

Pakistan Equity | Flash Note | Faysal Bank (FABL) (Jun 27, 2024)

Faysal Bank: Ithmaar EOGM Minutes Released – Ithmaar to receive US\$225mn

- Ithmaar Holding has published minutes of its EOGM on Jun 13, 2024. To recall, EOGM was held on May 29, 2024 with one of the agenda to discuss and approve, subject to obtaining regulatory approvals, the proposed sale and transfer of certain assets and liabilities. We also release a note on May 29, 2024 covering approval of these agendas.
- For the background, 66.67% shares of Faysal Bank (FABL) cumulatively owned by Ithmaar Holding, Ithmaar Bank or IB Capital (together termed as **Faysal Bank JV**) will be transferred to a SPV. And then 75% of the issued capital of that SPV will be transferred to GFH Financial Group ([Notice](#)). This translates into indirect transfer of ~50% stake.
- In detailed minutes presentation released on Jun 13, 2024, it is mentioned that, against this stake transfer, Ithmaar holding will receive US\$225mn. This translates into total valuation of US\$450mn for the Bank, in our view.
- With exchange rate of PKR/USD 279, the market value assigned to **FABL bank is Rs126bn or Rs83 per share** ([Notice](#)). While current market cap of the bank is Rs71bn or Rs47/share.
- Further as per the minutes, the transaction is subject to signing of definitive agreements, shareholders and required regulatory approvals.
- The current P/B of the bank is 0.78x, while transaction rate of Rs83/share translates into P/B of 1.38x.
- However, whether this transaction will trigger the public tender offer under the *Securities Act 2015* and *Substantial Acquisition of the Voting Shares and Take Over Regulations 2017*, is yet to be affirmed.

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