

Notice of 59th Annual General Meeting of United Bank Limited

Notice is hereby given that the 59th Annual General Meeting (“AGM”) of the Shareholders of United Bank Limited (the “Bank” or “UBL”) will be held on Saturday, 31 March 2018 at 09:30 a.m. at Islamabad Marriott Hotel, Islamabad to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 58th Annual General Meeting held on 25 March 2017.
2. To receive, consider and, if thought fit, adopt the Annual Audited Financial Statements (consolidated and unconsolidated), Statement of Compliance with the Code of Corporate Governance 2012 of the Bank for the year ended 31 December 2017 together with the Directors’ Report and Auditors’ Report thereon.
3. To consider and, if thought fit, approve as recommended by the Board of Directors, final cash dividend at the rate of Rs. 4/- per share i.e. 40%, in addition to 90% interim dividend already declared/paid for the year ended 31 December 2017.
4. To consider and, if thought fit, appoint two External Auditors to hold office from this AGM till the conclusion of the next AGM of the Bank and to fix their remuneration. The retiring External Auditors namely, M/s. A. F. Ferguson & Company, Chartered Accountants and M/s. KPMG Taseer Hadi & Company, Chartered Accountants have consented to be so appointed and the Board of Directors has recommended their appointment.

Special Business:

5. To consider and, if thought fit, approve the amount of remuneration paid to the Non-Executive Directors of the Bank for attending the Board and/or Committees meetings held during the year and in that connection to pass the following resolution, as an ordinary resolution, with or without modification, addition or deletion:

“RESOLVED that the remuneration paid to the Non-Executive Directors of UBL including the Chairman during the year 2017, for attending the Board and / or Committees meetings as disclosed in the Note 37 of the Audited Financial Statements of the Bank for the year ended 31 December 2017, be and is hereby confirmed and approved on post facto basis.”

6. To consider, and if thought fit, pass the following Special Resolution (with or without modifications) under Section 83(1)(b) of the Companies Act, 2017 for issuance of a maximum of 59,000,000 ordinary shares of PKR 10 each of the Bank, subject to review and approval by State Bank of Pakistan (“**SBP**”), by way of otherwise than rights upon conversion of the Term Finance Certificates proposed to be issued by the Bank as Additional Tier 1 Capital on the terms and conditions applicable thereto.

“RESOLVED that, subject to the approval of the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan (“**SBP**”), the issuance by way of otherwise than rights of a maximum of 59,000,000 ordinary shares of PKR 10 each of United Bank Limited (“**the Bank**”), upon conversion of the Term Finance Certificates (“**TFCs**”) proposed to be issued by the Bank as Additional Tier 1 Capital under the Basel III framework implemented by the SBP vide BPRD circular # 06 dated August 15, 2013 (“**Circular**”), be and is hereby approved on the terms/conditions stated in the statement of material facts.

FURTHER RESOLVED that, the Chief Executive Officer, Chief Financial Officer and Company Secretary of the Bank be and are hereby authorized jointly (any two of them acting jointly) to complete any/all the necessary corporate and regulatory formalities, sign all documents/agreements in respect of the above, including but not limited to filing of application with the Securities and Exchange Commission of Pakistan for approval under Section 83(1)(b) of the Companies Act, 2017 and/or to do any other acts, deeds, things and matters in respect of the above.”

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7. To transact any other business with the permission of the Chairman.

(Attached to this Notice is a Statement of Material Facts covering the abovementioned Special Business, as required under Section 134(3) of the Companies Act, 2017)

By order of the Board

Aqeel Ahmed Nasir
Company Secretary &
Chief Legal Counsel

Karachi, 09 March 2018

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Notes:

1. The Share Transfer Books of the Bank shall remain closed from 24 March 2018 to 31 March 2018 (both days inclusive). Transfers received at M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400, the Registrar and Share Transfer Agent of the Bank, by the close of the business on 22 March 2018 will be treated in time for the purpose of the above entitlement.
2. A member entitled to attend and vote at this AGM is entitled to appoint a person as a proxy to attend and vote for and on his/her behalf. A proxy need not be a member. The instrument appointing a proxy and the power of attorney/board resolution or other authority (if any) under which it is signed or a notarized certified copy of the power or authority shall be deposited at the office of M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400, the Registrar and Share Transfer Agent of the Bank, not later than forty eight (48) hours before the time of holding the AGM, and must be duly stamped, signed and witnessed.
3. The CDC Account Holders and Sub-Account Holders, whose registration details are available in the Share Book Details Report, shall be required to produce their respective original Computerized National Identity Card (CNIC) or original Passport at the time of attending the Annual General Meeting to facilitate identification. Such Account Holders and Sub-Account Holders should also bring / know their respective participation I.D. No. and the CDC Account No. and in case of proxy, he/she must enclose an attested copy of his/her CNIC or Passport. Representative(s) of corporate member(s) should bring attested copy of Board Resolution / Power of Attorney and/ or all such documents that are required for such purpose under Circular No.1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan ("SECP").
4. Members are requested to timely notify any change in their addresses and provide copies of their CNIC /NTN (if not provided earlier) to Bank's Registrar / Share Transfer Agent, M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400.
5. Deduction of Withholding Tax on the Amount of Dividend:

As per the provisions of Section 150 of the Income Tax Ordinance, 2001 ("Ordinance"), different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. The current withholding tax rates are as under:

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| (a) For filers of income tax returns: | 15.00% |
| (b) For non-filers of income tax returns: | 20.00% |

To enable the Bank to make tax deduction on the amount of cash dividend @ 15.00% instead of 20.00%, all the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of the Federal Board of Revenue ("FBR"), despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of issuance of Dividend Warrants, otherwise tax on their cash dividend will be deducted @ 20.00%.

The corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Bank or Bank's Share Registrar and Share Transfer Agent, M/s. THK Associates (Pvt.) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company's name and also their respective Folio numbers.

As per FBR's clarification letters C.No. 1(29)WHT/2006 dated June 30, 2010 and C.No.1(43)DG(WHT)/2008-Vol-II.664 17-R dated May 12, 2015, a valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47(B) of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above Clause must provide valid Tax Exemption Certificate to our Registrar and Share Transfer Agent, otherwise tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Ordinance.

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For shareholders holding their shares jointly as per the clarification issued by the FBR, withholding tax will be determined separately on “Filer / Non-Filer” status of principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and Joint-holder(s) in respect of shares held by them to the Registrar and Share Transfer Agent in writing as follows:

Folio / CDC Account No.	Total shares	Principal Shareholder		Joint Shareholder(s)	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

For any query/difficulty/information, the members may contact the Bank’s Share Registrar and Share Transfer Agent, at the following address, phone/fax numbers or e-mail address:

THK Associates (Pvt.) Limited
 Head Office, 1st Floor, 40-C,
 Block-6, P.E.C.H.S, Karachi-75400.
 UAN: 021-111-000-322.
 Direct: 021- 34168270
 Fax: 021- 34168271
 Email: secretariat@thk.com.pk
 Web: www.thk.com.pk

6. Urgent Provision of Valid CNIC Copy (Mandatory)

In pursuance with the SECP’s Notification No. SRO.831 (I)/2012 of July 05, 2012, SECP has directed all listed companies to mention CNIC numbers of the registered members on the dividend warrants. Corporate entities are requested to provide NTN. Please note that in case of non-availability of valid copy of CNIC in respect of members having physical shareholding, their dividend warrants could be withheld.

You are therefore requested to submit a copy of your valid CNIC/NTN/Passport within ten (10) days from the date of this Notice to the Bank’s Registrar and Share Transfer Agent. In case you have already provided copy of your valid CNIC/NTN/Passport, please ignore this instruction.

7. Submission of Bank Mandate with International Bank Account Number (IBAN) for payment of Cash Dividend Electronically into the Bank Accounts of the Shareholders (Mandatory Requirement)

All shareholders of the Bank are hereby informed that under the provisions of Section 242 of the Companies Act, 2017, all listed companies including UBL are required to pay future cash dividends only through electronic mode directly into the designated bank accounts of the entitled shareholders. Therefore, under the new law from now onwards, physical dividend warrants will not be issued to the shareholders.

In this regard UBL has already sent letters to the shareholders on 18 December 2017. Besides, the Bank Published a Notice in newspapers on 14 October 2017 and 05 December 2017 requesting the shareholder to provide IBAN.

In view of foregoing, all the shareholders are again requested to provide their Bank Mandate details including International Bank Account Number (IBAN) alongwith copy of valid CNIC at the earliest. In case of non- provision of Dividend Mandate, cash dividend(s) could be withheld according to SECP directives.

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The shareholders who hold shares in CDC are requested to submit the above mentioned Dividend Mandate Form, duly filled-in, to the relevant Broker/Participants/Investor Account Services of the CDC where member's CDC account is being dealt.

The shareholders who hold shares in physical form are requested to submit the above-mentioned Dividend Mandate Form, duly filled-in, to Company's Registrar and Share Transfer Agent, as mentioned below:

M/s THK Associates (Pvt.) Limited

1st Floor, 40-C,
Block-6, P.E.C.H.S.,
Karachi-75400.

For any query, you may please contact on Tel # 021-111-000-322 or email at sfc@thk.com.pk or secretariat@thk.com.pk

8. Consent for Video Link Facility:

Members can attend and participate in the AGM through video-link. The Bank will provide the facility of video-link on demand of members residing in a city, collectively holding 10% or more shareholding in the Bank. Members who wish to avail this facility are requested to fill the below Video Link Form and submit it to the Company at its registered office at least seven (7) days prior to date of the AGM.

The Bank will intimate members regarding venue of video-link facility at least five (5) days before the date of the AGM along with complete information necessary to enable them to access such facility.

Video-Link Form
I/We, _____ of _____, being a member of United Bank Limited, holder of _____ Ordinary Share(s) as per Register Folio No./CDC Account No. _____ hereby opt for video-link facility at _____ (Name of City)
_____ Signature of the Member

9. Placement of Financial Statements on Website:

The financial statements of the Bank for the year ended December 31, 2017 along with reports have been placed on the website of the Bank: <http://www.ublirect.com/Corporate/InvestorRelations/FinancialStatement.aspx>.

Statement of Material Facts Under Section 134(3) of the Companies Act, 2017, concerning to the Special Business:

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of United Bank Limited (“**the Bank**”) to be held on March 31, 2018.

Item No. 5: Remuneration of the Non-Executive Directors of the Bank

As required under SBP Prudential Regulation G-1, total amount of remuneration paid/payable to the non-executive directors including the Chairman for attending the Board meetings and/or Committees meetings during the year 2017 as disclosed in Note 37 of the Audited Financial Statements for the year ended 31 December 2017 is submitted to the shareholders for approval on a post facto basis.

Item No. 6: Issuance of shares, without rights issuance, upon conversion of TFCs issued by the Bank as Additional Tier 1 Capital

1. The Bank is proposing to issue fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (“**TFCs**”) under Section 66 of the Companies Act, 2017 of up to PKR 10,000,000,000/- (*Rupees Ten Billion Only*) (“**Proposed TFC Issuance**”) (including an upsize option/ green shoe option of PKR 3,000,000,000/- (*Rupees Three Billion Only*)) as Additional Tier 1 capital under the Basel III framework implemented by the State Bank of Pakistan (“**SBP**”) vide BPRD Circular No. 06 dated August 15, 2013 (“**Circular**”). The Proposed TFC Issuance is subject to the final approval of the SBP, the Securities and Exchange Commission of Pakistan (“**SECP**”) and the Pakistan Stock Exchange Limited (“**PSX**”) under the Public Offering Regulations, 2017 and rules of the PSX.
2. The Circular prescribes a mandatory loss absorption feature for Additional Tier I capital instruments pursuant to which the TFCs will, if directed by the SBP, be subject to mandatory conversion into ordinary shares of the Bank, on the occurrence of the following trigger events: (i) the CET-1 Trigger Event (as defined in paragraph A-5-2 of Annexure 5 of the Circular); (ii) the PONV trigger event (as defined in paragraph A-5-3 of Annexure 5 of the Circular); or (iii) Lock-In Event, i.e. failure by the Bank to comply with the lock-in clause (as specified in paragraph (iii)(g) of Annexure 2 of the Circular). Accordingly, at the direction of the SBP, the Bank will be under an obligation to mandatorily convert the TFCs on the occurrence of any of the aforementioned trigger events.

Note: The Circular can be accessed from http://www.sbp.org.pk/bprd/2013/Basel_III_instructions.pdf.

3. In accordance with the requirements of the Circular, the Bank has determined, subject to review and approval by the SBP, that a maximum of 59,000,000 ordinary shares will be issued upon conversion of the TFCs on the occurrence of any of the trigger events.

To secure the Bank’s obligation to convert the TFCs, the Circular expressly requires that there should be no impediments (legal or other) to the conversion i.e. the Bank should have all prior authorizations (sufficient room in authorized capital etc.) including regulatory approvals to issue the common shares upon conversion. To the extent ordinary shares will be issued to the TFC holders on a without rights basis at the time of conversion of the TFCs, the Bank is required to comply with Section 83(1)(b) of the Companies Act, 2017 and which requires the Bank to obtain the approval of its shareholders and the SECP. Such approvals are, in terms of the Circular and the Public Offering Regulations, 2017, required to be procured before the issuance of the TFCs.

4. The shareholders are therefore requested to consider and give their approval by way of special resolution for the issuance otherwise than by way of rights of ordinary shares of the Bank upon conversion of the TFCs. The terms of conversion of the TFCs are set out in more detail herein below:

Conversion Trigger Events	The TFCs shall, only if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET-1 Trigger Event (as defined in paragraph A-5-2 of Annexure 5 of the Circular); (ii) the PONV trigger event (as defined in paragraph A-5-3 of Annexure 5 of the Circular); or (iii) Lock-In Event, i.e. failure by the Bank to comply with the lock-in clause (as specified in paragraph (iii)(g) of Annexure 2 of the Circular).
Conversion Amount	In the case of CET 1 Trigger Event, the Bank will have full discretion to determine the amount of TFCs to be converted into ordinary shares, which amount shall at least be the amount required to immediately return the Bank's CET 1 ratio to above the CET 1 Trigger Event but will not exceed the amount required to bring the CET 1 ratio to 8.5% of RWA. In the case of a PONV Trigger Event or Lock-In Event, the amount of TFCs to be converted will be determined by the SBP in its sole discretion.
Total number of shares to be issued	Number of shares to be issued to the TFC holders at the time of conversion will be equal to: No. Shares = $\frac{\text{Conversion Amount}}{\text{Conversion Price}}$ Provided that, at any time, the maximum number of ordinary shares to be issued shall be capped at 59,000,000 ordinary shares, subject to review and approval by the SBP. This number has been calculated on the basis of the conversion ratio of 90 percent of the ordinary share price as at March 01, 2018, and represents the maximum dilution that will be faced by the shareholders of the Bank upon conversion of the TFCs. It may also be noted that the maximum number of shares (i.e. 59,000,000 ordinary shares) will not be adjusted on account of any further issue of capital, stock splits, stock dividends or similar corporate actions.
Conversion Price	Market price per ordinary share of the Bank on the date of declaration by the SBP of CET1 Trigger Event, PONV Event or Lock-In Event, or, in case market price is not available, the break-up value per ordinary share as duly certified by an independent auditor.
To whom the ordinary shares will be issued	TFC Holders at the time of conversion.
Rate of discount, if applicable.	Not Applicable

Type of Ordinary Shares	The ordinary shares issued upon conversion of the TFCs will rank <i>pari passu</i> in all respects with existing ordinary shares of the Bank.
Authorised Capital	The authorised capital of the Bank is currently Rs. 20,000,000,000 (<i>Rupees Twenty Billion Only</i>) divided into 2,000,000,000 ordinary shares of Rs 10 each which is sufficient to allow the conversion of the TFCs as proposed. The Bank is however under a contractual and legal obligation to ensure sufficient room is maintained at all time in its authorized capital to allow for the conversion of the TFCs.
Corporate and Regulatory Approvals	<p>The conversion of the TFCs into ordinary shares of the Bank is subject to the following corporate and regulatory approvals:</p> <ul style="list-style-type: none"> (a) Shareholder approval under Section 83(1)(b) of the Companies Act, 2017; (b) Approval of the SECP under Section 83(1)(b) of the Companies Act, 2017; and (c) Approval of the SBP in case of any TFC Holder that, upon conversion, will become shareholder of 5% or more of the issued and paid up share capital of the Bank.