

PSX/N- 208

Dated: March 07, 2024


LISTING OF RATED, PERPETUAL, UNSECURED, SUBORDINATED, NON-CUMULATIVE AND CONTINGENT CONVERTIBLE SUKUK CERTIFICATES OF BANKISLAMI PAKISTAN LIMITED

Pakistan Stock Exchange Limited is pleased to notify the listing and quotation of subject Sukuk Certificates (SCs) of PKR 1,000 million of BankIslami Pakistan Limited ("the Bank"), on completion of formalities required under its Listing of Debt Securities Regulations.

The following is for the information of all concerned:

- 1) The Sukuk Certificates will be formally listed on the Exchange w.e.f. **Friday, March 08, 2024** and trading will commence from **Monday, March 11, 2024** as per Clause No.13.2 of Listing of Debt Securities Regulations of the Exchange. Transactions in the Sukuk Certificates of the Bank will take place through PSX provided trading platforms and will be settled through National Clearing Settlement System (NCSS) on T+1 basis. The National Clearing Company of Pakistan Limited has assigned Security Symbol as "BIPLSC2" to the Sukuk Certificates of the Bank.
- 2) The Sukuk Certificates offer a floating coupon rate of 1 month KIBOR plus 250 bps for the period at the end of which the Bank is compliant with Minimum Capital Requirement, Capital Adequacy Ratio and / or Leverage Ratio. Pak Brunei Investment Company Limited is acting as an Investment Agent.
- 3) The Sukuk Certificates of the Bank have already been declared an eligible security by the Central Depository Company of Pakistan Limited (CDC).
- 4) JS Global capital Limited has been appointed as the Designated Market Maker for the Issue and will perform the role of Designated Market Maker as disclosed under Clause No. 5.10 of the Prospectus.
- 5) The Transfer Agent / Registrar of the Sukuk Certificates of the Bank is FD Registrar Services Pvt Limited, whose contact details are given below:
 - Address: Office # 1705, 17th Floor, Saima Trade Tower –A, I.I. Chundrigar Road, Karachi-74000.
 - Tel No: (92-21) 32271905-6
 - Fax: (92-21) 32621233
 - email: info@fdregistrar.com

The Term Sheet of the Issue is attached for the information of all concerned.



Syed Ahmad Abbas
Chief Listing Officer

Copy to:

Additional Director / HOD, PMADD, SMD - SECP
Head of Operations – Central Depository Company of Pakistan Limited
Head of Operations – National Clearing Company of Pakistan Limited
President & CEO – BankIslami Pakistan Limited
PSX Website

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Muhammad Shoab
Company Secretary
BankIslami Pakistan Ltd.
Head Office, Karachi

BankIslami 

October 18, 2023

INDICATIVE TERMS & CONDITIONS FOR PROPOSED FULLY PAID UP, RATED, PERPETUAL, UNSECURED, SUBORDINATED, NON-CUMULATIVE AND CONTINGENT CONVERTIBLE LISTED MUDARABA SUKUK ISSUE OF UP TO PKR 1,000 MILLION (INCLUSIVE OF GREEN SHOE OPTION OF PKR 200 MILLION) BY BANKISLAMI PAKISTAN LIMITED

Issuer & Mudarib	BankIslami Pakistan Limited ("BankIslami" or "BIPL" or the "Bank" or the "Issuer");	
Instrument/Issue/Transaction	Fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible listed Mudaraba Sukuk Certificates to be issued as instrument of redeemable capital under Section 66 of the Companies Act, 2017 which will qualify as Additional Tier 1 Capital as outlined by State Bank of Pakistan ("SBP") under BPRD Circular No. 6 dated August 15, 2013 (hereinafter referred to as the "Circular");	
Title of the Issue	BankIslami Ehad Sukuk-II	
Issue Size	Up to PKR 1,000,000,000/- (Pak Rupees One Billion Only), inclusive of a Green Shoe Option of PKR 200,000,000/- (Pak Rupees Two Hundred Million Only);	
Pre-IPO Placement	PKR 850 Million	
Initial Public Offer	Up to PKR 150 Million available to general public	
Tenor	Perpetual (i.e. no fixed or final redemption date);	
Principal Redemption	Perpetual, hence not applicable.	
Purpose	<p>To keep up the growth trajectory, the bank envisages to strengthen its capital base which will allow the Bank to pursue its growth plans while complying with the Capital Adequacy Ratio (CAR) requirement. The Issue Amount is expected to contribute towards BIPL's Additional Tier 1 Capital for capital adequacy ratio as per guidelines set by SBP. The funds so raised will be utilized in the Bank's financing and investment activities (general pool) as permitted by its Memorandum & Articles of Association.</p> <p>The proceeds of the Issue shall be commingled with other funds of the depositors (which may include Bank's own equity) i.e. shall be invested in the general pool of the Bank under the Mudarabah Agreement (the "Mudarabah");</p>	
Profit	Expected Profit Rate	<p>Up to Base Rate plus a maximum margin of 2.5% per annum.</p> <p>Base Rate is defined as the 1-Month Karachi Interbank Offer Rate ("KIBOR"). KIBOR is defined as Average Ask rate for the relevant tenor, as published on Reuters page KIBR or as published by the Financial Markets Association of Pakistan in case the Reuters page is unavailable. The KIBOR setting mechanism (which will be done on a quarterly basis) shall be covered in the legal agreements;</p>
	Profit Payment frequency	On a monthly basis,
	Payment of Profit	Profit will be payable monthly (365 days in a year) in arrears on the outstanding investment amount. The first such profit payment will fall due at the end of 1 st calendar month end from the issue date and

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	<p>subsequently every month end thereafter. The profit should only be paid from the relevant month's attributable profit of the general pool;</p> <p>In case the Bank reduces the expected profit (because of regulatory reasons or otherwise), the same will not constitute an event of default. In that case the Bank will reduce the expected profit to 0.005% p.a. through adjustment of weightages in the general pool. The revised weightages will be updated on the website on the same day.</p> <p>Profit and loss shall be managed in accordance with mudaraba rules and the instructions for Profit & Loss Distribution and Pool Management for Islamic Banking Institutions (IBIs) notified vide IBD circular no. 3 of 2012.</p> <p>The Profit payment to the Sukuk holders will be non-cumulative in nature i.e. In case of exercise of discretion by the Bank for a particular profit payment period, Sukuk holders will not be compensated subsequently by the Bank for that particular period in any manner. Accordingly, the profit payment made to the Sukuk holders based on their respective monthly Profit weightages will be considered as full & final payment for that particular period;</p>
Lock-in Clause	<p>The profit payment to Sukuk holders will be subject to the condition that any such payment should not result in non-compliance of the Bank with the applicable regulatory requirement of MCR, CAR and LR as determined by SBP from time to time.</p> <p>As per the existing instructions of SBP, in order to implement the above Lock-in Clause, the Bank will reduce the monthly profit weightages attributed to the Sukuk holders until the Bank is in breach of regulatory capital requirements attributed to the Sukuk holders (i.e. the expected profit in this case would be up to 0.005% p.a.).</p> <p>Any inability to exercise the lock-in clause or non-cumulative feature, will subject these Sukuk certificates to mandatory conversion into common shares at the discretion of SBP in accordance with the Loss Absorbency (Mandatory Conversion Provisions) and Loss Absorbency (Write-Off Provisions), as applicable.</p> <p><i>Note: The Bank shall make all efforts to ensure that sufficient capital is available to meet the regulatory requirements at all time. However, in an extreme case where the Lock-in clause is invoked then following the regulatory requirements of SBP, the Bank will reduce the monthly profit weightages. Moreover, this exception should not be considered as a precedent.</i></p>

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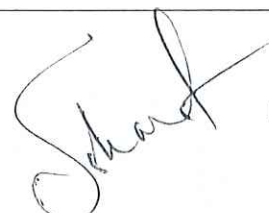
	Profit Rate	<p>The expected profit rate shall be as follows:</p> <ol style="list-style-type: none">1) For the period at the end of which the Bank is compliant with the Paid-up Capital (net of losses) - MCR, CAR and LR Requirements:<ul style="list-style-type: none">- Base Rate plus a maximum margin of 2.5% per annum according to the pre-announced profit weightages.2) For the period at the end of which the Bank is not compliant with the MCR, CAR and LR Requirements or payment of the Profit set out in (1) above for the relevant period may render it non-compliant with such MCR, CAR and LR Requirements:<ul style="list-style-type: none">- Expected Profit will be up to 0.005% p.a. calculated based on the reduced monthly weightages assigned by the Bank;
Dividend Stopper		The Bank shall not make dividend payment on common equity in the event of non-payment of profit on the Issue in order to improve its financial position;
Mudarabah Income Distribution		The profit will be calculated on the basis of predetermined PSR and monthly weightages announced before the beginning of each month and distributed to Sukuk holders on a monthly basis as per the Pool Management guidelines issued by SBP;
Security		The Sukuk will be unsecured;
Face Value		Pak Rupees Five Thousand per certificate (PKR 5,000);
Issue Price		Pak Rupees Five Thousand per certificate (PKR 5,000);
Minimum Investment Amount		Pak Rupees Five Thousand (PKR 5,000);
Eligible Investors		Islamic Banks and Windows, Conventional banks, DFIs, Companies, Mutual Funds, Retirement Funds, etc. and other eligible investors as per S. 66 of the Companies Act, 2017 Eligible investors also include retail investor's as per Public Offering Regulations, 2017.
Placement and Transferability		The Sukuk shall be inducted into the Central Depository System of Central Depository Company of Pakistan Limited and shall be transferred in accordance with the Central Depositories Act, 1997 and CDC Regulations;
Call Option		<p>BIPL may exercise a Call Option on the subject Sukuk on or after five years from issuance date subject to the following conditions (the "Call Option Conditions"):</p> <ol style="list-style-type: none">(a) prior approval of the SBP has been obtained for exercise of the call; and(b) the Bank replaces the Sukuk with capital of the same or better quality and demonstrates that the capital position of the Bank will be well above the minimum capital requirement prescribed by the SBP after the Call Option, is exercised.(c) Call Option price should be the Outstanding Value of Sukuk (Face Value plus/minus attributable profit/loss);
Put Option		No put option facility shall be available to the holders of this instrument;






Seniority of Claim/ Sub-Ordination	<p>The claims of the investor will rank in case of going concern as well as gone concern (in case the Sukuk are not already converted into the common share of the Bank) basis (i.e.) Sukuk holders are part of general pool</p> <p>(a) superior to the claims of ordinary shareholders; and (b) pari-passu without preference amongst Sukuk holders;</p>
Loss Absorbency	<p>Loss Absorption at Point of Non-Viability ("PONV"):</p> <p>The Issue will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Paragraph A-5-3 of Annexure 5 of the Circular, which stipulates that "SBP may, at its option, fully and permanently convert the Additional Tier 1 Capital into common shares of the issuer and / or have them immediately written off (either partially or in full)."</p> <p>For the purposes of this Issue, as per an upfront right given by the Sukuk holders, the Sukuk will only be converted into ordinary shares of the Bank and the number of shares to be issued to Sukuk holders at the time of conversion will be equal to the 'Outstanding Value of the Sukuk' (Face Value plus/ minus attributable profit/loss) divided by market value per share of the Bank's common share on the date of PONV event as declared by SBP</p> <p>To quantify the maximum dilution, the Bank is capping the maximum number of shares to be issued at the time of all conversion events subject to maximum number of shares capped at 90 million in compliance with the requirement of paragraph A-5-3 (vi) of BPRD Circular No. 6 dated August 15, 2013.</p> <p>Loss Absorption at Pre-Specified Trigger ("PST"):</p> <p>The Issue will be subject to loss absorption upon the occurrence of a Pre-Specified Trigger as per Section A-5-2 of Annexure 5 of the Circular, which stipulates that "if an issuer's Common Equity Tier I ("CET 1") ratio falls to or below 6.625% of Risk Weighted Assets ("RWA"), the Issuer will have full discretion to determine the amount of Additional Tier 1 Capital to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below"</p> <p>For the purpose of this Issue, as per an upfront right given by the Sukuk holders, the Sukuk will only be converted into ordinary shares of the Bank. The conversion rate / price shall be based on the market value of the shares of the Issuer on the date of occurrence of the Pre-Specified Trigger point and the Outstanding Value of the Sukuk.</p> <p>To quantify the maximum dilution, the Bank is capping the maximum number of shares to be issued at the time of all conversion events subject to maximum number of shares capped at 90 million in compliance with the requirement of paragraph A-5-3 (vi) of BPRD Circular No. 6 dated August 15, 2013.</p>
Fit and Proper Criteria	<p>The Sukuk holders entitled to 5% or more ordinary shares of the Issuer upon conversion of the Sukuk shall fulfill fit and proper criteria of SBP;</p>
Issuer Rating	<p>AA- (Long Term), A1 (Short Term) by PACRA;</p>





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Company Secretary
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Instrument Rating	A by PACRA;
Classification on the Balance Sheet	Sukuk shall be classified as "Liabilities" in the Balance Sheet;
Transaction Legal Counsel	Mohsin Tayebaly & Co.
Investment Agent to the Issue	Pak Brunei Investment Company Limited
Issuer's Registered Office	11th Floor, Executive Tower One, Dolmen City, Marine Drive Block 4, Clifton, Karachi, Pakistan;
Compliance Officer	Muhammad Shoaib — Company Secretary;
Registrar / Transfer Agent	F.D Registrar Services (Pvt) Ltd.;
Market Maker	JS Global Capital Limited
Shariah Advisor	Mufti Ameerullah Khan, BankIslami (Registration # SECP/IFD/SA/104)
Applicable Laws	Banking Companies Ordinance, 1962; SBP Circular No. 6 of 2013 dated August 15, 2013 and other SBP Prudential Regulations issued from time to time; Companies Act, 2017, Securities Act, 2015, and rules and regulations issued thereunder by the SECP and PSX Regulations;
Issue Date	The date on which IPO Amount has been fully subscribed.
Branding	The Issue may be branded or titled as "BankIslami Ehad Sukuk II"
Covenants	Issuer to comply with all Covenants as would be specified in the Transaction Documents;
Conditions Precedent	Detailed list of Conditions Precedent will be part of Transaction documents as advised by the Transaction Legal Counsel.
Governing Law	This arrangement/structure shall be governed under the applicable laws of the Islamic Republic of Pakistan;





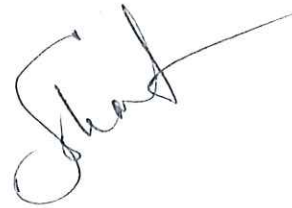
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BankIslami Pakistan Limited Additional Tier 1 Sukuk – Pre-IPO Investors List				
S/No	Investor Name	Pre-IPO Participation (PKR)	Percentage of Issue Size	Date of Agreement
1	Thinkers Inn Pvt Ltd	150,000,000.00	15.00%	December 21 st , 2022
2	United Bank Limited	120,000,000.00	12.00%	December 21 st , 2022
3	National Bank of Pakistan	100,000,000.00	10.00%	December 21 st , 2022
4	Rizwan Rashid	90,000,000.00	9.00%	December 21 st , 2022
5	CDC Trustee-Faysal Islamic Asset Allocation Fund	50,000,000.00	5.00%	December 21 st , 2022
6	Askari Bank Limited	50,000,000.00	5.00%	December 21 st , 2022
7	MCB Bank Limited	50,000,000.00	5.00%	December 21 st , 2022
8	Alfalsh GHP Islamic Value Fund	50,000,000.00	5.00%	December 21 st , 2022
9	Soneri Bank Limited	50,000,000.00	5.00%	December 21 st , 2022
10	Bank Al Habib Limited	50,000,000.00	5.00%	December 21 st , 2022
11	ABL Islamic Asset Allocation Fund	50,000,000.00	5.00%	December 21 st , 2022
12	Roomi Enterprises (Pvt.) Ltd.	25,000,000.00	2.50%	December 21 st , 2022
13	Khalid Pervaiz	12,000,000.00	1.20%	December 21 st , 2022
14	JS Global Capital	2,000,000.00	0.20%	December 21 st , 2022
15	Mujtaba Hassan	1,000,000.00	0.10%	December 21 st , 2022
Total		850,000,000.00	85.00%	


Authorized Signatory



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