

**MINUTES OF THE 31<sup>ST</sup> ANNUAL GENERAL MEETING (AGM)  
OF THE SHAREHOLDERS OF BANK ALFALAH LIMITED**

Date : **20<sup>th</sup> March 2023**  
Time : **11:00 AM**  
Venue : **Movenpick Hotel, Karachi.**

**Participants:** Mr. Abdulla K. Al Mutawa - Shareholder and Director  
Mr. Khalid Mana Saeed Al Otaiba - Shareholder and Director  
Mr. Gyorgy Tamas Ladics - Shareholder and Director  
Mr. Khalid Qurashi - Shareholder and Director  
Dr. Ayesha Khan - Shareholder and Director

(The above persons had attended the meeting through Webex/Weblink)

Mr. Atif Aslam Bajwa - Shareholder (for self and as proxy for H.H. Nahayan Mabarak Al Nahayan; H.H. Sheikha Fakhira Saeed S Alnehayan; Dhabi One Investments Services LLC; H.E. Suroor Bin Mohammad Al Nahyan; H.E. Saeed Bin Mohammad Al Nahyan; Mr. Abdulla Nasser Hawaileel Al Mansoori; H.E. Dr. Mana Saeed Al Otaiba; Mohammad Saleh Abdulla Al Darmaki; CDC - Trustee Alfalah GHP Alpha Fund; CDC - Trustee Alfalah GHP Dedicated Equity Fund; CDC - Trustee Alfalah GHP Stock Fund; CDC - Trustee AGPF Equity Sub-Fund and CDC - Trustee Alfalah GHP Value Fund, shareholders), and Director/CEO

(The total attendance of shareholders through video link, in person and by proxies were 872)

**IN ATTENDANCE:** Mr. Muhammad Akram Sawleh, Company Secretary (CS)  
Ms. Anjum Hai, Chief Financial Officer (Shareholder and CFO)

**OTHER PARTICIPANT:** Mr. Omer Chughtai - Partner of E Y Ford Rhodes Chartered Accountants Auditors of the Bank.

**PROCEEDINGS:**

Mr. Atif Aslam Bajwa, Chief Executive Officer and Director (“the **CEO**”) of Bank Alfalah Limited (“the **Bank**”), informed the shareholders that due to other pressing engagements, the Chairman H.H. Sheikh Nahayan Mabarak Al Nahayan, could not come to chair today’s Annual General Meeting (“**AGM**”) of the Bank; however, His Highness has sent his best wishes to the shareholders. The shareholders were further informed that Mr. Abdulla Nasser Hawaileel Al Mansoori, Director was also not able to attend this AGM due to other commitments and pre-occupations. It was proposed that an ordinary resolution may be passed by the shareholders for grant of leave of absence to them.

Upon motion duly proposed by Mr. Muhammad Shahid (CDC Account No: 04457-36650) and seconded by Mr. Muhammad Farooq (CDC A/c. No. 06445-8237), the following resolution was unanimously passed for grant of leave of absence and the Company Secretary read out the Resolution:

“**RESOLVED** that leave of absence be and is hereby granted to H.H. Sheikh Nahayan Mabarak Al Nahayan and Mr. Abdulla Nasser Hawaileel Al Mansoori, Directors of Bank Alfalah Limited to attend the 31<sup>st</sup> Annual General Meeting being held on 20<sup>th</sup> March 2023.”

The Company Secretary proposed that Mr. Atif Bajwa, Chief Executive Officer and Director, be requested to chair the 31<sup>st</sup> AGM of the Bank. Upon the motion duly proposed and seconded by the shareholders, Mr. Muhammad Siddiq Khokhar (Folio No. 46845) and Mr. Muhammad Hanif (CDC A/c. No. 10231-10745), Mr. Atif Bajwa took the chair and welcomed the shareholders to the 31<sup>st</sup> Annual General Meeting of the Bank.

The CEO informed that the attendance of shareholders present and connected through video link to this AGM has been recorded and the Quorum for the meeting was complete. The Company Secretary informed that 872 shareholders were present through video link, in person and/or by proxies and they together hold 57.89% of the total shareholding of the Bank. The Chairman of the meeting thereafter called the meeting to be in order.

The proceedings commenced with the recitation of the Holy Quran by Mr. Akram Sawleh, Company Secretary. After the recitation of the Holy Quran, the Notice and Agenda of the meeting were taken up for consideration.

**NOTICE OF THE MEETING:**

The Company Secretary informed the shareholders that the Notice and Agenda for this meeting, being part of the Annual Report for the year 2022, had already been dispatched to the members and also published in the daily newspapers, Business Recorder and Express on 27<sup>th</sup> March 2023 in their Karachi, Lahore and Islamabad editions. He requested the shareholders that the Notice and Agenda of this meeting may be considered as read. As proposed by Ms. Nafeesa Dada (Folio. No. 47175) and seconded by Mr. Muhammad Farooq (CDC A/c. No. 06445-8237), the Notice and Agenda of the 31<sup>st</sup> AGM were considered as read.

**ORDINARY BUSINESS:**

- 1. TO CONFIRM MINUTES OF THE EXTRA ORDINARY GENERAL MEETING HELD ON 6<sup>TH</sup> DECEMBER 2022 AT KARACHI**

It was informed by the CEO that the copies of the draft Minutes of Extra Ordinary General Meeting held on 6<sup>th</sup> December 2022 at Karachi were made available for the shareholders at the entrance of the meeting hall. The minutes were also sent to the State Bank of Pakistan (“SBP”) and Pakistan Stock Exchange. He enquired whether the members wished for him to read the Minutes or the same may be considered as read. The members agreed that the same be considered as read.

Upon motion duly proposed by Mr. Muhammad Hanif (CDC A/c. No. 10231-10745) and seconded by Mr. Usman Ali (CDC A/c. No. 06445-27732), the following resolution was unanimously passed:

The Company Secretary read out the Resolution for confirmation of the Minutes.

“**RESOLVED** that Minutes of the Extra-Ordinary General Meeting held on 6<sup>th</sup> December 2022 at Karachi, be and are hereby confirmed.”

Thereafter, the Chairman of the meeting signed the Minutes of the Extra-Ordinary General Meeting held on 6<sup>th</sup> December 2022.

2. **TO RECEIVE, CONSIDER AND ADOPT THE AUDITED ANNUAL ACCOUNTS OF THE BANK FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2022 TOGETHER WITH CHAIRMAN’S REVIEW REPORT, DIRECTORS’ REPORT AND AUDITORS’ REPORTS THEREON INCLUDING APPROVAL OF REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS FOR ATTENDING BOARD AND BOARD COMMITTEES MEETINGS REPORTED AT NOTE NO. 39 OF THE ANNUAL ACCOUNTS**

The Chairman of the meeting said that the next agenda is to receive, consider and adopt the audited Annual Accounts of the Bank for the year ended 31<sup>st</sup> December 2022, together with the Chairman’s Review Report, Directors’ and Auditors’ Reports thereon (“**the Reports**”), including approval of remuneration paid to the non-executive directors for attending Board and Board Committees meetings reported in Note 39 of the Annual Accounts. The said Reports on the Annual Accounts for the year ended 31<sup>st</sup> December, 2022 were taken as read.

The Chairman requested the CFO to highlight the salient features of the audited annual accounts of the Bank for the year ended 31<sup>st</sup> December, 2022.

The CFO informed the members that the Bank performed well this year despite challenging operating environment. The Bank posted significant growth in profitability and increased market share. The profit before taxation stood at Rs. 36.160 billion as against Rs. 23.370 billion and the Bank’s profit after taxation stood at Rs. 18.206 billion as against Rs. 14.217 billion for the corresponding period last year with a growth of 28.1%. The growth in profit before tax of 54.7% helped absorb the impact of one-time super tax imposed by the Federal Government. The Earning per Share (EPS) stood at Rs. 10.27 (Dec’2021: Rs. 8.00). She explained that the Bank had to take higher provisions due to the following three reasons: ECL on Pakistan Euro Bonds due to downgrading of Pakistan’s sovereign rating, charge against cross border risk in one of the bank’s overseas branches, and general provision against portfolio which shows higher economic vulnerability and portfolio impacted by flood.

Operating profit of Rs. 48.629 bn increased by Rs. 22.947 bn (89.4%) from corresponding period last year mainly due to increase in net interest income by Rs 31.072 bn (67.2%) owing to interest rate hikes in 2022 and YOY volumetric growth in earning assets. NFI recorded growth of Rs 5.532 bn (34.0%) due to increase in fee and commission income (+Rs 2.840bn) led by card business, trade, home remittances and ADC, higher FX income due to advantage of high volatility, higher flows and FX trading income. The bank’s trade and home remittance



market share improved from 7.3% to 7.9% and from 14.4% to 19.0% respectively. Furthermore, foreign exchange income increased (+Rs 5.091bn) due to higher spreads and volumes of trade and remittances. Also, higher income from dividend (+Rs 0.629 bn) contributed to overall increase in revenue. Expenses increased by Rs. 13.657 bn (+37.1%). Besides extremely high inflation and rupees devaluation, the major factors for expense growth were staff cost (cost of living allowance for staff), impact of new branches, marketing expenses and digital consultancy. The bank opened 104 new branches in 2022.

The bank has been leading the way on the Corporate Social Responsibility front having embarked on a comprehensive programme aimed at giving back to the country after the massive devastation caused by the recent floods. During the last quarter of 2022, the bank's Chairman, His Highness Sheikh Nahayan bin Mubarak Al Nahayan, and the Board of Directors, graciously announced a donation of USD 10 million for flood relief, rehabilitation & rebuilding efforts, an unprecedented gesture, in the wake of one of the biggest calamities to hit Pakistan.

The Bank's deposits closed at PKR. 1.487 trillion at the end of Year 2022, with YoY growth of 30.5%. The increase was mainly due to the strong growth of 32.1% in current accounts, which stood at Rs. 661.365 billion as at Dec 31, 2022. CA mix closed at 44.5%. The bank's share of deposit improved from 5.4% last year to 6.0% due to Bank's continued focus on market penetration, branch expansion strategy, and improvement in productivities across the different sales channels.

The Bank's advances book grew by 9.5% YoY compared to YE '2021 while maintaining credit discipline. The infection ratio increased from 3.5% to 4.0%. despite some prudent classifications. The growth is reflective of the Bank's strategy to capitalize on consumer finance, SME lending and penetration in digital lending space. As at the period end, gross advances to deposits ratio (ADR) stood at 51.5%, higher than 50% on which higher income tax rate becomes applicable. Despite challenging market fundamentals, the bank's credit performance was quite strong during the current year. The CASA ratio of the bank stood at 76.2% (FY'2022). At the year end, the bank remained adequately capitalized with CAR at 13.83%.

The CFO further said that the Board of Directors have recommended final cash dividend of Rs. 2.5 per share i.e. 25% for the year ended 31<sup>st</sup> December 2022, subject to approval of the shareholders, bringing the total cash dividend for the year to Rs. 5.0 per share. The Board had earlier declared and paid an interim cash dividend of Rs. 2.5 per share i.e. 25%.

After the CFO's briefing on the Audited Annual Accounts for the year 2022, the Chairman of the meeting invited questions, if any, shareholders wish to ask.

Mr. Usman Ali (CDC A/c. No. 06445-27732) appreciated the performance of the bank. He referred to the Note No. 31 of the financial statements regarding the provisions and inquired as to why the provision is too high. The CEO replied that the CFO had already explained in detail the reasons for higher provisions. He, however, highlighted that the provision is higher due to ECL charge on Pakistan Euro Bonds due to downgrading of Pakistan's sovereign rating, charge against cross border risk in one of the bank's overseas branch, and general provision against portfolio which shows higher economic vulnerability and portfolio impacted by flood. He informed the members that despite high provisions, the profit of the Bank increased significantly.

Mr. Usman Ali thanked the CEO for the explanation and asked whether the bank would be opening new branches in 2023 keeping in view the economic uncertainty in the country. The CEO replied that opening of new branches is part of the Bank's strategy to grow the market share. He added that at present the interest rate is high and this will help to enhance the Bank's deposits and profits.



Mr. Muhammad Hanif (CDC A/c. No. 10231-10745) congratulated the Board as well as the Management of the Bank for the good financial results. He said that he compared the Bank Alfalah results with the other top five banks and found that BAFL's results growth was best among all. The CEO and CFO thanked him for appreciation.

Mr. Muhammad Siddiq Khokhar (Folio. No. 46845) also appreciated the financial performance of the Bank and said that the Bank is on the growth trajectory of increasing market share, however, he would like to know how the bank has performed against the budget and internal targets. He also enquired about the acid test ratio of the bank while referring to the Six Years Financial and Non-Financials Summaries. The CEO replied that the Bank's targets are fixed in the Bank's annual budget cycle every year and the same have been achieved for the year 2022. With regard to Acid Test Ratio, the CFO replied that banks liquidity is looked at in terms of Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), which are disclosed in the annual accounts and are well above the minimum regulatory requirement.

On query from Mr. Adam A Habib (CDC Account No: 06122-42358), the CFO replied that book value per share of the bank is Rs. 63.4 as number of outstanding shares dropped after buyback.

Mr. Adam Habib referred to the decision of the Federal Shariah Court and said that some banks have filed appeal there against. He asked whether BAFL was a part of those banks. The CEO replied in negative and added that the bank will follow the instructions and plans of the State Bank of Pakistan in this regard.

Mr. Amir Sadiq (CDC A/c. No. 03277-101869) commented that Bank Alfalah is well known as a Digital Bank and to a greater extent its growth is due to the digital banking. He suggested the bank to focus on digital banking rather than adding new branches. He also commented that the bank's profitability will increase if it is converted into an Islamic bank. The CEO thanked him for his suggestions and recognizing the efforts of the Bank's Digital Banking Group. He further said that the shareholders will be pleased to know that Bank Alfalah has received PBA's award for 'the Best Digital Bank' this year. The CEO added that while we continue to invest in digital banking, we feel that there is still space to increase the branch network, therefore we are adding more branches which will help increase our deposit and advances market share. Regarding Islamic Banking, the CEO said that we have a dedicated group that focus on Islamic Banking and our growth of Islamic business has been phenomenal in the recent past.

Mr. Muhammad Farooq (CDC A/c. No. 06445-8237) appreciated the Management for the good results and expressed his wishes for higher profitability in the coming years. He said that BAFL should install ATMs that not only disperse cash but also accept cash and cheques from the customers. The CEO thanked him for good wishes and replied that the bank has a largest network of CDMs in Pakistan with 400 machines. These machines accept deposits and cheques along with offering other services to the customers.

There were no further questions. The Chairman of the meeting requested the shareholders to consider approving the annual audited accounts for the year ended 31<sup>st</sup> December 2022.

Upon motion duly proposed by Mr. Amir Sadiq (CDC A/c. No. 03277-101869) and seconded by Mr. Muhammad Hanif (CDC A/c. No. 10231-10745), the shareholders passed the following Resolution unanimously and the Company Secretary read out the Resolution.

**“RESOLVED** that as recommended by the Board of Directors of Bank Alfalah Limited (**“the Bank”**), the audited unconsolidated statement of financial position as at 31<sup>st</sup> December 2022, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with notes thereon for the year 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022, the

Chairman's Review Report and the Directors' Report presented to this meeting and the Auditors' Report read before this meeting, be received and adopted.

**RESOLVED FURTHER** that as recommended by the Board of Directors of the Bank, the audited consolidated statement of financial position as at 31<sup>st</sup> December 2022, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with notes thereon for the year 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022 presented to this meeting and the Auditors' Report read before this meeting, be received and adopted.

**RESOLVED FURTHER** that the remuneration paid to the non-executive directors of the Bank for attending Board and Board Committees meetings reported in Note 39 of the Annual Accounts, be and is hereby approved.”

**3. TO APPROVE AS RECOMMENDED BY THE BOARD OF DIRECTORS, PAYMENT OF FINAL CASH DIVIDEND AT THE RATE OF RS. 2.5/- PER SHARE i.e. 25%**

The Chairman informed the shareholders that the next Agenda item of this meeting is to approve payment of final cash dividend @ Rs.2.5/- per share, i.e. 25%, as recommended by the Board of Directors. He also informed the shareholders that this final cash dividend is in addition to the 25% interim Cash Dividend already paid by the Bank to the entitled shareholders for the half year ended 30<sup>th</sup> June 2022. He invited comments of the shareholders on this agenda item.

There were no comments. Upon motion duly proposed by Ms. Nafeesa Dada (Folio. No. 47175) and seconded by Mr. Adam A Habib (CDC Account No: 06122-42358), the shareholders passed the following Resolution unanimously.

The Company Secretary read out the Resolution proposed for the approval of the cash dividend.

“**RESOLVED** that as recommended by the Board of Directors of Bank Alfalah Limited (“**the Bank**”), payment of final cash dividend @ Rs. 2.5/- per share i.e. 25%, in addition to the interim cash dividend already paid at Rs. 2.5/- per share i.e. 25%, be paid to the shareholders, whose names appear on the Register of Members as at close of business on 13<sup>th</sup> March 2023.

**RESOLVED FURTHER** that the Chief Executive Officer, the Chief Financial Officer and the Company Secretary of the Bank be and are hereby authorized jointly and/or severally to take all actions and do all acts, deeds and things as may be necessary in the matter of payment of the above cash dividend.”

**4. TO APPOINT AUDITORS OF THE BANK FOR THE YEAR 2023 AND FIX THEIR REMUNERATION**

The Chairman informed the shareholders that the present auditors of the Bank, M/s. EY Ford Rhodes, Chartered Accountants have completed their term of five years. As per the requirement of the Code of Corporate Governance, they cannot be appointed as auditors for the year 2023. Therefore, the Board Audit Committee of the Bank has reviewed the proposals of renowned Chartered Accountant firms and shortlisted M/s. A.F. Ferguson & Co. (PWC), Chartered Accountants as the Statutory Auditors of the Bank for the year 2023 and recommended to the Board.



He further said that M/s. A. F. Ferguson have consented to act as auditors of the Bank for the year 2023 at a fee/remuneration of PKR 23.974 Million plus applicable taxes and out of pocket expenses. The Board has recommended the same to the shareholders for approval. He invited comments of the shareholders on the agenda item.

Upon a query from Mr. Usman Ali (CDC A/c. No. 06445-27732) the CFO replied that the proposed remuneration is the same as was paid to the outgoing auditors for the year 2022.

There were no more comments on this Agenda item. Upon motion duly proposed by Mr. Adam A Habib (CDC Account No: 06122-42358) and seconded by Mr. Muhammad Siddiq Khokhar (Folio. No. 46845), the shareholders passed the following Resolution unanimously for the appointment of auditors of the Bank for the year 2022 and fixed their remuneration.

The Company Secretary read out the following Resolution:

**“RESOLVED** that M/s. A. F. Ferguson & Co. (PWC), Chartered Accountants, be and are hereby appointed as Statutory Auditors of Bank Alfalah Limited for the year 2023 at the fee / remuneration of PKR 23,974,000/- excluding applicable taxes and out of pocket expenses (which will be billed at actual) plus any new certification/review requirements including IFRS-9, which will be billed separately at mutually agreed fee.”

There being no other matter to discuss, the Chairman thanked the shareholders and the Directors for their cooperation in concluding the meeting successfully and passing the Resolutions.

The meeting concluded with a vote of thanks to the Chair by the Company Secretary.

**CHAIRMAN**