

SE-100(5F)2015/11
March 05, 2015

The Managing Director

Karachi Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Fax: 021-111-573-329

The Managing Director

Lahore Stock Exchange Limited
19, Khayaban-e-Aiwan-e-Iqbal Road
P.O. Box No.1315
Lahore

Fax: 042-36368485

The Managing Director

Islamabad Stock Exchange Limited
ISE Towers, 55-B
Jinnah Avenue, Blue Area
Islamabad

Fax: 051-111-473-329

Sub: **NOTICE OF 67TH ANNUAL GENERAL MEETING**
MCB BANK LIMITED

Dear Sir(s)

Enclosed please find herewith a copy of the Notice of 67th Annual General Meeting of MCB Bank Limited, scheduled to be held on March 27, 2015, for circulation amongst your members.

Yours truly



Fida Ali Mirza
Company Secretary

Encl: **As above**

Cc: **London Stock Exchange**

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MCB Bank Limited



NOTICE OF 67th ANNUAL GENERAL MEETING

Notice is hereby given that 67th Annual General Meeting of **MCB Bank Limited** will be held at Pearl-Continental Hotel, Shahrah-e-Quaid-e-Azam, Lahore, on **Friday, March 27, 2015, at 11:00 AM** to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Annual Audited Separate and Consolidated Financial Statements of **MCB Bank Limited** (the "Bank") together with the Directors' and Auditors' reports thereon for the year ended December 31, 2014,
2. To appoint auditors till the conclusion of next Annual General Meeting and fix their remuneration. The retiring Auditors, M/s A.F. Ferguson & Company, Chartered Accountants, being eligible, have offered themselves for re-appointment.
3. To approve, as recommended by the Directors, payment of Final Cash Dividend @ 40% i.e., PKR 4.00 per share for the financial year 2014, in addition to 100% (30% for 1st, 35% for 2nd and 3rd quarter) Interim Cash Dividends already paid for the year ended December 31, 2014.
4. To elect twelve (12) Directors as fixed by the Board of Directors of the Bank under Section 178(1) of the Companies Ordinance, 1984, for a period of three years commencing from March 27, 2015. The following are the names of retiring directors of the Bank:
 - i. Mian Mohammad Mansha.
 - ii. Mr. S. M. Muneer.
 - iii. Mr. Tariq Rafi.
 - iv. Mr. Shahzad Saleem.
 - v. Mr. Sarmad Amin.
 - vi. Mian Raza Mansha.
 - vii. Mian Umer Mansha.
 - viii. Mr. Aftab Ahmad Khan.
 - ix. Dato' Seri Ismail Shahudin.
 - x. Mr. Ahmad Alman Aslam.
 - xi. Mr. Muhammad Ali Zeb.
 - xii. Mr. Mohd Suhail Amar Suresh.

Special Business:

5. To consider and pass the following Ordinary Resolution as recommended by the Board of Directors of the Bank:

"RESOLVED THAT post facto approval be and is hereby accorded for donation of PKR 40 million (Rupees Forty million only), for 'Chief Minister's Relief Fund for IDPs North Waziristan – 2014', as Bank's Corporate Social Responsibility."
6. To consider and, if deemed fit, pass the following resolutions as 'Special Resolutions' with or without modification for alterations in the Articles of Association of the Bank:

"RESOLVED THAT the alterations in the Articles of Association of MCB Bank as disclosed in Statement under Section 160 (1) (b) of the Companies Ordinance, 1984 annexed with this notice be and are hereby approved."

"FURTHER RESOLVED THAT the Company Secretary be and is hereby authorized to do all acts, deeds and things, take all steps and actions necessary, ancillary and incidental for altering the Articles of Association of the Bank including filing of all requisite documents/statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolution."



MCB Bank Limited



7. To consider and approve additional equity Investment in MCB Leasing, Closed Joint Stock Company ("CJSC"), Azerbaijan, a subsidiary of MCB Bank Limited and pass the following resolutions as special resolutions, with or without modifications, as required under Section 208 of the Companies Ordinance, 1984:

"RESOLVED THAT subject to all applicable regulatory approvals and compliance of all relevant legal formalities, the approval of the members of MCB Bank Limited be and is hereby accorded for additional long term equity investment of equivalent of USD 2.5 million in MCB Leasing, CJSC, a subsidiary of MCB Bank Limited incorporated under the laws of Azerbaijan as per terms and conditions disclosed to the members."

"FURTHER RESOLVED THAT subject to all applicable regulatory approvals and compliance of all relevant legal formalities, the approval of the members of MCB Bank Limited be and is hereby accorded for long term equity investment by way of purchase of 82,442 shares of MCB Leasing, CJSC offered by Mr. Hasan Matla, a minority shareholder against a consideration of USD 105,000 (US Dollar One hundred and five thousand only) as per terms and conditions disclosed to the members."

"FURTHER RESOLVED THAT the Company Secretary and/or Mr. Rashid Jahangir, EVP & Divisional Head, MCB Bank Ltd, singly and/or jointly be and are hereby authorized and empowered to complete all the regulatory formalities and to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required under the relevant laws, rules and regulations."

A Statement under Section 160(1)(b) of the Companies Ordinance, 1984, setting forth all material facts pertaining to the Special Business referred to above is annexed to this Notice being sent to the members.

March 05, 2015
Lahore

By Order of the Board,



FIDA ALI MIRZA
Company Secretary



MCB Bank Limited



Notes:

1. The Shares Transfer Books of MCB Bank Limited will remain closed from **March 18, 2015 to March 27, 2015** (both days inclusive). Share Transfers received at the Bank's Share Registrar and Transfer Agent at the below mentioned address, at the close of business hours on **March 17, 2015** will be treated as being in time for the purpose of the entitlement of cash dividend and for attending the meeting.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend and vote on his/her behalf. A corporation being a member may appoint as its proxy any of its official or any other person whether a member of the Bank or not.
3. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarized certified copy of the power of attorney or authority in order to be effective must be deposited at the Share Registrar and Transfer Agent Office of the Bank not less than 48 hours before the time for holding the meeting, and must be duly stamped, signed and witnessed.
4. Members are requested to immediately notify the change, if any, in their registered addresses to the Share Registrar and Transfer Agent of the Bank.
5. CDC Accountholders will further have to follow the under mentioned guidelines as laid down by Circular No. 1, dated January 26, 2000, issued by Securities and Exchange Commission of Pakistan.

For Attending of Meeting:

- i. In case of individuals, the Accountholder and/or Sub-Accountholder whose registration details are uploaded as per the CDC regulations, shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' 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 of Proxies:

- i. In case of individuals, the Accountholder and/or Sub-Accountholder whose registration details are uploaded as per the CDC regulations, shall submit the proxy form as per above requirements.
- ii. The proxy form shall be witnessed by the two persons whose name, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copy of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or passport at the time of the meeting.
- v. In case of entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form of the Bank.

6. CNIC /NTN Requirement for Payment Of Dividend – SECP Notification:

The Securities & Exchange Commission of Pakistan ("SECP") through its notification SRO # 19 (I) 2014, dated January 10, 2014, read with SRO # 831 (I) 2012, dated July 05, 2012, has made it mandatory for listed companies to mention, in the case of Individuals, Computerized National Identity Card ("CNIC"), National Identity Card for Overseas Pakistanis ("NICOP") or Passport number and in the case of Corporate Entity, National Tax Number ("NTN") of the shareholders or their authorized persons, on Dividend Warrants. In order to avoid any inconvenience in this respect, the shareholders are once again requested to provide a valid copy of your CNIC/NICOP/ Passport/NTN to the Share Registrar at the below mentioned address, at their earliest convenience failing which dividend payable will be withheld by the Bank.

7. Payment of Cash Dividend Electronically (e-Dividend Mechanism):

SECP through its Notification No. 8(4)SM/CDC 2008, dated April 05, 2013, has advised that the shareholders who have provided bank mandate should be paid dividend by transferring directly to their respective bank accounts (e-dividend mechanism); therefore, the registered shareholders of MCB Bank Ltd, who have not yet provided us dividend mandate are requested to provide the details of their bank account including title of account, account number, bank name, branch name & code and address, in order to credit their cash dividends, as and when declared, directly to their respective bank accounts. This information is to be provided to: (i) in case of book-entry securities in Central Depository System (CDS), to CDS Participants; and (ii) in case of physical securities to our Share Registrar at the below mentioned address.



8. Circulation of Annual Audited Financial Statements and Notice of AGM to Members through E-mail:

SECP through its Notification No. SRO 787 (I)/2014, dated September 08, 2014, has allowed companies to circulate Annual Audit Financial Statements ("Annual Financial Statements") along with Notice of Annual General Meeting ("Notice of AGM") to its members through email.

In order to avail this facility, the members who desire to opt to receive Annual Financial Statements and Notice of AGM through email are requested to provide their written consent and email addresses to the Share Registrar at the below mentioned address. For the convenience of the members, a "Standard Request Form" has been placed on the website of MCB Bank Ltd to communication their e-mail addresses and consent for electronic transmission of Annual Financial Statements and Notice of AGM. In case any member, subsequently, requests for hard copy of Annual Financial Statements, the same shall be provided free of cost within seven days of receipt of such request.

9. Deduction of Withholding Tax on the Amount of Dividend:

As notified by SECP-Circular No. 19 of 2014, dated October 24, 2014.

The Government of Pakistan through Finance Act, 2014, has made certain amendments in Section 150 of the Income Tax Ordinance, 2001, whereby, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- | | |
|--|-----|
| a. For filers of income tax returns: | 10% |
| b. For non-filers of income tax returns: | 15% |

To enable the Bank to make tax deduction on the amount of cash dividend @ 10% instead of 15%, all the shareholders whose names are not entered into the Active Tax-Payer List ("ATL") provided on the website of FBR, despite the fact that they are filer, are advised to make sure that their name are entered into ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @15% instead of 10%.

The corporate shareholders having CDC accounts are required to have National Tax Number ("NTN") updated with their respective participants, whereas, corporate physical shareholders should send a copy of their NTN certificate to the Share Registrar at the below mentioned address. The shareholders while sending NTN or NTN certificate, as the case may be, must quote their respective folio numbers must be in the name of MCB Bank Limited.

For any query/problem/information, the shareholders may contact our Share Registrar at the following address:

M/s THK Associates (Pvt) Limited, Share Registrar, Second Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530. UAN +92(21) 111-000-322. Email: secretariat@thk.com.pk

**Statement under Section 160 (1)(b) of the Companies Ordinance, 1984
pertaining to Special Business:**

This Statement sets out the material facts pertaining to the Special Business to be transacted at the 67th Annual General Meeting of the Bank.

**Agenda No. 4
Election of Directors:**

The term of office of the present Directors of the Bank will expire on March 27, 2015. In terms of Section 178 (1) of the Companies Ordinance, 1984, the directors have fixed the number of elected directors at twelve (12) to be elected in the Annual General Meeting ("AGM") for a period of three years.

The present Directors are interested to the extent that they are eligible for re-election as Directors of the Company.



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Any person who seeks to contest the election to the office of a Director, whether he is retiring director or otherwise, shall file following with the Company Secretary of the Bank at the Registered Office, MCB Building, 15-Main Gulberg, Lahore, not later than fourteen days before the date of AGM to obtain clearance/approval, in principle, from State Bank of Pakistan ("SBP"):

- i. In terms of Section 178 (3) of the Companies Ordinance, 1984, notice of his/her intention to offer him/herself for the election together with: (a) Consent on Form 28 under Section 184 of the Companies Ordinance, 1984; (b) a Declaration under clause (ii) of the Code of Corporate Governance, 2012, of SECP to the effect that he is not a director of more than seven (07) listed companies; (c) a Declaration that he is not ineligible to become director of MCB Bank in terms of Section 187 of the Companies Ordinance, 1984; and (d) a Declaration that he is not ineligible to become a director of MCB Bank under any circulars / directives of SBP; (e) A detailed profile along with office address as required under SECP's SRO 634 (I)/2014, dated July 10, 2014.
- ii. A director must be holding 500 shares of the Bank at the time of filing of his/her consent to act as director.
- iii. A questionnaire duly completed, recent photograph, copy of CNIC / Passport and an Affidavit to, *inter alia*, meet the requirement of SBP's Prudential Regulations G-1 and the Fit and Proper Test for Appointment of Directors as contained in Annexure VI-A and VI-B of the Prudential Regulations. This questionnaire may be obtained from Registered Office of the Bank.

In terms of the criteria prescribed by the State Bank of Pakistan, association of the following person as director is undesirable and against the public interest:

- a. A person who is / has been associated with any illegal activity, especially relating to banking business.
- b. A person who is in his individual capacity or a proprietary concern of any partnership firm or any private limited company or any unlisted public company or any listed public company (of which he has been a proprietor, partner, director or shareholder), has been in default of payment of dues owed to any financial institution and / or in default of payment of any taxes.

Agenda No. 5

Donation to Prime Minister's Relief Fund for IDPs of North Waziristan:

MCB Board to redress the dire needs of the "Internally Displaced Persons" (IDPs) of North Waziristan, approved a donation for 'Chief Minister's Relief Fund for IDPs North Waziristan - 2014', as a part of Bank's philanthropic and Corporate Social Responsibility in order to stand-by our internally displaced brethren in their hour of adversity.

Agenda No. 6

Amendments in Articles of Association of the Bank:

The Board of Directors has proposed the following amendments in the Articles of Association of the Bank for the purposes including, to bring them in line with the requirements of the regulators, provisions of the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984.

Existing Articles	Proposed Article
Article 41: Pertaining to Transfer of Shares. (Transfer Deed)	Article 41: (Amended) The format of Transfer Deed as prescribed in Article 41 of the Articles of Association will be changed to incorporate the following changes: <ol style="list-style-type: none"> 1. Option for Transferee to provide Bank Account details for Dividend Mandate. 2. After the words "Full address of the transferee" the words "including e-mail address in case transferee intends to receive annual accounts of the company through e-mail" shall be inserted.
Article 92: "The qualification of a Director other than nominated by Federal Government shall be holding of at least 500 shares in the	Article 92: (Amended) "Subject to the exclusions given in Section 187(h) of the Ordinance, no person shall be appointed as a director unless he is a member of



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Existing Articles	Proposed Article
Company of the face value of Rupees Five thousand, in his own name, solely or jointly with another or others and whether beneficially or as a trustee for another or others or otherwise howsoever."	the Company and holds at least 500 (Five Hundred) ordinary shares of the face value of PKR 5,000 (Rupees Five Thousand) in his own name."
Article 102: "The Company may by Resolution in General Meeting remove any Director before the expiration of his period of office and may in manner aforesaid appoint another person in his stead. A resolution for removing a Director shall not be deemed to have been passed unless the number of votes favouring such resolution is equal to or exceed the number of votes cast in favour of the last candidate declared elected in the immediately preceding election of Directors."	Article 102: (Amended) "Subject to the provisions of Section 181 of the Companies Ordinance, the Company may, by a Resolution passed in a General Meeting, remove a Director before the expiration of his term of office."
Article 107: "The Secretary may at any time and he shall upon the request of a Director convene a meeting of the Directors. A Director who is at any time not in Pakistan shall not during such time be entitled to notice of any such meeting."	Article 107: (Amended) "The Secretary may at any time and he shall upon the request of a Director convene a meeting of the Directors. Notice sent through email, shall be a valid notice of a meeting."
Article 110: "The Board of Directors shall elect one Director as Chairman. The Board of Directors shall also elect a Vice Chairman. The first Chairman and Vice Chairman shall hold the office for a period of three years and subsequently the tenure of office shall be two years. The retiring Chairman and Vice Chairman shall be eligible for re-election. Upon completion of the tenure of the Chairman and Vice Chairman, or earlier determination thereof by virtue of death, resignation or retirement, the Board of Directors shall elect a new Chairman and/or Vice Chairman as the case may be for remaining term. Subject as aforesaid, the Directors may elect a Chairman of their meeting. If no Chairman is elected or if at any meeting the Chairman is not present within 15 minutes of the appointed time for holding the same, the Directors present shall choose one of their members to be a Chairman of such meeting."	Article 110: (Amended) "The Board of Directors shall elect, amongst elected Directors, a Chairman and a Vice-Chairman. The Chairman and the Vice Chairman shall hold the office for a period of three years. The retiring Chairman and the Vice Chairman shall be eligible for re-election. Upon completion of tenure of the Chairman and the Vice Chairman, or earlier determination thereof by virtue of death, resignation or retirement, the Board of Directors shall elect a new Chairman and/or Vice-Chairman, as the case may be, for remaining term. The Chairman and in his absence, the Vice-Chairman will preside over the Board meetings. If no Chairman and/or Vice-Chairman is elected or if at any meeting the Chairman and/or Vice-Chairman is not present within 15 minutes of the appointed time, the Directors present shall choose one of their members to be a Chairman of such meeting. Upon the expiry of the term of office of the Chairman and/or the Vice Chairman, and in the event that the Directors have not elected any other persons to act as Chairman and/or Vice Chairman, the retiring Chairman and/or Vice Chairman Directors shall be deemed to have been reappointed, for the purposes of subsequent meetings till such time as the directors reappoint/appoint a new Chairman / Vice Chairman. No resolution of the Board shall be called in question solely due to the non-appointment of a Chairman and/or Vice Chairman."
Article 121: "No Director shall be disqualified for his office from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being 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 the fiduciary relation thereby established, but it is declared that the nature of his interest shall be disclosed by him at the meeting of the Directors at which the contract or arrangement is determined on, if his interest then exists, or in any other case at the first meeting of the Directors after the acquisition of his interest, and that no Director shall as a Director vote in respect of any contract or arrangement in which he is so interested as aforesaid; nor shall his presence count for the purpose of	Article 121: "The directors shall comply with the provisions of Section 214 and 216 of the Ordinance."



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Existing Articles	Proposed Article
forming a quorum at the time of any such vote and if he does so vote, his vote shall not be counted. A general notice that a Director is a member of any specified firm or company, and is to be regarded as interested in any subsequent transaction with such firm or company, shall be sufficient disclosure under this Clause, and after such general notice it shall not be necessary to give any special notice relating to any particular transaction with such firm or company."	
Article 127(a): "The Company shall, out of the declared profits of each year and before any dividend is declared, transfer a sum equivalent to not less than 20 per cent, of such profits to reserve fund (hereinafter referred to as the Statutory Reserve Fund) until the amount of the said fund is equal to the paid up capital of the Company."	Article 127(a): (Amended) "The Company shall create a reserve fund (hereinafter referred to as the Statutory Reserve Fund) to which shall be credited— (a) if the amount in such fund together with the amount in the share premium account is less than the paid-up capital of the banking company, a sum equivalent to not less than twenty per cent of the balance of profit of each year as disclosed in the profit and loss account and before any dividend is declared; and (b) if the amount in such fund together with the amount in the share premium account is equal to or exceeds the paid-up capital of the banking company, a sum equivalent to not less than ten per cent of the balance of profit disclosed as aforesaid and before any dividend is declared."
Article 127(b): "The Company shall invest the amount standing to the credit of its Statutory Reserve Fund in Government Securities or in securities mentioned or referred to in Section 20 of the Indian Trusts Act of 1882 or keep deposited in a special account to be opened by the Company for the purpose in a scheduled Bank as defined in Clause (e) of Section 2 of the Reserve Bank of Indian Act, 1934." N.B.- This article may be dispensed with and will not apply to the Company as soon as the Company is declared by the appropriate authority to be a scheduled Bank as defined in Clause (e) of Section 2 of the Reserve Bank of Indian Act, 1934.	Article 127(b): (Amended) "The Company shall invest the amount standing to the credit of its Statutory Reserve Fund in Government Securities or in securities mentioned or referred to in Section 20 of the Trusts Act of 1882 or keep deposited in a special account to be opened by the Company for the purpose in a scheduled Bank as defined in Clause (I) of Section 5 of the Banking Companies Ordinance, 1962."
Article 131: "The Company in General Meeting may declare a dividend to be paid to the members according to the rights and interests in the profits and may fix the time for payment subject to the provision of Section 251. No longer shall dividend be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend."	Article 131: (Amended) "The Company in General Meeting may declare a dividend to be paid to the members according to the rights and interests in the profits and may fix the time for payment subject to the provision of Section 251 of the Ordinance but no dividend shall exceed the amount recommended by the directors."
Article 146: "A balance-sheet shall be made at least once in every year and laid before the Company in General Meeting made up to a date not more than four months before such meeting. The balance sheet shall be accompanied by a report of the Directors as to the state of the Company's affairs and the amount which they recommend to be paid by way of dividend and the amount (if any) which they propose to carry to the reserve funds. The profit and loss account and balance sheet shall be signed by at least three Directors."	Article 146: (Amended) "The Balance Sheet and Profit and Loss Account of the Company shall be prepared, signed and submitted to the relevant regulatory authorities and others, as the case may be, in accordance with the applicable laws, rules and regulations."
Article 147: "A copy of the balance sheet and report shall, at least twenty-one days previously to the meeting, be sent to the persons entitled to receive notices of General Meeting in the manner in which notices are to be given hereunder."	Article 147: (Amended) "A copy of the Balance Sheet and Profit and Loss account and the Directors' and Auditors' Reports thereon as are required under law shall, at least twenty-one days prior to the meeting, be sent to the persons entitled to receive notices of the Annual General Meeting in the manner in which notices are to be issued."



Agenda No. 7

Additional Equity Investment in MCB Leasing, CJSC, Azerbaijan:

MCB Leasing, Closed Joint Stock Company ("CJSC"), a 95% owned subsidiary of MCB Bank Limited, having a joint venture with local partner, was incorporated in Azerbaijan in 2009 with initial capital base of US\$ 1 million which was subsequently increased to US\$ 2 million during 2012. MCB Leasing has been performing exceptionally well since launch of its commercial operations in 2010. The year-wise financial numbers of MCB Leasing are as under:

	Amount in AZN				
	2010	2011	2012	2013	2014
Yearly lending	1,209,130	3,714,172	4,631,102	4,227,263	5,197,273
Non-performing leases	NIL	NIL	NIL	NIL	0.03%
Profit after tax	(354,153)	(141,736)	109,089	305,376	216,330
Equity	487,952	346,216	1,282,042	1,587,418	1,803,748

MCB Leasing achieved its break even during 2011, whereas, recovered its initial years' losses within a period of 4 years in 2014. For the financial year 2014, MCB Leasing has also declared a cash dividend of 34% of after tax profits.

One of the major impediments of attracting higher amounts from local lenders has been MCB Leasing's lower equity base and the most of the financial institutions have required higher capital by the sponsors into MCB Leasing. In order to manage this situation, MCB Leasing Board in its meeting held in December, 2014, requested MCB Bank Board to inject an additional amount of US\$ 2.5 million. MCB Leasing Management is confident that enhanced capital and increased profitability would help MCB Leasing to attract funding lines from local banks.

Mr. Hasan Matla, a minor shareholder of MCB Leasing, has also approached MCB Bank to buy his entire holding of 82,442 (4.94%) shares in MCB Leasing and bank's management has agreed a price of US\$ 105,000 (at par).

Section 208 of the Companies Ordinance, 1984, requires prior approval of shareholders of MCB Bank through their Special Resolution for investing in associated entities in general meeting. Likewise, State Bank of Pakistan ("SBP")'s prior approval would also require for further investment by MCB Bank. In order to comply with all the regulatory requirements, M/s Riaz Ahmed & Company, Chartered Accountants, were engaged for valuation who have valued MCB Leasing based on generally acceptable valuation techniques.

The Board of Directors of MCB Bank Limited in its meeting held on February 12, 2015 approved this additional capital investment and purchase of shares from minor shareholder.

The shareholders are requested to approve additional equity investment in MCB Leasing, Azerbaijan.

Information as per the Regulation 3(1)(a) of the Companies (Investment in Associated Companies or Undertakings) Regulations, 2012.

1.	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;	MCB Leasing CJSC – Azerbaijan, a subsidiary company
2.	Purpose, benefits and period of investment;	Additional Equity to increase company's capital base which will lead to increase in available internal and external resources resulting in increased business, thus, profitability.
3.	Maximum amount of investment;	USD \$ 2.5 million
4.	Maximum price at which securities will be acquired;	At par i.e. one share at 1 AZN
5.	Maximum number of securities to be acquired;	New share will be issued at face value and proposed investment will be converted into AZN at the time of remittance and converted amount will be utilized to subscribe the new issue.



6.	Number of securities and percentage thereof held before and after the proposed investment;	Currently MCB Bank Limited holds 95% of share capital of MCB Leasing CJSC, after proposed equity increase and purchase of Mr. Matla shares, MCB Bank Limited holding will be 99.98%			
7.	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired;	NA			
8.	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1);	DCF value using FCFE method	AZN 1.09 (USD \$ 1.39)		
		DCF value using FCFE method	AZN 11.35 (USD \$ 14.48)		
9.	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements;	AZN 1.08 (USD \$ 1.38)			
10.	Earnings per share of the associated company or associated undertaking for the last three years;	Year	2012	2013	2014
		Earnings per share	AZN 0.13	AZN 0.18	AZN 0.07
11.	Sources of fund from which securities will be acquired;	Retained profit of MCB Bank, holding company			
12.	Where the securities are intended to be acquired using borrowed funds: (I) justification for investment through borrowings; and (II) detail of guarantees and assets pledged for obtaining such funds;	NA			
13.	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment;	NA			
14.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	The directors and/or their relatives of MCB Bank have no direct or indirect interest either in MCB Leasing, CJSC, Azerbaijan or the proposed additional equity investment, save their shareholdings in the Bank.			
15.	Any other important details necessary for the members to understand the transaction; and	NA			
16.	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely: (I) description of the project and its history since conceptualization; (II) starting and expected dated of completion of work; (III) time by which such project shall become commercially operational; and (IV) expected time by which the project shall start paying return on investment.	NA			

The directors have carried out their due diligence for the offered stake and after due deliberation decided to make long term investment in MCB Leasing subject to approval of the shareholders in the Annual General Meeting and other regulatory approvals, if required.

Inspection of Documents:

A copy of the original and amended copies of the Articles of Association have been kept at the Registered Office of the Bank which could be inspected on any working days during usual business hours till the date of Annual General Meeting. Further, Due Diligence Report and audited latest annual financial statements along with the latest reviewed financial statements, if required, of MCB Leasing will be available for inspection of the members in the Annual General Meeting

The Financial Statements of the Bank have been placed on Website of the Bank.

The directors of MCB Bank have no direct or indirect interest in the above said Special Business, save their shareholding in the Bank



MCB Bank Limited

