

# Flash Note

Friday, May 31, 2024



## Commercial Banks

### Faysal Bank Limited (FABL)

**Sale/transfer to Ithmaar Holding assets and liabilities to GFH:** FABL in its notice through PSX ([link](#)) has notified that Ithmaar Holding B.S.C, the parent company of Faysal Bank Limited, and its wholly owned subsidiaries (Ithmaar Bank B.S.C and IB Capital B.S.C) held Extraordinary General Meetings (EOGM) on 28-May-24 and 29-May-24 for approval of planned sale / transfer of assets and liabilities of Ithmaar Holding to GFH Financial Group B.S.C (GFH). Both Ithmaar Bank and GFH are Bahrain based companies.

**Acquisition details as per EOGM of Ithmaar Holding:** As per minutes of EOGM of Ithmaar Holding ([link](#)), shareholder of Ithmaar Holding have approved proposed sale / transfer of certain assets and liabilities amounting to US\$ 695-715mn and US\$ 665-695mn respectively to GFH Financial Group B.S.C or any of its subsidiaries or nominees. Initially, 66.67% shares of FABL will be transferred to Faysal Bank JV, a company entirely owned by Ithmaar Holding, Ithmaar Bank or IB Capital. Following the transfer of shares to Faysal Bank JV, 75% of paid up capital of Faysal Bank JV will be transferred to GFH and the Company shall receive yearly preferred return of 12% ROE on cumulative accrual basis for 5 years. Importantly, the EOGM states the transaction value would be calculated based on the value of assets and liabilities as at 31-Mar-24 with transaction effective date 01-Apr-24. An agreement is expected to be finalized in the next few weeks after necessary legal regulatory approvals.

**Dividend expectation and 12% ROE for GFH:** Our dividend expectation stands above PKR 5/share over the next 5 years, which is ample enough to cover the yearly preferred return of 12% ROE for GFH.

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