



**Bank Alfalah**

LDN/CA/2022  
4<sup>th</sup> March 2022

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

Dear Sir,

**NOTICE OF THE 30<sup>TH</sup> ANNUAL GENERAL MEETING**

We enclose a copy of Notice of the 30<sup>th</sup> Annual General Meeting (“AGM”) of Bank Alfalah Limited (“the Bank”) to be held on Tuesday, 29<sup>th</sup> March 2022 at 10:00 am at Karachi, for circulation amongst the TRE Certificate Holders of the Exchange.

The above Notice of AGM will be published in English and Urdu languages in the newspapers of 8<sup>th</sup> March 2022 and we shall forward you clippings of the same.

Yours truly,

**Muhammad Akram Sawleh**  
Company Secretary

Encls: as above



Bank Alfalah

## NOTICE OF THE 30TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 30th Annual General Meeting ("AGM") of Bank Alfalah Limited ("the Bank") will be held on Tuesday, March 29, 2022 at 10:00 AM at Ballroom, Movenpick Hotel, Karachi as well as through electronic means/web link to transact the following businesses:

### **Ordinary Business:**

1. To confirm Minutes of the Extra-Ordinary General Meeting held on 27th May 2021.
2. To receive, consider and adopt the audited Annual Accounts of the Bank for the year ended 31st December 2021 together with Chairman's Review Report, Directors' Report and Auditors' Report thereon including post-facto approval of remuneration paid to the non-executive directors for attending Board and Board Committees meetings as reported under Note No. 39 of the Annual Accounts, in compliance with SBP's Regulatory Framework.

The Annual Report 2021 including Financial Statements of the Bank for the year ended 31st December 2021 has been placed at Bank's website at; [www.bankalfalah.com/financial-reports/](http://www.bankalfalah.com/financial-reports/)

3. To approve, as recommended by the Board of Directors, payment of Final cash dividend at the rate of Rs. 2/- per share i.e. 20% for the year ended 31st December 2021. This is in addition to the Interim Cash Dividend already paid by the Bank at the rate of Rs. 2/- per share i.e. 20%.
4. To appoint Auditors of the Bank for the year 2022 and fix their remuneration.
5. To transact any other business with the permission of the Chair.

### **Special Business:**

6. To consider and approve amendments in the Directors' Remuneration Policy of the Bank in accordance with SBP's Corporate Governance Regulatory Framework and to pass the following Ordinary Resolution:

**"RESOLVED THAT** in order to align the policy document with the updated regulatory requirements, the amendments to the Remuneration Policy for the Directors of Bank Alfalah Limited, as presented before the shareholders in the 30th Annual General Meeting, be and are hereby approved."

7. To consider and, if deemed fit, pass the following Special Resolution (with or without modification):

**“RESOLVED THAT** in accordance with Section 199 of the Companies Act, 2017, and subject to compliance with necessary requirements and approvals, Bank Alfalah Limited (“the Bank”) be and is hereby authorized to purchase 521,739 (Five Hundred Twenty One Thousand Seven Hundred Thirty Nine) ordinary shares of Alfalah CLSA Securities (Private) Limited, having face value of PKR 10/- (Pak Rupees ten each, from the Sellers, at an aggregate price of PKR 5,217,390/- (Pak Rupees Five Million Two Hundred Seventeen Thousand Three Hundred Ninety), on such terms and conditions as negotiated and finalized by the Authorized Representatives of the Bank.

**FURTHER RESOLVED THAT** the Group Head, Strategy, Transformation and Customer Experience, the Company Secretary and the Chief Financial Officer of the Bank (“the Authorized Representatives”), be and are hereby, jointly and severally, authorized to prepare, finalize, execute and file all necessary documents, take all necessary steps and to do all such acts deeds and things for and on behalf of, and in the name of the Bank, as may be necessary or required as they may think fit for or in connection with or incidental for the purposes of the above-mentioned resolution or for the proposed Purchase, as well as carry out any other act or step which may be ancillary and / or incidental to do the above and necessary to fully achieve the objects of the aforesaid resolution.”

The Statement of material facts under Section 134(3) of the Companies Act, 2017 in respect of the aforesaid Special Businesses to be considered at the Annual General Meeting is being sent to the members along with the Notice.

Karachi  
Dated: 8th March 2022

By Order of the Board

MUHAMMAD AKRAM SAWLEH  
Company Secretary

## NOTES:

### 1. Closure of Share Transfer Books

The Share Transfer Books of the Bank will be closed from March 22, 2022 to March 29, 2022 (both days inclusive). Transfers received at the office of the Share Registrar of the Bank, M/s. F. D. Registrar Services (Pvt.) Limited, Room No. 1705, 17th Floor, Saima Trade Tower "A", I.I. Chundrigar Road, Karachi-74000 Phone: (92-21) 32271905-6 and (92-21) 32213243 Fax: (92-21) 32621233 before the close of business on March 21, 2022 will be treated in time for the purpose of attending meeting by the transferees. Also, shareholders having shares in physical form are requested to notify any change in their address and/or email address, to our Share Registrar, in writing, whereas CDC account holders are requested to contact their CDC Participant/CDC Investor Account Services

### 2. Participation in AGM through electronic means:

The shareholders who wish to participate through online platform/facility (either in person or through proxy) are requested to please provide below information at Bank's designated Email: cosec@bankalfalah.com, at least 24 hours before the time of AGM i.e. latest by 10:00 am on 28th March, 2022.

Folio/CDC Account No.	Name	CNIC No.	Cell No.	Email address

The login details will be sent to such shareholders through email enabling them to join the AGM on given time through web/internet.

### 3. Members' Right to Appoint Proxy

Members appointing proxies are requested to submit their proxy forms along with attested copies of proxy's CNIC/Passport mentioning folio/CDC account # of proxy holder at the Office of Share Registrar of the Bank, not less than 48 hours before the time of the Meeting. A corporation appointing a proxy must also submit their proxy forms along with a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney.

### 4. Payment of Cash Dividend Electronically (e-Dividend)/Dividend Mandate

In accordance with the Companies (Distribution of Dividends) Regulations, 2017, the Bank is required to withhold dividend payment of those shareholders who have not yet provided their dividend mandate/bank account details and/or CNIC details. Such shareholders are requested to provide their CNIC details and/or their dividend mandate information including 1) IBAN number 2) Title of Bank Account; 3) Bank Account number; 4) Bank Code and Branch Code; 5) Bank Name, Branch Name and Address; 6) Cell Number; 7) CNIC number; and 8) Email Address to Bank's Share Register (if shares are held physically) or relevant CDC Participants/Brokers (if shares are held in electronic form).

### 5. Financial Statements and Notice of Annual General Meeting through email

In compliance with SECP's SRO No. 787(I)2014 dated 8th September 2014, the shareholders who desire to receive the audited financial statements and notice of Annual General Meeting through email are requested to provide their valid email address and their consent in writing to the Bank's Share Registrar.

**6. Un-claimed Dividends/ Shares**

In accordance with Section 244 of the Companies Act, 2017 and the Unclaimed Shares, Modaraba Certificates, Dividend, Other Instruments and Undistributed Assets Regulations, 2017, the companies are required to deposit cash dividends to the credit of the Federal Government and shares to the Commission, which are undelivered/ unclaimed for a period of three (3) years or more from the date it is due and payable. The notices to this fact have already been dispatched to the relevant shareholders. Shareholders who have not yet collected/received their dividends/shares are advised to contact our Share Registrar for details.

**7. Withholding Tax on dividends**

Withholding Tax on cash dividend of those shareholders, whose name will not appear (at the time of issuance/process of dividend) in the Active Tax Payers List, will be subject to higher rate of tax deduction as required under prevailing Income Tax Laws. Corporate shareholders are also required to update their NTN number in CDC records or provide copy of their NTN certificate to Bank's Share Registrar (if shares are held in physical form).

**8. Tax in case of Joint Shareholders**

In accordance with the instructions of Federal Board of Revenue, the tax on dividend income of joint holders of shares will be deducted in accordance with their shareholding proportion or in equal proportion, if such proportion is not provided. Therefore, shareholders are requested to provide, if not provided earlier, shareholding proportion of each joint shareholder(s) to the Bank's Share Registrar latest by 24th March 2022 in the following manner:

Folio / CDC A/c No.	Name of Shareholders (Joint Holders)	No. of shares (proportion)	CNIC No. (valid copy attached)	Signature
	1)			
	2)			
	.....			
	Total Shares			

**9. Conversion of Physical Shares into Book Entry Form**

As per provisions of Section 72(2) of the Companies Act, 2017 and as per the instructions issued by SECP vide its Letter No. CSD/ED/Misc./2016-639-640 date March 26, 2021, every existing company is required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission. Physical shareholders are requested to arrange to convert their shares held in physical form into book-entry-form. For this purpose, the shareholder shall be required to have an account either with Central Depository Company of Pakistan Limited (CDC) or with any Trading Rights Entitlement Certificate holder of Pakistan Stock Exchange Limited/CDC Participant.

The benefits associated with the Book-Entry-Form Shares includes "readily available for trading, whereas trading of physical scrips is currently not permitted", "no risk of damaged, lost, forged or duplicate certificates", "reduced stamp duty on physical to book-entry-form transfers", "no stamp duty on electronic transfers in CDS", "Instantaneous transfer of ownership", "Instant receipt/credit of dividends and other corporate entitlements (i.e. bonus, rights and new issues etc.)" and convenient pledging of securities etc.

**STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 PERTAINING TO THE SPECIAL BUSINESSES BEING TRANSACTED:**

**Agenda Item No. 6:**

**Remuneration Policy for Directors:**

The shareholders of the Bank in 28th Annual General Meeting held on 27th March 2020 at Karachi had unanimously approved the 'Remuneration Policy for Directors' ("the Policy") as required under the provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and SBP's BPRD Circular No. 03 of 2019 dated August 17, 2019 ("SBP Circular").

The State Bank of Pakistan has recently promulgated 'Corporate Governance Regulatory Framework' ("the Framework") vide its BPRD Circular No. 5 of 2021 dated November 22, 2021 which has repealed the said SBP Circular and consolidated its contents into the Framework. The existing Policy has references of the repealed SBP Circular, therefore, the same is being updated in accordance with the Framework. There is no material change in the Policy. However, an additional clause is being inserted into the Policy to cover and apply any maximum limits that may be prescribed by the regulator from time to time, while determining remuneration of a director for attending a board and/or its committee meetings.

As per regulatory requirements, the Policy is required to be approved by the shareholders of the Bank on pre or post facto basis in an Annual General Meeting. Therefore, the Board Human Resources, Remuneration & Nomination Committee of the Bank has reviewed the proposed amendments to the Policy and recommended the same to the Board of Directors, for onward recommendation to the shareholders for approval. The Board of Directors of the Bank in its meeting held on 2nd February 2022 has reviewed the proposed amendments and recommended the same to the shareholders for their approval in 30th Annual General Meeting being held on 29th March 2022:

Below are the proposed amendments in the said Policy:

S. No.	Ref No		Approved Term	Proposed Amendment	Rationale
	Page	Point			
1	2	1	With reference to the Chapter V of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Code") and Circular of the Banking Policy and Regulations Department (BPRD) of the State Bank of Pakistan (the "State Bank") on "Guidelines and Disclosures on Governance and Remuneration Practices" bearing BPRD	This policy is devised to encapsulate the guidelines, directions and instructions by the regulators and to ensure transparency and fairness to provide a framework for the remuneration of directors within the regulatory requirements/limits and disclosure requirements.	As this policy always requires approval from shareholders, hence references of specific sections and/or clauses of relevant regulations are being removed and replaced with generalized references. So that, the text of

S. No.	Ref No		Approved Term	Proposed Amendment	Rationale
	Page	Point			
			<p>Circular No. 1 of 2017 dated January 25th, 2017 (the "Guidelines") and BPRD Circular No. 03 of 2019 dated August 17, 2019 ("Circular"), this policy is devised to ensure transparency and fairness as per the said Guidelines of SBP and to provide a framework for the remuneration of Directors within the prescribed limits, with recommended policy measures and disclosures on the compensation practices as per regulatory requirements.</p>		<p>the Policy is amended only if any future regulatory instructions come in conflict with the text of the policy and not because of mere change in the serial/regulation numbers and/or any particular circular etc.</p>
2	3	4	<p>The evaluation criteria for the performance of the directors shall be determined in accordance with the guidelines set out in BPRD Circular No. 11 of 2016. The remuneration of the directors shall be adjusted based on whether a particular director has excelled in his performance or has underperformed.</p>	<p>The evaluation criteria for the performance of the directors shall be determined in accordance with the regulatory requirements/ guidelines/instructions applicable from time to time. The remuneration of the directors shall be adjusted based on whether a particular director has excelled in his performance or has underperformed.</p>	<p>To make the text generalize, so that the prevalent applicable requirements by the regulator.</p>
3	3	5.b	<p>In terms of the SBP Circular, no remuneration for attending meetings of the Board and its committees shall be paid to the Executive Directors/CEO, except usual travel &amp; disturbance allowance on actual basis, covering flight/ticket cost, accommodation and a standard disturbance allowance as per the Bank's policy.</p>	<p>In terms of applicable regulatory requirements, no remuneration for attending meetings of the Board and its committees shall be paid to the Executive Directors/CEO, except usual travel &amp; disturbance allowance on actual basis, covering flight/ticket cost, accommodation and a standard disturbance allowance as per the Bank's policy.</p>	<p>To make the text generalize for adequate coverage.</p>

S. No.	Ref No		Approved Term	Proposed Amendment	Rationale
	Page	Point			
4	3	5.c	In accordance with the provisions of Section 170 of the Companies Act, 2017, read with the Circular (referred in clause 1 above), the Non-Executive Directors may be paid remuneration for attending the meetings of the Board and its committees.	In accordance with the provisions of Section 170 of the Companies Act, 2017 and applicable regulatory requirements, the Non-Executive Directors may be paid remuneration for attending the meetings of the Board and its committees.	To make the text generalize for adequate coverage.
5	4	6.a	New clause inserted in policy	<p><b>Maximum Remuneration Amount</b></p> <p>While determining remuneration of a director (including the Chairman) for attending a board and/or its committee meeting(s), the maximum limits shall not exceed the limits as fixed by the Regulator/SBP from time to time and any future limits and changes in terms of the amount of remuneration shall mutatis mutandis apply and be considered as part of this Policy and the Annexure-A. It is clarified that the Annexure-A is enclosed for information purposes. Any changes to the maximum limits prescribed by the regulator shall deem to amend the Annexure – A accordingly.</p>	This clause has been inserted to cover and apply any maximum limits that are prescribed by the regulator from time to time.
6	4	Last para of 5(c) (i)	There will be no discrimination in the payment of remuneration to the non-executive Directors (both foreign and Pakistani Directors) and the amount of remuneration paid to them for attending each Board/committee meetings should be the same.	There will be no discrimination in the payment of remuneration to the non-executive Directors (both foreign and Pakistani Directors) and the amount of remuneration paid to them for attending each Board/committee meetings should be the same.	For more clarity in respect of remuneration of Non-Executive director, when he/she chair a meeting of the Board or Committee.



S. No.	Ref No		Approved Term	Proposed Amendment	Rationale
	Page	Point			
			However, the remuneration of a non-executive director for performing extra services including holding the office of Chairman of the Board, may additionally be determined with the approval of the shareholders, as the case may be, up to 20% of the remuneration set for him/her under in terms of above stated, with proper justification.	However, the remuneration of a non-executive director for performing extra services including chairing the meeting of the Board or Board Committee or holding the office of Chairman of the Board, may additionally be determined with the approval of the shareholders, as the case may be, up to 20% of the remuneration set for him/her under in terms of above stated, with proper justification.	

S. No.	Ref No		Approved Term	Proposed Amendment	Rationale									
1	5	Annx -A	New Annexure	<p><b>Annexure – A</b> The existing maximum remuneration limits (as fixed by the regulators) of a director (including the Chairman) for attending a board and/or its committee meeting(s) are as follows:</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Parameters to Determine Category</th> <th>Maximum Limits of Remuneration for a Board/ Committee Meetings (per meeting)</th> </tr> </thead> <tbody> <tr> <td>First</td> <td>When the Assets Size of the Bank is above Rs. 500 billion Assets Size  OR Above Rs. 1 billion after tax profit (As per last audited annual accounts of the Bank)</td> <td>Up to Rs. 800,000/-</td> </tr> <tr> <td>Second</td> <td>When the Bank do not fall in the first category</td> <td>Up to Rs. 500,000/-</td> </tr> </tbody> </table>	Category	Parameters to Determine Category	Maximum Limits of Remuneration for a Board/ Committee Meetings (per meeting)	First	When the Assets Size of the Bank is above Rs. 500 billion Assets Size  OR Above Rs. 1 billion after tax profit (As per last audited annual accounts of the Bank)	Up to Rs. 800,000/-	Second	When the Bank do not fall in the first category	Up to Rs. 500,000/-	To make disclosure of the remuneration scale
Category	Parameters to Determine Category	Maximum Limits of Remuneration for a Board/ Committee Meetings (per meeting)												
First	When the Assets Size of the Bank is above Rs. 500 billion Assets Size  OR Above Rs. 1 billion after tax profit (As per last audited annual accounts of the Bank)	Up to Rs. 800,000/-												
Second	When the Bank do not fall in the first category	Up to Rs. 500,000/-												

As the Policy for Remuneration of Directors pertains to the Directors of the Bank, therefore, the Non-Executive Directors of the Bank are interested in the above Special Business.

**Agenda Item No. 7:**

**Special Business / Investment in Associated Company:**

The Bank seeks approval from its Shareholders' to pass the Special Resolutions provided in item no. 7 of the Notice allowing an investment of upto Rs. 5,217,390 in its associated company i.e. Alfalah CLSA Securities (Private) Limited ("Alfalah Securities") pursuant to Section 199 of the Companies Act, 2017. The investment shall be made through acquisition of 521,739 (Five Hundred Twenty One Thousand Seven Hundred Thirty Nine) ordinary shares of Alfalah Securities from certain individual shareholders of Alfalah Securities.

The above acquisition / investment has been approved by the Board of Directors of the Bank in its meeting held on February 2, 2022.

In compliance with the relevant provisions of the Companies Act 2017, and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017 ("Regulations"), information about the proposed investment is as under:

Name of associated company or associated undertaking	Alfalah CLSA Securities (Private) Limited (Alfalah Securities)
Basis of relationship	The relationship is established based on 61.2% shareholding of the Bank in Alfalah Securities.
Earnings per share for the last three years	2021: PKR 1.53 per share 2020: PKR 0.72 per share 2019: PKR (0.82) per share
Break-up value per share, based on latest audited financial statements	Break-up value based on audited financial statements for the year ended December 31st, 2021 is 8.37 per share.

Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	As per audited financial statements on December 31st, 2021:	
	Description	PKR in Million
	Non-Current Assets	65.92
	Current Assets	919.79
	Equity	334.72
	Current Liabilities	290.95
	Net Turnover	318.26
	Gross Profit	94.98
	Profit before tax	74.08
	Profit after tax	61.24

<p>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,</p> <p>description of the project and its history since conceptualization;</p> <p>starting date and expected date of completion of work;</p> <p>time by which such project shall become commercially operational;</p> <p>expected time by which the project shall start paying return on investment; and</p> <p>funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and noncash amounts</p>	<p>Not Applicable.</p> <p>Not Applicable.</p> <p>Not Applicable.</p> <p>Not Applicable.</p> <p>Not Applicable.</p> <p>Not Applicable.</p>
<p>Maximum amount of investment</p>	<p>The aggregate purchase price for acquisition of shares is PKR 5,217,390.</p>
<p>Purpose, benefits and period of investments</p>	<p>The purpose of the additional equity is to consolidate the shareholding of the Bank in Alfalah Securities by acquiring 1.3% shares being offered by minority shareholders.</p>
<p>Source of fund from which securities will be acquired; 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</p>	<p>Source of funds will be the funds of the Bank.</p>
<p>Salient features of the agreement(s), if any, entered into with its associated company with regards to the proposed investment</p>	<p>Not Applicable.</p>
<p>Direct or indirect interest of Directors, Sponsors, Majority Shareholders and their relatives, if any, in the associated company or the transaction under consideration.</p>	<p>None.</p>

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.

The Bank subscribed to 97.91% of the issued and paid-up share capital of Alfalah Securities at the time of incorporation of Alfalah Securities in 2003. In 2018, the Bank booked an impairment loss of PKR 42.98 Mn pertaining to its investment in Alfalah Securities which is currently being carried in the Bank's book. In 2019, the Bank entered into a strategic agreement in which certain strategic investors acquired shares in Alfalah Securities by way of a rights issue diluting the Bank's holding to 61.2% of the issued and paid-up share capital of Alfalah Securities.

The business has recovered in 2020 and 2021 and has started to make profits. The company now plans to expand its operations in Lahore and Islamabad. It has also recently received approval for fixed income and foreign exchange interbank brokerage license which is expected to further enhance profitability.

The performance of Alfalah Securities in last five (5) financial years can be ascertained from the information in the table below:

Particulars	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Turnover (PKR Mn)	318.3	238.2	134.4	130.8	192.9
Growth (%)	34%	77%	3%	-32%	109%
Profit before Tax (PKR Mn)	74.1	42.2	(28.1)	(62.1)	31.0
Growth (%)	75%	-	55%	-300%	-
Equity (PKR Mn)	334.7	276.9	237.9	134.4	231.7
Growth (%)	21%	16%	77%	-42%	2%

Any other important details necessary for the members to understand the transaction.

None.

Maximum price at which securities will be acquired.

Rs. 10/- per share.

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

The fair value of Alfalah Securities as at 31st December 2021 is determined by KPMG Taseer Hadi & Co. Chartered Accountants is PKR 13.1 per share. The Bank is acquiring shares at PKR 10/- per share from the minority shareholders.

Maximum number of securities to be acquired	521,739 (Five Hundred Twenty One Thousand Seven Hundred Thirty Nine) ordinary shares.
Number of securities and percentage thereof held before and after the proposed investment	Bank Alfalah Limited holds 24,478,195 ordinary shares of Alfalah Securities which entitled it to 61.2% shareholding in Alfalah Securities.  After the investment, Bank Alfalah Limited shall hold 24,999,934 ordinary shares of Alfalah Securities increasing its shareholding to 62.5% of the share capital of Alfalah Securities.
Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities.	Not Applicable
Fair value determined in terms of sub-regulation (1) of regulation 5 of the Regulations	PKR 13.1 per share (as determined by KPMG Taseer Hadi and Co. Chartered Accountants.

**Other Information:**

The associated company or associated undertaking or any of its sponsors or directors is also a member of the investing company	Bank Alfalah Limited holds 24,478,195 shares in Alfalah Securities.  None of the Bank's sponsors is a member in Alfalah Securities.
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The directors of the Bank have no personal interest in the Resolutions except in their capacity as shareholders of the Bank to the extent of their respective shareholding.