

**ASKARI BANK LIMITED**

**NOTICE OF THE 19<sup>th</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting of the shareholders of Askari Bank Limited (the Bank) will be held on Tuesday, March 29, 2011 at 10:00 am at Blue Lagoon Complex Opposite outward gate of Pearl Continental Hotel, Rawalpindi to transact the following business:

**Ordinary Business:**

1. To confirm the minutes of the 18<sup>th</sup> Annual General Meeting held on March 30, 2010.
2. To receive, consider and adopt the financial statements for the year ended December 31, 2010 together with the Directors' and Auditors' Reports thereon.
3. To appoint the auditors of the Bank for the year ending December 31, 2011 and to fix their remuneration.
4. To elect ten (10) Directors as fixed by the Board in accordance with the provisions of Section 178 of the Companies Ordinance 1984, for a period of three years in place of the following retiring directors namely:
  - Lt. Gen. Nadeem Taj
  - Lt. Gen. (R) Imtiaz Hussain
  - Maj. Gen. (R) Saeed Ahmed Khan
  - Mr. Zafar Alam Khan Sumbal
  - Dr. Bashir Ahmad Khan
  - Mr. Ali Noormohamed Rattansey
  - Mr. Shahid Mahmud
  - Mr. Muhammad Riyazul Haque
  - Mr. Wazir Ali Khoja- Nominee NIT

**Special Business:**

5. To consider and if deemed fit, pass the following resolutions with or without modification(s):

Resolved that

- i) a sum of Rs. 642,744 thousand out of the general reserve as at December 31, 2010 be capitalized and be applied to the issue of 64,274,394 ordinary shares of Rs. 10 each allotted as fully paid bonus shares to the members whose names appear in the register of members as at the close of business on March 22, 2011 in the proportion of 10 shares for every hundred shares held that is 10 %.
  - ii) the bonus shares shall rank pari passu in all respects with the existing shares.
  - iii) the sale proceeds of fraction shares entitled to members shall be donated to any recognized charitable institution, for which purpose the fractions shall be consolidated into whole shares and sold through stock market.
  - iv) the President & Chief Executive and Company Secretary of the Bank be and are hereby authorized and empowered to give effect to this resolution and to do or cause to be done all acts, deeds and things that may be necessary or required for the issue, allotment and distribution of Bonus Shares."
6. To consider and if deemed fit, approve and adopt the amendment in the Article 106 of the Articles of Association of the Bank and to pass the following 'Special Resolutions' with or without modification(s):

**“Resolved that** pursuant to Section 28 of the Companies Ordinance, 1984 the Articles of Association of the Bank be altered in the following manner:

Article 106 of the Articles of Association of the Bank be deleted and its place the following new Article be substituted:

Remuneration Payable to Directors of the Company for attending Board Meetings shall not exceed Rs. 50,000 per meeting and remuneration payable to Directors of the Company for attending meetings of Board Committees shall not exceed Rs. 25,000 per meeting and a Director who performs extra service or a full time Director shall receive such remuneration (whether by way of salary, commission, participation in profits, allowance and perquisites etc, or partly in one way and partly in another) as the members may fix and the Company may also pay any Director all such reasonable expenses as may be incurred in attending and returning from Board meetings or meetings of Board Committees or which he may otherwise incur in or about the business of the Company.

**Further Resolved that** the President & Chief Executive and Company Secretary of the Bank be and are hereby authorized either singly or jointly, to take all steps necessary, ancillary and incidental for registering and amending the Articles of Association of the Company as stated above, including but not limited to filing of all the requisite statutory forms and all other documents as may be required to be filed with the Companies Registration Office, Securities and Exchange Commission of Pakistan and the State Bank of Pakistan and any other document or instrument including any amendments or substitutions to any of the foregoing as may be required in respect of the amendment in the Articles of Association.”

7. To consider and if deemed fit pass the following ‘Special Resolutions’ under section 208 of the Companies Ordinance, 1984 with or without modification(s):

**“Resolved that** the President & Chief Executive and Company Secretary of the Bank be and are hereby authorized to take all necessary steps for the long term investment in the share capital of Askari General Insurance Company Limited by way of subscription of 25 % right issue of shares amounting to Rs. 12,735,860 and subscription of additional shares amounting to Rs. 5,548,390 from unsubscribed portion of Right Issue of shares in accordance with the provisions of section 208 of the Companies Ordinance, 1984 and to disinvest such investments as and when considered appropriate.

**Further Resolved that** the President & Chief Executive and Company Secretary of the Bank be and are hereby authorized either singly or jointly, to take all necessary steps to make investment (s) of up to Rs. 400 million as Seed /Core Capital in the open - end mutual funds / collective investments schemes to be launched by Askari Investment Management Limited (AIML) in future from time to time.

**Further Resolved that** the Board of Directors of Askari Bank Limited be and is hereby authorized to evaluate and approve above Seed / Core Capital investments to be made by the Bank in any particular open - end mutual fund to be launched by AIML in future.

**Further Resolved that** the President & Chief Executive and Company Secretary of the Bank be and are hereby authorized either singly or jointly, to complete any or all necessary required corporate and legal formalities for the completion of the transactions.”

8. To consider any other business as may be placed before the meeting with the permission of the Chair.

By Order of the Board

Rawalpindi  
March 7, 2011

M. A. Ghazali Marghoob  
Company Secretary

## NOTES

1. The statement under section 160(1)(b) & (c) of the Companies Ordinance, 1984 setting forth all material facts concerning the special business to be transacted at the meeting is annexed.
2. The Share Transfer books of the Bank will remain closed from March 23 to March 29, 2011 (both days inclusive). Transfers received at M/s THK Associates (Private) Limited, Ground Floor, State Life Building # 3, Dr. Ziauddin Ahmad Road, Karachi-75530, the Registrar and Share Transfer Office of the Bank at the close of the business on March 22, 2011 will be treated in time for purpose of the entitlement of bonus shares (B-15) to the transferees.
3. Any person who seeks to contest the election of directors shall file the following with the Bank at its registered office not later than fourteen days before the day of the above said meeting:
  - i) His/her intention to offer himself/herself for election of Directors in terms of Section 178 (3) of the Companies Ordinance, 1984, [the Ordinance] together with (a) consent on Form 28 as prescribed by the Companies (Provisions and Forms) Rules, 1985 (b) a declaration with consent to act as Director in the prescribed form under clause (ii) of the Code of Corporate Governance [the Code] to the effect that he/she is aware of duties and powers of Directors as mentioned in the Ordinance, the Memorandum and Articles of Association of the Bank and the Listing Regulations of the Stock Exchanges and has read the relevant provisions contained therein; and (c) a declaration in accordance with clause (iii) and (iv) of the Code to the effect that he/she is not serving as a Director of more than ten listed companies; and he/she is a registered National Tax Payer (except where he/she is a non-resident), that he/she has not been convicted by a court of competent jurisdiction as defaulter in payment of any loan to a banking company, a development financial institution or a non-banking financial institution.
  - ii) A specified affidavit as prescribed in the State Bank of Pakistan [SBP] BPRD Circular No. 12 dated June 2, 2000 together with prescribed Questionnaire in accordance with Prudential Regulation No. G-1 and the 'Fit and Proper Test' for the appointment of Directors in terms of SBP BPD Circular No. 13 dated May 17, 2004 along-with two recent photographs and a copy of CNIC (Passport in case of foreign national). Copies of SBP circulars / annexures may be obtained from SBP website or from the office of the Company Secretary of the Bank. SBP circulars / annexures also list various persons who are not eligible to become director of a Bank. Any person with these anomalies is considered undesirable; and against the public interest in terms of SBP BPRD Circular No. 12 dated June 02, 2000.
4. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her. No person shall act as a proxy, who is not a member of the Bank except that Government of Pakistan [GoP] or SBP or corporate entity may appoint a person who is not a member.
5. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity (other than GoP and SBP), its common seal should be affixed on the instrument.
6. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with the Company Secretary, Askari Bank Limited, 1<sup>st</sup> Floor, AWT Plaza, The Mall, P.O.Box No. 1084, Rawalpindi not less than 48 hours before the time of holding the meeting.
7. If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.
8. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
9. Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
10. The proxy shall produce his / her original CNIC or original passport at the time of meeting.

11. In case of GoP / SBP / corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Bank.

#### **Statement Under Section 160(1) (b) & (c) of the Companies Ordinance, 1984**

This statement sets out the material facts pertaining to the special business to be transacted at the 19<sup>th</sup> Annual General Meeting of the Bank to be held on March 29, 2011.

#### **Item No. 4 of the Notice – Election of directors**

Term of office of the present Directors of the Bank will expire on March 29, 2011. The Board of Directors of the Bank will be re-constituted for a fresh term of three years by electing ten (10) Directors including one (1) nominee Director of NIT.

#### **Item No. 5 of the Notice – Issue of Bonus Shares**

The Directors are of the view that the reserves / profits are adequate for the capitalization of a sum of Rs. 642,744 thousand for issue of the proposed 10 % bonus shares and in this regard compliance has been made under Rule 6 of Companies (Issue of Capital) Rules, 1996. Auditors' certificate in respect of adequacy of reserves has also been obtained.

#### **Item No. 6 of the Notice – Amendment in the Article**

The Directors of the Bank have proposed amendment in Article 106 of the Articles of Association primarily to extend the remuneration payable to Directors for attending Board of Directors meetings and Board Committees meetings from the present amount of Rs. 25,000 to Rs. 50,000 and Rs. 5,000 to Rs. 25,000 respectively. The increase in remuneration is recommended in light of increase in work load and further to bring their remuneration in terms with practice in other banks.

Comparison of Article 106 of the Articles of Association before and after the proposed change is as follows:

	Existing	Proposed
106	<i>Remuneration Payable to the directors of the Company for attending Board Meetings shall not exceed Rs. 25,000 and remuneration payable to Directors of the Company for attending meetings of Board's sub-committee shall not exceed Rs. 5,000 and a Director who perform extra service or a full time Director shall receive such remuneration (whether by way of salary, commission, participation in profits, allowance and perquisites etc, or partly in one way and partly in another) as the members may fix and the Company may also pay any Director all such reasonable expenses as may be incurred in attending and returning from the meetings of Directors or committees or Directors or which he may otherwise incur in or about the business of the Company.</i>	<i>Remuneration Payable to Directors of the Company for attending Board Meetings shall not exceed Rs. 50,000 and remuneration payable to Directors of the Company for attending meetings of Board Committees shall not exceed Rs. 25,000 and a Director who performs extra service or a full time Director shall receive such remuneration (whether by way of salary, commission, participation in profits, allowance and perquisites etc, or partly in one way and partly in another) as the members may fix and the Company may also pay any Director all such reasonable expenses as may be incurred in attending and returning from Board meetings or meetings of Board Committees or which he may otherwise incur in or about the business of the Company.</i>

#### **Interest of the Directors and their relatives**

The Directors of the Bank and their relatives have no interest in the proposed amendments in the Articles of Association of the Bank except to the extent of the proposed remuneration payable for attending meetings.

## **Item No. 7 of the Notice – Investments to be made by the Bank**

### **Askari General Insurance Company Limited (AGICO)**

The Bank intends to make long term investment in the share capital of Askari General Insurance Company Limited (AGICO) for the subscription of 25 % right issue of shares amounting to Rs. 12,735,860 and subscription of additional shares amounting to Rs. 5,548,390 from unsubscribed portion of Right Issue of shares and to disinvest such investments as and when considered appropriate.

AGICO was incorporated in 1995 under the Companies Ordinance, 1984 as a public limited company and commenced its business in the same year. AGICO is sponsored by Army Welfare Trust and is an associated undertaking of the Bank. AGICO is listed on all the three stock exchanges of Pakistan.

Following are material facts about the proposed Special Resolution:

- |   |  |                                       |  |
|---|--|---------------------------------------|--|
| <b>(i). Name of the Investee Company</b>  | Askari General Insurance Company Limited   |                                       |  |
| <b>(ii). Nature amount and extent of investment</b>   | Long term investment in the share capital of Askari General Insurance Company Limited (AGICO) by way of subscription of 25 % right issue of shares amounting to Rs. 12,735,860 and subscription of additional shares amounting to Rs. 5,548,390 from unsubscribed portion of Right Issue of shares and to disinvest such investments as and when considered appropriate. |                                       |  |
| <b>(iii). Average market price of the shares intended to be purchased during preceding six months in case of listed companies</b> | <b>Rs. 10.86</b><br>(on the basis of KSE data since July 01 to December 31, 2010)  |                                       |  |
| <b>(iv). Break-up value of shares intended to be purchased on the basis of last audited financial statements</b>                  | <b><u>31.12.2009</u></b><br>Rs. 13.17  | <b><u>30.06.2010</u></b><br>Rs. 14.05 |  |
| <b>(v). Price at which shares will be purchased</b>   | At Par Value (i.e Rs. 10/- each)   |                                       |  |
| <b>(vi). Earning per share (EPS) of the investee company in last three years</b>  | <b><u>31.12.2007</u></b><br>Rs. 2.54   | <b><u>31.12.2008</u></b><br>Rs. 0.33  | <b><u>31.12.2009</u></b><br>Rs. (1.35) |
| <b>(vii). Source of funds from where shares will be purchased</b>   | Surplus Fund   |                                       |  |
| <b>(viii). Period for which investment will be made</b>   | As a long-term investment  |                                       |  |
| <b>(ix). Purpose of Investment:</b>   | Equity in associated concern   |                                       |  |
| <b>(x). Benefits likely to accrue to the Bank and the shareholders from the proposed investments</b>                              | Investment Income  |                                       |  |
| <b>(xi). Interest of Directors and their relatives in AGICO</b>   | To the extent of their shareholding  |                                       |  |

### **Askari Investment Management Limited (AIML)**

AIML is wholly owned subsidiary of Askari Bank Limited which is licensed as a non - banking finance company (NBFC) to undertake asset management and investment advisory services under the Non Banking Companies (Establishment and Regulation) Rules, 2003.

Pursuant to Regulation No. 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (Regulations), the Asset Management Company is required to arrange a minimum amount of investment which is subject to certain restrictions under these Regulations. Askari Bank Limited, in order to ensure successful launch of the new funds of AIML intends to make Seed/Core capital investments of up to Rs. 400 million in such open-end mutual funds/collective investment schemes to be launched by AIML from time to time in future.

AIML is currently managing five open-end mutual funds/collective investment schemes. Launch of new funds by AIML will increase its product platter and is expected to help in further expanding its business by capturing the market shares and thereby adding value to AIML and the Bank.

### **Inspection of Documents**

Copies of Memorandum and Articles of Association of the Bank, Statement under Section 160(1)(b) & (c) of the Companies Ordinance, 1984, Annual and Quarterly financial statements as the case may and other related information/documents of the Bank and the investee companies which may be inspected/procured during business hours on any working day at the Registered Office of the Bank from the date of publication of this notice till conclusion of the Annual General Meeting.