

RE-INVITATION FOR EXPRESSION OF INTEREST

For acquisition of

93.88%

SHARES OF

SME Bank Limited

Expressions of Interest ("EOI") is invited from reputed investors, interested in acquiring strategic shareholding in SME Bank Limited ("SME Bank").

SME Bank, an unlisted public limited company, incorporated in Pakistan, is undertaking banking business in Pakistan since September 2004. SME Bank is operating a network of 13 branches with approximately 378 permanent and contractual employees and holds 73.14% equity stake in SME Leasing Limited, a PSX listed subsidiary of SME Bank since July 2002.

The Government of Pakistan ("GOP") acting through the Privatisation Commission ("PC"), intends to proceed with the privatisation of SME Bank, through divestment of 93.88% in the share capital of SME Bank along with transfer of management control to a qualified strategic investor ("Transaction").

Salient features of the Transaction are:

- Issuance of new Commercial Banking License of specialized nature to the new investor whereby a minimum of 60% advances to be allocated to SME sector (This restriction of 60% may be revisited post privatisation, at the sole discretion of SBP and subject to successful compliance with applicable MCR/capital requirements).
- Reduced Minimum Capital Requirement ("MCR") of Pkr 6 (six) Billion to be met within 5(five) years in staggered manner as per following schedule:

Pkr	MCR	Pkr	MCR
Upfront	2 billion	End of Year 3	4 billion
End of Year 1	2 billion	End of Year 4	5 billion
End of Year 2	3 billion	End of Year 5	6 billion

- SME Leasing Limited, a majority owned listed subsidiary of the SME Bank, would be part of the Transaction on "as-is basis".
- Subject to interest of the interested parties, legacy portfolio of SME Bank, inherited from the RDFC may be made part of the Transaction.
- Service matters of employees will continue to be governed by the existing terms and conditions of service.

SME Bank can be used as a platform for delivering Branchless Banking/Digital Fintech Services, subject to fulfillment of applicable requirements of SBP.

Interested parties should submit their EOI in duplicate which should accompany the following information/documents:

1. Name, address, telephone, mobile, fax and email address of the authorized contact person of the interested party;
2. For corporate entities: Certificate of incorporation and latest audited financial statements of the interested party.
3. For individuals/firms/consortium: Partnership deed/Consortium Agreement, latest income tax return alongwith copies of their CNIC and / or Passport (for all individuals/partners).
4. Detail of ownership structure of the interested party or consortium submitting the EOI
5. Non-refundable processing fee of US\$1,000/- (one thousand) or Pkr150,000/- (one hundred and fifty thousand) in the form of bank draft / pay order drawn in favour of "The Privatisation Commission, Government of Pakistan".

Note: Pre-qualification criteria, as detailed in the Request for Statement of Qualification ("RSOQ") envisages that:

- a) the interested party should have a Net Worth of at least US\$ 50,000,000/- (United States Dollars Fifty Million only) and if the interested party is a Consortium, the Consortium must have an aggregate Net Worth of US\$ 50,000,000/- (United States Dollars Fifty Million only) and each Consortium Member, must have a Net Worth of at least US\$ 5,000,000/- (United States Dollars Five Million only).
- b) If the interested party is a Consortium, there must be a lead member and the Consortium must provide an undertaking that, (i) there will be no change in the constitution of the Consortium or any transfer above 20% (twenty percent) inter se the Consortium Members provided that the lead member must at all times maintain a minimum of 26% (twenty six percent) share in the Consortium; or (ii) any material change in the ownership or in control of the Consortium Members which in the Commission's view is material to its consideration. However, no change of the lead member will be allowed at any time.

IMPORTANT INFORMATION

- a) Interested parties which submit an EOI will be dispatched RSOQ. An early submission of EOI will allow parties maximum time for completion of their Statement of Qualification ("SOQ"). The SOQ submitted by interested parties will enable PC to pre-qualify interested parties in accordance with the RSOQ.
- b) PC reserves the right to accept or reject any EOI or SOQ from any entity / interested party without assigning any reason.
- c) Documentation accompanying and comprising an Expression of Interest as provided by any interested party shall not be reclaimed or returned.
- d) This invitation for EOI is intended only to seek expression of interest from interested parties at this stage. Please note that only pre-qualified interested parties will be provided details about the Transaction. Therefore, any interested party who has any interest in acquiring 93.88% shareholding alongwith management control of the Bank may express their interest and shall not be entitled to object at a later stage if further information is provided in relation to the Transaction to pre-qualified interested parties. To facilitate the privatisation process GOP/PC reserves the right to amend the Transaction structure at a later stage at its absolute discretion.
- e) GOP, PC and Financial Advisory Consortium (or any member thereof) reserves the right not to respond to any request for preliminary or other information.
- f) This advertisement is not intended to be, and should not be construed as: a) an offer or invitation to acquire any securities or assets of the Bank; and b) a representation or warranty, express or implied, with respect to any statement made therein.

**The last date for submission of EOIs and SOQs is
February 28, 2020 by 03:00 pm.**

Note: The Parties who have already submitted EOIs and corresponding SOQs in response to earlier advertisement dated 13th December 2019 and subsequent extensions thereof are not required to submit afresh.

PC has appointed Financial Advisory Consortium comprising of AKD Securities Limited (Financial Advisor), Riaz Ahmed & Company (Accounting & Tax Advisor) and RIAA Barker Gillette (Legal Advisor) to conduct this Transaction.

A preliminary Information Memorandum / Transaction Teaser is available on the website of Privatisation Commission

www.privatisation.gov.pk and SME Bank www.smebank.org

For further information please contact: **On behalf of PC & Financial Advisors**

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"SAY NO TO DRUGS"