

Notice Of Annual General Meeting

Notice is hereby given that the 19th Annual General Meeting of the Members of BankIslami Pakistan Limited (the "Bank") will be held Inshallah on Thursday, March 30, 2023 at 10:15 A.M to transact the following business. The meeting will be held at Zaver Hall, Pearl Continental, Club Road, Karachi.

ORDINARY BUSINESS

1. To confirm minutes of Extra Ordinary General Meeting of the Bank held on October 10, 2022.
2. To receive, consider and adopt the Annual Audited Accounts of the Bank and Consolidated Audited Accounts of the Bank for the year ended December 31, 2022 together with the Auditors' and Directors' Report and Chairman's Review thereon.
3. To appoint Auditors of the Bank for the year ending December 31, 2023 and to fix their remuneration. KPMG Taseer Hadi & Co., Chartered Accountants, offer themselves for appointment as auditors for the year ending December 31, 2023.
4. To approve, as recommended by the Board of Directors, the payment of Cash Dividend of Rupee 1 per share i.e. 10% for the year ended December 31, 2022.

SPECIAL BUSINESS

5. To approve the revised Remuneration of Board of Directors' & Members of the Board Committees Policy as required by SBP in BPRD Circular No. 03 of 2019 dated August 17, 2019.

ANY OTHER BUSINESS

6. To transact any other business with the permission of Chair.

By order of the Board



Muhammad Shoab
Company Secretary

Dated: March 09, 2023

STATEMENT OF MATERIAL FACTS PURSUANT TO SECTION 134 (3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning Special Business Item No. 5 of the notice to be transacted at the Annual General Meeting dated March 30, 2023:

The Board of Directors in their meeting held on March 01, 2023 has approved the increase in the remuneration of board members / members of committees of the Board. [The decision to increase the remuneration has been made to compensate for the time and efforts required to discharge director's obligations and to value their skills and expertise in managing the affairs of the Board and Board's Committees.]

The Board has approved the increase in the remuneration of Non-Executive Directors and Independent Directors from Rs 200,000 to Rs 400,000 for attending BoD meetings in their meeting held on March 1, 2023. The Board has also approved increase in the remuneration of Non-Executive Directors and Independent Directors from Rs 100,000 to Rs 200,000 for attending BoD committee meetings.

The Remuneration Policy for the Board of Directors & Members of the Board Committee ("Remuneration Policy") (as was earlier approved by the shareholders in the Bank's Extra Ordinary General Meeting held on February 11, 2021) shall therefore stand revised and superseded accordingly and the revised Remuneration Policy is attached hereto as "Annexure A". Except as expressly provided herein, no other provision of the Remuneration Policy stands amended.

The Chairman, Independent Directors and Non-Executive Directors are interested in the Special Business to the extent of the proposed increase in remuneration of the Chairman, Independent Directors and Non-Executive Directors as stipulated in the attached Annexure "A". Other than that the Directors have no interest in the Special Business.

Notes:

1. The Members' Register will remain closed from March 24, 2023 to March 30, 2023 (both days inclusive).
2. A member eligible to attend and vote at this meeting may appoint proxy to attend and vote in the meeting.
3. Proxies in order to be effective must be received at the registered office of the Bank not less than 48 hours before the time of the meeting.
4. Central Depository Company of Pakistan Limited ("CDC") Account holders will further have to follow the under mentioned guidelines as laid down by Circular No. 01, dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan:

For Attending the Meeting:

- i. In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card ("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 Proxies:

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
 - ii. The proxy form shall be witnessed by the two persons whose names, 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 corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form of the Bank.
5. Members are requested to promptly notify CDC Share Registrar Services Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 of any change in their address.

6. Availability of Annual Accounts on Bank's Website

As required under Section 223(7) of the Companies Act 2017, audited Financial Statements of the Bank have been uploaded on website of the Bank which can be downloaded from the Bank's website: www.bankislami.com.pk.

7. Transmission of Annual Audited Financial Statements through CD

The Bank, as allowed by SECP Notification No. SRO 470 (I) / 2016 dated May 31, 2016, has circulated the Annual Audited Financial Statements for the year ended December 31, 2022 along with Auditor's report, Directors' reports and Chairman's review etc., to the shareholders through electronic medium i.e. DVD/CD at their registered address instead of transmitting the said annual accounts in hard copies. However, a shareholder may request to the Company Secretary at the Registered Office of the Bank located at 11th Floor, Executive Towers, Dolmen City, Marine Drive, Block-4, Clifton, Karachi to provide hard copy of Annual Audited Accounts instead of DVD/CD and the same will be provided at his / her registered address, free of cost, within one week of the demand. In this regard, a 'Statement Request Form' has been placed on website of the Bank for shareholders to communicate the need of hard copies of the Annual Audited Accounts instead of sending the same through DVD/CD. A shareholder may also prefer to receive hard copies of all future Annual Audited Accounts.

8. Conversion of physical share certificate in book entry form and to collect unclaimed physical shares

With reference to the provisions of Section 72 of the Companies Act, 2017, Securities and Exchange Commission of Pakistan, through its letter No. CSD/ED/MISC/2016-639-640 dated March 26, 2021, has required listed companies to replace the existing physical shares issued by them into Book Entry Form. In compliance to regulatory requirement, shareholders of BankIslami Pakistan Limited holding physical share certificates are requested to convert their physical shares certificates into Book Entry Form. Shareholders who have not yet collected their unclaimed physical share certificates are requested to collect from Bank's Share Registrar and also convert the certificate(s) in book entry form in compliance to regulatory requirement. Shareholders of Bank may contact their Broker (a PSX member), CDC Participant or CDC Investor Account Services Department of Central Depository Company of Pakistan Limited for assistance in opening CDC Account. The said conversion will benefit to shareholders i.e. readily available share(s) for sale and purchase at better rates; instant credit of entitlements (bonus shares and rights shares); and eliminate the risk of loss of shares, etc.

9. International Bank Account Number (IBAN) of shareholders

Section 242 of the Companies Act 2017 requires that the listed companies shall pay cash dividend only through electronic mode directly into the bank account designated by the shareholders. SECP vide its notification SRO 1145 (I)/2017 has also issued the Companies (Distribution of Dividends) Regulations, 2017 whereby every shareholder shall be responsible to provide valid information pertaining to its designated bank account to disburse any dividend payable in cash only through electronic mode directly into the bank account designated by the entitled shareholders.

In this regards, Bank has already communicated through its letters addressed to the shareholders individually along with newspapers publications requesting to provide the International Bank Accounts Number ("IBAN") designated by the shareholders to receive the cash dividends electronically. Hence, shareholders are requested to fill the required fields of Bank's letter available on website of the Bank: www.bankislami.com.pk and send the same to the Share Registrar and Transfer Agent of the Bank. In case of shares held as book-entry securities, the said information would be required to be provided to Central Depository System ("CDS") through CDS Participants. Please ignore, if the said information has already been provided.

10. Mandatory registration detail of shareholders

According to Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile / telephone number, International Bank Account Number (IBAN), etc. to Bank's Share Registrar at their below address immediately to avoid any non-compliance of law or any inconvenience in future.

CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400. Tel. Toll Free 0800-23275, Email: info@cdcsrsl.com, website: www.cdcsrsl.com.

11. Tax implication on Dividend

The Government of Pakistan 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 / banks. These rates are as per law.

To enable the Bank to make tax deduction on the amount of Cash Dividend, all the members whose names are not entered into the Federal Board of Revenue's (FBR), Active Tax-Payers List (ATL), despite the fact that they are tax return filers, are advised to make sure that their names are entered into ATL, before the date of book closure for cash dividend; otherwise, tax on their cash dividend will be deducted as non-filer.

Tax on joint shareholding

All shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to the Bank's Shares Registrar, in writing as follows:

Folio number / CDS Account number	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC No.	Shareholding Proportion (number of Shares)	Name and CNIC No.	Shareholding Proportion (number of Shares).

The required information must reach to Bank's Shares Registrar by the close of business (5:00 p.m.) on March 22, 2023 otherwise it will be assumed that the shares are equally held by principal shareholder and joint holder(s) and tax will be deducted according to the proportionate holding of each shareholder as clarified by the FBR vide its clarification letter No. I(54)Exp/2014-132872-R, dated September 25, 2014.

12. Tax Exemption Certificate

Shareholders claiming tax exemption under clause 47(B) of Part IV of the Second Schedule of Income Tax Ordinance, 2001 are requested to provide a valid exemption certificate under section 159(1) of the Income Tax Ordinance, 2001 latest by March 22, 2023, to Bank's Share Registrar before the date of Book closure as required vide FBR clarification letter No. I(43)D.G.(W.H.T.)/2008-Vol.II-66417-R dated May 12, 2015.

13. Zakat Declaration (CZ-50)

Zakat will be deducted from the dividends at source at the rate of 2.5 % of the paid-up value of the share (Rs. 10/- each) and will be deposited within the prescribed period with the relevant authority. In case of claiming exemption, please submit your Zakat Declarations under Zakat and Ushr Ordinance, 1980 and Rule 4 of Zakat (Deduction and Refund) Rules, 1981. Shareholder who holds Bank's shares in physical, please deposit their Zakat Declaration on Form CZ-50 with Bank's Share Registrar with mentioning Folio No and Name. Shareholder who holds shares in book entry shall deposit their Zakat declaration on Form CZ-50 with CDC Investor Account Services / CDC Participant / Stock brokers with mentioning CDS Account No. and name of shareholder.

14. Consent for Video Conference Facility

For this Annual General Meeting, under following conditions, Members can also avail video conference facility at Lahore & Islamabad.

If the Bank receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Bank will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

In this regard, members who wish to participate through video conference facility at Lahore & Islamabad should send a duly signed request as per following format to the registered address of the Bank at least 10 days before the date of general meeting.

I/We, _____ of _____, being a member of BankIslami Pakistan Limited, holder of _____ Ordinary Share(s) as per Registered Folio No. _____ hereby opt for video conference facility at -----

Signature of Member

15. PARTICIPATION IN THE AGM THROUGH VIDEO LINK FACILITY:

In line with the direction issued to listed companies by the Securities and Exchange Commission of Pakistan, vide its Circular No. 4 dated February 15, 2021 and Circular No. 6 dated March 03, 2021, the members / proxy holders who wish to attend the AGM via video link facility, are requested to register themselves.

To attend the AGM through video-conferencing facility, the Members are requested to register themselves by providing the following information through email ID: agm2023@bankislami.com.pk at least forty-eight (48) hours before the AGM.

Name of shareholder	CNIC / NTN No.	Folio No / CDC	Cell Number	Email address

Members will be registered, after necessary verification as per the above requirement and will be provided a video-link by the Bank via email. The login facility will remain open from 10:00 A.M (PST) till the end of AGM.

16. Postal Ballot

Pursuant to Companies (Postal Ballot) Regulations 2018, for the agenda item No. 5 and subject to the requirements of Section 143 and 144 of the Companies Act 2017, members will also be allowed to exercise their right of vote through e-voting or by postal ballot that is voting by post, in accordance with the requirements and procedure contained in the aforesaid regulations.



BankIslami

**REMUNERATION POLICY FOR THE BOARD OF DIRECTORS
& MEMBERS OF THE BOARD COMMITTEES**

Revised on March 01, 2023

1. Purpose

- 1.1 The State Bank of Pakistan, as annexure to BPRD Circular No. 1 of 2017 issued “Revised Guidelines on Remuneration Practices” (the “**Guidelines**”) and BPRD Circular No. 3 of 2019 (the “**Circular**”) making amendment in Prudential Regulations G-1. The Guidelines require that the Board of Directors should constitute a Board Remuneration Committee (the “**BRC**”) consisting of non-executive directors preferably independent directors in majority and the Circular requires that the BRC shall formulate a comprehensive and transparent remuneration policy for the Chairman and other Directors.

After due deliberations the BRC has formulated the Remuneration Policy for the Board Of Directors (“**Board Remuneration Policy**” or the “**Policy**”) in accordance with the requirement of Listed Companies (Code of Corporate Governance) Regulations, 2019, the Guidelines and the Circular.

- 1.2 As per SBP’s requirements, the Policy is formulated by the BRC and approved by the Board of Directors. The Policy will be approved by the shareholders of the Bank on pre or post facto basis in the general meeting of the Bank.
- 1.3 The remuneration amounts set out in this Policy shall apply to the meetings of the Board and its Committees held after the date on which this Policy is approved by the shareholders of the Bank.
- 1.4 The Policy will supersede the previous Policy for Fixing Remuneration of Directors for attending Board of Directors Meeting approved in the 96th meeting of the Board held on February 27, 2020.
- 1.5 The Policy is devised to ensure transparency and fairness as per the Guidelines. The purpose of the Policy is to set out the guidelines for determination of remuneration of the Board of Directors of BankIslami Pakistan Limited (hereinafter referred to as ‘**Bank**’), for attending Board and its Committees Meetings as per Companies Act 2017, Article of Association of the Bank, State Bank of Pakistan (SBP)’s Prudential Regulations (For Corporate and Commercial Banking) and SBP’s Instructions / Circulars issued from time to time.

2. SCOPE

- 2.1 The Policy applies to all members of the Board, who are entitled to remuneration for attending Board and its Committee’s meeting. The Policy sets out the remuneration of the Board of Directors, including the Chairman, excluding Chief Executive Officer, for attending meetings of the Board and its Committee and any extra services performed by a Director including holding the office of the Chairman of the Board or any of its Committee.

3 RESPONSIBILITIES, DUTIES AND POWERS OF THE BOARD OF DIRECTORS

- 3.1 The Board shall discharge its responsibilities and exercise its powers as prescribed in the Prudential Regulations of State Bank of Pakistan, Listed Companies (Code of Corporate Governance) Regulations, 2019, the Companies Act, 2017 and in any other regulations, instructions, circular, notifications, directives issued by SBP, Securities and Exchange Commission of Pakistan and Pakistan Stock Exchange from time to time.
- 3.2 The Board shall ensure that the Bank undertake its commercial business activities within the approved scope given in: (i) Memorandum of Association; (ii) Banking License granted by State Bank of Pakistan; (iii) related regulatory instructions issued from time to time through Code of Corporation Governance (CCG), Prudential Regulations, Act, Ordinance and any other laws; and (iv) ensure compliance as per regulatory instructions issued by the regulators in their circulars, notifications, directives concerning with the operations of the Bank.

- 3.3 The Board is responsible for the governance of risk and for determining the company's level of risk tolerance by establishing risk management policies and other necessary policies. The Board shall review overall business risks to ensure that the management maintains a sound system of risk identification, risk management and related systemic internal controls to safeguard assets, resources, reputation and interest of the company and shareholders.
- 3.4 The Board shall review performance of the Bank while approving financial statements of the Bank as required under the law i.e. quarterly / half yearly / annually. Further the Board shall also oversee and approve annual Budget of the Bank, review and approve strategic plan of the Bank and decide future strategy to conduct business of the Bank.
- 3.5 The Board shall also formulate Committees of the Board as per regulatory requirements for deliberation on key matters and to review their recommendations and grant approval on various matters concerning with the operations of the Bank as required by law.
- 3.6 The BRC shall review the Policy in its entirety from time to time, at least once every three (03) years or as and when any regulatory requirement is issued contrary to this Policy.

4 PERFORMANCE OF THE DIRECTORS AND THEIR EVALUATION

- 4.1 In compliance to SBP requirement, the Bank has put in place mechanism of the Evaluation of the Overall Board, individual Board members, Independent Directors, Chairman, CEO and Committees of the Board in accordance with the Performance Evaluation Mechanism as per the Guidelines on Performance Evaluation of Board of Directors, annexure to BPRD Circular 11 of 2016.
- 4.2 The Board shall ensure that as per SBP requirement evaluation of the overall Board, individual Board members, Chairman and Committees of the Board to be carried out annually and once in every three years the said evaluation process to be carried out by an external evaluator. This process will serve the purpose of evaluation of the Directors for their conduct according to the scope of their responsibilities and scale of remuneration.
- 4.3 After evaluation on the basis of evaluation rating received, the Chairman of Board shall brief results of the evaluation in the Board meeting and will identify weakness and improvement areas, if any determined, to the Directors. The underperforming Director(s), if any, determined through evaluation process shall be guided by the Chairman for his/her future performance. Further, the remuneration to such under-performing Directors will be prospectively paid at a reduced rate specified in this Policy.

5 REMUNERATION FOR ATTENDING BOARD MEETING AND MEETING OF THE COMMITTEES OF THE BOARD

- 5.1 The remuneration for the Board of Directors for attending meeting of the Board or its Committee will be fixed in Pak Rupees only.
- 5.2 Remuneration to a foreign national Director can be paid in foreign currency equivalent to his/her remuneration in Pak Rupees.
- 5.3 No remuneration shall be paid for attending general meeting(s) or any other business meeting(s) of Bank.
- 5.4 The Board may fix remuneration of category of Directors including Chairman of the Board as per their level of responsibilities. The administrative expenses pertaining to the office, staff and security allocated to the Chairman of the Board should be determined rationally.

- 5.5 The Board may fix additional remuneration of a Director for performing extra services including holding of the office of Chairman up to 20% of the remuneration set for him/her with proper justification.
- 5.6 The Bank shall pay / reimburse all reasonable actual expenses related to travelling, boarding and lodging of Directors incurred for the purpose of attending the Board, Committees and general meetings. The entitlement of Chief Executive Officer as per Bank's Policy shall be considered as benchmark parameter for determining reasonableness of these expenses. Any additional costs shall be bore by concerned director.
- 5.7 The Directors will not be entitled for any additional payments or perquisites except mentioned in this Policy.
- 5.8 No remuneration under this Policy shall be paid to the Executive Director(s) of the Bank except usual TA/DA as per the Bank standard rules and regulations.
- 5.9 Remuneration fixed by the Board under this Policy will be set out in Annexure "A" from time to time and will be approved by the shareholders in the general meeting of the Bank on pre or post facto basis.
- 5.10 A Director may at his/her discretion waive the remuneration for attending all or any meeting(s). Such Director may also request the Bank to pay an amount equivalent to his/her waived remuneration to a charitable organization of his/her choice.
- 5.11 SBP vide BPRD Circular 3 of 2019 has fixed the maximum limits of Remuneration for Board / Committee meeting as under:

Banks which have above Rs.500 billion Assets size or above Rs. 1 billion after tax profit (as per last audited annual accounts) up to Rs.800,000 and for other banks up to Rs.500,000.

The SBP has authorized the banks to determine their own maximum remuneration limits for their board members including Chairman, taking into consideration the level of responsibility and expertise of the concerned directors. Our Bank proposes fee as per Annexure "A" hereto, which is within the maximum limit fixed by SBP. The additional payment for extra services by directors / Chairman shall be 20% of the limit fixed by the Bank.

6 CONSULTANCY WORK

- 6.1 No consultancy or allied work shall be awarded to a Director or to the firm(s), institution(s) or company(ies) etc. in which he / she individually and/or in concert with other Directors of the Bank, holds substantial interest.

7 DISCLOSURES REQUIREMENTS

- 7.1 Bank will disclose in its annual financial statements the remuneration and other benefits / facilities provided to the Board of Directors.
- 7.2 Additional Disclosure on Governance and Remuneration, as per tables forming part of the Guidelines, shall be provided with annual financial statements including information relating to Membership on Boards/Shariah Boards.

REMUNERATION OF BOARD MEMBERS / MEMBERS OF THE COMMITTEE OF THE BOARD		
Category	Existing Remuneration for attending a Meeting	Amended Remuneration for attending a Meeting
Chairman of the Board	Additional amount equivalent to 20% of his/her entitled fee as director. <u>Justification:</u> This additional fee is payable as the Chairman of the Board is responsible for setting the agenda & managing proceedings of the meeting of the Board and other allied functions.	No change
Independent Director	Rs.200,000 for attending each Board meeting. Rs.100,000 for attending each Committee meeting.	Rs.400,000 for attending each Board meeting. Rs.200,000 for attending each Committee meeting.
Non-Executive Director	Rs.200,000 for attending each Board meeting. Rs.100,000 for attending each Committee meeting.	Rs.400,000 for attending each Board meeting. Rs.200,000 for attending each Committee meeting.
Underperforming Directors	Amount as determined by the Board on the basis of result of annual evaluation process.	No change