

April 4, 2022



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

Dear Sir,

**Sub: Minutes of 26<sup>th</sup> Annual General Meeting (AGM) of Faysal Bank Limited (FBL).**

We enclose herewith the Certified Copy of the Minutes of 26<sup>th</sup> AGM of FBL which was held on March 29, 2021 at Karachi through Video Link and subsequently approved on March 29, 2022 by the Shareholders of the Bank at the 27<sup>th</sup> AGM which was held at Karachi. The Draft Minutes of 27<sup>th</sup> AGM will be sent to you in due course of time.

This is for your kind information and record.

Yours truly,

**Aurangzeb Amin**  
Company Secretary &  
Head of Legal

Encl: as above

**MINUTES OF 26<sup>TH</sup> ANNUAL GENERAL MEETING OF FAYSAL BANK LIMITED (FBL) HELD AT 11:30 AM ON MARCH 29, 2021 AT KARACHI THROUGH VIDEO LINK**

**The Attendance of the Meeting was as under:**

1	Mr. Farooq Rahmatullah Khan	Meeting Chair / Chairman of the Board (Through Video Link)
2	Mr. Ahmed Abdulrahim Mohamed Bucheery	Vice Chairman of the Board (Through Video Link)
3	Mian Muhammad Younis	Director / Chairman Board Audit & Corporate Governance Committee (Through Video Link)
4	Mr. Imtiaz Ahmad Pervez	Director (Through Video Link)
5	Mr. Juma Hasan Ali Abul	Director (Through Video Link)
6	Mr. Abdulla Abdulaziz Ali Taleb	Director (Through Video Link)
7	Mr. Ali Munir	Director (Through Video Link)
8	Mr. Abdulelah Ebrahim Mohamed AlQasimi	Director (Through Video Link)
9	Ms. Fatima Asad Khan	Director (Through Video Link)
10	Mr. Mohsin Tariq	Director (Through Video Link)
11	Mr. Yousaf Hussain	President & CEO (Through Video Link) and representing FBL's Sponsor Shareholders namely, Ithmaar Bank B.S.C., Faisal Finance (Luxembourg) S.A, DMI (Jersey) LTD., MFAI (Jersey) Ltd., and other shareholders through proxies reflecting 71.30% Shareholding.
12	Syed Majid Ali	Chief Financial Officer (CFO) (Through Video Link)
13	Mr. Aurangzeb Amin	Company Secretary & Head Legal (CS) (Through Video Link)
14	Mr. Junaid Masood	Senior Manager, M/s. A.F. Ferguson & Co Chartered Accountants External Auditors of FBL (Through Video Link)

The proceedings began with the recitation of Holy Quran.

Members and Proxy Holders: 56 Members and Proxyholders representing 1,131,435,010 shares of PKR 10/- each of total 1,517,696,525 paid up Shares of FBL the presence of 74.55 % Shareholding.

CS informed the Chairman that the attendance in the Meeting is recorded on the Attendance Register and that the quorum is duly complied as per requirement of Section 135 of the Companies Act, 2017 and Article 73 of the Articles of Association of FBL.

**NOTICE OF THE MEETING:**

CS informed the Members/Shareholders that the Notice and Agenda of the AGM had been printed in the Annual Report 2020 of FBL and were also dispatched to all the Members in CDs besides being published in leading newspapers namely "Business Recorder" and "Khabrain" of Karachi, Lahore & Islamabad editions of March 8, 2021.


The Chairman asked the Members if the same may be considered as read which was agreed. Accordingly, upon motion duly proposed by a Member Mr. Muhammad Hanif (CDC ID No 10231-10745) and seconded by Mr. Muhammad Farooq (Folio No. 83165), it was unanimously:

***"RESOLVED that the Notice and Agenda of the 26<sup>th</sup> Annual General Meeting, be and hereby is considered as read."***

26<sup>th</sup> AGM Minutes held on March 29, 2021

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*Certified to be true copy*

  
**AURANGZEB AMIN**  
Company Secretary & Head of Legal  
FAYSAL BANK LIMITED

**ORDINARY BUSINESS****1. To confirm the minutes of the 25<sup>th</sup> Annual General Meeting held on May 14, 2020.**

The Chairman took up the first item on the Agenda and asked CS to present the same.

CS informed the Members that draft Minutes of the 25<sup>th</sup> Annual General Meeting (AGM) held on May 14, 2020 were dispatched to all the Members along with Annual Report for the year ended December 31, 2020 in CDs. The Chairman asked the Members that the Minutes be considered as read and whether they had any comments or observation on the Minutes. In response the Members expressed their satisfaction on the draft Minutes of the 25<sup>th</sup> AGM. Also, a number of Members expressed their concurrence and approval of the Minutes through What's App messages.

Thereafter, upon motion duly proposed by a Member, Mr. Muhammad Farooq (Folio No. 83165) and seconded by another Member Mr. Abdul Khaliq (CDC ID No. 04259-5550) the said Minutes were considered as read and adopted and the following Resolution was passed unanimously:

***"RESOLVED** that the Minutes of the 25<sup>th</sup> Annual General Meeting held on May 14, 2020 at, Karachi through Video Link, be and hereby are confirmed and adopted."*

**2. To receive and adopt Unconsolidated & Consolidated Financial Statements and Statement of Compliance with Code of Corporate Governance of FBL for the year ended December 31, 2020 together with the Directors' and Auditors' Reports thereon.**

The Chairman took up the second Agenda Item which was the Annual Audited Unconsolidated & Consolidated Financial Statements of FBL for the year ended December 31, 2020 (FY-2020) together with Directors' and Auditors' Reports thereon along with the Statement of Compliance with the Code of Corporate Governance which were placed before the Members for their approval. The Chairman asked CFO to present the Financial Statements for the FY 2020.

CFO apprised the Members that the Unconsolidated & Consolidated Financial Statements of FBL for the year ended December 31, 2020, have been duly audited by FBL's external auditors namely M/s. A.F. Ferguson & Co, and they have issued a clean report. The said Financial Statements have been recommended by the Board of Directors in its 139<sup>th</sup> Meeting held on February 18, 2021 for the approval of the Shareholders.

Next CFO apprised the Members that there was a growth of 12.7% i.e., PKR 80 Billion in the Balance Sheet footing, as the total Assets have grown from PKR 630 Billion as of December 31, 2019 to PKR 710 Billion as on December 31, 2020. The growth in Advances was PKR 8.00 Billion i.e., from PKR 310 Billion to PKR 318 Billion. The growth in Deposits is PKR 84 Billion during the year i.e., 18.1% from PKR 458 Billion to PKR 541 Billion. As FBL is transforming into a Shariah Compliant bank, the portion of its Islamic Banking, during the year 2020, increased from 28.6% to 46.6% i.e., an increase of 18% during the same. ADR was at 58.9% and CAR at a healthy level of 18.7% which is well above the regulatory requirement of 11.5%.

On P&L side CFO apprised the Members that the PAT increased from PKR 6.00 Billion to PKR 6.5 Billion i.e., a growth of 7.8% and with that the EPS increased from PKR 3.98 to PKR 4.29. The Net Markup Income increased from PKR 21.1 Billion to PKR 24.5 Billion which is mainly due to the mobilization of the low-cost deposits and higher non-markup income. Despite low interest rate, FBL's Net Markup Income increased by 16.2% during the year. The FBL's ROE was at 13.62%.

CFO next apprised the Members that during FY 2020, FBL opened 21 new Islamic branches. He added that despite the Covid-19 situation FBL comfortably converted 65 branches into Islamic including 5 Flagship Branches. Accordingly, FBL has increased to 576 branches out of which 500 are Islamic. The Expense to Revenue ratio is at 59% which is in line with the other banks offering full suite of consumer banking products.

Upon the completion of the presentation of the Financial Statements the Chairman invited queries and comments on the Financial Statements.

Mr. Usman Ali (CDC ID No. 05264-58995) had a few queries vis-à-vis Provisions and Write-Offs, Sign-on Bonus, conducting more than 4 meetings of the Board Audit & Corporate Governance Committee (BACGC), higher amount of SBP penalties and amount of Directors' remuneration. In response CFO first clarified that the total amount of Provisioning as reported in the Annual Report is the consolidated Provisioning including the historical figures which does not have any P&L impact. Whereas the Provisioning during FY 2020 was about PKR 2.2 Billion. The process of Write-offs entails a comprehensive internal process which includes all the legal and regulatory requirements in this respect. Next, CFO stated that sign-on bonuses were paid even in the past; however, SBP has made certain changes in format of the financial disclosures which necessitated a separate disclosure for such bonuses. The joining bonuses are paid for several urgencies for example, securing early or timely release of the new hiree from its previous employer for very critical resources and it is given after obtaining all the necessary management approvals. Thirdly, CFO elaborated on the specific reasons for holding more than 4 BACGC Meetings during 2020 and stated that SBP's Prudential Regulations and the Code of Corporate Governance encourages holding monthly meetings and 4 is the minimum number of meetings for BACGC. With respect to SBP penalties during FY 2020, CFO explained that SBP has increased the rate of penalties which has led to the increase in the penalty amount whilst the penalty-able instances have actually reduced. With respect to the amount of Director's remuneration, CFO stated that the remuneration of directors is in consonance with the SBP regulations and corresponds to the number of Board and Committee Meetings held during the year.

Mr. Danish Elahi (CDC ID No. 03277-92323) queried on the SBP products namely, Temporarily Economic Relief Facility (TERF) and Housing Financing Scheme. P&CEO in response stated that FBL has actively participated in TERF and contributed 10% of the facility issued by SBP i.e., PKR 33 Billion of the same which would be reflected in the Balance Sheet over the period of time. As far as Housing Finance Scheme is concerned, he responded that in order to initiate the Scheme SBP has formed a steering Committee of selected banks and FBL is a member of the said committee. As such, FBL has been actively contributing not only on the policy side but is also meeting all the disbursement and financial targets set by SBP so far. Further Mr. Elahi said that he would like to have discussion with CFO on FBL's strategy and P&CEO in response said that he may have this discussion either in FBL's Corporate Briefing or separately with CFO.

Mr. Javed Panni (CDC ID No. 04705-25927) CEO of Panni & Associates queried on not paying dividend keeping in view the strong financials of FBL for the last two years and added that FBL's share prices have been impacted because of this which is again to the detriment of the shareholders. In response AAR apprised that FBL has adopted an aggressive growth strategy by investing in expanding its network including branches and despite opening of new branches FBL's profitability is growing year on year and this to some extent is because of FBL strategy of retaining the earnings FBL is also investing in technology and digital banking and increasing its footprint on digital side. He added that besides growth strategy FBL is transforming into Islamic banking which has its risk e.g., attrition of customers, differential in rates etc. and for that a cushion is required in CAR. Therefore, a prudent approach is required towards dividend payouts and the decision was taken after a detailed deliberation and meticulous review by the Board of Directors. However, dividend payout would be considered depending on economic and financial situation.



At this juncture Mr. Usman Ali (CDC ID No. 05264-58995) observed that despite effort he was unable to speak to the company secretary and in response CS stated that shareholders queries are escalated to the requisite level including the Board and are duly responded however, no communication was received from Mr. Ali. P&CEO stated that this issue can be looked into and addressed separately.

Mr. Muhammad Hanif (CDC ID No. 10231-10745) observed that FBL should reduce the number of directors and the remuneration scale of the Board Members. In response CS stated that FBL has increased the number of Directors in 2017 under the direction of SBP to meet the requirements and before that FBL has operated with seven (07) numbers of Directors and the ratio of Independent, Non-executive and Executive Directors is in line with the regulations and the Code of Corporate Governance. At this juncture, CFO added that it will not be possible to reduce the number of directors at this juncture however, the point taken up by Mr. Hanif can be considered by the Board when the number of directors for the next term will be considered during next elections of the board.

Mr. Muhammad Hanif (CDC ID No. 10231-10745) suggested that FBL should hire young employees and in response P&CEO stated that his observation has been noted.

Thereafter, upon motion duly proposed by a Member, Mr. Muhammad Hanif (CDC ID No. 10231-10745), and seconded by another Member Mr. Usman Ali (CDC ID No. 05264-58995) the Annual Audited Unconsolidated & Consolidated Financial Statements FY2020 were approved by the shareholders and the following Resolutions were passed by majority:

***"RESOLVED** that the Unconsolidated & Consolidated Annual Audited Financial Statements of the Bank for the year ended December 31, 2020 together with Directors' and Auditors' Report thereon, be and are hereby approved."*

***"FURTHER RESOLVED** that the Statement of Compliance with Code of Corporate Governance duly signed by Chairman and Auditors' Review Report to the Members on Statement of Compliance with the Code of Corporate Governance, be and are hereby approved."*

3. **To appoint External Auditors for the ensuing financial year 2021 at Rs.11,504,000 (excluding out of pocket expenses and sales tax) for the audit fee, review and certifications. The present Auditors, A.F. Ferguson & Company, Chartered Accountants, being eligible, offer themselves for re-appointment.**

The Chairman placed before the Members the Agenda item for re-appointment of External Auditors for the financial year 2021. CS informed that the Board Audit & Corporate Governance Committee (BACGC) of the Bank at its Meeting held on February 18, 2021 had recommended to the Board of Directors (BOD) the re-appointment of M/s. A.F. Ferguson & Co., Chartered Accountants, as External Auditors of FBL for the year 2021.

CS stated that upon recommendation from the BACGC, the Board of Directors of FBL has recommended the re-appointment of M/s A.F. Ferguson as the External Auditors of FBL for the consideration and approval of the Members for the year 2021 till the next Annual General Meeting of FBL. The Members adopted the recommendation of the Board of Directors for the appointment of M/s. A.F. Ferguson & Co., Chartered Accountants as External Auditors of the Bank for the year 2021 at Rs.11,504,000/- (excluding out of pocket expenses and sales tax) for the audit fee, review and certifications .

Thereafter, upon motion duly proposed by a Member Sheikh Muhammad Raffay (CDC ID. 03277-60861) and seconded by Mr. Usman Ali (CDC ID No. 05264-58995) the following resolution was passed unanimously:

***“RESOLVED*** that as recommended by the Board Audit & Corporate Governance Committee and Board of Directors of Faysal Bank Limited, M/s. A.F. Ferguson & Co., Chartered Accountants, be and are hereby re-appointed as External Auditors of the Bank for the ensuing year 2021 at Rs. 11,504,000/- (excluding out of pocket expenses and sales tax) for audit fee, review and certifications from the conclusion of this Annual General Meeting (AGM) and hold the office till conclusion of the next AGM of 2022”.

#### **4. Any other Business with the consent of the Chairman**

There being no other business the Chairman proceeded to discuss the Agenda Items under the Special Business.

#### **SPECIAL BUSINESS:**

#### **5. To approve deletion and addition the following clauses of the Revised Memorandum & Articles of Association (MOA) of the Bank as per State Bank of Pakistan and Securities & Exchange Commission of Pakistan directives and in that connection to pass the following resolutions as Special Resolutions, with or without modification, addition or deletion.**

The Board of Directors recommend the amendments in the Memorandum and Articles of Association to bring the Company's Memorandum & Articles of Association in line with the provisions of the Companies Act, 2017 and other legal and regulatory requirements. Certain amendments in the Memorandum & Articles were necessitated as per the State Bank of Pakistan (SBP) and Securities & Exchange Commission of Pakistan SECP) directives.

In this regard, the revised MOA was submitted to the State Bank of Pakistan (SBP) for approval under Section 89 of the Banking Companies Ordinance, 1962 wherein SBP approved the same and directed to delete the Article 117 of the Articles of Association as it was not in consonance with the Prudential Regulations along with seeking approval of the said deletion in the 26<sup>th</sup> AGM of the shareholders.

Also, the Securities and Exchange Commission of Pakistan (SECP) whilst allowing the amended Object Clause 3(ii) of the revised Memorandum of FBL directed to add the words **“subject to the approval of the State Bank of Pakistan”**. The said addition in Clause 3(ii) of the Memorandum has already been affected as per the direction of SECP. However, upon further consideration SECP allowed adding the words **“if so required”** with the approval of the shareholders.

Thereafter, upon motion duly proposed by a Member Mr. Muhammad Hanif (CDC ID No. 10231-10745) and seconded by Mr. Abdul Basit (CDC ID No. 04259-15211) the following resolutions were passed unanimously:

***“RESOLVED*** that the deletion of Clause 117 of the Articles of Association, as mentioned below, as per directives of the State Bank of Pakistan be and hereby is approved as recommended by the Board of Directors.”

***“Directors may contract with the Company:*** Subject to authorization being given by the Directors in accordance with these Articles and Section 183 (2) of the Act, a Director shall not be disqualified from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company with any company or partnership in which any Director of the Company shall be a member or partner or otherwise interested be avoided, nor shall any such Director so contracting or being such member or so interested be liable to account to the Company for

any profit realized by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established."

**"RESOLVED** that the addition of the words "subject to the approval of the State Bank of Pakistan if so required" in the object Clause 3(ii) of Memorandum of Association as per the directives and guidance of the Securities & Exchange Commission of Pakistan, as mentioned below, be and hereby is approved as recommended by the Board of Directors."

**Clause 3 (ii) Memorandum of Association**

"Except for the businesses mentioned in sub-clause (iii) here under, the Company shall engage in all the lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto, **subject to the approval of State Bank of Pakistan, if so required.**"

**FURTHER RESOLVED** "that the Chief Executive Officer and or Company Secretary of the Bank be and are hereby singly authorized and empowered to give effect to the above resolutions effect any amendments as may be required by Regulators and to do all acts, deeds and things that may be necessary or required and to sign such documents and take such steps from time to time as and when necessary".

**6. To Consider and approve the amount of remuneration paid to the Non-Executive/Independent Directors of FBL during the year 2020 for attending the Board/Sub-Committees Meetings and in that connection to pass the following resolution as Special Resolution, with or without modification, addition or deletion.**

The Chairman took up the next Agenda Item. CS apprised the Members that a comprehensive detail of remuneration paid to the Directors was given in Note 38.2 of the Annual Audited Financial Statements for the year ended December 31, 2020.

CS briefed the Members on the scale of remuneration applicable in FY 2020.

With the above, the discussion on the agenda item concluded and upon proposal from a Member Mr. Usman Ali (CDC ID No. 05264-58995) and Mr. Ameet Doulat (CDC ID No 12484-10587), the following resolutions were passed unanimously.

**"RESOLVED** that the remuneration paid to the Chairman, Non-Executive and Independent Directors of Faysal Bank Limited for attending Board meetings and meetings of the Board Committees i.e. Recruitment, Nomination and Remuneration Committee; Board Risk Management Committee; Board Audit & Corporate Governance Committee; Board Strategy Committee and Board IT Committee as disclosed in Note No. 38.2 of the Annual Audited Unconsolidated Financial Statements of the Bank for the year ended December 31, 2020 is submitted to the shareholders for approval on a post facto basis, be and is hereby approved."

**7. To Consider and approve revised scale of Remuneration to be paid to each Non-Executive/Independent Directors of FBL for attending the Board Sub-Committee Meetings and in that connection to pass the following resolution as an Special Resolution, with or without modification, addition or deletion:**

The Chairman took up the next Agenda Item of revised scale of Directors' Remuneration.

Next CS apprised the Members that the revised scale has been reviewed by Board Recruitment, Nomination and Remuneration Committee and then by the Board exhaustively and the recommended scale corresponds to the



cumulative workload, spending the time and effort and the responsibilities of directors. So, it is necessary to give fair and justified treatment to the Board Members and a balanced approach should be adopted.


Mr. Muhammad Hanif (CDC No. 10231-10745) reiterated his comments that Board remuneration and number of directors is excessive. In response Mr. AAR stated that the directors on FBL's Board are in line with the Business requirement of the Bank and the shareholders have approved in the AGM held before with a unanimous vote and is not in any violation or breach of any law / regulation. He further added that the FBL Board Members have come with diverse experience and backgrounds with local and international based organizations. There is a constant support, guidance and interaction with Board Members apart from the board meetings. This is very supportive from the management perspective and it adds to the shareholders value. With respect to the remuneration, he stated that reading the agenda papers and related documents, background research and the meeting itself is a vigorous and time-consuming process and need to be remunerated for their time and efforts. Moreover, the said increase has also been reviewed and discussed thoroughly by the concerned Board Committee taking into account all the regulatory approval so nothing would go beyond the same.

With the above, the discussion on the agenda item concluded and upon proposal from a Member Mr. Muhammad Hanif (CDC No. 10231-10745) and Mr. Usman Ali (CDC ID No. 05264-58995), the following resolution was passed unanimously.

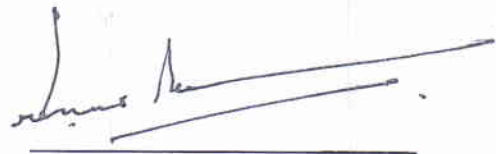
***"RESOLVED** that the revised scale of the remuneration will be paid PKR 800,000/- to the Non-Executive and Independent Directors as Chairman and Members of all Board Sub-Committees of Faysal Bank Limited and Chairman of the Committee will get 20% additional, is submitted to the shareholders for approval as recommended by the Board of Directors, be and is hereby approved.*

**8. To transact any other Business with the permission of the Chairman.**

There being no other business to consider or transact, the meeting concluded with a vote of thanks to the Chair.

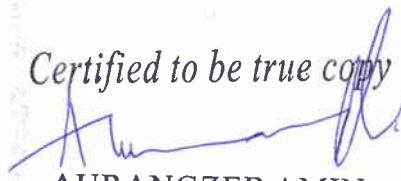


Company Secretary & Head Legal



Chairman of the Meeting

*Certified to be true copy*



AURANGZEB AMIN  
Company Secretary & Head of Legal  
FAYSAL BANK LIMITED