It is pertinent to mention here that it is permissible for the Bank to have a separate Islamic banking entity as its subsidiary under the provisions of IBD Circular No. 4 of 2020 as well as Section 23 of the Banking Companies Ordinance, 1962.

The transaction with JSCL falls within the ambit of a related party transaction as defined under Section 208 of the Act. Consequently, the Bank sought clearance and recommendation of its Audit Committee on February 28, 2023, i.e. before the matter was approved by the Board of Directors of the Bank on March 01, 2023. Secondly, the none of directors of the Bank were not conflicted or beholden to JSCL, as a result of which approval for the transaction with JSCL under Section 208 could be given by the Board without the need for a special approval from the members of the Bank.

In addition to the shares to be acquired via the agreements, the Bank will also be required to make a public offer to the public shareholders of BIPL. Under the provisions of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 ('Regulations'), the Bank will need to make an offer of a minimum 50% of the remaining paid up capital of BIPL. Consequently, the absolute maximum number of shares of BIPL which the Bank may need to acquire (assuming the full public offer is subscribed to) shall stand at ~ 275.84 million shares (translating to 24.88% paid up capital) of BIPL.

The consideration to be given for such public offer will be up to 59.56% shares of JS Investments Limited ('JSIL') and up to 67.90% shares of JS Global Capital Limited ('JS Global'). This is the estimated maximum number of shares that the Bank will offer of its subsidiaries. The precise number will be determined at the time of making the public offer based on the market price computation of the consideration shares. Again, it is reiterated that giving out shares of listed companies as consideration of public offer is permissible under the Regulations.

Such offer of shares of JSIL and JS Global by the Bank as consideration for the public offer will amount to disposal of major portion of the undertaking, which requires approval by the members by way of a special majority under the provisions of Section 183(3) of the Act.

Overall, even after the public offer, the Bank shall hold a minimum 25% capital of both entities so as to ensure that even if the entire public offer is subscribed to, the Bank is still regarded as a sponsor of JSIL and JS Global as per the definitions contained in the respective regulations which govern their operations.

Other information:

- JSCL is the holding company of the Bank and also holds and controls 21.26% shares of BIPL, which makes BIPL an associated entity of the Bank due to common control of JSCL.
- The Bank already owns 7.79% shares of BIPL as it stands, and it is permissible for the Bank to make BIPL its subsidiary under the SBP regulations.
- The requirements of the Regulations and of the Securities Act, 2015 (pertaining to takeover of listed companies) are to be complied with by the Bank. The Bank has engaged Next Capital Limited as the manager to the offer for this purpose.
- The Bank will need any permission from the Competition Commission of Pakistan to make this further investment in BIPL, as the thresholds for such an application are being met, and the exemptions available in law may not be applicable to the Bank.
- Consents from JSCL as required under Regulation 5(ii)(j) of the Companies (Further Issue of Shares) Regulations, 2020, has already been received. Moreover, there is no need for a similar consent from Randeree family or Sumya Builders & Developers as the Bank has already entered into formal agreements with them (subject to corporate and regulatory approvals).
- As a result of the issuance of the new shares (other than rights and other than cash), the Randeree family shall hold 13.35%, paid up capital of the Bank, Sumya Builders & Developers will hold 1.17% paid up capital of the Bank, whereas JSCL will then hold 67.76% paid up capital of the Bank. Effectively, the Bank will continue to remain a subsidiary of JSCL even after the proposed issue.
- Assuming the entire public offer portion is subscribed, the Bank will still be classified as a sponsor of both JSIL and JS Global as it shall retain a minimum 25% shareholding in both companies. However, both companies may no longer be classified as subsidiaries of the Bank if the full public offer portion is subscribed to.
- At all times (i.e. post-acquisition of majority shares of BIPL and post-issuance of new shares of the Bank and post the public offer subscription), the Capital Adequacy Ratio of the Bank shall remain compliant with the limits and thresholds prescribed by the SBP.
- The Company Secretary of JSCL (Syed Ali Hasham) is a director on the board of BIPL. He has already declared his interest in the transaction as mandated under Section 206 of the Act to the CEO of JSCL, which disclosure has also been brought to the knowledge and attention of the board and members of JSCL. Based on the information, the Company Secretary is not involved in any process related to the approval of this transaction in any manner whatsoever.
- All legal, corporate, and regulatory formalities will be fulfilled in consultation with the Legal Advisors, M/s Bawaney & Partners.

Nature of information required to be disclosed pursuant to the Companies (Investment in Associated Companies and Undertakings) Regulations, 2017, for investment in associated company BankIslami Pakistan Limited is as follows:

Ref No.	Requirement	Relevant Information
	(a) Disclosures for all types of investments	
	(A) Details pertaining to the Associated Entity	
i	Name of associated company	Bank-Islami Pakistan Limited (BIPL)

ii	Basis of relationship	The associated relationship is established based on the common shareholding of Jahangir Siddiqui & Co. Ltd. (JSCL), having 21.26% shareholding in BIPL and 75.02% shareholding in the Bank. Consequently, JSCL has more than 20% direct interest over the voting shares of both entities.
iii	Earnings per share for the last three years	2020: PKR 1.536 per share 2021: PKR 1.922 per share 2022: PKR 4.0043 per share
iv	Break-up value per share, based on latest audited financial statements	2021: PKR 20.30 per share Sept. 30, 2022: PKR 23.10 per share
v	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements (as of September 30, 2022)	The statement of financial position and profit and loss account as of September 30, 2022, are enclosed.
vi	In case of investment in relation to a project of the 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 noncash amounts.	N/A
B) General Disclosures: -		
i	Maximum amount of investment to be made	Upto PKR 17.5 billion, which figure is derived from the valuation report of the independent valuer, who has valued one ordinary share of BIPL at PKR 23.0998/ share. Of this, PKR 10.87 billion will be invested via agreements whereas a maximum of PKR 6.63 billion may be invested via public offer portion.
ii	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	- To earn dividend income - To benefit from the expected future growth of BIPL - The Bank does not have an Islamic banking window or operations.

		Through this acquisition, the Bank will (ultimately) acquire the majority shareholding in BIPL, making it a subsidiary of the Bank, which is permissible under the provisions of SBP regulations.
iii	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:- (I) justification for investment through borrowings; (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) cost-benefit analysis	No cash outlay will be made as a consequence of this investment, as the shares of the Bank will be issued to JSCL, Randeree family and Sumya Builders & Developers under the share purchase agreements in exchange for their holding of BIPL shares. For the public offer portion, shares of JS Investments Limited (JSIL) and JS Global Capital Limited (JS Global) will be offered as consideration to the public shareholders of BIPL.
iv	Salient features of the agreement(s), if any, with the associated company or associated undertaking with regards to the proposed investment	None.
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	JSCL is the holding/parent company of Bank and also has an interest in BIPL which are detailed as follows: a) JSCL hold 21.26% (235,684,306) shares of BIPL; b) JSCL holds 75.02% (973,307,324) shares of the Bank; Additionally, Syed Ali Hasham, Company Secretary of JSCL, is a director of BIPL. He holds 501 shares in BIPL. Otherwise, major shareholders, sponsor and directors (or their relatives) of the Bank have no direct or indirect interest in the transaction or in BIPL except to the extent of their shareholding, if any, in the Bank, JSCL and BIPL, respectively, which is disclosed at the end of this statement.
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	Investment of 7.79% in BIPL has been made in November 2022. The Profit Before Tax of BIPL as of December 31, 2021 was PKR 3.34 billion that has increased to PKR 8.23 billion as of December 31, 2022, an increase of 146.41%.

		<p>The independent valuer has also valued the shares of BIPL at PKR 23.099/ordinary share based on net asset value, which proves the worth of BIPL. Considering the fact that the Bank acquired 7.79% shares of BIPL at PKR 13.24/ share, the benefits to the Bank are clearly visible.</p>
vii	any other important details necessary for the members to understand the transaction	<p>The investment to be made by JSCL will be in the shares of JSBL, which is its subsidiary.</p> <p>The consideration for such further investment in JSBL will not be in cash, as consideration to be paid by JSCL will be through transfer of 21.26% equity securities of BIPL currently held by JSCL.</p> <p>Consequently, no cash outlay will be result in such additional investment in JSBL by JSCL.</p> <p>The shares will be issued to JSCL by JSBL as other than rights and other than cash.</p> <p>The price at which the shares will be issued and the determination of value of consideration (i.e., BIPL shares) has been calculated by an independent valuer (i.e., Yousuf Adil, Chartered Accountants) who is a QCR rated firm of chartered accountants.</p> <p>Final approval from the State Bank of Pakistan will be required to consummate the investment. JSCL will need permission to make additional investment in JSBL whereas JSBL will require permission to make further investment in and acquire control of BIPL. Additionally, JSBL will also need permission of the Competition Commission of Pakistan to make investment in and acquire control of BIPL.</p> <p>JSBL will also need corporate approvals as well as permission from the SECP for issuance of shares other than rights and other than cash.</p>
<p>In case of equity investment, following disclosures in addition to those provided under clause (a) of Sub-regulation (1) of Regulation 3 shall be made:</p>		
i	maximum price at which securities will be acquired	The shares of BIPL to be acquired via agreements shall be at a notional value of

		<p>Rs. 23.0998 per share based on the report of the independent valuer.</p> <p>The public offer portion shall be acquired at a price to be determined in accordance with the requirement of Takeover Laws at a later stage of the transaction.</p>
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	<p>The valuation has been determined by the independent valuer in accordance with the requirements of Chapter IV of Listed Companies (Further Issue of Shares) Regulations, 2020. The consideration is also non-cash, so valuation was imperative to ensure fair value is determined for the shares which are being acquired vis-à-vis shares being sold / transferred.</p> <p>Similar, for the public offer portion, the Regulations prescribe for the price at which the public offer is to be made. This amongst other things, requires the higher of the net asset value or market price to be paid to the public shareholders.</p>
iii	maximum number of securities to be acquired	746,495,059 shares, of which 470,603,772 shares will be acquired via agreements and a maximum of 275,891,287 shares will be acquired via public offer.
1v	number of securities and percentage thereof held before and after the proposed investment	<p>Before: 86,316,954 shares (7.79%)</p> <p>After:</p> <ul style="list-style-type: none"> • 556,920,726 shares (50.24%) (assuming no shares are tendered in the public offer portion) • 832,812,013 shares (75.11%) (assuming the public offer portion is subscribed to)
v	current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	<p>Market Price: PKR 11.07 on 03-03-2023</p> <p>12 weeks' weighted average market price: PKR 12.85 per share</p>
vi	fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities.	N/A

Nature of information required to be disclosed pursuant to Section 5(1) the Companies (Further Issue of Shares) Regulations, 2020, for further issue other than rights as follows:

No.	Requirement	Relevant Information
i	Regulatory and Corporate Approvals to which the further issue of shares other than rights is subject to	<ul style="list-style-type: none"> • Approval from the Competition Commission of Pakistan for proposed investment in BIPL against which the shares are to be issued; • Approval from the State Bank of Pakistan for proposed investment in BIPL against which the shares are to be issued; • Approval from the SECP for the proposed issue; • Approval of shareholders of the Bank by way of special majority for investment in BIPL and issuance of shares other than rights and cash.
ii	Quantum of the issue both in terms of the number of shares and percentage of paid-up capital before and after the issue	<p>532,629,349 shares proposed to be issued by way of other than rights and other than cash;</p> <p>The proposed new shares are approximately 41.05% of the current paid up capital of the Bank;</p> <p>The post capitalized and issuance, the proposed newly issued will add up to 29.10% paid-up capital of the Bank.</p>
iii	issue price per share and justification for the same	The shares the Bank will issue at a notional price of PKR 20.4099 /share based on the report of the independent valuer.
iv	consideration against which shares are proposed to be issued i.e. cash or other than cash	The new shares of the Bank will be issued for consideration other than cash, i.e. 470,603,772 shares of BIPL, which are valued at a notional price of Rs. 23.0998/share based on the report of the independent valuer.
v	name of person(s), their brief profile, existing shareholding, if any, in the company, to whom the shares are proposed to be issued	<p>266,747,498 new shares are proposed to be issued to JSCL, which is the holding company of the Bank. Currently, JSCL holds 75.02% paid-up capital of the Bank;</p> <p>244,390,101 new shares are proposed to be issued to Mr. Ahmed Randeree and Mr. Shabir Randeree, Currently, they hold no paid-up capital of the Bank;</p> <p>21,491,750 new shares are proposed to be issued to M/s Sumya Builders & Developers, a partnership concern. Currently, the partnership does not hold shares or paid-up capital of the Bank;</p>

vi	purpose of the issue	To pay as consideration for 470,603,772 shares of BIPL which are currently held by the parties to whom the new shares of the Bank are proposed to be issued.
vii	justification for issue of the shares by way of other than right	The offer or new shares are being made to specific named individuals who hold a major stake in BIPL. Since all shareholders of Bank may not be holding shares of BIPL and the fact that all shareholders of the Bank who hold BIPL share may not be willing to sell their holding in BIPL, a rights issue was deemed not pragmatic.
viii	benefits of the issue to the company, its members and capital markets	<p>As a consequence of the issue, the Bank will be able to acquire majority voting shares and control of BIPL. This will help the Bank in gaining access to Islamic financial services and banking which currently the Bank is unable to do.</p> <p>With an established Islamic bank becoming a subsidiary of the Bank, the profitability of the subsidiary will ultimately be passed on to the shareholders of the Bank.</p> <p>Furthermore, the shareholders of the Bank will be able to benefit from the diversified holding of the Bank, resulting in a lower risk and potentially higher returns.</p>
ix	breakup value per share as per the latest available audited and reviewed accounts	PKR 16.61 per share as of December 31, 2022
x	consent of the person(s) to whom the shares are to be issued is(are) obtained	<p>Mr. Ahmed Randeree and Shabir Randeree both have entered into formal agreements with the Bank.</p> <p>Similarly, Sumya Builders & Developers has also entered into a formal share purchase agreement with the Bank.</p> <p>.</p> <p>In-principle consent of JSCL was obtained on February 17, 2023, whereas the final consent of JSCL is expected to be available after its members' approval, i.e. by March 17, 2023.</p> <p>In any case, consent will be available by the date of the AGM of the Bank.</p>

xi	the proposed new shares shall rank pari passu in all respects with the existing ordinary shares of the company. In case the proposed new shares are different from the issued ordinary shares in any respect, then the board's decision must state the differences in detail	The proposed new shares will rank <i>pari passu</i> with all existing ordinary shares of the Bank.
xii	average market price of the share, in case of a listed company, during the last three months preceding the board's decision as well as the latest available market price	Preceding three months average market price: PKR 4.40 per share Market price: PKR 4.30 per share on 03-03-2023
xiii	where shares are proposed to be issued for consideration other than in cash, the value of non-cash assets or services or intangible assets shall be determined by a valuer	The valuation of non-cash consideration (i.e. shares of BIPL) was carried out by an independent valuer, namely M/s Yousuf Adil, Chartered Accountants, which is a QCR rated firm of accountants and one of the big 4 accounting firms in Pakistan. The said report as prepared by Yousuf Adil is available at the registered office of the Bank for inspection.

The Directors of the Bank undertake that they have carried out necessary due diligence for the proposed investment in BIPL. The due diligence report is available for inspection at the registered office of the Bank.

The report of the independent valuer is available for inspection at the registered office of the Bank.

All legal, corporate, and regulatory formalities will be fulfilled in consultation with the Legal Advisor (i.e. M/s Bawaney & Partners).

No prejudice shall be caused to any existing shareholder of the Bank. On the contrary, the proposed acquisition will be in the best interest of the stakeholders as it would give the Bank an opportunity to gain control over an established Islamic banking entity which was previously not possible due to regulatory restrictions, thereby opening up new opportunities and diversification.

The Directors, including the Chief Executive Officer of the Bank have no personal interest in the transaction directly or indirectly except to the extent of their and their spouse shareholdings held by them in the Bank. The conflict of Syed Ali Hasham (Company Secretary of the JSCL) has been duly disclosed and recorded.

The number of shares held by the Directors, their spouses, and the Executives in the Bank, JSCL and BIPL are as follows:

Directors:	Number of Shares held in		
	JSCL	JSBL	BIPL
Mr. Adil Matcheswala	2	200,000	-
Mr. Basir Shamsie (CEO)	-	1	-
Ms. Nargis Ali Akber Ghaloo	-	1	-
Lt. Gen. Sadiq Ali	-	1	-
Mr. Shahnawaz Haider Nawabi	-	1	-
Syed Mumtaz Ali Shah	-	1	-
Mr. Usman Yousaf Mobin	-	1	-

Spouses of Directors:			
Mrs. Hafsa Shamsie w/o Basir Shamsie	-	1,132,320	-
Executives:			
Imran Haleem Shaikh - COO	1	1	-
Hasan Shahid - Co. Sec.	15,100 Ord. 3,020 Pref.	1,001	1
Amin Muhammad Virani - CFO	-	-	-
Kashan Zafar - CIA	1	1	-

Financial position of BIPL, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements (as of September 30, 2022)

BankIslami Pakistan Limited			
Income Statement - PKR Millions			
	30-Sep-22	30-Sep-21	Growth
Net Mark-up Income	13,644	8,070	69.07%
Non Mark-up Income	2,842	1,471	93.18%
Non Mark-up Expenses	8,695	6,889	26.22%
Profit Before Provisions	7,790	2,652	193.75%
Provisions and Write-Offs	2,246	(272)	0.00%
Profit Before Taxation	5,544	2,924	89.61%
Taxation	2,692	1,069	151.89%
Profit After Taxation	2,852	1,855	53.73%
EPS -PKR	2.57	1.67	
Cost to Income Ratio	52.02%	71.53%	
Return on Equity	11.85%	8.82%	

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

The Bank in its Annual General Meetings held on March 27, 2020, and March 30, 2022, had approved long-term equity investments of up to PKR 675 million in ordinary shares of EFU Life Assurance Limited and 7.79% shares of BankIslami Pakistan Limited associated companies of the Bank respectively. The resolutions are valid for a period of three years commencing from the date of passing:

S.No	Name of Company	Total Investment approved upto PKR	Amount of Investment till Dec. 31, 2022 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	Commercial viability	None
2	BankIslami Pakistan Ltd.	PKR 1,142.8 million	PKR 1,142.8 million	Not Applicable	Not Applicable