

JS BANK LIMITED
NOTICE OF 18th ANNUAL GENERAL MEETING

Notice is hereby given that the Eighteenth (18th) Annual General Meeting (“AGM”) of the shareholders of JS Bank Limited (the “Bank”) will be held on Friday, March 29, 2024, at 10:00 a.m. at 15th Floor, The Centre, Saddar, Karachi to transact the following business:

ORDINARY BUSINESS:

- i. To receive, consider, and adopt the Annual Audited Standalone and Consolidated Financial Statements of the Bank for the financial year ended on December 31, 2023, together with the Directors’ and Auditors’ Reports thereon.

<https://www.jsbl.com/knowledge-center/financial-reports/>



- ii. To appoint the Bank’s Auditors for the financial year ending on December 31, 2024, and fix their remuneration. The Audit Committee and the Board of Directors have both recommended the appointment of the retiring auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, who being eligible have offered themselves for re-appointment.

SPECIAL BUSINESS:

To consider and if thought fit, approve the conversion of Term Finance Certificates (“TFCs”), rated, privately placed/listed, unsecured, and subordinated TFCs of PKR 3,500 Million (TFC-V; issued on August 31, 2023) of JS Bank Limited (the “Bank”) into common shares if (i) directed by the State Bank of Pakistan (“SBP”) on the occurrence of a point of non-viability as determined by SBP, under the ‘Instructions for Basel III Implementation in Pakistan’ issued by the SBP, subject to a maximum of 924,772,179 in respect of TFC-V additional ordinary shares to be issued, and which ordinary shares shall be issued other than by way of rights under Section 83(1)(b) of the Companies Act, 2017.

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

“RESOLVED THAT with respect to the Tier-II capital raised by JS Bank Limited (the “Bank”) in the amount of up to PKR 3,500,000,000/- (Pak Rupees Three Billion Five Hundred Million) in the form of rated, privately placed/listed and unsecured, subordinated, Term Finance Certificates (“TFC-V”) as approved by the Board of Directors on March 8, 2023, and in accordance with the ‘Instructions for Basel III Implementation in Pakistan’ (“Basel III Regulations”) issued by the State Bank of Pakistan (“SBP”) under BPRD Circular No. 06 dated August 15, 2013, as amended from time to time, regarding loss absorbency, in the event SBP exercises its option to convert the TFC-V into ordinary shares of the Bank upon the occurrence of a Point of Non-Viability (“PONV”), such ordinary shares shall be issued, subject to the approval of the Securities and

Exchange Commission of Pakistan (“SECP”), other than by way of rights in accordance with Section 83(1)(b) of the Companies Act, 2017 (the “Act”), subject to a maximum of 924,772,179 shares, or such other number as may be agreed to in consultation with the SBP (“TFC-V Additional Shares”).”

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

(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).

Date: March 8, 2024
Place: Karachi

By Order of the Board
Syed Muhammad Talib Raza
Company Secretary and Head of Legal

Notes:

- a) The share transfer books of the Bank will remain closed from March 23, 2024, to March 29, 2024 (both days inclusive). Transfers received in order at Bank’s Independent Share Registrar, CDC Share Registrar Services Limited, CDC House, Shahra-e-Faisal, Karachi at the close of business on March 22, 2024, will be treated in time to attend 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.
- e) Shareholders are requested to notify immediately of any change in their address to the Bank’s share registrar.

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 (5:00 pm) on March 26, 2024.

Name of member	Authorized 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 22, 2024.
- 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, 2024, 9:00 am to March 28, 2024. Voting shall close on March 28, 2024, at 5:00 pm. 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, 2024, during working hours. The signature on the Ballot Paper shall match with signature on the CNIC.

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 dividends 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 financial year ended on December 31, 2023, 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, in compliance with section 223(6) of the Act, the Bank has electronically transmitted the Annual Report 2023 through email to Shareholders whose email addresses are available with the Bank's Share Registrar, M/s. CDC Share Registrar Services Limited. In those cases, where email addresses are not available with the Bank's Share Registrar, printed notices of AGM along with the weblink and QR enabled code to download the said Annual Report have been dispatched. However, the Bank will provide hard copies of the Annual Report to any member on their demand, at their registered address, free of cost, within one week of receiving such request. Further, Shareholders are requested to kindly provide their valid email address (along with a copy of valid CNIC) to the Bank's Share Registrar, M/s. CDC Share Registrar Services Limited if the Member holds shares in physical form or, to the Member's respective Participant/Investor Account Services, if shares are held in the book entry form.

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, Shahra-e-Faisal, Karachi in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to 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 based on 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 SPECIAL BUSINESS UNDER SECTION
134(3) OF THE COMPANIES ACT, 2017**

This statement sets out the material facts about the special business to be transacted at the Annual General Meeting of JS Bank Limited (the "Bank") to be held on March 29, 2024.

Conversion of Tier –II Term Finance Certificates of PKR 3,500 million (TFC-V) into common shares.

The Bank on August 30, 2023 issued rated, privately placed/listed, unsecured, subordinated, Term Finance Certificates (“TFCs”) of PKR 3,500 million (TFC-V), as Tier-II Capital. The State Bank of Pakistan (“SBP”), through Banking Policy and Regulation Department Circular No. 06 dated August 15, 2013 (“SBP Circular”), prescribes a “loss absorbency” feature for it to be qualified as Tier-II capital instruments, under which the TFCs will be converted into ordinary shares of the Bank at the Point of Non-Viability (“PONV”) trigger event as defined in the Basel III regulations. Following the requirements of the SBP Circular, the Bank has agreed with the SBP for the issuance of common shares against TFC-V in case of the occurrence of a conversion event as per the terms of the TFCs and SBP Circular (“Conversion Events”).

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

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

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

- should not impede the ability of the capital instrument to be immediately converted or to be written off.
- viii. There should be no impediments (legal or other) to the conversion i.e. the bank should have all prior authorizations (sufficient room in authorized capital etc.) including regulatory approvals to issue the common shares upon conversion.
 - ix. The contractual terms of all Additional Tier 1 and Tier 2 capital instruments must state that SBP will have full discretion in deciding/ declaring a bank as a non-viable bank. SBP will, however, form its opinion based on financial and other difficulties by which the bank may no longer remain a going concern on its own unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a bank should be such that these are likely to result in financial losses and raising the CET1/ MCR of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures will include complete write-off/ conversion of non-equity regulatory capital into common shares in combination with or without other measures as considered appropriate by the SBP.”

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

In light of the above contemplated PONV events, the Bank is required to obtain all approvals for the issuance of such additional shares, which additional shares shall be issued based on the market value of the shares of the Bank, on the date of trigger of PONV as declared by the SBP, and shall be subject to a cap of 924,772,179 for TFC-V additional ordinary shares being issued, or such other number as may be agreed to in consultation with the SBP. It may be noted that issuance of such additional shares shall further be subject to the approval of the Securities and Exchange Commission of Pakistan (“SECP”) under the proviso under Section 83(1)(b) of the Companies Act, 2017.

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

Name and brief profile of the banks/financial institutions to whom such shares are proposed to be issued	The shares will be issued to the holders of TFC-I and/or TFC-II (at that time) under the directions of SBP at the time of the trigger of PONV.
The price at which the proposed shares will be issued	The price of the shares shall be issued at the market value of the shares of the Bank,
Purpose of the issue of shares other than right, utilization of the proceeds of the issue, and benefits to the Bank and its shareholders with necessary details	To convert the outstanding TFC-I and/or TFC-II (in whole or part) into shares of the Bank, as per the directions of the SBP.
Existing shareholding of the banks / financial institutions to whom the proposed shares will be issued	Not Applicable
Total shareholding of the banks / financial institutions after the proposed issue of shares	Not Applicable

Whether the banks/financial institutions have provided written consent for purchase of such shares	The terms of the Trust Deeds for the TFC-I issue and TFC-II issue contain the details regarding such conversion.
Justification as to why proposed shares are to be issued otherwise than rights and not as rights shares	This is in accordance with the requirements of the SBP vide its Circular No. 6 of Banking Policy and Regulation Department dated August 15, 2013 and further directions of SBP in this matter
Justification, with details of the latest available market price and break-up value per share, if such price differs from par value.	Not Applicable
Details of the average market price during the last 3 (three) months and 6 (six) months preceding the board announcement as well as the latest available market price.	Not Applicable

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

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

Statement under Regulation 4 (2) of the Companies (Investment in Associated Companies or Associated Undertaking) Regulations, 2017

The Bank in its Annual General Meetings held on March 29, 2023, had approved long-term equity investments of up to 75.12% shares of BankIslami Pakistan Limited, a subsidiary company of the Bank:

The investment in BankIslami Pakistan Limited as of December 31, 2023 stands completed.

S.No	Name of Company	Total Investment approved up to PKR	Amount of Investment till Dec. 31, 2023 PKR	Reasons for not making complete investment in the specified time	Material change in Financial Statement of Associated Company
1	BankIslami Pakistan Ltd.	PKR Million 18,968.1	PKR Million 18,968.1	Not Applicable	Not Applicable