



MCB Bank Limited
Company Secretary Office
6th Floor, MCB Building,
15-Main Gulberg, Jail Road
Lahore, Pakistan

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PSX-100(5F)2024/50
October 08, 2024

General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Dear Sir,

Sub: Disclosure of Material Information – Sanction of Scheme of Compromises, Arrangements and Reconstruction (Demerger of business and operations of 39 branches)

In accordance with the requirements of Sections 96 and 131 of the Securities Act, 2015 and Clause 5.6.1 of the Rule Book issued by the Pakistan Stock Exchange Limited (“PSX”) and in continuation of our letter No. PSX-100(5F)2024/25, dated April 24, 2024, MCB Bank Limited (the “Bank”) hereby conveys the following information:

“The Scheme of Compromises, Arrangements and Reconstruction (the “Scheme”) under Section 279 to 283 & 285 of the Companies Act, 2017, between MCB Bank Limited and its wholly owned subsidiary, MCB Islamic Bank Limited has been sanctioned by the Honorable Lahore High Court, Lahore (“the Court”). A copy of the Order passed by the Court has also been enclosed herewith.

The **Effective Date** of the Scheme is close of business on “**November 15, 2024**”.

A disclosure form as required under S.R.O. 143/(1)/2012 dated December 05, 2012 read with Sections 96 and 131 of the Securities Act, 2015 is also enclosed as **Annexure “A”** hereto.

You may please inform the Trading Right Entitlement (“TRE”) Certificate Holders of the Exchange accordingly.

Yours sincerely,

Farid Ahmad
Company Secretary



Encl: **As Above**

Cc: Executive Director/HOD,
Offsite-II Department, Supervision Division,
Securities & Exchange Commission of Pakistan,
63, NIC Building, Jinnah Avenue, Blue Area,
Islamabad.



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Annexure – A

DISCLOSURE FORM IN TERMS OF SECTIONS 96 AND 131 OF THE SECURITIES ACT, 2015

Name & Address of Company:	MCB Bank Limited MCB Building, 15 - Main Gulberg, Jail Road, Lahore
Date of Report:	October 08, 2024
Contact Information	Mr. Farid Ahmad Company Secretary MCB Bank Limited MCB Building, 15-Main Gulberg, Jail Road, Lahore Tel Number: +92-42-36041621 Fax Number: +92-42-35776616 Email Address: farid.ahmad@mcb.com.pk

[*] Disclosure of price sensitive / inside information by MCB Bank Limited.

Public disclosure of price sensitive / inside information, which directly concerns the listed securities:

“The Scheme of Compromises, Arrangements and Reconstruction (the “Scheme”) under Section 279 to 283 & 285 of the Companies Act, 2017, between MCB Bank Limited and its wholly owned subsidiary, MCB Islamic Bank Limited has been sanctioned by the Honorable Lahore High Court, Lahore (“the Court”). A copy of the Order passed by the Court has also been enclosed herewith.

The **Effective Date** of the Scheme is close of business on “**November 15, 2024**”.

The Company has duly caused this form/statement to be signed on its behalf by the undersigned hereunto duly authorized.



Farid Ahmad
Company Secretary

October 08, 2024

Judgment Sheet.

IN THE LAHORE HIGH COURT LAHORE
 JUDICIAL DEPARTMENT.

C.o. No.29338/2024.

In the matter of:-

MCB Bank Limited and one other.

JUDGMENT

Date of hearing	26.09.2024.
Petitioner by	M/S Imtiaz Rashid Siddiqui, Barrister Shehryar Kasuri, Raza Imtiaz Siddiqui and Muhammad Azeem Rashid, Advocates.
SECP by	Hafiz Talha. Advocate.

Abid Aziz Sheikh, J.- This is a joint application by applicants under section 279 to 282 and 285 of the Companies Act, 2017 (Act) and all other enabling provisions of law for sanction of the Scheme of Compromises, Arrangements and Reconstruction.

MERGER ORDER

2. Through this application, the applicants seek sanction of the Scheme of Compromises, Arrangements and Reconstruction (Scheme) and transfer of the assets, liabilities, operations of 39 conventional branches of the Applicant No.1/MCB Bank Limited (Transferor Company) to Applicant No.2/MCB Islamic Bank Limited (Transferee Company). The proposed Scheme upon sanction will

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 Lahore High Court

demerge, transfer and vest the mentioned assets, liabilities and undertakings of Applicant No.1 to Applicant No.2, as per terms and conditions of the Scheme.

OBJECTS OF THE SCHEME

3. The objects and salient feature of the Scheme are as follow:-

- (i) As per terms and conditions entailed in the Scheme, the primary objective of the Scheme is to segregate as well as to demerge the Demerged Undertaking of MCB Bank Limited/Applicant No.1 (MCB) and to merge as well as vest the same into MCB Islamic Bank Limited/Applicant No.2 (MCB Islamic Bank) against payment of consideration as provided in the Scheme.

The Scheme upon approval and subsequent implementation thereof, will rationalize and/or streamline the branch network of MCB and enhance the existing branch network of MCB Islamic Bank. As per the modality of the Scheme, the 'Demerged Undertaking' will stand converted into Islamic Banking branches and merge/vest into MCB Islamic Bank on the Effective Date, pursuant to compliance of applicable regulatory compliances and sanction of the Scheme.

- (iii) The 'Demerged Undertaking' will stand converted into Islamic Banking branches and merge and vest into

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MCB Islamic Bank. Consequently, all assets as well as liabilities associated with the Islamic branches will become the assets and liabilities of MCB Islamic Bank. The same will substantially increase its portfolio and Islamic Bank, will increase its outreach to a vast number of customers and in turn, MCB Islamic Bank will achieve an optimum level of utilization with reference to its inherent potential.

STATUS OF APPLICANTS COMPANIES

4. The status of the Applicants companies are as under:-

(i) That MCB was incorporated on 09.07.1947 as a public limited company. MCB is engaged in the business of banking and is listed on the Pakistan Stock Exchange, (Copies of MCB's Memorandum and

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Articles of Association are appended with the petition).

(ii) MCB has an authorized share capital of Rs.15,000,000,000/- divided into 1,500,000,000 ordinary shares of Rs.10/- each; its paid-up capital is Rs.11,850,600,060/- divided into 1,185,060,006 ordinary shares of Rs.10/- each. (A copy of MCB's last audited accounts as well as a copy of its latest Form 29 and Form-A are appended with petition).

(iii) The MCB Islamic Bank was incorporated on 15.05.2014. It is a wholly owned subsidiary of MCB

and is engaged in business of Islamic banking. (Copies of MCB Islamic Bank's Memorandum and Articles of Association are appended with the petition).

- (iv) MCB Islamic Bank has an authorized share capital of Rs.20,000,000,000/- divided into 2,000,000,000 ordinary shares of Rs.10/- each. Its paid-up capital is Rs.15,550,000,000/- divided into 1,555,000,000 ordinary shares of Rs.10/- each. (A copy of MCB Islamic Bank's latest audited accounts as well as a copy of its latest Form 29 and Form-A are appended with the petition).

BENEFITS OF MERGER

5. As per the averment of the petition, reconstruction would be beneficial, *inter alia*, for the following reasons:-

- a) That sanction of the Scheme will allow MCB Islamic Bank to further harness and capitalize the Islamic Banking business in Pakistan. The same will facilitate as well as expand Islamic Banking operation within Pakistan in accordance with the applicable rules and regulations of the State Bank of Pakistan (SBP).
- b) That implementation of the Scheme will allow for a better market image with reference to the Islamic banking business, facilitate customers who are desirous of availing only Islamic Banking/allied services and proper business and administrative regimes to be

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implemented by streamlining operations, assets and liabilities within MCB as well as MCB Islamic Bank.

c) That sanction of the Scheme, in addition to the aforementioned, will enable MCB Islamic Bank to further penetrate the market vis-à-vis Islamic banking, operations, will increase MCB Islamic Bank's market share with respect to the relevant market and will allow MCB Islamic Bank to be more competitive and enhance its profitability.

d) That the Scheme will result in a better, efficient and economical management, control and running of the business of the Applicants; it will further develop and grow the business.

e) That the sanction of the Scheme is in the interest of the shareholders, creditors, employees and all concerned. The Scheme will unlock significant value for the shareholders of the Applicants.

f) That because of the Scheme, there will be streamlined operations of the Applicants. There will be an increase in personnel efficiency by way of concordant control. The consequential improvement in the operations of the Applicants will eventually inure to the benefit of the shareholders, employees, consumers and other in general.

g) That in the context of the Scheme, the business of the Applicants will be augmented so as to achieve an

optimum level of utilization of their inherent potential. This would result in the Applicants being more result-oriented, efficient and marketable.

- h) That upon a sanction of the Scheme, a reorganization of the Applicants will provide better opportunities for improving their business operation; in furtherance thereto, there will also be a high probability of diversification.
- i) That the reorganization of the Applicants will result in an overall improvement in administration and personnel affairs of the Applicants, since administration and staff regulating policies will be streamlined and simpler to administer.

PROCESS ADOPTED BY THE COURT

6. On 27.05.2024, this Court directed that notices be issued through publication in the national edition of daily "Jang", daily "The Dawn" and daily "The Business Recorder" in terms of Rule 61 of the Companies (Court) Rules, 1997, for the purpose of informing the general public of the presented Scheme inter-se Applicants and objections were invited from members, certificate-holders and creditors as well as from any person having an interest in the affairs of the Applicants. In addition thereto, notices were also to be issued to the State Bank of Pakistan, Securities and Exchange Commission of

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Pakistan, the Competition Commission of Pakistan and the creditors of the Applicants.

7. Through order dated 27.05.2024, the Court also ordered for holding of the extra-ordinary general meetings of the Applicants to present the proposed Scheme to their shareholders for purposes of sanctioning the same or otherwise. The meeting were directed to be held under the supervision of the Joint Chairmen namely Mr. *Muhammad Almas* (Advocate) and Mr. *Ali Hussain Gillani* (Advocate). The said Joint Chairmen were directed to preside over the meetings and submit a report thereof.

8. In compliance with the afore-mentioned order, public notices by the office of this Court were issued on 20.08.2024 in daily "The Business Recorder", on 21.08.2024 in daily "Jang" and on 28.08.2024 in daily "The Dawn".

9. The Joint Chairmen have tendered a comprehensive report dated 12.07.2024 and received by this Court on 18.07.2024, which is duly supported by the relevant record. According to the report, the extra-ordinary general meetings of the Applicants were scheduled and notified for 06.07.2024. In this regard notices were issued to the shareholders of the Applicants, which were published on 14.06.2024 in the national editions of Dailies "Jang" and "The Dawn". (Copies of the published notices and all relevant record

for purposes of the meetings are annexed with the report of the Joint Chairmen).

10. As per the report, the meetings were convened and held as scheduled under the Supervision of Joint Chairmen. The relevant record in relation to the extra-ordinary general meetings of the shareholders of the Applicants have been placed on record; the same manifests the participation of the shareholders in the meeting of the Applicants, personally and through proxy. As per the Report, on the basis of deliberations and sanction of the members of the respective Applicants, the Scheme was unanimously approved by the shareholders of the Applicants.

OBJECTIONS TO MERGER/SCHEME

11. The Securities and Exchange Commission of Pakistan (SECP) filed its para-wise comments dated 08.08.2024 and therein raised certain observations/objections. The same were addressed by the Applicant vide C.M. Nos.3 & 4 of 2024, through which all documents as required by the Securities & Exchange Commission of Pakistan were placed on record of this Court. In view of the same, learned counsel for SECP, on instructions, submits today that SECP has no objection to the sanction of the Scheme. None of the shareholders, regulators, creditors, account holders of Applicant No.1 and Applicant No.2 and other interested parties have raised any objection to the Scheme.

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STAMP DUTY/TAXES

12. Transfer of any moveable and immovable property under the Scheme shall be subject to applicable taxes and duties including of stamp duty. Further if the Provincial Government discovers that any immovable property is being transferred under the said sanctioned Scheme of arrangement, it will be at liberty to raise the question regarding imposition of stamp duty in accordance with law/Rules.

SANCTION OF THE SCHEME OF ARRANGEMENT/MERGER

13. The Scheme of Arrangement for Merger/reconstruction, *prima-facie*, is not prejudicial to the interest of members, account holders and creditors of the applicants companies. This Court is, therefore, satisfied with the merits of the Scheme (which is placed on record as Annexure-Q) and also been duly stamped and signed by the Additional Registrar (Court) of this Court. The Scheme is, therefore, sanctioned and it will take effect in terms thereof.

14. The applicants are directed to submit certified copy of this order with the SECP as required under Section 279 to 281, 282(3) and 285 of the Act.

15. The petition stands disposed of in the above terms.

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(Abid Aziz Sheikh)
Judge