ADVICE FOR INVESTORS

THE INVESTORS ARE STRONGLY ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THE PROSPECTUS **ESPECIALLY THE RISK FACTORS IN PART 4.2** BEFORE MAKING ANY INVESTMENT DECISION

Bank Alfalah

PROSPECTUS

PUBLIC OFFER OF 5th, RATED, **UNSECURED**, LISTED, AND **SUBORDINATED** TERM FINANCE CERTIFICATES OF PKR 1,250 MILLION OUT OF TOTAL OFFER OF PKR 5,000 MILLION

Rating By Pakistan Credit Rating Agency Limited "PACRA"
Instrument Rating "AA -" Double A Minus (PACRA)
Medium to Long Term Entity Rating "AA" Double A (PACRA)
Short Term Entity Rating "A1+" A One Plus (PACRA)

8 YEARS FLOATING RATE INSTRUMENT @ 6 MONTHS KIBOR (ASK SIDE) PLUS 1.25% P.A. WITHOUT ANY FLOOR OR CAP

Listing Agent

ARIF HABIB LIMITED

Public Subscription on February 19 & 20, 2013 (Both Days Inclusive) during banking hours

Underwriters

UBL where you come first	Bank AL Habib Limited Rishta Bharosay ka	faysalbank
United Bank Limited	**Bank Al Habib Limited**	**Faysal Bank Limited**

Date of Publication of this Prospectus is February 11, 2013

Glossary of Abbreviations and General Terms

ADG	Abu Dhabi Group
AHL or "Listing Agent" or "Market Maker"	Arif Habib Limited
BAFL or "the Bank"	Bank Alfalah Limited
BOD	Board of Directors
CAGR	Compounded Annual Growth Rate
CAR	Capital Adequacy Ratio; the amount of risk-based capital (Tier-I and Tier-II) as a percentage of risk-weighted assets
CDC	The Central Depository Company of Pakistan Limited
CDS	Central Depository System
CY	Calendar Year
FY	Financial Year
GOP	Government of Pakistan
GA	Gross Advances
KIBOR	Karachi Inter-Bank Offer Rate
MCR	Minimum Capital Requirement
NII	Net Interest Income
NPLs	Non-Performing Loans
PKR	Pakistan Rupee
Pak Brunei or "the Trustee"	Pak Brunei Investment Company Limited
PACRA	The Pakistan Credit Rating Agency Limited
ROA	Return on Assets
ROE	Return on Equity
SBP	State Bank of Pakistan
SECP	Securities and Exchange Commission of Pakistan
Issue Date	The issue date means the last date of public subscription
T-Bill	Government of Pakistan Treasury Bill
TFC	Rated, Listed, Unsecured & Subordinated Term Finance Certificates
Tier-I Capital	Core capital shall comprise of highest quality capital elements and will include: I. Fully paid capital / capital deposited with SBP II. Balance in share premium account III. Reserve for Bonus shares IV. General Reserves as disclosed on the balance sheet V. Un-appropriated / un-remitted* profits (net of accumulated losses, if any) ** In case of foreign banks operating in Pakistan*
Tier-II Capital	Supplementary capital shall include: I. General provisions or general reserves for loan losses II. Revaluation reserves III. Exchange translation reserves IV. Undisclosed reserves V. Subordinated debt

TABLE OF CONTENTS

SUMMARY OF THE ISSUE

ISSUER: -	Bank Alfalah Limited ("BAFL")
ISSUE/TRANSACTION/ INSTRUMENT:-	Rated, Unsecured, Subordinated and Listed Term Finance Certificates ("TFCs") issued as instrument of Redeemable Capital under Section 120 of the Companies Ordinance, 1984 and as outlined by State Bank of Pakistan ("SBP") under BSD Circular No. 8 dated June 27, 2006*.
ISSUE AMOUNT: -	Upto PKR 5,000,000,000/- (Pak Rupees Five Billion Only). Pre-IPO: PKR 3,750,000,000/- (Pak Rupee Three Thousand and Seven Fifty Million Only) IPO: PKR 1,250,000,000/- (Pak Rupee One Thousand and two Fifity Million Only) Total: PKR 5,000,000,000/- (Pak Rupees Five Billion Only)
PURPOSE: -	The Issue Amount will contribute towards BAFL's Tier 2 Capital for minimum capital requirements as per guidelines set by SBP. The funds so raised will be utilized in BAFL's business operations as permitted by its Memorandum and Articles of Association.
ELIGIBLE INVESTORS: -	a) Pakistani citizens residing in Pakistan; b) Pakistani citizens residing outside Pakistan; c) Persons holding two nationalities including Pakistani nationality; d) Foreign Nationals whether living in or outside Pakistan; e) Companies, bodies corporate or other legal entities incorporated or established in or outside Pakistan (to the extent permitted by their constitutive documents and existing regulations, as the case may be); f) Mutual funds, provident/pension/gratuity funds/trusts, (subject to the terms of their respective Trust Deeds and existing regulations); and g) Branches in Pakistan of companies and bodies corporate incorporated outside Pakistan.
MINIMUM INVESTMENT:-	PKR 5,000/- (Pak Rupees Five Thousand Only).
DATE OF INVESTMENT: -	The date when investors' subscription money is received by any of the Company's Bankers to the issue.
TENOR: -	8 years.
COUPON RATE:-	Floating at 6 Months KIBOR* plus 125 basis points per annum. *As on January 29, 2013, the average "Ask Side" of 6M KIBOR was 9.35%.
COUPON TYPE & FREQUENCY: -	Profit will be payable semi-annually in arrears calculated on a 365 day year basis on the outstanding principal amount. The first such profit payment will fall due 6 months from the issue date and subsequently every six (6) months thereafter.
PRINCIPAL REDEMPTION: -	The instrument will be structured to redeem semi-annually in such a way that 0.30% of the principal will be redeemed in the first 90 months and remaining principal of 99.70% at maturity in the 96th month.

SUMMARY OF THE ISSUE

SECURITY: -	**The instrument will be unsecured, subordinated as to the payments of principal and profit to all other indebtedness of BAFL, including deposits.**
LOCK IN CLAUSE: -	**Neither profit nor principal may be paid (even at maturity) if such payments will result in shortfall in bank's MCR or increase any existing shortfall in MCR.**
LOSS ABSORBENCY CLAUSE: -	The instrument will be subject to loss absorbency and/or any other requirements that the SBP may introduce under the Basel III Capital Rules presently in draft form.
ENTITY RATING: -	Instrument Rating "AA -" Double A Minus (PACRA); Medium to Long Term Entity Rating "AA" Double A (PACRA); Short Term Entity Rating "A1+" A One Plus (PACRA); *Entity Rating by Pakistan Credit Rating Agency (PACRA) as on June 2012.*
PROFIT ACCRUAL: -	From the date of investment.
SUBSCRIPTION DATE: -	February 19 & 20, 2013 (Both days inclusive) during banking hours
RISK FACTORS	For details, please refer to Para 4.2.
INSTRUMENT RATING: -	'AA-'(Double A Minus) by Pakistan Credit Rating Agency (PACRA) as on November 2012.
TRUSTEE TO THE ISSUE: -	Pak Brunei Investment Company Limited.
MARKET MAKER : -	Arif Habib Limited has been appointed as the market maker to perform all market making activities.
REGISTRAR AND TRANSFER AGENT	M/s. THK Associates (Pvt) Ltd.
BANKERS TO THE ISSUE : -	1. Bank Alfalah Limited 2. Habib Bank Limited 3. Faysal Bank Limited 4. Allied Bank Limited 5. Soneri Bank Limited 6. Bank Al Habib Limited 7. Habib Metropolitan Bank Limited 8. Askari Bank Limited 9. NIB Bank Limited 10. MCB Bank Limited
TRANSACTION'S LEGAL COUNSEL: -	Mohsin Tayebaly & Company.
LISTING: -	Karachi Stock Exchange Limited ("KSE").
GOVERNING LAWS: -	Laws of Islamic Republic of Pakistan.

SUMMARY OF THE ISSUE

UNDERWRITERS TO THE ISSUE	The present Public Issue of TFCs of PKR 1,250 million has been fully underwritten as follows: • United Bank Limited: PKR 750 Mn • Bank Al Habib Limited: PKR 300 Mn • Faysal Bank Limited: PKR 200 Mn
IPO UNDERWRITING COMMISSION	0.5% flat on the IPO underwritten amount, payable on the execution of the IPO underwriting agreements.
TRANSFERABILITY	In case of TFCs inducted into the Central Depository Company ("CDC"), transfer shall be made in accordance with the Central Depository Act, 1997 and CDC regulations. In case of TFCs are issued in physical form, the TFCs will be transferable through verified "transfer deeds".

* http://www.sbp.org.pk/bsd/2006/C8.htm

PART - I

1. APPROVAL, CONSENTS AND LISTING ON THE KARACHI STOCK EXCHANGE

1.1 APPROVAL OF THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Approval of the Securities and Exchange Commission of Pakistan ("SECP") as required under section 57(1) of the Companies Ordinance, 1984 ("The Ordinance") has been obtained for the issue, circulation and publication of this Prospectus.

Disclaimer

It must be distinctly understood that in giving this approval, SECP does not take any responsibility for the financial soundness of the Issuer and any of its schemes stated herein or for the correctness of any of the statements made or opinions expressed with regards to them by the Bank Alfalah Limited ("BAFL" or "the Bank" or "the Issuer") in this Prospectus.

SECP has not evaluated quality of the issue and its approval for the issue, circulation and publication of this prospectus should not be construed as any commitment of the same. The public/ investors should conduct their own independent due diligence and analysis regarding the quality of the issue before investment in the TFC being offered through this prospectus.

1.2 CLEARANCE OF THE PROSPECTUS BY THE KARACHI STOCK EXCHANGE LIMITED

The Prospectus for the issue of rated, listed and unsecured Term Finance Certificates ("TFCs") has been cleared by the Karachi Stock ExchangeLimited ("KSE") in accordance with the requirements under its Listing Regulations.

Disclaimer

- The publication of this document does not represent solicitation by the Karachi Stock Exchange.
- The contents of this document do not constitute an invitation to invest in TFC or subscribe for any securities or other financial instrument by the Karachi Stock Exchange, nor should it or any part of it form the basis of, or be relied upon in any connection with any contract or commitment whatsoever of the Karachi Stock Exchange.
- It is clarified that information in this prospectus should not be construed as advice on any particular matter by the Karachi Stock Exchange and must not be treated as a substitute for specific advice.
- The Karachi Stock Exchange disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon this document to any one, arising from any reason, including, but not limited to, inaccuracies, incompleteness, and/ or mistakes, for decisions and/ or actions taken based on this document.
- The Karachi Stock Exchange neither takes responsibility for the correctness of contents of this document nor the ability of the Issuer to fulfill its obligations thereunder.
- Advice from a suitably qualified professional should always be sought by investors in relation to any investment in securities.

1.3 NO OBJECTION CERTIFICATE OF THE STATE BANK OF PAKISTAN

The State Bank of Pakistan ("SBP") vide their letter No. BSD/BAID/616/10989/2012 dated September 18th, 2012 granted the Bank an in principal approval for issuance of Unsecured, Subordinated, Rated and Listed TFCs of up to PKR 5,000 million for Tier II Capital, subject to compliance of relevant laws and regulations. Based on the in principal approval thus obtained, the Bank had executed and obtained pre-IPO investments amounting to PKR 3,750 million as referred to as detailed in Section 2.1 of this document.

No Objection Certificate of the State Bank of Pakistan ("SBP") was obtained for the issue of Unsecured, Subordinated, Rated and Listed TFCs, which was granted by SBP, vide their letter No. BSD/BAID/616/15303/2012 dated December 24, 2012. The TFC issue is also regulated by the instructions given by SBP in their BSD Circular No. 8 dated June 27, 2006* and any further amendments/circulars issued by SBP till date.

1.4 FILING OF PROSPECTUS AND OTHER DOCUMENTS WITH THE REGISTRAR OF COMPANIES

Bank Alfalah Limited has delivered to the Registrar of Companies, Karachi as required under sections 57 (3) and (4) of the Companies Ordinance 1984, a copy of this Prospectus signed by all the Directors of the Issuer together with the following documents attached thereto:

a) A Letter No. C 0366 dated December 17th 2012 from M/s A. F. Ferguson and Co. consenting to the issue of the Prospectus, which contains in Part V certain statements and reports issued by them as experts (for which consent has not been withdrawn).

b) Copies of contracts mentioned in Part VIII of the Prospectus.

c) Written confirmations of the Auditors, Legal Advisors and Bankers to the Issue, mentioned in the Prospectus consenting to act in their respective capacities, as required under section 57(5) of the Ordinance.

d) Consent of Directors and Chief Executive of the Issuer to their respective appointments being made and their having been named or described as such Directors and Chief Executive in this Prospectus as required under "under Section 57(3) of the Ordinance, read with sub-clause (1) of clause (4) of Section 1 of Part 1 of the Second Schedule to the Ordinance. The Issuer has filed written confirmations of such consents, as required under section 184 of the Ordinance.

1.5 LISTING ON THE KARACHI STOCK EXCHANGE

Application has been made to the KSE for permission to deal in and for quotation of the TFCs of Bank Alfalah Limited. If for any reason, the application for listing is not accepted by the KSE, the Bank undertakes to publish immediately in the press a notice to that effect and thereafter to refund the subscription money to the applicants without any surcharge as required by the provisions of Section 72 of the Ordinance, and if any such money is not refunded within eight (8) days after the Issuer becomes liable to refund it, the Directors of the issuer shall be liable to refund the money from the expiration of the said eighth (8th) day together with surcharge at the rate of 1.5% per month as required under the provisions of Section 72 of the Ordinance.

* http://www.sbp.org.pk/bsd/2006/C8.htm

PART - II

2. TERM FINANCE CERTIFICATES AND RELATED MATTERS

2.1 THE ISSUE

BAFL is issuing the TFCs as Tier-II Capital, issued as an instrument of Redeemable Capital under Section 120 of the Companies Ordinance, 1984 for the tenor of Eight (8) years. The TFCs will be rated, listed, unsecured and subordinated as to the payment of principal and profit, to all other indebtedness of the Bank, including deposits. The increase in Tier-II Capital will improve BAFL's Capital Adequacy Ratio ("CAR") and thereby allow the Bank to further expand its asset base.

The amount of PKR 5,000 million comprises of Private Placement ("Pre-IPO") of PKR 3,750 million and Initial Public Offer ("IPO") of PKR 1,250 million.

The TFCs will be offered to the general public in sets of 16 scrips (TFCs) with an accompanying "Certification of Holding of Term Finance Certificates" each set having an aggregate face value of PKR 5,000/- or in multiple thereof. The TFCs shall be transferable both under the physical and book entry system. A TFC Holder may apply in writing to the Issuer to consolidate or sub-divide the TFCs held by such TFC Holder. The Issuer may in its discretion consolidate the TFCs in multiples of up to PKR 100,000/- (Pak Rupees One Hundred Thousand only), PKR 50,000/- (Pak Rupees Fifty Thousand only), PKR 25,000/- (Pak Rupees Twenty Five Thousand only) or PKR 5,000/- (Pak Rupees Five Thousand only) each.

The instrument will be structured to redeem semi-annually in such a way that 0.30% of the principal will be redeemed in the first 90 months and remaining principal of 99.70% at maturity in the 96th month. The instrument has received a credit rating of "AA-" (Double A minus) by PACRA. The TFCs are governed by the Trust Deed and the governing laws of Pakistan.

The TFCs shall be subject to a lock in clause which would mean that neither profit nor principal may be paid (even at maturity) if such payment means that the Bank falls below or remains below its MCR as mandated by the State Bank of Pakistan. The instrument will also be subject to loss absorbency and/or any other requirements that the SBP may introduce under the Basel III Capital Rules presently in draft form.

The list of investors in the Pre-IPO is shown below:

Sr. No.	Name of Institutions	Amount of Investment
1	Zarai Taraqiati Bank Limited	500,000,000
2	Askari Bank Limited	364,000,000
3	MCB Bank Limited	364,000,000
4	United Bank Limited	364,000,000
5	United Growth and Income Fund	275,000,000
6	CDC Trustee-MCB Dynamic Cash Fund	250,000,000
7	Allied Bank Limited	245,000,000
8	CDC Trustee-Askari Sovereign Yield Enhancer	188,000,000
9	Jubilee Life Insurance Company Limited	177,300,000
10	CDC Trustee-Askari High Yield Scheme	173,000,000
11	CDC Trustee-NAFA Income Opportunity Fund	100,000,000
12	ABL Income Fund	90,000,000

Sr. No.	Name of Institutions	Amount of Investment
13	CDC Trustee-Lakson Income Fund	90,000,000
14	CDC Trustee-IGI Aggressive Income Fund	71,000,000
15	CDC Trustee-IGI Income Fund	64,000,000
16	CDC Trustee-Faysal Income and Growth Fund	50,000,000
17	CDC Trustee-Pakistan Income Fund	50,000,000
18	UBL Staff Pension Fund Trust	49,000,000
19	Nestle Provident Fund	30,000,000
20	Packages Limited Employees Provident Fund	30,000,000
21	Packages Limited Management Staff Pension Fund	30,000,000
22	UBL Employees Provident Fund Trust	27,600,000
23	CDC Trustee First Habib Income Fund	25,000,000
24	CDC Trustee Pakistan Capital Market Fund	20,000,000
25	Nestle Pension Fund	20,000,000
26	Packages Limited Employees Gratuity Fund	12,000,000
27	UBL Staff General Provident Fund Trust	11,370,000
28	CDC Trustee MCB Dynamic Allocation Fund	10,000,000
29	Nestle Gratuity Fund	10,000,000
30	Sulaimaniyah Trust	10,000,000
31	UBL Fund Managers Limited	10,000,000
32	UBL Officers/Non-Officers Benevolent Fund Trust	7,560,000
33	UBL Retirement Savings Fund - Debt Sub Fund	6,000,000
34	Adamjee Life Assurance Company Limited-NUIL Fund	5,000,000
35	Adamjee Life Assurance Company Limited-ISF	4,000,000
36	Thal Limited Employees Retirement Benefit Fund	4,000,000
37	UBL Employees Gratuity Trust	3,450,000
38	Adamjee Life Assurance Company Limited-ISF-II	2,000,000
39	UBL Fund Managers Employees Provident Fund	2,000,000
40	BSN Medical Private Limited Employees Provident Fund	1,200,000
41	UBL Welfare Fund Trust	1,020,000
42	Ali Gohar and Company Staff Provident Fund	1,000,000
43	BSN Medical Private Limited Employees Gratuity Fund	1,000,000
44	UBL Fund Managers Employees Gratuity Fund	1,000,000
45	MCB AMC Staff Provident Fund	500,000
	Pre-IPO Total (Private Placement)	**3,750,000,000**
	General Public	**1,250,000,000**
	Total Issue	**5,000,000,000**

Pre-IPO Investors have subscribed the TFC on December 27th, 2012. Details of the private placement along with agreements are given in Para 8.1.1

2.2 UNSECURED SUBORDINATED TFCS

The TFCs are being issued in terms of BSD Circular No. 8 dated June 27, 2006of State Bank of Pakistan which allows banks to issue redeemable capital which is to be unsecured and subordinated as to payment of principal and profit to all other indebtedness of the bank, including deposits and will not be redeemable before maturity without approval of State Bank of Pakistan. Where the Bank has breached its obligation to make redemption payments, the Trustee may enforce the Bank's obligation by way of filing an application for winding up under Section 49 of the Banking Companies Ordinance 1962 (Ordinance no. LVII) of 1962 and / or any other applicable law ("Winding Up Application"). It is clarified however, that in the event of default, the TFC holders acting through the Trustee shall be entitled to initiate legal proceedings against the Bank, including filing of Winding Up Application for recovery of the outstanding amount payable under the TFCs.

In the event of a winding up order, payments to the TFC Holders shall be subordinate to and rank inferior to all other debts of the bank including deposits. Furthermore, the investors have no rights to accelerate redemption of the TFCs, except as may be permissible in relation to the winding up or any other legal proceedings.

In the case of a breach by the Bank which is not related to the redemption obligations of the Bank arising as a result of the TFC issue, the Trustee, subject to the terms of the Trust Deed, may institute such proceedings as may be permissible under the law.

2.3 CONDITIONS IMPOSED BY THE SBP FOR ISSUANCE OF SUB-ORDINATED DEBT BY BANKS THROUGH BSD CIRCULAR No. 8 dated June 27, 2006.

The subordinated debt will be limited to a maximum of 50% of the amount of equity.

To be eligible for inclusion in supplementary capital along with other requirements, the instrument should be unsecured and subordinated as to payment of principal and profit to all other indebtedness of the Bank, including deposits and is not redeemable before maturity without prior approval of the SBP. Further, it should be subject to a lock-in clause, stipulating that neither interest nor principal may be paid (even at maturity) if it results in the Bank failing to meet its minimum capital requirement.

Sponsor shareholders of the issuing bank shall not be allowed to participate in or hold the subordinated debt instruments of the issuing bank directly or through their affiliates. The same restriction will also apply to the employees' retirements benefit funds of the issuing bank.

The Bank should not grant advances against the security of their own subordinated debt issue. While granting loans/advances against subordinated debt instruments of other banks, the margin requirement prescribed under Prudential Regulations of SBP shall be maintained, however the Bank's total financing against subordinated debt instruments issued by banks should not exceed its total equity (Tier-I capital). Further the bank shall not provide any accommodation to finance purchase of its subordinated debt instrument.

Furthermore, the SBP has directed that the instrument be subject to the following loss absorbency clause:

"The instrument shall be subject to Loss Absorbency and/or any other requirements that the State Bank of Pakistan may introduce under the Basel III Capital Rules presently in draft form"

2.4 OPENING AND CLOSING OF SUBSCRIPTION LIST

The subscription list will open for 2 (two) days at the commencement of banking hours on February 19, 2013, and close at the end of banking hours on February 20, 2013.

2.5 INVESTORS ELIGIBILITY

a) Pakistani citizens residing in Pakistan;

b) Pakistani citizens residing outside Pakistan;

c) Persons holding two nationalities including Pakistani nationality;

d) Foreign Nationals whether living in or outside Pakistan;

e) Companies, bodies corporate or other legal entities incorporated or established in or outside Pakistan (to the extent permitted by their constitutive documents and existing regulations, as the case may be);

f) Mutual funds, provident/pension/gratuity funds/trusts, (subject to the terms of their respective Trust Deeds and existing regulations); and

g) Branches in Pakistan of companies and bodies corporate incorporated outside Pakistan.

2.6 SUBSCRIPTION OF TFCs BY USING SPECIAL CONVERTIBLE RUPEE ACCOUNT FOR NON-RESIDENT PAKISTANI AND FOREIGN INVESTORS

Non-resident Pakistani Investors and Foreign Investors may subscribe for the TFCs issue using their Special Convertible Rupee Account ("SCRA") as set out under chapter 20 of the Foreign Exchange Manual of the State Bank of Pakistan.

2.7 MINIMUM AMOUNT OF APPLICATION AND BASIS OF ALLOTMENT OF TFCs

The basis and conditions of allotment shall be as follows:

a) The minimum amount of application for subscription of TFCs is PKR. 5,000/-

b) Applications for TFCs below the aggregate face value of PKR. 5,000/- shall not be entertained.

c) Applications for TFCs by the general public, including institutions and individuals, must be for a minimum of the aggregate face value of PKR. 5,000/- or in multiples of PKR 5,000/-.

d) If the TFCs to be issued to the general public are sufficient for the purpose, all applications shall be accommodated.

e) If the issue is oversubscribed in terms of amount, then all applications shall be accommodated initially for TFCs of face value of PKR 5,000/- each and the balance TFCs shall be allotted on pro-rata basis to all applicants who applied for TFCs in multiple of PKR. 5,000/-.

f) If the issue is over-subscribed in terms of number of applications and the amount, the TFCs shall be allotted through computer balloting in the presence of representatives of KSE.

g) Allotment of TFCs shall be subject to scrutiny of applications for subscription.

2.8 REFUND OF MONEY TO UNSUCCESSFUL APPLICANTS

BAFL shall take a decision within ten (10) days of the closure of subscription list as to which applications have been accepted or are successful and refund the money in cases of unaccepted or unsuccessful applications within ten (10) days of the date of such decision as required under the provisions of section 71 of the Ordinance.

As per sub-section (2) of section 71 of the said Ordinance, if refund is not made within the time specified, the Directors of BAFL shall be jointly and severally liable to repay the money with surcharge at the rate of one and a half percent, for every month or part thereof from the expiration of the 15th day and in addition to a fine not exceeding PKR 5,000/- (Pak Rupees Five Thousand Only) and in case of continuing offense to a further fine not exceeding PKR 100/- (Pak Rupees One Hundred Only) for every day after the said 15th day on which the default continues provided that a Director shall not be liable if he proves that the default in making the refund was not due to any misconduct or negligence on his part.

2.9 MINIMUM SUBSCRIPTION

The minimum amount of subscription on which the Directors will proceed to allot TFCs is the full amount of the Issue i.e. PKR 5,000 million.

2.10 ISSUE AND DISPATCH OF TFCS

BAFL shall issue TFCs to the successful allottees within thirty (30) days of closure of subscription list in compliance with the requirements of KSE. TFCs will be issued either in scripless form (in the Central Depository System - "CDS") or in the shape of physical scrips on the basis of option exercised by the successful applicants. TFCs in physical scrips shall be dispatched to Bankers to the Issue for onward delivery to successful applicants, whereas scripless TFCs shall be directly credited through book entries into the respective CDS accounts of allottees maintained with the Central Depository Company of Pakistan Limited ("CDC").

The TFCs issued directly for the induction in the CDS, without issuance of the physical certificates and the TFC scrips (with the terms & conditions), shall be subject to the terms & conditions for the issuance of the TFCs specified in the Trust Deed dated December 24, 2012.

The applicants who opt for issuance of TFCs in scripless form in the CDS should fill in the relevant columns of the Application Form. In order to exercise the scripless option, the applicant should also have a CDS account at the time of subscription.

If the Bank defaults on complying with the requirements of the Listing Regulations, it will pay to the KSE a penalty of PKR. 5,000/- per day during which the default continues. The KSE may also notify the fact of such default and the name of the Bank by notice and also by publication, in the Daily Quotations.

2.11 TRANSFER OF TFCs

a) Physical Scrips

TFCs shall be transferred in the manner as provided in the Companies Ordinance, 1984. Transfer of TFCs will be subject to payment of the applicable stamp duty levied by the Provincial Government. Stamp duty on initial issuance will be borne by BAFL, while stamp duty on subsequent transfer will be on account of the TFC holders.

b) Transfer under Book Entry System

TFCs will be declared as eligible security through the CDS of the CDC. Stamp duty on initial issuance will be borne by the Bank. TFCs, which are in the CDS, shall subsequently be transferred in accordance with the Central Depositories Act, 1997 and the Central Depository Company of Pakistan Limited Regulations.

2.12 TFCs ISSUED IN PRECEDING YEARS

Previous Issue TFCs	Amount (PKR mn)	Issue Date	Maturity Date	Tenor	Markup	Type	Security	Rating	Outstanding Amount (PKR mn)
TFC I (Listed)	650	Dec-02	Dec-08	6 Yrs	5 Yr PIB + 1.33%	Floating	Unsecured	AA-	Fully Redeemed
TFC II (Listed)	1,250	Dec-04	Dec-12	8 Yrs	6M KIBOR + 1.50%	Floating	Unsecured	AA-	Fully Redeemed
TFC III (Listed)	1,314	Nov-05	Nov-13	8yrs	6M KIBOR + 1.50%	Floating	Unsecured	AA-	880.74
TFC IV (Unlisted)	5,000	Dec-09	Dec-17	8yrs	6M KIBOR + 2.50% / 15% Fixed	Fixed & Floating	Unsecured	AA-	4,994

2.13 INTEREST OF TFC HOLDERS

None of the TFC holders have any special or other interest in the property or profit of the BAFL other than that as holders of the TFC certificates of BAFL, except the following:

Underwriters of the TFC Issue interested in the Underwriting Commission
United Bank Limited

Bankers of the TFC Issue interested in the Banking Commission
Allied Bank Limited
Askari Bank Limited
MCB Bank Limited

2.14 PRINCIPAL PURPOSE FOR THE USE OF SUBSCRIPTION MONEY

The funds raised through the TFC issue will contribute towards BAFL's Tier-II Capital for Minimum Capital Requirements "MCR" as per the guidelines set by the SBP under BSD Circular No. 8 dated June 27, 2006 and will be utilized for BAFL's ongoing banking operations. The increase in Tier-II Capital will improve BAFL's Capital Adequacy Ratio ("CAR") and allow the Bank to expand its asset base.

2.15 REGISTERED INSTRUMENT

TFCs will be in registered form and the Bank shall maintain or cause to be maintained, a Register of TFC holders.

2.16 REDEMPTION OF TFCS

The register of TFC holders will be maintained or caused to be maintained by the Bank. The Register of TFC holders will be closed for a period of 14 days prior to the profit payment or redemption of each TFC. Each TFC will be redeemed on its due date through the dispatch of pay order / crossed cheque to the registered holder of the TFC. Thus, the TFC holder(s) will not be required to go physically to the counters of any specific bank in order to have the TFC redeemed.

The terms of the redemption of each TFC are as shown below:

TENOR: -	8 years from the issue date.
COUPON RATE:-	Floating at 6 Months KIBOR*(Base Rate) plus 125 basis points per annum without any floor or cap; Base Rate is defined as the average rate "Ask Side" of the 6 (six) month Karachi Interbank Offered Rate (KIBOR)prevailing one Business Day prior to the Issue Date in respect of the Redemption Amount payable on the first Redemption Date and thereafter 1(one) Business Day prior to each Redemption Date for the Redemption Amount payable on the immediately following Redemption Date (i.e. the beginning of each semiannual period for the profit / return due at the end of the semi-annual period) ("the fixing date "). If the KIBOR is not available at 11:30 am on the fixing date on the Reuters Screen page KIBR, the KIBOR advised by the Financial Markets Association at the relevant time shall be used for the purpose of fixing the Base Rate.

PRINCIPAL REDEMPTION: -	The instrument will be structured to redeem semi-annually in such a way that 0.30% of the principal will be redeemed in the first 90 months and remaining principal of 99.70% at maturity in the 96th month.
COUPON TYPE & FREQUENCY: -	Profit will be payable semi-annually in arrears calculated on a 365 day year basis on the outstanding principal amount. The first such profit payment will fall due 6 months from the issue date and subsequently every six (6) months thereafter.

*As on January 29, 2013, the average "Ask Side" of 6M KIBOR was 9.35%

Produced below is the redemption schedule for the TFC based on a face value of PKR 5,000/-calculated on the basis of a floating coupon rate at 6 Months KIBOR plus 125 basis points per annum without any floor or cap. **As on January29, 2013, the average "Ask Side" of 6M KIBOR was 9.35% hence effective rate is 10.60%. Below is the calculation based on indicative profit rates i.e. 10.60% is set out in the table below;**

I Month	II Issue Price Component of the Redemption Amount	III Indicative Profit Rate 10.60%	IV With Holding Tax (10%)	V Zakat (2.5%)	VI Total Payment Amount	VII Principal Amount Outstanding
0	-	-			-	5,000
6	1.0	265.00	26.50	0.03	239.5	4,999
12	1.0	264.95	26.49	0.03	239.4	4,998
18	1.0	264.89	26.49	0.03	239.4	4,997
24	1.0	264.84	26.48	0.03	239.3	4,996
30	1.0	264.79	26.48	0.03	239.3	4,995
36	1.0	264.74	26.47	0.03	239.2	4,994
42	1.0	264.68	26.47	0.03	239.2	4,993
48	1.0	264.63	26.46	0.03	239.1	4,992
54	1.0	264.58	26.46	0.03	239.1	4,991
60	1.0	264.52	26.45	0.03	239.0	4,990
66	1.0	264.47	26.45	0.03	239.0	4,989
72	1.0	264.42	26.44	0.03	239.0	4,988
78	1.0	264.36	26.44	0.03	238.9	4,987
84	1.0	264.31	26.43	0.03	238.9	4,986
90	1.0	264.26	26.43	0.03	238.8	4,985
96	4,985	264.21	26.42	124.63	5098.2	-
Total	**5,000**	**4,233.6**	**423.4**	**125.0**	**8685.2**	**-**

**Note: The above redemption schedule includes deduction of Zakat and Withholding Tax. For applicability of these, please refer to Para 2.19 & 2.21 below respectively.*

** All amounts stated above are in PKR.*

2.17 REDEMPTION RESERVES

Despite the fact the TFC being offered through this prospectus is unsecured, no redemption reserve is being created for the redemption of TFCs. In view of the projected financial cash flows, the Bank is expected to have adequate funds to meet its financial obligations arising from the issue of TFCs.

2.18 CALL & PUT OPTION

There is no call or put option in the issue.

2.19 DEDUCTION OF ZAKAT

Zakat is deductible in case of TFCs held by Muslim citizens of Pakistan, except where a statutory declaration of exemption is filed, and in case of certain non-corporate entities such as Trusts, Funds (subject to being qualified for non-deduction of Zakat in terms of the Zakat and Ushr Ordinance, 1980) etc. Zakat shall be deducted at the time of redemption of the principal amount of the TFCs or on the market value based on the closing rate on the KSE on the first day of Ramzan, whichever is lower, at the rate of 2.50% on such dates as the concerned TFC becomes due for redemption in a Zakat year.

2.20 INCOME TAX

Any income derived from the TFCs shall be subject to income tax as per the Income Tax Ordinance, 2001. According to this Ordinance, the tax shall be deducted @ 10% of the gross amount of profit paid as per the First Schedule, Part III, Division 1 and shall be deemed to be the final discharge of tax liability on the profit arising to a tax payer other than a company under subsection 3 of Section 151 of the Income Tax Ordinance.

2.21 DEDUCTION OF WITHHOLDING TAX

BAFL is required to withhold tax, currently at the rate of 10%, from profit payments to all investors except companies and resident individuals whose investment amount is up to PKR 150,000 under Clause 59, part (IV), Second Schedule of Income Tax Ordinance 2001.

2.22 CAPITAL GAIN TAX

Any capital gains derived from the sale of Term Finance Certificates shall be subject to capital gain tax as per the Income Tax Ordinance, 2001.

2.23 WITHHOLDING TAX ON SALE/PURCHASE OF TFCs

Pursuant to the Provision of Section 233A of the Income Tax Ordinance, 2001 the following charges are applicable on sale/purchase of securities.

- 0.01% Withholding Tax ("WHT") will be charged on sale/purchase of all modaraba certificates and instruments of redeemable capital as defined in Companies Ordinance 1984

2.24 MARKET MAKING

The TFCs will be listed on KSE. Arif Habib Limited will act as Market Maker for the Issue. The role of the Market Maker will be to offer bid & ask quotes for the TFCs at a spread of 0.5% and 1.5% yield, or equivalent price terms, for marketable or non-marketable lots respectively. Price will be determined by the market maker in light of prevailing liquidity, interest rates and credit risk of the Issuer.

Marketable lots are defined as any amount of or above PKR 0.25 million or 50 units face value and non-marketable lots are defined as any amount less than PKR 0.25 million or 50 units face value. The market maker will trade TFCs which are available for transfer within the CDS.

2.25 DISCLOSURE OF DEFERRED TAXATION

Deferred tax is recognized using the balance sheet liability method on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the rates enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available and the credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

The Bank also recognizes a deferred tax asset/liability on deficit/surplus on revaluation of fixed assets and securities which is adjusted against the related deficit/surplus in accordance with the requirements of the International Accounting Standard 12 - Income Taxes.

Deferred tax liability is not recognized in respect of taxable temporary differences associated with exchange translation reserves of foreign branches, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The balance of deferred tax assets as of September 30, 2012 is PKR 320.380 Million (Stand Alone basis) and PKR 320.298 Million (Consolidated basis).

PART III

3. UNDERWRITING, COMMISSIONS, BROKERAGE AND OTHER EXPENSES TO THE ISSUE

3.1 UNDERWRITING

The present Public Issue of TFCs of PKR 1,250 million has been fully underwritten as follows:

Underwriter's name	Amount
United Bank Limited	**PKR 750 Mn**
Bank Al Habib Limited	**PKR 300 Mn**
Faysal Bank Limited	**PKR 200 Mn**
Total	**PKR 1,250 Mn**

If and to the extent that the TFCs offered to the general public shall not have been subscribed and paid for in full by the closing date, the underwriters shall within 15 days of being called upon by BAFL to do so, subscribe or procure subscribers to subscribe and pay in ready available funds in accordance with their underwriting commitments.

In the opinion of the Directors of the Bank, the resources of the underwriters are sufficient to discharge their underwriting obligations.

3.2 NO BUY BACK / REPURCHASE AGREEMENT

The underwriters to the TFCs being offered through this prospectus have not entered into any buyback / repurchase agreement with the Bank or any other person in respect of this public offer. Also, neither sponsors of the Bank nor any of their associated company, undertaking or person has entered into any buyback / repurchase agreement with the underwriters or their associates. The Bank and its associates shall not buyback / repurchase TFCs from the underwriters and / or their associates.

3.3 UNDERWRITING COMMISSION

The underwriters will be paid a commission of 0.5% of the total amount underwritten. There is no take up commission in the issue.

3.4 COMMISSION TO THE BANKERS TO THE ISSUE

A commission at the rate of 0.25% of the amount collected, in respect of successful applications will be paid to the Bankers to the Issue for services to be rendered by them in connection with the Public Offer. No commission shall be paid to the Bankers in respect of the TFCs actually taken up by the underwriters by virtue of their respective underwriting commitments.

3.5 BROKERAGE COMMISSION

For the public offer, BAFL will pay brokerage commission to the members of the KSE at the rate of 0.25% of the value of TFCs actually sold through them.

3.6 EXPENSES OF THE ISSUE

The initial expenses of the issue paid or payable by the Bank inclusive of commission to the Underwriters, Bankers to the Issue and members of the KSE, etc., are estimated to be as follows:

Details of the expenses of the Issue are as under:

Expenses Related to the Public Issue-PKR 1,250,000,000	Rate	Amount (PKR)
Underwriting Fee	0.50%	6,250,000
Brokerage Commission on IPO	0.25%	3,125,000
Bankers to the Issue Commission	0.25%	3,125,000
Listing Agent to the Issue		2,000,000
Expenses Related to the Total Issue-PKR 5,000,000,000		**Amount (PKR)**
Participation Fee		17,500,000
Trustee Fee		500,000
Initial Rating Fee - PACRA		2,250,000
Annual Surveillance Fee - PACRA		500,000
Legal Counsel Fee		300,000
Initial and Annual Fee - including Security Deposit CDC		167,500
Stamp Duty (Province of Sindh)	0.05%	2,500,000
Initial Listing Fee		500,000
Annual Listing Fee		50,000
SECP Fee		200,000
Auditors for preparation of various certificates		200,000
Balloter Fee		75,000
Market Making Fee		1,200,000
Registrar Fee/Computer Services		10,000
Out of Pocket and Other Expenses (Printing, Stamp Papers, Publication etc.)		3,000,000
Estimated Expenses of the Issue		**43,452,500**

* This represents maximum possible expense related to the Issue

PART IV

4 HISTORY AND PROSPECTS

4.1 BACK GROUND AND PROSPECTS

Bank Alfalah Limited was incorporated on June 21, 1992 as public limited company under the Companies Ordinance, 1984. The Company was initially incorporated as Habib Credit and Exchange Bank Limited ("HCEB"), a wholly owned subsidiary of Habib Bank Limited ("HBL"). The Abu Dhabi Consortium led by His Highness Sheikh Nahayan Bin Mubarak Al Nahayan and comprising prominent members of the ruling family and leading businessmen of the UAE, acquired 70% shareholding in HCEB from the Privatization Commission ("PC"), Government of Pakistan ("GoP") following which HCEB was renamed as Bank Alfalah Limited in February 1998.

BAFL is one of the fastest growing private banks in the country. Over the past fourteen years, the Bank has made notable progress in increasing business volume, efficiency and profitability. BAFL is amongst the major private commercial banks in Pakistan in terms of Total Deposits and Assets. As of September 30, 2012 , BAFL's Total Deposits stood at 418.79 billion while Net Advances amounted to 211.741 billion. The Bank is operating through an extensive branch network comprising of 420 branches, including 12 sub branches, 89 Islamic branches and 7 overseas branches - 5 in Bangladesh, 2 in Afghanistan - and 1 offshore banking unit in the Kingdom of Bahrain, as of November 30th 2012. The Bank offers a full range of banking services to a wide spectrum of clients.

BAFL enjoys a strong position with respect to advances, deposits and total assets. With its continued high asset growth, the Bank is ranked amongst the major private commercial banks in the Country.

Sponsors and Shareholding Structure

As at December 31, 2001 the Abu Dhabi Group (the "Consortium") was BAFL's majority (70%) shareholder. The remaining shares (30%) of the Bank were owned by Habib Bank Limited ("HBL"). Pursuant to a bidding process conducted by the PC of GOP on September 21, 2002 in Islamabad, the Consortium was declared the successful bidder in respect of 29.94% shares owned by HBL and was subsequently sold to the Consortium at a price of 27.56 per share. The remaining 0.06% shares were sold by the PC to three ex-employees of HCEB. The shareholding pattern of the Bank as at December 31, 2012 was as follows:

S. No.	Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
1	Individuals	16,490	836,707,347	62.017
2	Financial Institutions	43	112,144,454	8.312
3	Investment Companies	19	51,423,838	3.812
4	Insurance Companies	19	22,989,505	1.704
5	Mutual Funds	44	125,597,471	9.309
6	Joint Stock Companies	142	63,160,939	4.682
7	Charitable Trusts	6	778,723	0.058
8	Leasing Companies	1	7,900	0.001
9	Modarabas	Nil	Nil	0
10	Cooperative Society	Nil	Nil	0
11	Others	36	136,346,073	10.106
		16,800	1,349,156,250	100

Branch Network

As mentioned above, as of November 30th, 2012, BAFL operates through an extensive branch network of 420 **branches** including 12 sub branches, 89 Islamic branches and 7 overseas branches - 5 in Bangladesh, 2 in Afghanistan - and 1 offshore banking unit in the Kingdom of Bahrain. The Bank has the honor of being one of the first few banks venturing into Islamic banking. A separate banking division has been established to ensure smooth operations on the Islamic banking front, and our IBG network is the largest of any conventional bank, second only to Meezan Bank Limited, being the country's premier Islamic Bank.

Financial and Operational Performance

As per audited accounts of FY2011, the Bank continued its growth momentum both in terms of volumes as well as top line revenue. The principal source of revenue to the bank rests on interest income on loans and fund income has advances extended to customers, which has escalated from 37,530 million in 2010 to 44,298 million in 2011 showing an increase of 18%.

During 2011, BAFL witnessed a sizeable decline in its advances portfolio. The contraction was observed mainly on account of conversion of TFCs related to a government entity into government securities. The loan book concentration in terms of top 20 advances reduced on YoY while coming to a moderate level (CY11: 23%; CY10: 37%). Meanwhile, low-cost current and saving accounts (CASA) mobilization continued its pace, helping the bank in registering sizable deposit growth (~14%). Resultantly advances-to-deposit ratio significantly dropped (CY11: 51%; CY10: 65%). Meanwhile, top 20 deposit concentration further rationalized (CY11: 13%; CY10: 17%).

Overall increase in the bank's earning assets, mainly on account of government securities, helped the bank in achieving a considerable growth in its interest revenue. Meanwhile, improved spreads further fueled an increase in net interest income. Other operating income slightly improved. Despite inflationary pressures on operating expenses, the bank's cost-to-total net revenue observed a significant improvement (CY11: 60%; CY10: 70%). Although sizeable provision on diminution in value of equity investments was booked, the bank, benefiting from enhanced recovery efforts, managed to maintain its overall provisioning expense at last year's level.

The bank is focusing on its product suite, adding new services including mobile banking. Meanwhile, capitalizing on expanded branch network, the bank would keep mobilizing CASA deposits. Furthermore, the bank is geared to enhance trade volumes. Meanwhile, besides focusing on cost control measures, the bank is likely to add efficiency in its overall operations through implementation of Temenos (T24) as core banking software, with all conventional branches now operative on the new software.

On the NPL side, the management has recovered a sizeable amount from overdue accounts, thereby largely mitigating the impact of new NPLs. The same is reflected in BAFL's improvement in accrued income days (2011: 108days; 2010: 121days).

The bank has demonstrated the capacity to raise capital, both Tier I & II, to cater for its business growth. Resultantly, its CAR - higher on YoY basis due to lower risk weighted assets - remains above regulatory requirement (end-Q312: 12.51%, end-Dec11: 11.6%). With the proposed TFC issue, the Bank further intends to improve its CAR thereby creating move room for growth.

Total Assets of BAFL as at Dec 31, 2011 stood at 468.174 billion that have grown at a 2006-11 CAGR of 11.17%, while total Gross Advances of BAFL as at Dec 31, 2011 stood at 211.397 billion. The Advances have grown at a 2006-11 CAGR of 6.79%.

On the liabilities side, the total Deposits of BAFL as at Dec 31, 2011 stood at 401.248 billion. The CAGR of Deposits over 2006-11 has been 10.87%. The growth witnessed in Deposits is largely attributable to the rapid expansion in the Bank's branch network and its top quality service.

The Advances-to-Deposit Ratio (ADR) as at December 31, 2011 is indicative of the bank being liquid. The Bank has managed to maintain a low NPL Ratio of 9% as at December 31, 2011 as compared to the banking sector average of approximately over 16%. Despite unstable macroeconomic conditions which led to higher NPLs across the banking sector, BAFL's low NPL Ratio is reflective of its prudent lending and risk management policies. The Bank has been prudent and conservative in managing its investment portfolio. As on December 31, 2011, investment in Federal Government Securities accounted for a significant portion of the Bank's investment portfolio while Investment in TFCs, Sukuk and etc accounted for the rest. The Bank has already made substantial impairment allowances against the impaired portfolio over the current portfolio is highly liquid.

The total Shareholder's Equity (excluding Surplus on Revaluation of Assets) of the Bank has grown at a CAGR of 16.65% from 2006 to 2011. The increase in Equity was funded through profits and additional equity injection by the sponsors as and when required. As on December 31, 2011, the paid-up capital (net of losses) of the Bank stood at 13,492 Million. Whereas the Bank's Capital Adequacy Ratio (CAR) calculated in accordance with SBP's guidelines on capital adequacy, using BASEL II standardized approaches for credit and market risks and basic indicator approach for operational risk was reportedly 11.60%, above the SBP prescribed minimum of 10%.The net Interest Income of the Bank (before provisions) rose substantially from 5,959 Million in 2006 to 18,611 Million in 2011 at a CAGR of 25.58% while the net Non-interest Income of the Bank rose from 3,224 Million in 2006 to 5,368 Million in 2011 at a CAGR of 10.73%. The rationale behind the increase in income in the recent years has been increased spreads, increased credit off-take due to higher industrial activity in the country and higher earnings from foreign exchange transactions, trade business and other fee based sources of income.

Capital Adequacy Ratio ("CAR")

Capital Adequacy Ratio of the Bank for the last two years is as follows:-

Period Ending	Dec 2010	Dec 2011
Tier-I Capital	17,836.873	21,639.777
Tier-II Capital	8,454.445	7,477.477
Total Regulatory Capital	26,291.318	29,117.254
Risk Weighted Exposure	249,639.748	250,932.783
Capital Adequacy Ratio	**10.53%**	**11.60%**

4.2 RISK FACTORS

In making an investment decision, the investors may take into consideration the following:

BUSINESS RISK

Alfalah's business risks mainly include the following:

4.2.1 LIQUIDITY RISK

Liquidity risk is the potential for loss to the Bank arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring an unacceptable cost.

Mitigant

The Bank's Asset and Liability Committee ("ALCO") manages the liquidity position on a regular basis and is primarily responsible for the formulation of the overall strategy and oversight of the asset liability function. ALCO monitors the maintenance of balance sheet liquidity ratios, depositors' concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits. Moreover, as core retail deposits form a considerable part of the bank's overall funding mix therefore significant importance is given to the stability and growth of these deposits. The BOD has approved a comprehensive liquidity management policy which stipulates the early warning indicators of liquidity risk and maintenance of various ratios. Moreover, the Bank also has a "Contingency Funding Plan" in place to address liquidity issues in times of stress. Furthermore, the Bank has designed different scenarios of cash outflows to stress test the efficacy of its liquid assets and its impact on Profit & Loss. The results are regularly reviewed by ALCO for taking appropriate measures.

4.2.2 CREDIT RISK AND CONCENTRATION OF CREDIT RISK

Credit risk is the risk due to uncertainty in the clients' ability to meet their obligations. Concentration of credit risk is the risk that the bank has taken too much exposure in certain sectors and indicates the relative sensitivity of the Bank's performance to the developments affecting a particular sector.

Mitigant

Credit Risk Management process encompasses identification, assessment, measurement, monitoring and control of credit exposures. In the Bank's experience, a key to effective credit risk management is a well thought out business strategy. The Bank, as per State Bank of Pakistan Guidelines, has migrated to Basel II as on January 1, 2008 with the standardized approach. For Credit Risk, the procedural manual developed incorporates a comprehensive system of cross-checks for data accuracy. Simultaneously, processes have been set for fine-tuning systems and procedures, Information Technology capabilities and Risk Governance Structure to meet the requirements of the Advanced Approaches as well. The management has laid down the roadmap to move towards the implementation of Basel II Advanced Approaches, which shall provide a sophisticated platform for prudent risk management practices.

The Credit Risk Management comprises of the Credit Risk Department that looks after all the aspects of credit risk, conducts portfolio analysis and stress testing on a regular basis and is also involved in making bank-wide credit plan. The Bank manages its portfolio of loan assets with a view to limit concentrations in term of risk quality, geography, industry, maturity and large exposure. Risk Management has introduced internal risk rating based discretionary powers. Internal rating based portfolio analysis is also conducted frequently. The adherence to Risk-appetite statement approved by the Board is monitored by RMD.

Further the compliance of regulatory & internal limits is also monitored and any deviations are ratified from the competent authorities. Credit Monitoring Division ("CMD") keeps a watch on the quality of the credit portfolio in terms of its strengths, weaknesses and vulnerabilities, and identifies weakening accounts relationships and reports it to the appropriate authority with a view to not only arrest deterioration but also to pre-empt any regulatory classification. CMD maintains a watchlist of such accounts which is generated on quarterly basis and is also reviewed by RMD.

A Centralized Credit Administration Division ("CAD") under Operations Group is working towards ensuring that terms of approval of credit sanctions and regulatory stipulations are complied, all documentation including security documentation is regular & fully enforceable and all disbursements of approved facilities are made only after necessary authorization by CAD.

Special attention is paid by the management in respect of non-performing loans. Special Asset Management ("SAM") Department is functional and handles this responsibility in compliance with the regulatory requirements. Monitoring of NPL portfolio of the Bank is conducted by RMD.

Proactive credit-risk management practices in the form of studies, research work, Internal Rating System, Integrated Bank-wide Risk Management and Internal Control Framework, adherence to Basel II accord, portfolio monitoring are only some of the prudent measures of the Bank is engaged in for mitigating risk exposures.

Credit concentration risk arises mainly due to concentration of exposures under various categories viz. industry, geography and single / group borrower exposures. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on Bank's maximum exposure to single borrowers and group borrowers. Moreover, in order to restrict the industry concentration risk, BAFL's annual Credit Plan spells out the maximum allowable exposure to take on specific industries and this is regularly monitored. Additionally, Internal Rating System allows the Bank to monitor risk rating concentration of counterparties against different grades / scores.

4.2.3 MARKET RISK

Market risk is the risk of loss due to on and off-balance sheet positions arising out of changes in market prices. Market risk mainly arises from trading and investment activities undertaken by the Bank.

Mitigant

To manage and control market risk, a well-defined limits structure is in place. These limits are reviewed, adjusted and approved periodically.

4.2.4 INTEREST RATE RISK

This risk arises from the fluctuation in the value of financial instruments consequent to the changes in market interest rates. The Bank is exposed to interest rate risk as a result of mismatches or gaps in its assets and liabilities and off balance sheet instruments that mature or are re-priced in a given period.

Mitigant

In order to ensure that this risk is managed within acceptable limits, the Bank's ALCO monitors the re-pricing of the assets and liabilities on a regular basis. The Bank's interest rate risk is limited since the majority of customers' deposits are retrospectively re-priced on a biannual basis on the profit and loss sharing principles.

4.2.5 FOREIGN EXCHANGE RISK

This risk arises from the fluctuation in the value of financial instruments consequent to changes in foreign exchange rates.

Mitigant

The Bank manages this risk by setting and monitoring dealer, currency and counter-party limits for on and off balance sheet financial instruments. Moreover, counterparties enter into swaps, forward transactions in inter-bank market on behalf of customers to cover their positions against stipulated risks. The buy and sell transactions are matched in view of their maturities in different predefined time buckets.

The currency risk is regulated and monitored against the regulatory / statutory limits enforced by the State Bank of Pakistan. The foreign exchange exposure limits in respective currencies are managed against the prescribed limits.

4.2.6 REGULATORY RISK

Changes in the regulatory framework may have an effect on the profitability of BAFL.

Mitigant

Given the Bank's extensive investment in government securities and cash holdings, it is unlikely that this will significantly impact BAFL's profitability.

4.2.7 EQUITY POSITION RISK

Equity position risk in the trading books arises due to changes in prices of individual stocks or levels of equity indices. The Bank's equity trading book comprises of equity portfolio classified as "Held for Trading" ("HFT").

Mitigant

The equity investment of the Bank classified as HFT are held intentionally for short term resale and/or with the intent of benefiting from actual or expected short term price movements or to lock-in arbitrage profits. Instruments held in the trading book will be valued at market price. Special emphasis is given to the details or risks / mitigants, limits / controls for equity trading portfolios of Equity Investment Portfolio Unit.

4.2.8 OPERATIONAL RISK

Basel II defines Operational risk as, "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events."

Mitigant

The Operational risk management policy of the bank is incorporated in the Board approved Risk Management Policy and Risk Management & Internal Control Manual, which covers the strategies, processes, structure and functions of Operational risk management and provide guidelines to identify, assess, monitor, control & report operational risk in a consistent & transparent manner across the bank.

Currently, Bank is using the 'Basic Indicator Approach' for calculating the capital charge for Operational Risk. However, Bank intends to move towards the 'Alternative Standardized Approach' and for this purpose, the mapping of business activities into Basel defined business lines has already been completed.

INSTRUMENT RISK

Alfalah's instrument risks mainly include the following:

4.2.9 RE-INVESTMENT RISK

Investors face the risk that the interest rate, at which the interim cash flows can be reinvested, will fall and that the investor may not have suitable avenues for investing interim cash flows.

Mitigant

TFCs have been structured with semi-annual profit rate and principal payments. TFC investors can reinvest the redemption amount on a half yearly basis in other suitable avenues and be exposed less to falling interest rates.

4.2.10 SECONDARY MARKET LIQUIDITY RISK

The investor faces the risk of not being able to sell the TFCs in the secondary market without adversely affecting its market price.

Mitigant

BAFL have appointed Arif Habib Limited as a market maker to facilitate secondary trading of the TFC. The price of the TFC will be determined by market maker in light of prevailing liquidity, interest rates and credit risk of the Issuer.

4.2.11 LOCK-IN CLAUSE RISK

As per the directives of SBP, the proposed TFC issue is subject to Lock-in Clause in accordance with Instructions on Minimum Capital Requirements for Banks/DFIs [Chapter 1, Section 1.3.4 (e)] issued vide BSD Circular No. 08 of 2006* which state that **neither profit nor principal may be paid (even at maturity) if such payment means that the Bank falls below or remains below its MCR.**

Mitigant

At present, BAFL is adequately capitalized and its CAR is above the SBP requirement. Moreover, through issuance of the proposed TFC, BAFL's CAR will improve further thus the possibility of the lock-in clause taking effect is remote.

4.2.12 LOSS ABSORBENCY CLAUSE APPLICABILITY

As per the directives of SBP, the instrument will be subject to loss absorbency and/or any other requirements that the SBP may introduce under the Basel III Capital Rules presently in draft form.

Under the Basel III rules (reference BIS press release dated January 13, 2011**), the terms and conditions of all non-equity capital instruments (i.e. Additional Tier 1 and Tier 2) issued by banks must have a provision that requires such instruments at the option of the supervisor to be either written-off or converted into common equity upon occurrence of certain trigger event, called Point of Non-Viability (PONV). The PONV trigger event is the earlier of: -

- A decision made by SBP that a conversion or temporary/ permanent write-off is necessary without which the bank would become non-viable.
- The decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non-viable, as determined by SBP.

Mitigant

At present, BAFL is adequately capitalized and its CAR is above the SBP requirement. Moreover, through issuance of the proposed TFC, BAFL's CAR will improve further thus the possibility of the loss absorbency clause taking effect is remote.

4.2.13 PROFIT RATE RISK

The investor is subject to profit rate risk for the tenor of the investment. Fluctuations in the profit rates and underlying inflation may affect the yield to the investor.

Mitigant

The proposed TFCs are structured with a floating rate (no cap and no floor). Any increase in the base rate will result in increase in the profit rate on the TFCs.

* http://www.sbp.org.pk/bsd/2006/C8.htm
** http://www.bis.org/publ/bcbs198.pdf

PART V

5 FINANCIAL INFORMATION & CREDIT RATING REPORT

5.1 FINANCIAL INFORMATION

5.1.1 AUDITORS REPORT UNDER SECTION 53(1) READ WITH CLAUSE 28 OF SECTION 2 OF PART-I OF THE SECOND SCHEDULE TO THE COMPANIES ORDINANCE, 1984 FOR THE PURPOSE OF INCLUSION IN THE PROSPECTUS

pwc

A. F. FERGUSON & CO.

The Board of Directors
Bank Alfalah Limited
B.A. Building
I.I. Chundrigar Road
Karachi

December 17, 2012

C 0363

Dear Sirs

AUDITORS REPORT UNDER SECTION 53(1) READ WITH CLAUSE 28 OF SECTION 2 OF PART I OF THE SECOND SCHEDULE TO THE COMPANIES ORDINANCE, 1984 FOR THE PURPOSE OF INCLUSION IN THE PROSPECTUS FOR TERM FINANCE CERTIFICATES (5TH ISSUE) BY BANK ALFALAH LIMITED

We have reviewed the audited financial statements of Bank Alfalah Limited (the Bank) for the five years ended December 31, 2007 to December 31, 2011 and the consolidated financial statements of the Bank and its subsidiary ("the Group") for the five years ended December 31, 2007 to December 31, 2011, for the purpose of reporting under section 53(1) read with clause 28 of Section 2 of Part 1 of the Second Schedule to the Companies Ordinance, 1984, for inclusion in the prospectus for proposed public issue of rated, listed Term Finance Certificates (5th issue) by the Bank.

The financial statements of Bank Alfalah Limited and the consolidated financial statements of the Bank and its subsidiary company for the year ended December 31, 2007 were audited by KPMG Taseer Hadi & Co., Chartered Accountants and financial statements for the years ended December 31, 2008 to December 31, 2011 have been audited by us.

The Group comprises of Bank Alfalah Limited and a subsidiary company, Alfalah Securities (Private) Limited. The percentage of shareholding in the subsidiary company as at December 31, 2011 was 97.18%. The financial statements of the subsidiary company for the years ended December 31, 2007 to December 31, 2011 were audited by KPMG Taseer Hadi & Co., Chartered Accountants.

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A. F. FERGUSON & CO.
December 17, 2012
C 0363

BANK ALFALAH LIMITED AND THE GROUP
SUMMARY OF ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY AS AT DECEMBER 31, 2011

1.1 The summary of assets, liabilities and shareholders' equity of the Bank and the Group as at December 31, 2011 were as follows:

	Bank Alfalah Limited	
	(The Bank)	(The Group)
	(Rupees in '000)	
Assets		
Cash and balances with treasury banks	50,882,662	50,882,662
Balances with other banks	17,424,487	17,424,524
Lendings to financial institutions	7,765,407	7,765,407
Investments - net	166,531,768	166,648,636
Advances - net	198,468,512	198,468,512
Fixed assets	13,388,683	13,427,693
Deferred tax assets	421,825	421,742
Other assets	13,290,458	13,306,612
	468,173,802	**468,345,788**
Liabilities		
Bills payable	5,403,453	5,403,453
Borrowings	18,168,978	18,168,978
Deposits and other accounts	401,247,886	401,245,675
Sub-ordinated loans	7,148,693	7,148,693
Liabilities against assets subject to finance lease	-	1,328
Deferred tax liabilities	-	-
Other liabilities	10,427,754	10,474,397
	442,396,764	**442,442,524**
Net Assets	**25,777,038**	**25,903,264**
Represented by		
Share capital	13,491,563	13,491,563
Reserves	4,100,264	4,100,264
Unappropriated profit	5,248,059	5,534,195
	22,839,886	23,126,022
Non-controlling interest in equity	-	(11,066)
	22,839,886	23,114,956
Surplus on revaluation of assets - net of tax	2,937,152	2,788,308
	25,777,038	**25,903,264**

1.2 Contingencies and Commitments

	Bank Alfalah Limited (The Bank)	Bank Alfalah Limited (The Group)
	(Rupees in '000)	
1.2.1 Direct credit substitutes		
i. Government	743,446	743,446
ii. Banking companies & other financial institutions	28,110	28,110
iii. Others	836,347	836,347
	1,607,903	**1,607,903**
1.2.2 Transaction-related contingent liabilities		
i. Government	35,612,847	35,612,847
ii. Banking companies & other financial institutions	2,029,026	2,029,026
iii. Others	11,575,837	11,575,837
	49,217,710	**49,217,710**
1.2.3 Trade-related contingent liabilities		
Letters of credit	54,734,036	54,734,036
Acceptances	10,482,204	10,482,204
1.2.4 Other contingencies		
Claims against the Bank not acknowledged as debts	6,791,219	6,791,219
1.2.5 Commitments in respect of forward lendings		
Commitments to extend credit	2,080,062	2,080,062
1.2.6 Commitments in respect of forward exchange contracts		
Purchase	29,873,142	29,873,142
Sale	22,734,732	22,734,732
1.2.7 Commitments for the acquisition of fixed assets	144,595	144,595
1.2.8 Commitments in respect of repo transactions		
Repurchase	5,495,710	5,495,710
Resale	6,118,181	6,118,181
1.2.9 Other commitments		
Donations	-	-

1.2.10 Contingency for tax payable

Matters of disagreement exist between the Bank and the tax authorities for various assessment years and are pending with the Commissioner of Inland Revenue (Appeals), Income Tax Appellate Tribunal (ITAT) and High Court of Sindh. These issues mainly relate to addition of mark-up in suspense to income, taxability of profit on government securities, bad debts written off and disallowances relating to profit and loss expenses.

In respect of tax year 2010, the tax authorities have disallowed certain expenditure on account of non-deduction of withholding tax resulting in additional demand of Rs. 141.226 million. The management's appeal in respect of this add-back is currently pending with the Commissioner of Inland Revenue (Appeals). The management is confident that this matter will be decided in favour of the Bank and consequently has not made any provision in respect of this amount.

2. BANK ALFALAH LIMITED
UNCONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED DECEMBER 31, 2007 TO DECEMBER 31, 2011

	2011	2010	2009	2008	2007
	(Rupees in '000)				
Mark-up / return / interest earned	44,298,178	37,530,256	35,561,312	30,966,638	25,783,871
Mark-up / return / interest expensed	25,687,485	23,855,448	24,654,180	20,494,355	16,620,963
Net Mark-up / interest income	18,610,693	13,674,808	10,907,132	10,472,283	9,162,908
Provision against loans and advances - net	1,864,510	2,243,687	3,694,546	2,035,997	2,370,867
Provision for diminution in the value of investments	2,459,294	1,991,192	317,164	1,479,062	-
Bad debts written off directly	5,696	25,504	59,817	28,298	5,844
	4,329,500	4,260,383	4,071,527	3,543,357	2,376,711
Net Mark-up / interest income after provisions	14,281,193	9,414,425	6,835,605	6,928,926	6,786,197
Non mark-up / interest income					
Fee, commission and brokerage income	2,148,239	1,986,470	1,913,004	2,116,818	2,429,599
Dividend income	191,708	204,425	248,217	300,943	64,722
Income from dealing in foreign currencies	1,115,417	1,133,544	1,019,732	914,845	474,510
Gain on sale of securities - net	140,093	77,609	688,924	424,261	2,053,192
Unrealised (loss) / gain on revaluation of investments classified as held for trading - net	(11,053)	3,300	2,849	(181,571)	(14,929)
Other income	1,783,309	1,302,813	1,309,527	1,247,628	1,031,372
Total non mark-up / interest income	5,367,713	4,708,161	5,182,253	4,822,924	6,038,466
	19,648,906	14,122,586	12,017,858	11,751,850	12,824,663
Non mark-up / interest expenses					
Administrative expenses	13,832,096	12,578,080	10,923,507	9,805,790	8,272,587
Provision against off-balance sheet obligations	-	6,056	(1,419)	28,582	6,959
Provision against other assets	183,161	93,040	-	-	-
Other charges	199,931	76,665	79,454	122,758	9,565
Total non mark-up / interest expenses	14,215,188	12,753,841	11,001,542	9,957,130	8,289,111
Profit before taxation	5,433,718	1,368,745	1,016,316	1,794,720	4,535,552
Taxation					
- Current	3,263,249	842,232	1,066,301	1,730,051	1,726,810
- Deferred	(1,377,661)	(370,883)	(767,346)	(1,151,019)	(321,487)
- Prior years	45,000	(71,056)	(179,674)	(85,613)	-
	1,930,588	400,293	119,281	493,419	1,405,323
Profit after taxation	3,503,130	968,452	897,035	1,301,301	3,130,229
Unappropriated profit brought forward	2,415,860	2,690,728	3,447,467	4,851,840	2,823,072
Transferred from surplus on revaluation of fixed asset - net of tax	29,695	29,695	24,696	24,586	24,585
Profit available for appropriation	**5,948,685**	**3,688,875**	**4,369,198**	**6,177,727**	**5,977,886**
	(Rupees)				
Basic / diluted earnings per share	**2.60**	**0.72**	**0.71**	**1.41**	**3.92**

Notes:

1. Comparative information has been re-classified, re-arranged or additionally incorporated in the financial statements for the years ended December 31, 2007 to December 31, 2011, wherever necessary to facilitate comparison and to conform with changes in presentation during the years. Significant reclassifications relate to the year ended December 31, 2008 which are explained below:

   a. Brokerage expense amounting to Rs. 163.161 million for the year ended December 31, 2008 has been reclassified from administrative expenses and included in markup / return / interest expensed.

   b. Interchange acquiring fee relating to credit card business amounting Rs. 422.503 million for the year ended December 31, 2008 has been reclassified from administrative expenses and netted off from fee, commission and brokerage income.

   c. Reward payments amounting to Rs. 79.945 million for the year ended December 31, 2008 have been reclassified from administrative expenses and netted from markup / return / interest income.

2. The earnings per share for the years ended December 31, 2008 and December 31, 2007 have been restated to incorporate the effect of issuance of bonus issue upto December 31, 2009.

3. BANK ALFALAH LIMITED AND ITS SUBSIDIARY COMPANY CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED DECEMBER 31, 2007 TO DECEMBER 31, 2011

	2011	2010	2009	2008	2007
	(Rupees in '000)				
Mark-up / return / interest earned	44,166,897	37,530,398	35,554,930	31,017,752	25,816,457
Mark-up / return / interest expensed	25,688,287	23,854,578	24,709,878	20,556,157	16,645,178
Net Mark-up / interest income	18,478,610	13,675,820	10,845,052	10,461,595	9,171,279
Provision against loans and advances - net	2,470,749	2,214,527	3,114,488	2,035,997	2,370,867
Provision for diminution in the value of investments	1,710,730	171,815	277,607	1,442,619	-
Bad debts written off directly	5,696	25,504	59,817	28,298	5,844
	4,187,175	2,411,846	3,451,912	3,506,914	2,376,711
Net Mark-up / interest income after provisions	14,291,435	11,263,974	7,393,140	6,954,681	6,794,568
Non mark-up / interest income					
Fee, commission and brokerage income	2,170,361	2,036,500	1,976,011	2,213,037	2,556,284
Dividend income	156,926	149,840	207,197	287,878	52,686
Income from dealing in foreign currencies	1,115,417	1,133,544	1,019,732	914,845	474,510
(Loss) / gain on deemed disposal of associate	(34,071)	209,526			
Gain on sale of securities - net	149,727	67,169	690,558	424,798	2,044,444
Unrealised (loss) / gain on revaluation of investments classified as held for trading - net	(11,053)	3,300	1,934	(182,422)	(14,696)
Other income	1,780,916	1,303,847	1,306,801	1,247,237	1,029,012
Total non mark-up / interest income	5,328,223	4,903,726	5,202,233	4,905,373	6,142,240
	19,619,658	16,167,700	12,595,373	11,860,054	12,936,808
Non mark-up / interest expenses					
Administrative expenses	13,880,361	12,658,021	11,009,954	9,922,059	8,383,322
Provision against off-balance sheet obligations	-	6,056	(1,419)	28,582	6,959
Provision against other assets	184,993	94,916	258,484	271,224	1,634
Other charges	199,931	76,665	79,454	122,758	9,565
Total non mark-up / interest expenses	14,265,285	12,835,658	11,346,473	10,344,623	8,401,480
	5,354,373	3,332,042	1,248,900	1,515,431	4,535,328
Share of profit / (loss) of associates	28,778	(1,266,932)	(811,236)	(1,304,220)	469,272
Extraordinary / unusual items	-	-	-	-	-
Profit before taxation	5,383,151	2,065,110	437,664	211,211	5,004,600
Taxation					
- Current	3,265,316	845,155	1,071,160	1,741,326	1,743,247
- Deferred	(1,378,346)	276,763	(537,401)	(1,151,361)	(321,329)
- Prior years	(831,639)	(71,056)	(179,674)	(85,603)	360
Share in tax of associates	1,932	(152,735)	181,483	(295,900)	75,585
	1,057,263	898,127	535,568	208,462	1,497,863
Profit after taxation	4,325,888	1,166,983	(97,904)	2,749	3,506,737
Profit / loss attributable to:					
Equity holders of the parent	4,333,715	1,194,553	(97,904)	28,795	3,505,697
Non-controlling interest	(7,827)	(27,570)	-	(26,046)	1,040
	4,325,888	**1,166,983**	**(97,904)**	**2,749**	**3,506,737**
	(Rupees)				
Basic / diluted earnings per share attributable to the equity holders of the parent	**3.21**	**0.89**	**(0.08)**	**0.03**	**4.38**

Notes:

1. Comparative information has been re-classified, re-arranged or additionally incorporated in the consolidated financial statements for the years ended December 31, 2007 to December 31, 2011, wherever necessary to facilitate comparison and to conform with changes in presentation during the years. Significant reclassifications relate to the year ended December 31, 2008 which are explained below:

   a. Brokerage expense amounting to Rs. 163.161 million for the year ended December 31, 2008 has been reclassified from administrative expenses and included in markup / return / interest expensed.

   b. Interchange acquiring fee relating to credit card business amounting Rs. 422.503 million for the year ended December 31, 2008 has been reclassified from administrative expenses and netted off from fee, commission and brokerage income.

   c. Reward payments amounting to Rs. 79.945 million for the year ended December 31, 2008 have been reclassified from administrative expenses and netted from markup / return / interest income.

2. The earnings per share for the years ended December 31, 2008 and December 31, 2007 have been restated to incorporate the effect of issuance of bonus issue upto December 31, 2009.

4. Dividend paid by the bank

4.1 The details of cash dividends and bonus issues declared by the Bank during the five years are as follows:

	2011	2010	2009	2008	2007
	---------------------- Percentage ----------------------				
Cash dividend	17.5%	-	8%	-	15%
Bonus shares issued	-	-	-	12.5%	23%

No cash dividend or bonus issue was declared by the Bank's subsidiary during the last five years from 2007 to 2011.

No financial statements have been audited subsequent to the audit of the financial statements for the year ended December 31, 2011

5. SIGNIFICANT DISCLOSURES MADE IN THE NOTES TO THE PUBLISHED FINANCIAL STATEMENTS OF THE BANK / GROUP FOR THE RELEVANT FINANCIAL YEARS:

We give below the significant disclosures made in the notes to the published financial statements of the Bank / the Group for the relevant financial years:

5.1 Financial statements for the year ended December 31, 2011

5.1.1 Investments in Term Finance Certificates - Unquoted, Secured

The State Bank of Pakistan vide its letter no BSD/BRP-1/001485/2012 dated February 2, 2012 has allowed relaxation in maintaining provisioning against the exposure of Azgard Nine Limited till February 29, 2012, to all those banks who have agreed to reschedule / restructure their exposure against the company subject to the condition that such exposure shall be classified in accordance with the Prudential Regulations. The Bank has classified the exposure as "Loss" and has maintained a provision of Rs 49.960 million thereagainst. Had the exemption not been available, the provision against investments would have been higher by Rs 49.960 million while the profit before taxation for the current year would have been lower by the same amount.

5.1.2 Investment in subsidiary company

During the year the Bank made an investment of Rs 750 million in the right shares issued by the Bank's subsidiary company Alfalah Securities (Private) Limited. This was approved by the shareholders of the Bank as required under section 208 of the Companies Ordinance, 1984 and by the State Bank of Pakistan vide its letter No. BSD/BAI - 3/608/2259/2011 dated February 24, 2011. Consequent to this investment, the Bank's shareholding in the subsidiary company amounted to Rs 826 million and Bank's shareholding has increased to 97.18 percent from 76 percent. Provision made against the investment amounted to Rs 824.564 million including Rs 748.564 million made during the year. During the year Bank also made a reversal of the provision in respect of loan to the subsidiary company amounting to Rs 605.427 million. The Bank has also recognised income on receipt basis against this financing amounting to Rs 133.641 million.

5.1.3 Investment in shares of Warid Telecom (Private) Limited and Wateen Telecom Limited

During the year, the Bank's investments in shares of Warid Telecom (Private) Limited and Wateen Telecom Limited have been recategorised as Available for Sale .They were previously categorised as Investment in Associates. The Bank's investment in both these group companies is less than 20% of the Investee Company's capital and based on internal reorganisation, management has assessed that this investment does not result in significant influence over these entities as defined in IAS 28. This recategorisation has had no impact on the carrying values of the investments in the Bank's financial statements. Further, there is no change in shareholding of the Bank in these companies as compared to prior year. Particulars of the cost and number of shares held by the Bank in these companies are as follows:

2011	2010		2011	2010
(Number of shares)			(Rupees in '000)	
319,054,124	319,054,124	**Warid Telecom (Private) Limited** Percentage of holding: 8.24% (2010: 8.24%) Break-up value per share: Rs. 5.71 Date of financial statements: December 31, 2011 (Unaudited) Chief Executive: Mr. Muneer Farooqui	**4,366,796**	4,366,796
83,494,920	83,494,920	**Wateen Telecom Limited** (Fixed Line Telecommunication Sector) Percentage of holding:13.52% (2010: 13.52%) Break-up value per share: negative equity Market value per share: Rs. 1.79 Date of audited financial statements: June 30, 2011 Chief Executive: Mr. Naeem Zaminder	**417,474**	417,474
402,549,044	402,549,044		**4,784,270**	4,784,270

5.1.4 Provision against advances

During the year the State Bank of Pakistan (SBP) has introduced certain amendments in the Prudential Regulations in respect of maintenance of provisioning requirements against non-performing loans and advances vide BSD Circular No. 1 dated October 21, 2011 (effective from September 30, 2011).

The Bank has decided not to avail the benefit of forced sale values of pledged stocks and mortgaged, residential, commercial and industrial properties and plant and machinery as per the revised circular. Accordingly, the provision against non-performing loans and advances has been determined by taking the benefit of forced sale values as allowed under the previous circular except for loans and advances where more than 3 years have elapsed since the date of classification. The benefit of forced sale value in such cases has been taken on the basis of the revised circular, i.e. 30% of forced sale values instead of 40%.

Had the provision against non-performing loans and advances been determined in accordance with the previously laid down requirements of SBP, the specific provision against non-performing loans would have been lower and consequently profit before taxation and advances (net of provisions) as at December 31, 2011 would have been higher by approximately Rs. 174.554 million (including the above).

The additional profit arising from availing the FSV benefit - net of tax at December 31, 2011 which is not available for either cash or stock dividend to shareholders amounted to Rs 1,997.301 million.

5.1.5 Provision against fraud and forgeries

During the year a provision of Rs 132.400 million was recognised in respect of fraud and forgery claims relating to fraudulent transactions carried out by an employee of the Bank. In addition, claims against the bank not acknowledged as debt also include claims amounting to Rs 39.64 million in respect of customers alleged to have been involved with such employees. The Bank has initiated legal proceedings against this employee and has also taken necessary steps to further strengthen the internal control system.

5.1.6 Taxation

a. Bank

The income tax assessments of the Bank have been finalised upto and including tax year 2010.

For all assessments finalised upto tax year 2010, adequate provision has been made by the Bank in the financial statements.

b. Subsidiary

The income tax returns for tax years 2005, 2006, 2007, 2008 & 2009, 2010 & 2011 have been filed under the Universal Self Assessment Scheme, which provides that return filed is deemed to be an assessment order. The returns may be selected for detailed audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.

5.2 Financial statements for the year ended December 31, 2010

5.2.1 Investments in Term Finance Certificates - Unquoted, Secured

Agritech Limited and Azgard Nine Limited have not complied with the terms of repayment of the term finance certificates. However, provision has not been made against them as the State Bank of Pakistan vide its letter number BSD/BRP-5/X/000197/2011 dated January 6, 2011 has allowed relaxation from provisioning against these exposures till March 31, 2011 to all those Banks who have agreed to reschedule/ restructure their exposures against these companies. Had the exemption not been granted, the provision for diminution in the value of investments would have been higher by Rs. 24.980 million and the amount of profit before taxation for this year would have been lower by the same amount. The amount of mark-up accrued against this investment has, however, been suspended.

5.2.2 Provision against non-performing Term Finance Certificates

Power Holding (Private) Limited has not complied with the terms of repayments of the term finance certificates. As these term finance certificates are guaranteed by the Government of Pakistan, no provisioning has been maintained against these certificates. However, markup accrued on these certificates amounting to Rs. 267.741 million has been suspended in accordance with the requirements of the Prudential Regulations.

5.2.3 Investment in Warid Telecom (Private) Limited

While finalising the financial statements of the Bank for the year ended December 31, 2009, the Bank had recognised deficit on account of difference between the cost and breakup value per share of Warid Telecom (Private) Limited in the balance sheet and shown it as 'surplus / deficit on revaluation of assets'. This treatment was specifically approved by the State Bank of Pakistan vide its letter BSD / BRP-2 / 185 / 2010 dated March 1, 2010. This relaxation was extended by the SBP till June 30, 2010. As at December 31, 2010, the Bank has determined the impairment loss as the difference between the carrying amount and the breakup value (based on the audited financial statements of Warid Telecom (Private) Limited as at December 31, 2010) and recognised it in the profit and loss account amounting to Rs 1,705.824 million.

5.2.4 Investment in associates

Warid Telecom (Private) Limited offered right issue, which was not subscribed by the Bank resulting in decrease in shareholding percentage of the Bank. The reduction in Bank's shareholding percentage has been accounted for as 'deemed disposal' and resultant capital gain amounting to Rs 111.305 million has been recognised in the financial statements.

5.2.5 Relaxation of provisioning by State Bank of Pakistan for loans affected by floods

During the year, the State Bank of Pakistan through BSD Circular No. 6 of 2010 dated November 2, 2010 allowed all banks to defer provisioning against all loans and advances which have been restructured / rescheduled as a result of recent floods in Pakistan. However, such loans and advances should continue to be classified as per the criteria laid down in the Prudential Regulations. Further, the aforementioned deferment would only be available for such loans and advances which have become non-performing after July 1, 2010. Had this relaxation not been available, the provision against loans and advances would have been higher by Rs. 48.599 million and the profit before taxation for the year would have been lower by the same amount.

5.2.6 Relaxation of provisioning against Agritech Limited

During the year, financing facility disbursed to Agritech Limited has been restructured as a result of financial difficulties / repayment problems faced by the Company. The State Bank of Pakistan vide its letter no. BSD/BRP-5/X/000197/2011 dated January 6, 2011 has allowed extension for withholding provisioning against the exposure till March 31, 2011, to all those banks who have agreed to reschedule / restructure their exposures against the Company. Had the exemption not been provided by the State Bank of Pakistan, the provision against loans and advances would have been higher by Rs. 188.839 million and the profit before taxation for the year would have been lower by same amount.

5.2.7 Use of forced sales value for calculating provisioning requirement

The State Bank of Pakistan (SBP) vide its BSD circular no. 10 dated 0ctober 20, 2009 and BSD circular no. 2 dated June 3, 2010 allowed banks to avail the benefit of 40% of forced sale value of pledged stocks and mortgaged commercial, residential and industrial properties held as collateral against non-performing loans for 4 years (previously 3 years) from date of classification for calculating provisioning requirement. However, the additional impact on profitability arising from availing the benefit of forced sale value against pledged stocks and mortgaged commercial, residential and industrial properties would not be available for payment of cash or stock dividend.

Had the provision against non-performing loans and advances been determined in accordance with previously laid down requirement of SBP, the specific provision against non-performing loans would have been higher and consequently profit before taxation and advances (net of provisions) as at December 31, 2010 would have been lower by approximately Rs. 202.567 million. The additional profit arising from availing the FSV benefit - net of tax at December 31, 2010 which is not available for either cash or stock dividend to shareholders amounted to approximately Rs. 2,244.780 million (2009: Rs. 1,562.488 million).

5.2.8 Taxation

a. Bank

The income tax assessments of the Bank have been finalised upto and including tax year 2010. Matters of disagreement exist between the Bank and the tax authorities for various assessment years and are pending with the Commissioner of Inland Revenue (Appeals), Income Tax Appellate Tribunal (ITAT) and High Court of Sindh. These issues mainly relate to addition of mark-up in suspense to income, taxability of profit on government securities, disallowance of bad debts written off and disallowances relating to profit and loss expenses.

For all assessments finalised upto the tax year 2009, adequate provision has been made by the Bank in the financial statements. In respect of tax year 2010, the tax authorities have disallowed certain expenditure on account of non-deduction of withholding tax resulting in additional demand of Rs. 141.226 million. The management's appeal in respect of this add-back is currently pending with the Commissioner of Inland Revenue (Appeals). The management is confident that this matter will be decided in favour of the Bank and consequently has not made any provision in respect of this amount.

b. Subsidiary

The income tax returns for tax years 2005, 2006, 2007, 2008, 2009 and 2010 have been filed under the Universal Self Assessment Scheme, which provides that return filed is deemed to be an assessment order. The returns may be selected for detailed audit within five years. The Income Tax Commissioner may amend an assessment if any objection is raised during audit.

5.2.9 Dividend

The Board of Directors in its meeting held on March 03, 2011 has not declared any cash or stock dividend (2009: 8% cash dividend).

5.3 Financial statements for the year ended December 31, 2009

5.3.1 Provision against advances

During the year the State Bank of Pakistan (SBP) introduced certain amendments in the Prudential Regulations in respect of maintenance of provisioning requirements against non-performing loans and advances vide BSD Circular No. 10 dated October 20, 2009. Under the revised guidelines issued by SBP, banks have been allowed to avail the benefit of 40% of forced sales value of pledged stocks and mortgaged commercial, residential and industrial properties held as collateral against all non-performing loans for 3 years from the date of classification for calculating provisioning requirement with effect from September 30, 2009. However, as per the Circular the additional impact on profitability arising from availing the benefit of forced sales value against pledged stocks and mortgaged residential, commercial and industrial properties would not be available for payment of cash or stock dividend. Under the previous guidelines issued by SBP which were effective from December 31, 2008, banks were allowed to avail the benefit of 30% of forced sales value of pledged stocks and only mortgaged residential and commercial properties held as collateral against all non-performing loans for 3 years from the date of classification for calculating provisioning requirement. The benefit of discounted forced sales value of mortgaged industrial properties was previously not available to banks for calculating provisioning requirement.

Had the provision against non-performing loans and advances been determined in accordance with the previously laid down requirements of SBP, the specific provision against non-performing loans would have been higher and consequently profit before taxation and advances (net of provisions) as at December 31, 2009 would have been lower by approximately Rs. 600.957 million. The additional profit arising from availing the FSV benefit - net of tax at December 31, 2009 which is not available for either cash or stock dividend to shareholders amounted to approximately Rs. 1,562.488 million (2008: Rs 404.459 million).

5.3.2 Deficit on investment in associate

The State Bank of Pakistan vide its letter number BSD/BRP-2/185/2010 dated March 1, 2010 has allowed recognition of deficit arising on account of difference between the cost and break-up value per share of Warid Telecom (Private) Limited in the "Surplus/ (deficit) on revaluation of assets" upto June 30, 2010. In case the recoverable amount of this investment is lower than its carrying value at June 30, 2010, the resulting impairment loss will be recognised in the profit and loss account amounting to Rs 1,041.811 million.

5.3.3 Taxation

a. Bank

The income tax assessments of the Bank have been finalised upto and including tax year 2009. Matters of disagreement exist between the Bank and the tax authorities for various assessment years and are pending with the Commissioner of Income Tax (Appeals), Income Tax Appellate Tribunal (ITAT) and High Court of Sindh.

During the year, the CIT (Appeals) has decided the issue regarding allocation of expenses to exempt capital gain and dividend income for the tax years 2004 to 2008 in favour of the Bank. As a result of this decision, the Bank has written back an amount of Rs. 230 million which represents provision made in prior years in respect of this matter. The Income Tax Department, being aggrieved with the order of CIT (Appeals), has filed an appeal before the ITAT against the order, which is currently pending for adjudication. However, the management is confident that the decision will ultimately be made in favour of the Bank and that the Bank will not be exposed to any additional tax in this respect.

Other issues mainly relate to addition of mark-up in suspense to income, taxability of profit on government securities, bad debts written off and disallowance relating to profit and loss expenses. However, adequate provision has been made in the financial statements in respect of these matters.

b. Subsidiary

The income tax returns for tax years 2005, 2006, 2007, 2008 and 2009 have been filed under the Universal Self Assessment Scheme, which provides that return filed is deemed to be an assessment order. The returns may be selected for detailed audit within five years. The Income Tax Commissioner may amend an assessment if any objection is raised during audit. Tax return for the tax year 2005 has been selected for audit by the tax department and proceedings in this respect are in progress.

5.3.4 Modified audit report of Warid Telecom (Private) Limited

The Bank has an investment in Warid Telecom (Private) Limited which was equity accounted in the consolidated financial statements of the Bank. The relevant disclosure in the consolidated financial statements was as follows:

Warid Telecom (Private) Limited	**2009**
Investment as at January 1	4,251,037
Investment during the year	-
Share in share premium	-
Share of (loss) / profit	(1,144,396)
Balance as at December 31	**3,106,641**

The consolidation was carried out based on unaudited financial statements of Warid Telecom (Private) Limited as on December 31, 2009, details of which are as follows:

	As at December 31, 2009		**Half year ended December 31, 2009**	
	Assets*	**Liabilities**	**Revenues**	**Profit / (Loss)**
	------------------- **(Rupees in '000)**			-------------------
Warid Telecom (Private) Limited	140,880,921	104,453,687	14,093,985	(5,378,551)

* The carrying value of Warid Telecom (Private) Limited includes Rs. 6,751.626 million in respect of deferred tax asset recognised by the associate on temporary differences / available tax losses.

The audit opinion on the financial statements of Warid Telecom (Private) Limited for the year ended June 30, 2009 included an emphasis of matter paragraph highlighting that the associate will be able to recover the deferred tax asset carried at June 30, 2009 from future taxable profits as projected in the business plan approved by its board of directors. As per the unaudited financial statements of Warid Telecom (Private) Limited for the six months ended December 31, 2009, no additional deferred tax asset has been recognised by the associate between July 1, 2009 to December 31, 2009.

5.4 Financial statements for the year ended December 31, 2008

5.4.1 Investment in listed companies / funds:

During the year, the Karachi Stock Exchange (Guarantee) Limited ("KSE") placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on August 27, 2008. Under the "Floor Mechanism", the individual security price of equity securities could vary within the normal circuit breaker limit, but not below the floor price level. The mechanism was effective from August 28, 2008. Consequent to the introduction of the above measures by the KSE, the market volume declined significantly. The "Floor Mechanism" was subsequently removed by the KSE on December 15, 2008 in order to rationalise the prices of equity securities. Subsequent to the removal of the "Floor Mechanism" the KSE 100 index declined from 9,187.10 points at December 15, 2008 to 5,865.01 points at December 31, 2008 and the market remained generally inactive during this period due to low trading volumes.

In view of the above circumstances, a clarification was sought from the State Bank of Pakistan on whether the prices quoted on the stock exchange as at December 31, 2008 could be considered as the fair value of such securities at that date. The State Bank of Pakistan through BSD Circular No 2 dated January 27, 2009 has clarified that the market price as quoted on the stock exchange on December 31, 2008 may be used as the fair value of securities as of that date for the purpose of preparation of financial statements for the period ended December 31, 2008. Accordingly, equity securities have been valued at the market prices as quoted on the stock exchange on December 31, 2008.

International Accounting Standards require an entity to assess at each balance sheet date whether there is any objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of an investment in an equity security below its cost is objective evidence of such impairment. When a decline in the fair value of investments in equity securities classified as available for sale has been recognised directly in equity and there is objective evidence that the investment is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in the profit and loss account even though the investment has not been derecognised. Based on a scrip wise analysis of the deficit arising on revaluation of quoted shares, closed-end mutual funds and open-end mutual funds, management determined that an amount of Rs 1,438.693 million should be charged to the profit and loss account as impairment loss in accordance with the requirements of International Accounting Standards. The impairment loss has been fully recognised and charged in the financial statements.

5.4.2 Provision against non-performing advances

During the year the State Bank of Pakistan (SBP) has introduced certain amendments in the Prudential Regulations in respect of maintenance of provisioning requirements against non-performing loans and advances vide BSD Circular No. 2 dated January 27, 2009. Under the revised guidelines issued by SBP, banks have been allowed to avail the benefit of 30% of forced sales value of pledged stocks and mortgaged commercial and residential properties held as collateral against all non-performing loans for 3 years from the date of classification for calculating provisioning requirement with effect from December 31, 2008. However, as per the Circular the additional impact on profitability arising from availing the benefit of forced sales value against pledged stocks and mortgaged residential and commercial properties would not be available for payment of cash or stock dividend. Under the previous guidelines issued by SBP which were effective from December 31, 2007, banks were not allowed to avail the benefit of discounted forced sales value of mortgaged assets held as collateral against all non-performing loans (except for housing finance) for calculating provisioning requirement.

Had the provision against non-performing loans and advances been determined in accordance with the previously laid down requirements of SBP, the specific provision against non-performing loans would have been higher and consequently profit before taxation and advances (net of provisions) as at December 31, 2008 would have been lower by approximately Rs. 622.245 million. The additional profit arising from availing the FSV benefit - net of tax at December 3 1, 2008, which is not available for either cash or stock dividend to shareholders, amounted to approximately Rs. 404.459 million.

5.4.3 Taxation

The income tax assessments of the Bank have been finalised upto and including tax year 2007. Income tax assessment for the tax year 2008 has been filed under the self-assessment scheme and is deemed to be finalised under section 120 of the Income Tax 0rdinance, 2001. Matters of disagreement exist between the Bank and tax authorities for various assessment years and are pending with the Commissioner of Income Tax (Appeals), Income Tax Appellate Tribunal (ITAT) and High Court of Sindh.

The issues mainly relate to addition of mark-up in suspense to income, taxability of profit on government securities, bad debts written off and disallowance relating to profit and loss expenses. However, adequate provision has been made in the financial statements in respect of these matters.

5.5 Financial statements for the year ended December 31, 2007

5.5.1 Income Taxes

During the year, a new schedule has been introduced for taxation of banks in Pakistan. According to the provisions of this schedule, provision for doubtful loans and advances falling under the category of "doubtful" or "loss" will be allowed as a deduction in the year in which the provision is made. The schedule is applicable for the financial year ending 31 December 2008. Currently, provisions for loans and advances are allowed as a deduction when they are written off. The schedule does not contain transitory provisions with respect to provisions made before the applicability of the new schedule. The matter of introduction of such transitory provisions has been taken up with the Federal Board of Revenue by the Pakistan Banks Association and, based on discussions to date, the Bank's management is confident that such provisions will be made in the new schedule. Accordingly, the deferred tax calculations assume that such transitory rules will be made and the Bank would be able to get the benefit of the asset so recognized.

The income tax assessments of the Bank have been finalised upto and including tax year 2007. Matters of disagreement exist between the Bank and the tax authorities for various assessment years and are pending with the Commissioner of Income Tax (Appeals), Income Tax Appellate Tribunal (ITAT) and High Court of Sindh.

The issues mainly related to addition of mark-up in suspense to income, taxability of profit on government securities, bad debts written off and disallowance relating to profit and loss expenses. However, adequate provisions have been made in the financial statements in this respect.

5.5.2 Discontinuing Operation

On 28 October 2005, the Board of Directors of the Bank approved a plan to segregate its business of Islamic Banking into a separate entity. The segregation reflects the Bank's plan to remain competitive with ever-increasing competition in the local market and become the premier Islamic bank. Resultantly, in order to achieve this objective the Board feels that the Islamic Banking Division should be converted into a wholly owned subsidiary of the Bank. As of 31 December 2007, the Islamic Banking Division's assets were Rs. 26,577 million and its liabilities were Rs.24,641 million. During 2007, the Islamic Banking Division earned revenue of Rs. 1,897.925 million, incurred expenses of Rs. 1,793.879 million and earned a pre-tax profit of Rs. 104.046 million with a related tax expense including current and deferred tax of Rs. 31.162 million. During 2007, Islamic Banking Division's cash inflow from operating activities was Rs. 705.195 million, cash outflow from investing activities was Rs. 2,417.173 million and cash inflow from financing activities was Rs. Nil.

5.5.3 Advances

To comply with the requirements of BSD Circular No. 7 dated 12 October 2007 issued by the State Bank of Pakistan - SBP, the Bank changed the method of estimation of provision against non-performing loans and advances. Previously the provisions against non-performing loans were made after considering the benefits of Forced Sales Valuations - FSV on mortgaged / charged assets. The benefits of FSV against provisioning requirements have now been completely withdrawn, except for Housing and Agriculture loans. The benefits of FSV for housing loans shall be reduced by 50% each year and will be completely withdrawn in the third year.

Had the provision against non-performing loans and advances been determined in accordance with the previous requirements of the State Bank of Pakistan by considering the benefit of FSV, the specific provision against non-performing loans and advances would have been lower and consequently profit before taxation would have been higher by Rs. 1,070 million.

Yours truly

5.1.2 SHARE BREAK-UP VALUE CERTIFICATE

pwc

A. F. FERGUSON & CO.

The Board of Directors
Bank Alfalah Limited
B.A. Building
I.I. Chundrigar Road
Karachi, Pakistan

December 17, 2012

C 0364

Dear Sirs

AUDITORS' CERTIFICATE FOR BREAK-UP VALUE OF SHARES

As requested, we confirm that the break-up value of the ordinary shares of Rs. 10 each of Bank Alfalah Limited (the Bank) and the Bank and its subsidiary company (the Group) based on the audited financial statements for the year ended December 31, 2011 is as follows:

	Bank Alfalah Limited	
	(The Bank)	**(The Group)**
	(Rupees in '000)	
Share capital	13,491,563	13,491,563
Statutory reserve	3,661,758	3,661,758
Exchange translation reserve	438,506	438,506
	4,100,264	4,100,264
Unappropriated profit	5,248,059	5,534,195
Surplus on revaluation of investments - available for sale securities - net of tax	180,719	31,875
	23,020,605	23,157,897
Non-controlling interest in euity	-	(11,066)
	23,020,605	23,146,831
Surplus on revaluation of fixed assets - net of tax	2,756,433	2,756,433
	25,777,038	**25,903,264**
	(No. of Shares)	
Number of ordinary shares in issue	**1,349,156,250**	**1,349,156,250**
	(Rs per share)	
Break-up value per share excluding revaluation surplus (before final dividend)	17.06	17.16
Break-up value per share including revaluation surplus (before final dividend)	19.11	19.20

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Final Dividend 2011

Board of Directors of the Bank in its meeting held on March 01, 2012 has announced cash dividend of 17.5 percent (2010: Nil cash dividend) for the share holders of the Bank. This appropriation will be approved in the forthcoming Annual General Meeting. The unconsolidated and consolidated financial statements for the year ended December 31, 2011 do not include the effect of this appropriation, which will be accounted for in the consolidated financial statements for the year ending December 31, 2012. The revised break-up values after taking into consideration the aforementioned effects would be as follows:

	(No. of Shares)	
Number of ordinary shares in issue	**1,349,156,250**	**1,349,156,250**
	(Rs per share)	
Break-up value per share excluding revaluation surplus (before final dividend)	**15.31**	**15.41**
Break-up value per share including revaluation surplus (before final dividend)	**17.36**	**17.45**

Yours truly

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O.Box 3021, Islamabad-44000, Pakistan; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: House No. 1, Street No. 3, Darulaman Road, Ayoub Khan Meina, Opposite Ayoub Khan Mosque, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

5.1.3 AUDITORS CERTIFICATE ON ISSUED, SUBSCRIBED AND PAID-UP CAPITAL OF THE COMPANY

pwc

A. F. FERGUSON & CO.

The Board of Directors
Bank Alfalah Limited
B.A. Building
I. I. Chundrigar Road
Karachi

December 17, 2012

C 0365

Dear Sirs

AUDITORS' CERTIFICATE ON ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

We have verified from the books of accounts and records of Bank Alfalah Limited that the issued, subscribed and paid-up share capital of the bank as at December 31, 2011 was Rs. 13,491 million comprising of the following:

No. of Shares		(Rupees in '000)
	Ordinary Shares of Rs 10 each	
624,750,000	Fully paid in cash	6,247,500
724,406,250	Bonus shares issued	7,244,063
1,349,156,250		**13,491,563**

Yours truly

A.F.Ferguson & Co

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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5.1.4 QUARTERLY ACCOUNTS SEPTEMBER 2012

BANK ALFALAH LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2012

	September 30, 2012 (Un-audited)	December 31, 2011 (Audited)
	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	42,957,343	50,882,662
Balances with other banks	19,415,951	17,424,487
Lendings to financial institutions	11,195,992	7,765,407
Investments - net	205,885,182	166,531,768
Advances - net	211,740,897	198,468,512
Fixed assets	12,764,378	13,388,683
Deferred tax assets	320,380	421,825
Other assets	11,385,203	13,290,458
	515,665,326	468,173,802
LIABILITIES		
Bills payable	7,799,044	5,403,453
Borrowings	41,183,114	18,168,978
Deposits and other accounts	418,793,779	401,247,886
Sub-ordinated loans	6,731,689	7,148,693
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities - net	-	-
Other liabilities	12,804,543	10,427,754
	487,312,169	442,396,764
NET ASSETS	28,353,157	25,777,038
REPRESENTED BY		
Share capital	13,491,563	13,491,563
Reserves	5,028,118	4,100,264
Unappropriated profit	5,636,535	5,248,059
	24,156,216	22,839,886
Surplus on revaluation of assets - net of tax	4,196,941	2,937,152
	28,353,157	25,777,038

CONTINGENCIES AND COMMITMENTS

Chief Executive Officer   Director   Director   Chairman

BANK ALFALAH LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

	Quarter ended Sept 30, 2012	Nine months period ended Sept 30, 2012	Quarter ended Sept 30, 2011	Nine months period ended Sept 30, 2011
	(Rupees in '000)			
Mark-up / return / interest earned	12,032,027	34,775,460	10,734,246	32,110,875
Mark-up / return / interest expensed	7,272,138	20,896,179	6,443,933	18,983,793
Net mark-up / interest income	4,759,889	13,879,281	4,290,313	13,127,082
Provision against loans and advances - net	590,219	940,090	210,120	556,397
Provision for diminution in value of investments - net	361,392	989,644	85,536	1,400,332
Bad debts written-off directly	399	2,096	698	3,385
	952,010	1,931,830	296,354	1,960,114
Net mark-up / interest income after provisions	3,807,879	11,947,451	3,993,959	11,166,968
Non mark-up / interest income				
Fee, commission and brokerage income	652,700	1,841,324	533,534	1,682,865
Dividend income	68,921	220,581	66,422	132,723
Income from dealing in foreign currencies	343,778	1,054,302	164,400	801,866
Gain on sale of securities - net	483,881	582,520	11,936	85,637
Unrealized gain / (loss) on revaluation of investments classified as held for trading - net	9,029	6,210	35,402	22,563
Other income	409,592	1,342,217	388,748	1,223,326
Total non-mark-up / interest income	1,967,901	5,047,154	1,200,442	3,948,980
	5,775,780	16,994,605	5,194,401	15,115,948
Non mark-up / interest expenses				
Administrative expenses	4,011,009	11,526,115	3,423,257	10,195,474
(Reversal) / Provision against off-balance sheet obligations	(24,760)	(23,560)	9,978	13,119
Provision against other assets	90,968	113,547	-	-
Other charges	58,591	159,458	46,509	118,379
Total non-mark-up / interest expenses	4,135,808	11,775,560	3,479,744	10,326,972
	1,639,972	5,219,045	1,714,657	4,788,976
Extraordinary / unusual items	-	-	-	-
Profit before taxation	1,639,972	5,219,045	1,714,657	4,788,976
Taxation				
- Current	1,004,001	2,343,365	776,606	2,085,168
- Deferred	(436,263)	(523,213)	(185,166)	(342,901)
- Prior years	-	-	30,000	45,000
	567,738	1,820,152	621,440	1,787,267
Profit after taxation	1,072,234	3,398,893	1,093,217	3,001,709
	(Rupees)		(Rupees)	
Basic and diluted earnings per share	0.79	2.52	0.81	2.22

Chief Executive Officer | Director | Director | Chairman

5.1.5 FINANCIAL SUMMARY

Balance Sheet (In PKR Mn)	CY11	CY10	CY09
Cash and balances with treasury banks	50,883	41,198	35,056
Lending to Financial Institutions	7,765	6,498	14,947
Investments	166,532	113,426	99,160
Advances	198,466	207,153	188,042
Total Assets	468,174	411,487	389,070
Borrowings	18,169	13,700	20,654
Deposits	401,248	354,015	324,760
Subordinated Loans	7,149	7,567	7,570
Total Liabilities	442,397	389,178	366,937
Share Capital	13,492	13,492	13,492
Reserves	4,100	3,819	3,588
Accumulated Profit / Loss	5,248	2,416	2,691
Total Equity	25,777	22,306	22,133
Profit & Loss	**CY11**	**CY10**	**CY09**
Markup/Return/Interest Earned	44,298	37,530	35,561
Markup/Return/Interest Expensed	25,687	23,855	24,654
Net Interest Income after Provisions	14,281	9,414	6,836
Non-markup Income	5,368	4,708	5,182
Profit Before Tax	5,444	1,369	1,016
Profit After Tax / Net Income	3,503	968	897
EPS	2.60	0.72	0.71
Ratios/Key Figures	**CY11**	**CY10**	**CY09**
Investment as percentage of Assets (%)	35.57	27.56	25.49
Advances as percentage of Assets (%)	42.39	50.34	48.33
Advances to Deposit Ratio (%)	49.46	58.52	57.60
Return on Equity (%)	16.46	4.90	5.22
Return on Assets (%)	0.80	0.24	0.24
Capital Adequacy Ratio (%)	11.60	10.53	12.56
Book value per Share	19.11	16.53	16.41

PACRA
The Pakistan Credit Rating Agency Limited

TFC RATING REPORT

BANK ALFALAH LIMITED

November 2012

BANK ALFALAH LIMITED

RATING REPORT CONTENTS | PAGE

ANNEXURES

RATINGS (NOVEMBER 2012)
BANK ALFALAH LIMITED (BAFL)

	New	Previous
Entity		
Long Term	AA	AA
Short Term	A1+	A1+
TFCs Issues		
Unsecured, Subordinated		
2nd (PKR 1,250mln)	AA-	AA-
3rd (PKR 1,325mln)	AA-	AA-
4th (PKR 5,000mln)	AA-	AA-
5th (Proposed - PKR 5,000mln)	AA-	-

FINANCIAL DATA
PKR (mln)

	Sep-12*	Dec-11	Dec-10
Total Assets	515,665	468,173	411,483
Equity	24,156	22,839	19,726
Net Income	3,399	3,503	968
ROA %	0.9**	0.8	0.2
ROE %	19.3**	16.5	4.9
Equity / Assets (%)	4.7	4.9	4.8
SBP CAR (%)	12.5	11.6	10.5

**Based on unaudited results for nine months*
*** Annualized*

ANALYSTS
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PROFILE

■ Bank Alfalah, listed on all the bourses of the country, has a network of 407 branches (end- Dec11: 406), including 85 Islamic banking branches – the biggest network by any conventional bank. Abu Dhabi Group (ADG), comprising some of the prominent members of UAE's ruling family, leading businessmen of UAE and their associates, owns the majority shareholding in the bank. The bank has strategic investments in communication sector and other dimensions of financial sector – asset management, brokerage, and insurance.

RATING RATIONALE AND KEY RATING DRIVERS

■ The ratings reflect BAFL's sustained market positioning gendering performance improvement, thereby strengthening risk absorption capacity. A sizeable increase in deposits has enabled the bank to register growth in its earning assets, mainly low-risk government securities providing respite to the bank's risk weighted capitalization. Meanwhile, rising share of low cost deposits is expected to further improve the spreads, in turn, profitability. To maintain adequate cushion in capital adequacy vis-à-vis planned growth in advances, the management intends to issue fresh, unsecured and subordinated TFC. The ratings recognize the demonstrated support of Abu Dhabi group as a key factor.

■ The ratings are dependent on the bank's ability to sustain its business profile, while strengthening its capitalization in line with desired growth in risky assets. At the same time, success in recoveries of non-performing assets is important to avoid any significant drag of unprovided loans on the performance of the bank.

ASSESSMENT

■ During 9M12, on account of management's continued efforts, the percentage of low-cost current and saving accounts (CASA) in BAFL's total customer deposit mix slightly increased (9M12: ~75%; 2011: 73%). At the same time, the deposit concentration in terms of top 20 also reduced (9M12: 11%; 2011: 13%). With more than proportionate rise in the bank's finances portfolio vis-à-vis deposits growth, BAFL's finances-to-deposits ratio witnessed a slight increase (9M12: 52%; 2011: 51%). Meanwhile, concentration in the advances book in terms of top 20 clients significantly increased (9M12: 39%; 2011: 23%). In terms of sectoral mix, due to enhanced exposure in the energy segment, the power sector (9M12: 15%; 2011: 10%) replaced textile's dominance in the pie followed by agribusiness. The bank has considerable non-funded exposure (28% of total assets). However, comfort can be drawn from strong portfolio of liquid assets.

■ During 9M12, the bank's investment portfolio witnessed a significant increase as reflected by higher investment to deposit ratio (9M12: 48%; 2011: 40%). Meanwhile, despite sizable increase in earning assets mainly government securities, BAFL's net interest income witnessed a modest growth on YoY basis mainly owing to declining interest rate environment. Thus the bank's spreads also fell. However, surge in other operating income supported growth in total net revenue on a comparative basis. The bank's cost-to-total net revenue (net of capital gains) witnessed a rise owing to branch network expansion, besides inflationary pressures (9M12: 64%; 9M11: 61%). The bank recorded a sizable provisioning on diminution in value of equity investments mainly Warid Telecom during 9M12, though lower as compared to last year. However, higher loan provisioning due to seasonality of NPLs kept the overall provisioning expense largely the same on YoY basis.

However, most investments in asset management are still far from reaching sustainable strength.

■ The seven member BoD comprises four members from ADG, two independent directors and the CEO. The chairman of the board, H.E. Sheikh Hamdan Bin Mubarak Al Nahayan, is Federal Minister of Public Works, United Arab Emirates. The CEO, Mr. Atif Aslam Bajwa, has over thirty years of banking experience. Mr. Bajwa joined the bank in November 2011. He is supported by a seasoned management team.

■ The bank's nonperforming loan portfolio, though increased by 4% during 9M12, has lately witnessed an improvement on QoQ basis as reflected by decreased NPLs to gross advances ratio (3QCY12: 8.8%; 2QCY12: 9.1%; CY11: 9.0%). Nevertheless, given that BAFL has availed significant provisioning relaxation through FSV benefit (~ PKR 3,015mln at end-Sep12), the management's continuous recovery efforts remain critical. BAFL's loan loss provisioning as percentage of non-performing advances stands below than peers. At the same time, the timebased provisioning requirements stay as potential drag on future profitability.

■ During 9M12, BAFL's investment portfolio witnessed significant growth and constituted 39% of the total assets at end-Sep12 (34% at end-Dec11). A substantial portion of this portfolio is dominated by government securities (97%) while remaining consists of investments in equity market and mutual funds. With sizeable investments in MTBs (53% of the total), the bank enjoys low interest rate risk. The bank's exposure in equities, though increased during the period, remained minimal (2%), signifying low market risk. However, the bank may book further provisioning on its investment in Warid Telecom during current year, indicating a potential drag on year end bottomline.

■ BAFL's CAR remained well above the statutory requirement at end-Sep12. The bank's TFCs II and TFC III will be redeemed by end-Dec12 and end-Nov13, respectively. Moreover, the benefit, for the calculation of CAR on account of its TFCs IV, will be limited to the extent of 80% of the size of the issue at end-Dec12. Therefore, the bank is considering to issue another TFCs of PKR 5,000mln to support its Tier 2 capital.

TFCS ISSUES

■ The bank issued its second unsecured subordinate TFCs during December 2004 for a tenor of 8 years. The final redemption is due in Dec12. The bank issued its third TFCs in November 2005 for 8 years tenor at terms similar to the second issue. Major principal redemption, in three equal semi-annual installments, has commenced from Nov-12. The fourth TFCs of the bank, with a tenor of 8 years, was issued in December 2009. Major portion of the TFCs will be repaid in three equal semi-annual installments commencing from Dec-16.

PROPOSED TFC:

■ BAFL intends to issue its fifth subordinate TFCs of PKR 5,000mln for a tenor of 8 years. Major principal redemption, in the form of a bullet payment would be made in the 96th month of the issue. The profit payment will be made semi-annually in arrears, based on 6-month Kibor pricing.

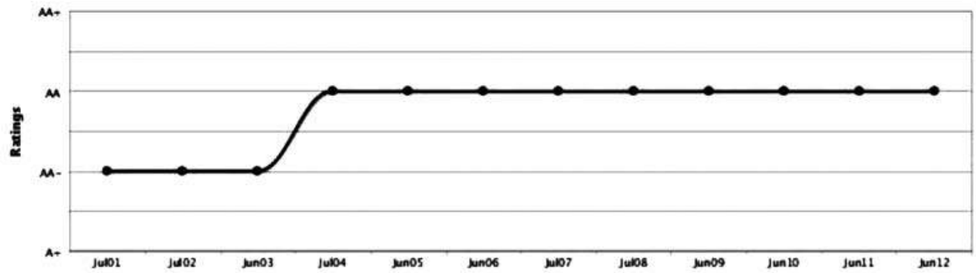
1. Ratings

- Very high credit quality
- Maintained

	New	Previous
Entity		
Long Term	AA	AA
Short Term	A1+	A1+
TFC Issues *Unsecured, Subordinated*		
2nd *(PKR 1,250mln)*	AA-	AA-
3rd *(PKR 1,325mln)*	AA-	AA-
4th *(PKR 5,000mln)*	AA-	AA-
5th *(Proposed - PKR 5,000mln)*	AA-	-

The ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

Long Term Entity Rating – History



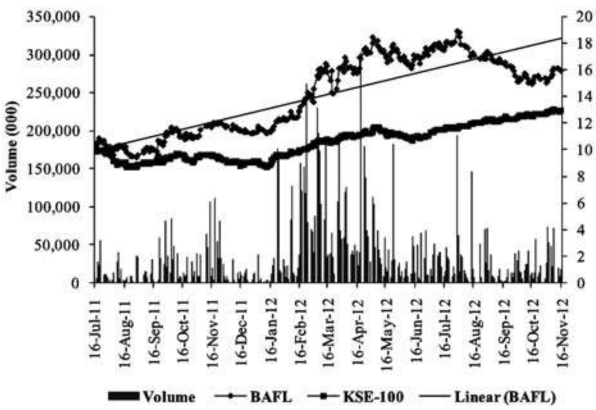
2. PROFILE

- Sixth largest bank of the country
- One of the leading players in consumer financing

2.1 Bank Alfalah Limited (BAFL) was established in 1992 as a scheduled bank. BAFL, listed on all the bourses of the country, is currently the sixth largest bank in the country in terms of total assets with a network of 407 branches, including 14 sub branches, 85 Islamic branches and 7 overseas branches – 5 in Bangladesh, 2 in Afghanistan – and 1 offshore banking unit in the Kingdom of Bahrain. BAFL started Islamic Banking services in 2003, after establishing its Islamic Banking Division. Currently BAFL has the highest number of Islamic banking branches by any conventional bank.

2.2 A. F. Ferguson & Co. is auditors of the bank. During March 2012, the auditors expressed unqualified opinion on BAFL.s financial statements for CY11. The graph portrays the trading history of BAFL.s stock over a period of one year. With the improving quarterly financial performance of the bank, BAFL.s stock has outperformed the KSE during the review period.

BAFL - SharePrice-Volume Chart



2.3 BAFL provides a wide range of services in the fields of commercial banking (long-term financing, working capital financing and trade finance), consumer banking (auto loans, mortgage, personal loans and credit card), Islamic banking (Murabaha, Musharaka, Diminishing Musharaka, Salam, Ijara & other Islamic modes) and commodity financing. The bank offers a broad range of financial advisory services and has established a dedicated Corporate and Investment Banking Division

Division to provide investment-banking services. A network of 356 ATMs has been installed in Pakistan, while 5 ATMs have been installed overseas (i.e. Afghanistan and Bangladesh). Moreover, the phone banking service supplement the bank.s expanding branch network, which with its real-time, online connectivity also provides cash management services to corporate customers.

2.4 During 9MCY12, BAFL.s Islamic banking segment.s total assets registered a nominal growth as against its historic pattern (9M12: ~3%; 11: 43%; 10: 41%; 09: 21%). This also resulted in decline in its proportion in BAFL.s total assets base (9M12: 18%; 11: 20%; 10: 16%; 09: 12%). Meanwhile, despite registering a nominal growth vis-a-vis conventional banking segment.s asset growth (12%) during 9M12, contribution of Islamic banking segment in the pretax profitability of BAFL remained at the similar level (22%) on YoY basis. Going forward, the bank intends to expand the Islamic branch network, though gradually, with plans to establish it as an independent entity in the due course of time.

2.5 BAFL has established itself as a leading player in consumer financing. Its carfinancing scheme is well received in the market due to its competitive pricing. BAFL.s Visa credit card, with its distinct Free forever and other features, achieved significant growth. Its Platinum Card (Visa), with a maximum of PKR 2mln limit, aims at tapping high net worth individuals. The bank, to enhance world coverage and supplement credit options, has also introduced Titanium Card in collaboration with MasterCard.

3. OWNERSHIP

- Flagship entity of Abu Dhabi Group in Pakistan

3.1 Bank Alfalah Limited (BAFL) is majority owned by the Abu Dhabi Group (ADG). In 1997, ADG initially acquired 70% of shares of the erstwhile Habib Credit and Exchange Bank Limited – then a wholly owned subsidiary of Habib Bank Limited – and later acquired the balance of around 30% shares in 2002. During 2004, pursuant to successful offer for sale of 20% shares by some of the shareholders, the bank was listed on the Karachi and Lahore Stock Exchange. Thereafter, sponsors have gradually divested their stake over the years to the present level. BAFL had 46.4% of its shares trading as free float at KSE at end-Sept12.

BAFL – Patten of Shareholding
As at September 30, 2012

Shareholders	%age holding
Abu Dhabi Group	49.4%
Financial Institutions, Joint Stock companies & general public	47.4%
Directors	3.2%
Total	100.0%

3.2 The Abu Dhabi Group (ADG) consists of some of the prominent members of UAE.s ruling family, leading businessmen of UAE, and their associates. ADG has its investments in many countries like Pakistan, Bangladesh, Iran, Uganda, Republic of Congo, and Middle East. Currently, ADG has sizeable interest in Pakistan.s financial and telecommunication segments. Besides BAFL, the group has 5.5% stake in United Bank Limited (UBL). UBL, a market leader both in corporate and consumer financing, is the third largest bank in Pakistan in terms of total assets (PKR 854bln at end-Sept12) with an equity of PKR 88bln at the same date. The group entered into the country.s telecommunication sector by establishing Warid Telecom (Private) Limited and Wateen Telecom Limited. Warid Telecom, in which BAFL had ~8% stake at end-Sept12, is engaged in providing cellular communication services and has the lowest (11%) share in Pakistan.s above 119mln mobile connections, which is experiencing a declining trend. Wateen Telecom, with 13% ownership vested in BAFL at end-Jun12, has set up the country.s first WiMAX network and a dark fibre network countrywide. Meanwhile, the Group made inroads into the asset management sector and brokerage business in Pakistan, with Alfalah GHP Investment Management Limited (AGIM) -

40% owned by BAFL, and Alfalah Securities (Pvt.) Limited (ASL) – 97% owned by BAFL. AGIM, formed in collaboration with GHP Financial Services Limited, a Switzerland company specializing in portfolio management. AGIM is currently managing five open-end funds, in which BAFL itself has significant investments. PACRA has assigned "Negative Outlook" while maintaining asset manager rating of „AM3. of AGIM, which reflects the company.s reasonably experienced management team, effective support systems, association with BAFL and ADG. Alfalah Securities (Pvt.) Limited is engaged in providing brokerage services. The company, leveraging on the franchise value of BAFL, targets to develop a sizeable customer base. Meanwhile, Alfalah Insurance Company Limited (AFIC), a non-life insurance services provider, represents first initiative of the group in the insurance sector. AFIC, with 30% stake held directly by BAFL, has an "A" (Single A) Insurer Financial Strength Rating by PACRA. Real estate segment is yet another avenue where the Group, in collaboration with the Government of Punjab, launched a mega project in the heart of Lahore – Mabarak Center. Taavun (Pvt.) Limited, with 70% stake held by ADG and 30% by the Government of Punjab, is managing the project. Nevertheless, construction of the said project has been delayed because of current economic downturn; while resumption will be dependent on economic revival, the exact timeline remains to be seen. Meanwhile, it would take some time before these subsidiaries/associates emerge as material contributors to BAFL.s revenue stream. In 2010, the group also ventured in healthcare business by the name of Al Razi Healthcare (Pvt.) Limited.

3.3 ADG, in terms of ownership, represents a loose structure, with a number of individuals participating in different projects under a tacit understanding, wherein among different members, Sheikh Hamdan Bin Mubarak Al Nahayan, who is also UAE minister for Public works, remains the key individual.

4. GOVERNANCE

- Experienced and diversified BoD
- Three committees of the BoD

4.1 BAFL has a seven-member board including the Chief Executive Officer. Sheikh Hamdan Bin Mubarak Al Nahayan is chairman of the board. The current CEO, Mr.Atif Aslam Bajwa replaced Mr. Sirajuddin Aziz in November 2011. Mr. Bajwa possesses over 30 years of diverse international experience in corporate and consumer banking. He has also served as CEO of MCB Bank Limited and Soneri Bank Limited. His role in driving the bank.s strategic oversight and implementing effective monitoring framework would be critical. Three board members come from leading business families of UAE, namely Al Mansoori, Al Mutawa and Al Otaiba, which are part of ADG. The remaining two members are independent of ADG with sound professional background. The independence of the BoD members and diversity in terms of professional experience of the members augurs well for the bank.

4.2 Brief profile of the BoD members - ANNEXURE I

4.3 BAFL has four board committees, which help the board in effective oversight of the bank.s overall operations in addition to providing strategic input and guidance to the management. These committees assess the adequacy of their charter from time to time and recommend any proposed changes to the BoD for the formal approval. The committees are a) Board Audit Committee, b) Board Strategy and Finance Committee, c) Board Risk Management Committee, and d) Board Human Resource Committee.
The following table gives an overview of the functions of these committees:

Committee	Members	Functions	Frequency of the meeting
1. Board Audit Committee	1. Mr. Abdulla Khalil Al Mutawa 2. Mr. Khalid Mana Saeed Al Otaiba 3. Mr. Nadeem Iqbal Sheikh	Supervises and approves all matters related to audit including the internal audit and finalization of the company.s financial statements. The committee ensures the bank.s compliance with Code of Corporate Governance.	Quarterly

Committee	Members	Functions	Frequency of the meeting
2. Board Strategy and Finance Committee	1. Mr. Abdulla Khalil Al Mutawa 2. Mr. Khalid Mana Saeed Al Otaiba 3. Mr. Ikram-ul-Majeed Sehgal 4. Mr. Atif Aslam Bajwa	Evaluates all matters relating to Finance.	Quarterly
3. Board Risk Management Committee	1. Mr. Khalid Mana Saeed Al Otaiba 2. Mr. Abdulla Khalil Al Mutawa 3. Mr. Ikram-ul-Majeed Sehgal 4. Mr. Atif Bajwa	Reviews the overall risk management framework of the bank to ensure its adequacy and efficiency. This committee was instrumental in establishing the risk management policy of the bank.	Quarterly
4. Board Human Resource Committee	1. Mr. Khalid Mana Saeed Al Otaiba 2. Mr. Abdulla Khalil Al Mutawa 3. Mr. Naeem Iqbal Sheikh 4. Mr. Atif Bajwa	Evaluates the overall Human Resource policy and procedural matters of the Bank	Quarterly

5. MANAGEMENT

- Professional management
- Two main committees
- Eight Sub-Committees
- Training centers

5.1 The senior management team at BAFL comprises seasoned personnel with extensive experience in the banking sector. The bank has formed two main committees, viz Central Management Committee (CMC), and Central Credit Committee (CCC). Both these committees are headed by the CEO and include senior executives.

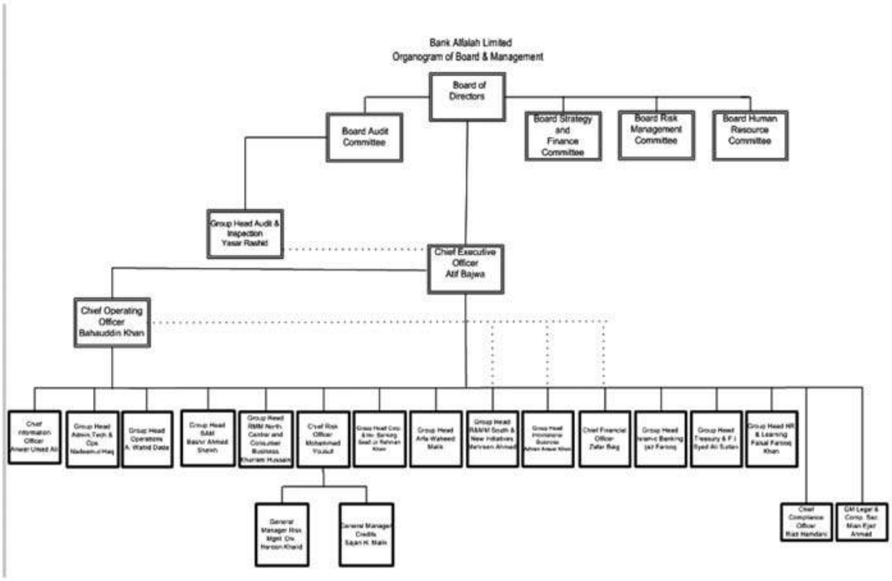
5.2 Brief profile of the top management - ANNEXURE II

5.3 Apart from these committees, BAFL has various sub-committees of CMC, with defined areas of oversight. These committees comprise of senior members of the Bank.s Key Management Personnel and are specifically constituted by the Central Management Committee.

5.4 BAFL's organizational structure is classified into two main areas namely A) Business Lines, and B) Support Infrastructure.

5.4.1 Business Lines include 1) Retail & Middle Market sub divided into three areas . a) South . headed by Ms. Mehreen Ahmed, who also heads New Initiatives; and b) Central & North . headed by Mr. Khurram Hussain, 2) Corporate and Investment Banking . headed by Mr. Saad Ur Rehman Khan, 3) Islamic Banking . headed by Mr. Ijaz Farooq, and 4) Consumer Business . also headed by Mr. Khurram Hussain. All these segments are under the purview of CEO; however, operations and management services divisions are reporting to Chief Operating Officer, who in turn reports to CEO.

5.4.2 Support Infrastructure comprises 1) Credit Division . headed by Mr. Sajan H. Malik, 2) Risk Management Division . headed by Mr. Haroon Khalid, 3) Finance . headed by Mr. Mirza Zafar Baig, 4) Compliance . headed by Mr. Riaz Hamdani, 5) Legal Affairs . headed by Mian Ejaz Ahmad, 6) International Business . headed by Mr. Adnan Anwar Khan, 7) Human Resources and Learning . headed by Mr. Faisal Farooq Khan, and 8) Information Technology . headed by Mr. Anwer Umed Ali. Both Credit and Risk Management Division come under the supervision of Mr. Mohammad Yousuf, Chief Risk Officer reporting to the CEO. The Audit & Inspection Group, headed by Mr. Yasar Rashid, reports directly to the Board Audit Committee.



5.5 The bank duly recognizes the importance of continuing training, and has established training centers in Karachi and Lahore. Meanwhile, the bank facilitates its every employee by providing at least two / three days training in a year.

6. RISK MANAGEMENT

- Installation of core banking software faced delays
- Diversified credit portfolio
- Significant increase in NPLs over the years

6.1 In an increasingly competitive banking environment, prudence and effectiveness in managing associated risks are critical for any bank to maintain a healthy risk profile. Cognizant of this, BAFL is continuously improving its risk assessment and monitoring system while ensuring segregation of major functions within the risk management framework. In addition, detailed policies and manuals have been designed and implemented across the bank to supplement its systems and procedures.

6.2 Operational Risk:

6.2.1 An Operational Risk Function is working under the overall umbrella of Risk Management Division, which ensures adherence to the Risk Management Manual primarily through communication, periodic discussions and reviews. An operational loss database, risk & control self-assessment, business lines mapping and key risk indicators have also been developed. This system continuously monitors the entire database through scanning and manages individual rights. The bank has implemented an independent audit function to identify operational risk and formed an IT committee whose function is to perform continuous review of the system.

6.2.2 Core Banking Software & Basel II Readiness: To improve the timeliness of its activities and the quality of services and to support risk management, the bank is in the process of implementing Temenos (T24) as its core banking software. The process has faced delays with (144 conventional branches being shifted to T24 at end-Dec11) and the system is expected to be fully operational across the entire network by end- Dec12. T-24 has a very wide scope including: core banking, trade finance, treasury and Islamic finance. This is developed by a Switzerland based entity and running successfully in more than 500 financial institutions internationally. Nevertheless,construction of the bank's own primary data center and rolling out of T24 in Islamic banking module and in the remaining conventional banking network would be challenging for the management. The bank has built the control unit and backup for the new system in Lahore, while disaster recovery center is based in Karachi. BAFL is the first bank in the country with the following tiered data centers, helping in enhanced efficiency:

Primary Site Fail over ⟶ Backup Site Failover ⟶ Disaster Recovery Site
The bank has acquired both front end and back end applications of the software, which will computerize data input, processing and data output besides centralizing all banking processes conducted across the entire branch network of the bank. Manifold benefits are expected to crystallize out of this centralization, like extended control, time efficiency, reduction in staff costs, smoother decision making and improved management information system. Additionally, the new software is expected to meet all the requirements of Basel II. Moreover, the bank has already automated its BASEL II CAR calculation in the present core banking system. Until satisfactory performance of the software, the old and new systems will continue to work in a parallel run.

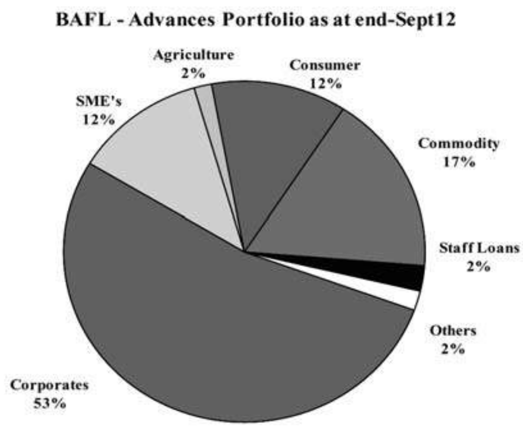
6.3 Credit Risk: The credit manual contains comprehensive credit risk management policies, with extensive guidelines covering the qualitative and quantitative aspects of credit evaluation and post-disbursement monitoring through an exclusive Credit Monitoring Division. The bank follows sector, group and individual exposure limits set by the Board of Directors within the limits prescribed by prudential regulations. Credit sanctioning follows a six-tier system of committees including the BoD for different kinds of facilities.

6.3.1 The bank has created a special assets management division at the head office, which is responsible for regularly monitoring NPLs, determining the provisioning requirement and following up on the recovery/settlement with the client. The bank has introduced a standard credit application package that covers both general and industry specific risk acceptance criteria. Credit cards portfolio, due to its unsecured nature, has a relatively higher risk. The bank has put in place comprehensive MIS providing timely information to support efficient collections and recovery.

6.3.2 Risk Grading Index is used to evaluate different factors to decide a credit grading of the potential borrower. Meanwhile, Risk Management Division (RMD) has developed Credit Initiation and Internal Rating System (CIIRS) in accordance with Basel II for generating obligor ratings. CIIRS provides technological platform for assessing credit worthiness of new and existing customers and enables structured analysis of customer data for decision making by indicating break-even interest rates. The system, developed on the web-based technology that enables across-the-bank access, has been installed in the whole network.

6.3.3 The bank has also developed a Basel II pocket CAR calculator – iRisk – enabling BAFL to quantify and attribute cost to different material risks. This also facilitates in calculating the risk adjusted profitability of each business line and hence improved decision making. As Basel II, in addition to ascertaining Probability of Default, entails calculation of Loss Given Default, there is need to rate credit facilities as well. For this, RMD has introduced an automated Facility Rating system for Corporate and Investment Banking group.

6.3.4 During 9M12, owing to the management.s cautious lending approach the proportion of gross advances portfolio in the total asset base continued its



declining trend (9M12: 44%; 2011: 45%; 2010: 53%). In terms of BAFL.s advances mix, corporate segment sustained its share by dominating the pie (9M12: 53%; 2011: 54%; 2010: 57%). Meanwhile, commodity finance segment consistently followed its rising trend (9M12: 17%; 2011: 15%; 2010: 6%). In the meantime, consumer book successfully retained its share (9M12: 12%; 2011: 12%; 2010: 14%), whereas, SME portfolio (9M12: 12%; 2011: 14%; 2010: 17%) further lost its proportionate share during the same period. During the recent years, the management.s focus has tiled further towards the corporate segment. This is an outcome of the management.s cautious approach towards small business and consumer financing especially after the financial meltdown of 2008. The slowdown in credit growth to SMEs and consumers including auto financing, personal loans and credit cards translated into corporate.s bigger share in the credit pie. Moreover, within corporate and SME segments, working capital funding continued dominating these segments - corporate: 41%; SMEs: 79% (11: corporate: 42%; SMEs: 84%) which, with its self-liquidating nature, substantially mitigates the associated risks. Furthermore, within the consumer portfolio, secured loans (auto and mortgage), continued to stand out among the rest by capturing 2/3rd of the whole. The portion of credit cards and consumer loans stayed the same, (9M12: 24%; 2011: 24%; 2010: 24%). While this is particularly a high risk segment, BAFL.s effective risk evaluation and monitoring systems have helped in averting any material delinquency.

6.3.5 Loan loss experience and accumulated provisions: The bank.s nonperforming loan portfolio, though increased by 4% during 9M12, has lately witnessed an improvement on QoQ basis as reflected by decreased NPLs to gross advances ratio (3Q2012: 8.8%; 2Q2012: 9.1%; 2011: 9.0%). Nevertheless, given that BAFL has availed significant provisioning relaxation through FSV benefit (~ PKR 3,015mln at end-Sep12), the management.s continuous recovery efforts remain critical. BAFL.s loan loss provisioning as percentage of non-performing advances stands below than peers. At the same time, the time-based provisioning requirements stay as potential drag on future profitability. Though a major portion of BAFL.s corporate (21%) and consumer segment (50%) is not rated, yet most of BAFL.s rated clients have internal credit rating of 3-5 . indicating medium level of risk. The scales range from 1-12 with 1 being the best and 12 indicating default.

(Amounts in PKR mln)	9M12*	2011	2010	2009
Gross Finances	230,575	217,092	242,486	219,562
Non-Performing Advances	19,842	19,096	18,320	16,185
Provisions (Specific + General)	13,529	12,929	11,279	9,360
Non-Performing Advances / Gross Finances (%)	8.6	9.2	7.6	7.4
Loan Loss Provision / Non performing Advances (%)	68.2	67.7	61.6	57.8
Net Non-Performing Advances / Equity (%)	26.1	27.0	35.7	34.5

*Unaudited

6.3.6 Off balance sheet credit risk: The non-funded exposure of the bank, as a percentage of funded exposure, has further increased during 9M2012 i.e. 80% (2011: 60%; 2010: 56%) . primarily an outcome of price-inflated trading business of the country. This is inline with the bank.s strategy to enhance proportion of its fee-based income. The bank follows the same risk assessment procedures for non-funded exposures as for funded exposures, which insulates the bank from any material potential loss.

6.4 Market Risk: The bank has formed an Investment Committee, which, on a regular basis, monitors equity investment and formulates investment strategy. The bank has established a Middle Office that is responsible for calculation and monitoring of value at risk. At present, the bank applies sensitivity and duration analysis to identify and monitor risks associated with its investment portfolio.

6.4.1 During 9M12, BAFL.s investment portfolio witnessed significant growth and constituted 39% of the total assets at end-Sep12 (34% at end-Dec11). A substantial portion of this portfolio is dominated by government securities (97%) while remaining consists of investments in equity market and mutual funds. With sizeable investments in MTBs (53% of the total), the bank enjoys low interest rate risk. The bank.s exposure in equities, though increased during the period, remained minimal (2%), signifying low market risk. However, the bank may book further provisioning on its investment in Warid Telecom during current year, indicating a potential drag on year end bottomline.

Entity Name	Holding (%)	Cost (PKR in mln)
Alfalah Securities (Private) Limited	97.2	826
Warid Telecom (Private) Limited	8.2	*1,013
Wateen Telecom Limited	13.5	417
Alfalah Insurance Limited	30.0	68
Alfalah GHP value Fund	34.2	100
Alfalah GHP Income Multiplier Fund	98.5	250
Alfalah GHP Islamic Fund	96.7	250
Alfalh GHP Investment Management Limited	40.2	130

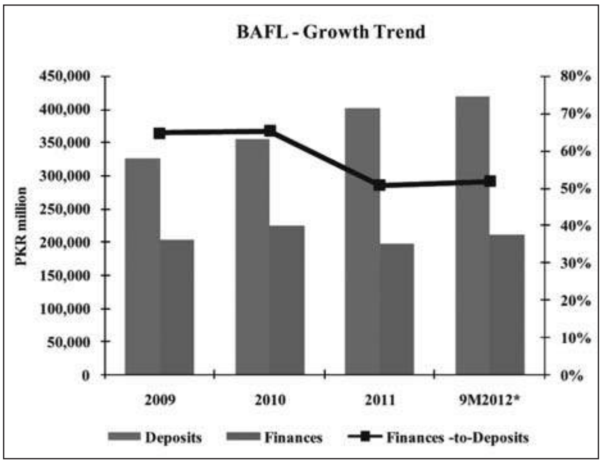
*Adjusted for impairment through equity (PKR 3,353mln)

7. BUSINESS RISK

- High cost structure among peers
- Higher profitability
- Reduced spreads

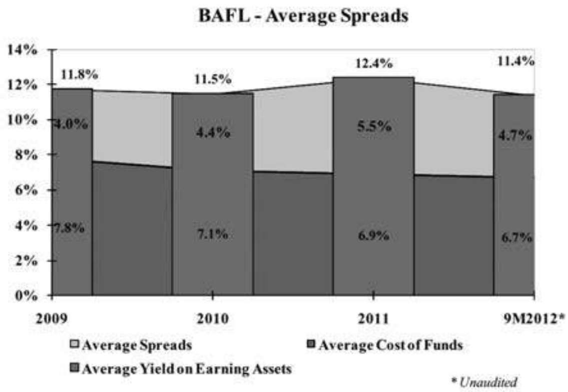
7.1 The risk-averse appetite continues to prevail in the banking industry. While reflecting the industry.s view as to challenging domestic economy, this signifies the limited incremental credit demand from the business community. Consequently, the additional liquidity mobilized through deposits, as enabled by increasing remittances and inherent money velocity, is being deployed in government securities. One of the key reasons for muted credit growth is increasing fiscal need of the government, perpetuating the crowding-out effect. The challenges faced by the economy remain fiscal imbalances, subdued GDP growth, and precarious security situation.

7.2 During 9M12, on account of management.s continued efforts, the percentage of low-cost current and saving accounts (CASA) in BAFL.s total customer deposit mix slightly increased (9M12: ~75%; 2011: 73%). At the same time, the deposit concentration in terms of top 20 also reduced (9M12: 11%; 2011: 13%). With more than proportionate rise in the bank.s finances portfolio vis-a-vis deposits growth, BAFL.s finances-to-deposits ratio witnessed a slight increase (9M12: 52%; 2011: 51%). Meanwhile, concentration in the advances book in terms of top 20 clients significantly



increased (9M12: 39%; 2011: 23%). In terms of sectoral mix, due to enhanced exposure in the energy segment, the power sector (9M12: 15%; 2011: 10%) replaced textile.s dominance in the pie followed by agribusiness. The bank has considerable non-funded exposure (28% of total assets). However, comfort can be drawn from strong portfolio of liquid assets.

7.3 During 9M12, the bank.s investment portfolio witnessed a significant increase as reflected by higher investment to deposit ratio (9M12: 48%; 2011: 40%). Meanwhile, despite sizable increase in earning assets mainly government securities, BAFL.s net interest income witnessed a modest growth on YoY basis mainly owing to declining interest rate environment. Thus the bank.s spreads also fell. However, surge in other operating income supported growth in total net revenue on a comparative basis.



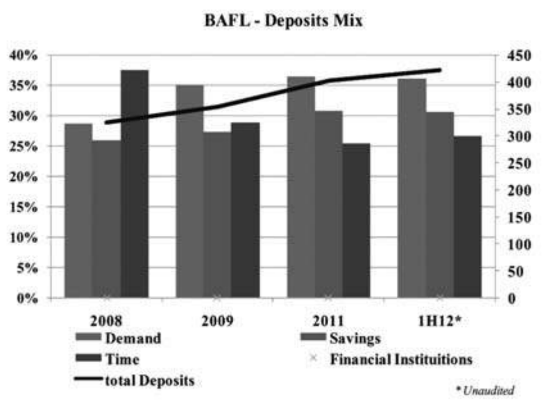
The bank.s cost-to-total net revenue (net of capital gains) witnessed a rise owing to branch network expansion, besides inflationary pressures (9M12: 64%; 9M11: 61%). The bank recorded a sizable provisioning on diminution in value of equity investments mainly Warid Telecom during 9M12, though lower as compared to last year. However, higher loan provisioning due to seasonality of NPLs kept the overall provisioning expense largely the same on YoY basis.

7.4 Going forward, the management is expected to continue with its risk-averse strategy towards fresh disbursements, given tough operating environment. The bank is focusing on its product suite, adding new services including mobile banking. Meanwhile, capitalizing on expanded branch network, the bank would keep mobilizing CASA deposits. Furthermore, the bank geared to enhance trade volumes. Meanwhile, besides focusing on cost control measures, the bank is likely to add efficiency in its overall operations through implementation of Temenos (T24) as core banking software, though it has faced delays. The system is expected to be fully operational across the entire conventional network by end-Dec12.

8. FINANCIAL RISK

- Strong sponsors support
- Sound capital structure
- Unsecured, subordinated TFCs

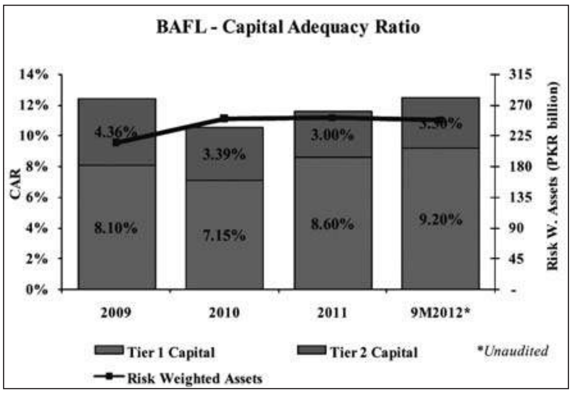
8.1 Funding: to a large pool of depositors BAFL has established a geographically diversified branch network covering 121 cities and towns. This extensive network provides access, and has enabled BAFL to mobilize a stable deposit base. BAFL continued funding majority of its assets through deposits – 81% at end-Sept12 – with significant contribution coming from demand deposits (38%) followed by saving deposits (36%). The management.s continuous efforts for CASA mobilization has resulted a decline in the proportion of time deposits on YoY (9M12: 25%; 9M11: 32%).



8.2 Liquidity Risk: The bank monitors its liquidity position on a regular basis. The bank.s Asset-Liability Committee, comprising senior personnel representing each area of business, is responsible for the development of overall strategy and for managing liquidity, interest rates and currency risks. The committee ensures timely reprofiling of assets and liabilities to avoid concentration, and keep risks within acceptable limits. In addition, a comprehensive liquidity management policy, approved by the BoD, is in place to generate early warning indicators and maintenance of various ratios. Moreover, the bank regularly reviews the .Contingency Funding Plan. to cope with the liquidity issues in times of crisis situation.

8.3 BAFL, with significant liquid investments and traditionally conservative finances to deposit ratio as compared to its peers, maintains adequate liquidity. While, there is no material mismatch between maturity profile of assets and liabilities, BAFL.s liquidity profile has improved largely on account of increased investment in government securities (Liquid Assets / Deposits and Borrowings: 9M12: 56%; CY11: 54%, CY10: 39%).

8.4 Capital Adequacy: The bank has demonstrated the capacity to raise capital, both Tier I & II, to cater for its business growth. Nevertheless, BAFL.s equity-to-assets ratio remains lowest amongst peers (end-Sept12: 5%). The bank has lately resumed payment of cash dividend, which has hindered in taking due benefit of profitability in the bank's equity. There is high likelihood that the bank's CAR would remain under pressure especially if the bank continues with the practice of paying cash dividend. To improve its CAR, the bank intends to raise Tier II capital as its TFC II has started redemption from Dec-11.



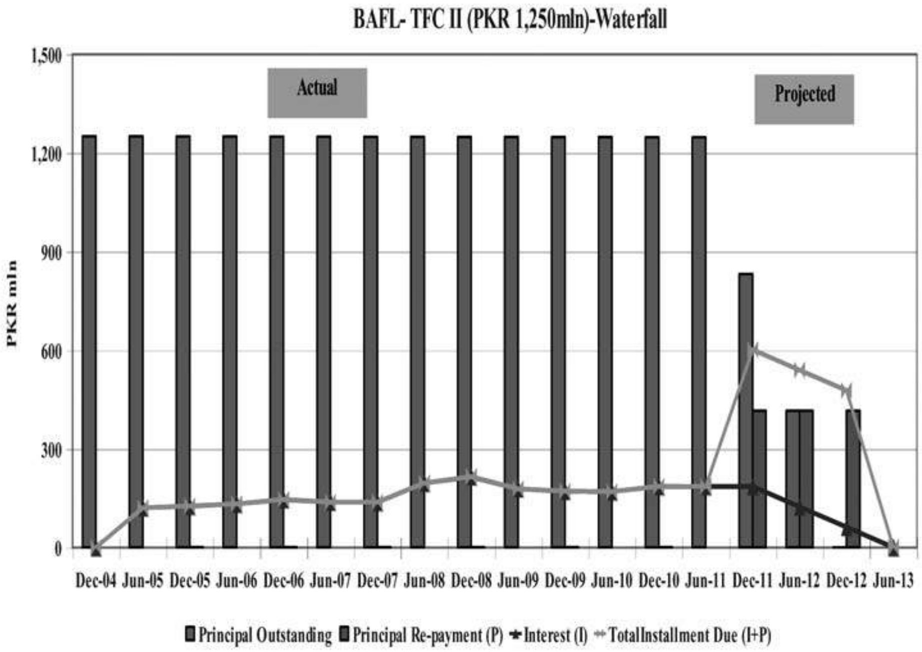
8.5 TFC Issue: The bank issued its second unsecured subordinate TFCs during

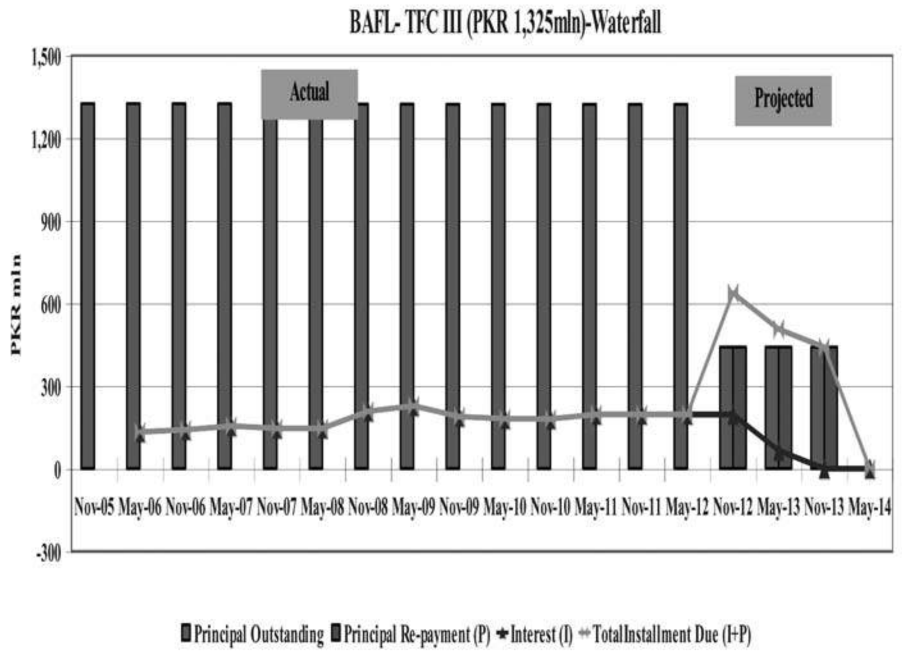
December 2004 for a tenor of 8 years. The final redemption is due in Dec12. The bank issued its third TFCs in November 2005 for 8 years tenor at terms similar to the second issue. Major principal redemption, in three equal semi-annual installments, has commenced from Nov-12. The fourth TFCs of the bank, with a tenor of 8 years, was issued in December 2009. Major portion of the TFCs will be repaid in three equal semi-annual installments commencing from Dec-16.

8.5.1 PROPOSED TFC: BAFL intends to issue its fifth subordinate TFCs of PKR 5,000mln for a tenor of 8 years. Major principal redemption, in the form of a bullet payment would be made in the 96th month of the issue. The profit payment will be made semi-annually in arrears, based on 6-month Kibor pricing.

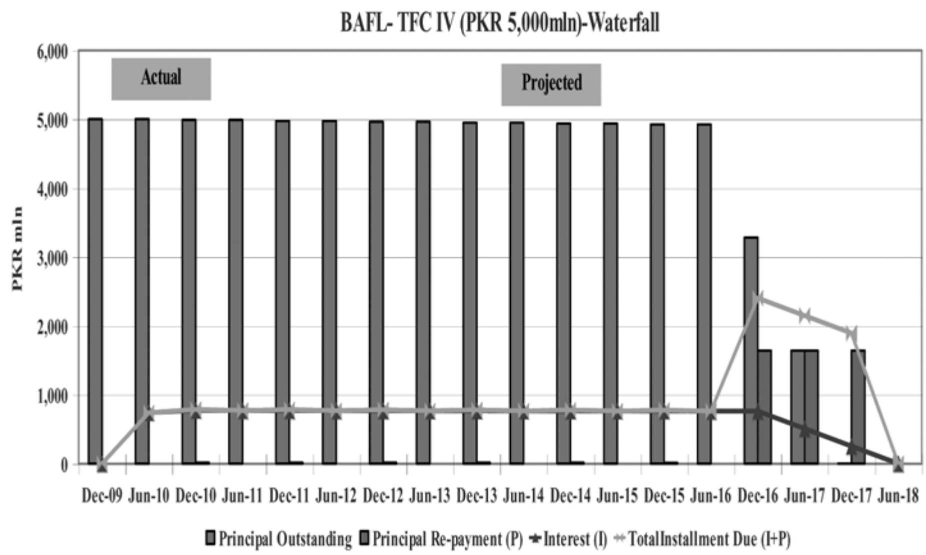
8.5.2 The outstanding TFCs issues, as at end-Dec11, are of PKR 7,148mln. A brief detail of these issues is as follows:

	5th Issue	**4th Issue**	**3rd Issue**	**2nd Issue**
Issue size	PKR 5,000mln	PKR 5,000mln	PKR 1,325mln	PKR 1,250mln
Date of Issue	To be decided	December 2009	November 2005	December 2004
Tenor	8 years	8 years	8 years	8 years
Profit Rate	Based on 6-month KIBOR pricing	i) 6-month KIBOR plus 2.5% (for 53% investors) ii) Fixed profit of 15% per annum. (around 47% investors)	Latest 6-month KIBOR plus 1.5%	Latest 6-month KIBOR plus 1.5%
Principal Repayment	Major portion of the TFCs will be repaid in the form of a bullet payment would be made in the 96th month of the issue.	Major portion of the TFC will be repaid in three equal semiannual installments commencing from Dec-2016	Three equal semi-annual installments commencing from the 84th month of the issue (i.e., Nov-2012)	Three equal semi-annual installments comm enced from the 84th month of the issue (i.e., Dec-2011)
Security	Unsecured and subordinated to all other obligations of the bank.			


BAFL- TFC II (PKR 1,250mln)-Waterfall
Actual
Projected
PKR mln
1,500
1,200
900
600
300
0
Dec-04 Jun-05 Dec-05 Jun-06 Dec-06 Jun-07 Dec-07 Jun-08 Dec-08 Jun-09 Dec-09 Jun-10 Dec-10 Jun-11 Dec-11 Jun-12 Dec-12 Jun-13
Principal Outstanding
Principal Re-payment (P)
Interest (I)
TotalInstallment Due (I+P)


BAFL- TFC III (PKR 1,325mln)-Waterfall
Actual
Projected
PKR mln
1,500
1,200
900
600
300
0
-300
Nov-05 May-06 Nov-06 May-07 Nov-07 May-08 Nov-08 May-09 Nov-09 May-10 Nov-10 May-11 Nov-11 May-12 Nov-12 May-13 Nov-13 May-14
Principal Outstanding
Principal Re-payment (P)
Interest (I)
TotalInstallment Due (I+P)

Bank Alfalah



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ANNEXURE-8(I)

Profile of BoD – Bank Alfalah Limited at end December 2011

Sr. #	Name of BoD Members (Qualification)	Occupation	Other Key Experience	Representation/ Nomination	Association with Board Since	Committees BCFHRC BRMC BAC	Participation in Board Meetings (Jan11-Dec11) [Total: Six]	Participation in Committee Meetings (Jan11-Dec11) BCFHRC: 4 BRMC:4 BAC: 7
1.	**H.H. Sheikh Hamdan Bin Mubarak Al Nahayan** [Bachelor of Political Science – double major in Economics & Administration]	Chairman Federal Minister of Public Works, UAE	Chairman - Alfalah Insurance Company Limited, Abu Dhabi Aviation, Royal Jet, and Sheikh Zayed Housing Programme	ADG	03-11-2002	Nil	Six	Nil
2.	**Mr. Atif Bajwa** MBA, Columbia University, New York	CEO	Director - Monet (Pvt.) Limited, Alfalah Insurance Company Limited and Taavun (Pvt.) Limited.	ADG	25-10-2011	Nil	One	Nil
3.	**Mr. Abdulla Naseer Hawaileel Al Mansoori** [B. Sc. (Hons) in Electrical Engineering]	Chairman – Al Naseer Holdings and Group Companies	Director - The National Investor	ADG	07-07-1997	Nil	Five	Nil
4.	**Mr. Abdulla Khalil Al Mutawa** [B. Sc. in Business Administration]	General Manager of H.E. Sheikh Suroor Bin Mohammad Al Nahyan (Private Office)	Director –Abu Dhabi Commercial Bank and Alfalah Exchange Company Limited	ADG	07-07-1997	Board Audit Committee (Chairman) Board Credit, Finance and HR Committee (Chairman) Board Risk Management Committee	Six	BCFHRC: 4 BRMC: 4 BAC: 7
5.	**Mr. Khalid Mana Saeed Al Otaiba** [Bachelor of Arts and Sciences]	General Manager – Al Otaiba Group of Companies, UAE	Office Manager of H.E. Dr. Mana Saeed Al Otaiba (Personal Advisor of H. H. the President of UAE) Director - Alfalah Insurance Company Limited and Royal Mirage Hotel & Resort Limited	ADG	08-03-2003	Board Risk Management Committee (Chairman) Board Audit Committee Board Credit, Finance and HR Committee	Six	BCFHRC: 3 BRMC: 3 BAC: 7

6.	**Mr. Ikram Ul-Majeed Sehgal** [Graduate]	Chairman – Pathfinder Group, Security and Management Services (Pvt.) Limited and Wackenhut (Pvt.) Limited	Director - General Tyre & Rubber Company of Pakistan Limited Director SMS Construction (Pvt) Ltd; SMS Land Development (Pvt) Ltd; SMS Electronic Safety Services (Pvt) Ltd; Research and Collection Services (Pvt) Ltd; and First Select Pakistan (Pvt) Ltd. Editorial Columnist	Independent	07-07-1997	Board Risk Management Committee	Five	BRMC: 3
7.	**Mr. Nadeem Iqbal Sheikh** [M.A. Economics]	CEO – Nadeem Surgical Corporation (Pvt.) Limited	Former President, Sailkot Chamber of Commerce & Industry Chairman, Surgical Instruments Manufacturing Association of Pakistan	Independent	08-11-1997	Board Audit Committee Board Credit, Finance and HR Committee	Six	BCFHRC: 4 BAC: 7

ANNEXURE-8(II)

Profile – Senior Management – Bank Alfalah Limited at end June 2012

Sr. #	Name (Qualification) [Date of birth]	Designation	Management Committees CMC CCC	Participation in Management Meetings Jan11-Dec11 CMC: 17 CCC:43	Reporting Line	Experience		
						Overall	With the company	At current position
1.	**Mr. Atif A. Bajwa** MBA, Columbia University, New York 1958	Chief Executive Officer	CMC CCC	CMC: 13 CCC: 31	Board of Directors	28 Years	7 Months	7 Months
2.	**Mr. Shakil Sadiq** BA 1963	Chief Operating Officer	CMC CCC	CMC: 3 CCC: 5	CEO	29 Years	12 Years	3 Years
3.	**Mr. Muhammad Yousuf** B.Com / DAIBP 1954	Chief Risk Officer	CMC CCC	CMC: 15 CCC: 40	CEO	39 Years	28 Years	1 Year
4.	**Mr. Ijaz Farooq** MBA 1955	Group Head – Islamic Banking	CMC CCC	CMC: 11 CCC: 41	CEO	36 Years	14 Years	9 Years
5.	**Mr. Adnan Anwar Khan** MBA 1960	Group Head – R&MM (Central)	CMC CCC	CMC: 8 CCC: 42	CEO	30 Years	10 Years	2 Year
6.	**Mr. Shahab Bin Shahid** MBA 1961	Group Head – R&MM (South)	CMC	CMC: 9	CEO	29 Years	9 Years	2 Year
7.	**Mr. Arfa Waheed Malik** M.A 1957	Group Head – Head Office	CMC CCC	CMC: 14 CCC: 42	CEO	31 Years	14 Years	1 Month
8.	**Mr. Shahid H. Kazi** MBA 1971	GM – International Business	-	-	CEO	18 Years	14 Years	1 Years
9.	**Mr. Sajan H. Malik** B.A 1964	GM - Credit	-	-	CRO	27 Years	10 Years	1 Years
10.	**Mr. A Wahid Dada** B.Com / DAIBP 1957	Group Head – Operations	CMC CCC	CMC: 10 CCC: 42	COO	33 Years	33 Years	2 Years
11.	**Mr. Mirza Zafar Baig** CA (inter)/B.Com 1969	Chief Financial Officer	CMC	CMC: -	CEO	17 Years	1 Month	1 Month

BANK ALFALAH LIMITED
BALANCE SHEET
As at

PKR in mln

		30-Sep-12 *9M2012 Unaudited*		31-Dec-11	31-Dec-10	31-Dec-09
A. FINANCES						
1. Loans, Cash Credits and Running Finances		184,613.4		171,127.3	178,419.6	163,832.9
2. Net Investment in Finance Lease		8,648.0		9,059.7	10,409.4	11,089.9
3. Bills Discounted and Purchased		12,165.8		12,113.7	11,282.9	6,294.7
Advances		205,427.2		192,300.7	200,111.8	181,217.5
4. Debt Instruments – net		4,579.5	1	4,835.1	23,897.6	22,032.1
Total Finances		210,006.7		197,135.8	224,009.5	203,249.6
B. OTHER EARNING ASSETS						
1. Deposits with Banks	#	13,753.9		15,062.4	16,027.6	23,191.5
2. Lending to Financial Institutions		11,196.0		7,765.4	6,497.6	14,947.4
3. Investments						
a. Government Securities		196,169.3	2	156,808.3	83,642.2	68,654.2
b. Equity Investments		1,467.2		927.1	1,048.8	1,408.1
c. Income Mutual Funds/Preference Shares		226.4		723.1	948.0	2,125.9
d. Strategic Investments		3,442.8	3	3,039.5	3,867.6	4,917.9
		201,305.7		161,498.0	89,506.5	77,106.1
Other Earning Assets		226,255.6		184,325.8	112,031.7	115,245.0
C. TOTAL EARNING ASSETS (A+B)		436,262.3		381,461.6	336,041.1	318,494.6
D. FIXED ASSETS / INTANGIBLE ASSETS		12,764.4		13,388.7	14,204.6	14,492.2
E. NON-EARNING ASSETS						
1. Cash and Bank Balances	#	48,619.4		53,244.8	41,349.5	34,587.2
2. Deferred Tax		320.4		421.8	-	-
3. Others		11,385.2		13,290.5	12,826.2	14,649.4
4. Net Non-Performing Advances						
a. Non-Performing Advances		19,842.7		19,096.6	18,320.0	16,185.7
b. Accumulated Provisions (Prudential Specific)		(12,968.1)		(12,330.8)	(10,629.7)	(8,597.7)
c. Accumulated Provisions (Prudential General)		-		-	-	-
d. Accumulated Provisions (General)		(561.0)		(598.1)	(649.6)	(763.1)
		6,313.7		6,167.8	7,040.7	6,825.0
5. Net Non-Performing Debt Instruments						
a. Non-Performing Debt Instruments	#	725.5		859.7	156.6	126.6
b. Accumulated Provisions (Diminution in Value of Debt Instruments)		(725.5)		(661.0)	(134.9)	(104.9)
		-		198.7	21.7	21.7
Non-Earning Assets		66,638.6		73,323.5	61,238.1	56,083.2
F. TOTAL ASSETS		**515,665.3**		**468,173.8**	**411,483.8**	**389,070.1**
G. TOTAL DEPOSITS						
1. Customer Deposits						
a. Demand		148,455.8		146,354.2	124,324.6	93,214.3
b. Saving		142,173.8		123,503.2	96,350.2	83,905.3
c. Time		99,364.5		101,962.7	102,317.6	121,729.4
		389,994.1		371,820.1	322,992.4	298,849.0
2. Deposits from Financial Institutions		28,799.7		29,427.8	31,022.9	25,910.7
Total Deposits		418,793.8		401,247.9	354,015.3	324,759.8
H. BORROWINGS						
1. SBP Refinance	#	22,871.0		10,090.1	9,800.6	9,199.0
2. Financial Institutions	#	18,312.1	4	8,078.9	3,899.6	11,454.9
3. Sub-ordinated Loan / TFCs		6,731.7		7,148.7	7,567.2	7,570.2
Borrowings		47,914.8		25,317.7	21,267.3	28,224.1
I. OTHER LIABILITIES (Non-Interest Bearing)						
1. Deferred Tax Liability		-		-	115.9	179.9
2. Bills Payable		7,799.0		5,403.5	4,521.5	3,766.1
3. Others		12,804.5		10,427.8	9,258.2	10,006.8
Other Non-interest Bearing Liabilities		20,603.6		15,831.2	13,895.7	13,952.8
J. EQUITY						
1. Share Capital		13,491.6		13,491.6	13,491.6	13,491.6
2. Reserves:						
a. Statutory Reserve		4,341.5		3,661.8	2,961.1	2,767.4
b. Capital Reserves		-		-	-	-
c. Revenue Reserves*		686.6		438.5	858.0	820.5
d. Unappropriated Profit		5,636.5		5,248.1	2,415.9	2,690.7
		10,664.7		9,348.3	6,235.0	6,278.7
Equity		24,156.2		22,839.9	19,726.6	19,770.3
K. SURPLUS/(DEFICIT) ON REVALUATION						
1. Revaluation of Investments		258.2		180.7	(207.1)	(446.8)
2. Revaluation of Fixed Assets		3,938.7		2,756.4	2,786.1	2,810.0
Surplus/(Deficit) on Revaluation		4,196.9		2,937.2	2,579.0	2,363.2
L. TOTAL LIABILITIES & EQUITY		**515,665.3**		**468,173.8**	**411,483.8**	**389,070.1**
M. CONTINGENT LIABILITIES						
1. Trade Related		59,561.3		65,216.2	51,325.2	38,581.3
2. Guarantees		53,988.9		50,825.6	61,441.7	59,059.8
		113,550.3		116,041.9	112,766.9	97,641.1

1. On account of circular debt settlement, TFCs amounting PKR 18.4bln were replaced by equilvalent amount of 12-M Tbills and 5-Year PIBs
2. MTbills (2011: PKR 81.6bln; 2010: PKR 45.9bln) and PIBs (2011: PKR 27.9bln; 2010: PKR 12.4bln), Sukuks - WAPDA (2011: PKR 1.7bln; 2010: PKR 1.7bln), GoP Ijarah (2011: PKR 39.0bln; 2010: PKR 18.7bln), SSGC (2011: PKR 35.9mln; 2010: PKR 85.9mln), and Overseas Govt. Bonds (2011: PKR 4.8bln; 2010: PKR 3.2bln)
3. Includes investments in Warid (%age holding: 8.24%) and Wateen (%age holding: 13.52%), which have been recategorised as Available for Sale instead of previous categorization practice of Investment in Associates
4. Includes Repo borrowings (2011: PKR 5.4bln; 2010: PKR 1.8bln)

* Exchange Translation reserve for foreign operations

Prorated figures

BANK ALFALAH LIMITED
INCOME STATEMENT

For the period ending	30-Sep-12 9M2012 Unaudited	31-Dec-11	31-Dec-10	31-Dec-09
1. Interest / Mark up Earned	34,775.5	44,298.2	37,530.3	35,561.3
2. Interest / Mark up Expensed	(20,896.2)	(25,687.5)	(23,855.4)	(24,654.2)
3. NET INTEREST / MARK UP REVENUE (NIMR)	13,879.3	18,610.7	13,674.8	10,907.1
4. Other Operating Income				
a. Fees, Commission, Brokerage	1,841.3	2,148.2	1,986.5	1,913.0
b. Dividend Income	220.6	191.7	204.4	248.2
c. Income from Dealing in Foreign Currencies	1,054.3	1,115.4	1,133.5	1,019.7
d. Realized and Unrealized Gains/(Loss) on Sale of Investments	588.7	129.0	80.9	691.8
e. Others	1,342.2	1,737.7	1,280.9	1,214.6
	5,047.2	5,322.1	4,686.3	5,087.3
5. TOTAL NET REVENUE	18,926.4	23,932.8	18,361.1	15,994.4
6. Other Income / (Loss)	-	45.6	21.9	95.0
	18,926.4	23,978.4	18,383.0	16,089.4
7. NON-INTEREST/MARK UP EXPENSES				
a. Personnel Expenses	(4,892.1)	(5,905.6)	(5,211.1)	(4,608.8)
b. Other Non-interest/Mark Up Expenses	(6,883.5)	(8,309.6)	(7,542.7)	(6,392.7)
	(11,775.6)	(14,215.2)	(12,753.8)	(11,001.5)
8. PRE-PROVISION OPERATING PROFIT	7,150.9	9,763.2	5,629.1	5,087.8
9. PROVISIONS				
a. Provision for Loan Losses /write offs				
i. Specific provision	(962.4)	(1,908.8)	(2,356.7)	(3,985.7)
ii. General provision	22.3	44.3	113.0	291.1
iii. Bad debts directly written off	(2.1)	(5.7)	(25.5)	(59.8)
b. Provision for Diminution in Investments	(989.6)	(2,459.3)	(1,991.2)	(317.2)
c. Impairment of goodwill	-	-	-	-
	(1,931.8)	(4,329.5)	(4,260.4)	(4,071.5)
10. PRE-TAX PROFIT	5,219.0	5,433.7	1,368.7	1,016.3
11. Taxes	(1,820.2)	(1,930.6)	(400.3)	(119.3)
12. NET INCOME	**3,398.9**	**3,503.1**	**968.5**	**897.0**
13. Unappropriated Profit / (Loss) Brought Forward	5,248.1	2,415.9	2,690.7	3,447.5
14. Adjustments	-	29.7	29.7	24.7
	8,647.0	5,948.7	3,688.9	4,369.2
15. Appropriations				
a. Statutory Reserve	(679.8)	(700.6)	(193.7)	(179.4)
b. Capital Reserve	-	-	-	-
c. Revenue Reserve	-	-	-	-
d. Contingency Reserve / Other Reserves	30.4	-	-	-
e. Reserve for Issue of Bonus Shares	-	-	-	(1,499.1)
f. Cash Dividend	(2,361.0)	-	(1,079.3)	-
	(3,010.4)	(700.6)	(1,273.0)	(1,678.5)
16.Unapprpopriated Profit / (Loss) Carried Forward	5,636.5	5,248.1	2,415.9	2,690.7
	(0.0)	(0.0)	(0.0)	(0.0)

1. Includes postage, telex service charges etc. amounting PKR1,280mln

BANK ALFALAH LIMITED
RATIO ANALYSIS

	30-Sep-12 *9M2012 Unaudited*	31-Dec-11	31-Dec-10	31-Dec-09
A. PERFORMANCE				
1. ROE	19.3%	16.5%	4.9% *	5.2%
2. ROA	0.9%	0.8%	0.2% *	0.2%
3. Provision Expense / Pre Provision Profit	27.0%	44.3%	75.7%	80.0%
4. Personnel Expenses-to-Total Net Revenue	25.8%	24.7%	28.4%	28.8%
5. Cost-to-Total Net Revenue	62.2%	59.4%	69.5%	68.8%
6. Cost-to-Total Net Revenue (net of capital gains)	64.2%	59.7%	69.8%	71.9%
7. Other Operating Income / Total Net Revenue	26.7%	22.2%	25.5%	31.8%
8. Other Operating Income (net of capital gains) / Total Net Revenue	23.6%	21.7%	25.1%	27.5%
9. Taxes / Pre-Tax Profit	34.9%	35.5%	29.2%	11.7%
10. Net Non-Earning Assets / Assets net of Non-Interest Liabilities	11.9%	15.7%	15.5%	15.1%
B. CAPITAL ADEQUACY				
1. Equity / Total Assets	4.7%	4.9%	4.8%	5.1%
2. Adjusted Equity (including revaluation impact) / Total Assets	5.5%	5.5%	5.4%	5.7%
3. Free Capital / Adjusted Assets	0.2%	-0.1%	-1.4%	-1.8%
4. Capital Adequacy Ratio as per SBP	12.5%	11.6%	10.5%	12.5%
- Tier I CAR	9.2%	8.6%	7.1%	8.1%
- Tier II CAR	3.3%	3.0%	3.4%	4.4%
5. Equity/Risk Weighted Assets	9.8%	9.1%	7.9%	9.2%
6. Equity/Total Balance Sheet Assets and Off Balance Sheet Assets	3.8%	3.9%	3.8%	4.1%
7. Capital Formation Rate (Internal Capital generation)	4.5%	16.2%	-0.6%	5.2%
C. FUNDING & LIQUIDITY				
1. Liquid Assets / Deposits and Borrowings	56.4%	54.3%	38.6%	38.7%
2. Finances / Deposits	51.7%	50.7%	65.3%	64.7%
3. Advances / Deposits	50.6%	49.5%	58.5%	57.9%
4. Finances (net of Refinance) / Deposits	46.2%	48.2%	62.5%	61.9%
5. Finances / Deposits and Borrowings	46.4%	47.7%	61.6%	59.5%
6. Finances / Total Assets	41.9%	43.4%	56.2%	54.0%
7. Investment / Deposits	48.1%	40.2%	25.3%	23.7%
8. Government Securities / Total Assets	38.0%	33.5%	20.3%	17.6%
9. Time Deposits / Total Deposits	23.7%	25.4%	28.9%	37.5%
10. Borrowings from Financial Institutions/Lending to FIs (times)	188.8%	164.3%	155.0%	98.0%
11. CASA deposits / Total Customer Deposits	74.5%	72.6%	68.3%	59.3%
12. Liquid Assets/ Unfunded Exposure	225.7%	197.1%	127.7%	136.2%
D. LOAN LOSS COVERAGE				
1. Non-Performing Advances / Gross Advances	8.8%	9.0%	8.4%	8.2%
2. Non-Performing Finances / Gross Finances	8.9%	9.2%	7.6%	7.4%
3. Loan Loss Provisions / Non-Performing Advances	68.2%	67.7%	61.6%	57.8%
4. Loan Loss Provisions* / Non-Performing Advances	68.2%	67.7%	61.6%	57.8%
5. Net Non-Performing Advances / Equity	26.1%	27.0%	35.7%	34.5%
6. Net Non-Performing Advances / Adjusted Equity	22.3%	23.9%	31.6%	30.8%
* excl. general provisions against consumer loans under Prudential Regulations				
E. INTERMEDIATION EFFICIENCY				
1. NIMR (Net Interest/Mark-up Revenue) / Avg. Assets	3.8%	4.2%	3.4% *	3.0%
2. Asset Yield [Interest Earned/Average (Earning Assets-Equity Investments)]	11.4%	12.4%	11.5% *	11.8%
3. Cost of Funds [Interest Expensed / Average (Deposits + Borrowings)]	6.7%	6.9%	7.1% *	7.8%
4. Spread	4.7%	5.5%	4.4% *	4.0%
F. GROWTH				
1. Total Assets	10.1%	13.8%	5.8%	11.5%
2. Risk Weighted Assets	-1.3%	0.5%	16.5%	-5.3%
3. Gross Finances	6.2%	-10.5%	10.4%	5.8%
4. Impaired Lending	3.1%	8.0%	13.2%	81.2%
5. Investments	24.9%	85.0%	18.6%	25.2%
6. Customer Deposits	4.9%	15.1%	8.1%	3.4%
7. Equity	5.8%	15.8%	-0.2%	35.3%
G. OTHERS				
1. No. of Branches	407	406	386	321
2. Staff Strength				
Bank's own staff	7,580	7,580	7,571	7,462
Outsourced	2,543	2,543	2,438	2,089
	10,123	10,123	10,009	9,551

**Annualized*

STANDARD RATING SCALE & DEFINITIONS

LONG TERM RATINGS	SHORT TERM RATINGS
AAA: Highest credit quality. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.	**A1+:** Obligations supported by the highest capacity for timely repayment.
AA: Very high credit quality. 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.	**A1:**. Obligations supported by a strong capacity for timely repayment.
A: High credit quality. 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.	**A2:** Obligations supported by a satisfactory capacity for timely repayment, although such capacity may be susceptible to adverse changes in business, economic, or financial conditions.
BBB: Good credit quality. 'BBB' ratings indicate that there is currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity. This is the lowest investment-grade category.	**A3:** Obligations supported by an adequate capacity for timely repayment. Such capacity is more susceptible to adverse changes in business, economic, or financial conditions than for obligations in higher categories.
BB: Speculative. 'BB' ratings indicate that there is a possibility of credit risk developing, particularly as a result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met. Securities rated in this category are not investment grade.	**B:** Obligations for which the capacity for timely repayment is susceptible to adverse changes in business, economic, or financial conditions.
B: Highly speculative. 'B' ratings indicate that significant credit risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favourable business and economic environment.	**C:** Obligations for which there is an inadequate capacity to ensure timely repayment.
CCC, CC, C: High default risk. Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favourable business or economic developments. A 'CC' rating indicates that default of some kind appears probable. 'C' ratings signal imminent default.	**D:** Obligations which have a high risk of default or which are currently in default.

Notes:

1. PACRA's ratings are an assessment of the credit standing of entities in Pakistan. They do not take into account the potential transfer / convertibility risk that may exist for foreign currency creditors.
2. A plus (+) or minus (-) may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' long-term rating category, to categories 'CCC' and below, or to short-term ratings.
3. PACRA's rating is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.

PART VI

6 TRUSTEE AND SECURITY

6.1 THE SECURITY

BAFL is not providing any security for the TFC issue. Further, the TFCs are being issued as subordinated debt as per the guidelines set by the State Bank of Pakistan ("SBP") under the banking Supervision Department ("BSD") Circular No. 8 dated June 27, 2006. The TFCs are unsecured and subordinated debt instruments.

Upon occurrence of an event of default, the TFC holders acting through the Trustee shall be entitled to initiate legal proceedings for the recovery of the outstanding amount payable under the TFCs, subject to the terms of Trust Deed dated 24th December 2012.

6.2 THE TRUSTEE

In order to safeguard the interests of the TFC holders. Pak Brunei Investment Company Limited has been appointed as Trustee to the issue. Pak Brunei Investment Company Limited will be paid trustee fee of 500,000/- per annum in respect of the TFCs. The fee shall be payable at the beginning of each year commencing from the date of signing of the Trust Deed and on each subsequent anniversary thereof.

As per the terms of the Trust Deed executed between BAFL and the Trustee, the Trustee will ensure the following:

a. The terms and conditions of the Trust Deed are adhered to; and

b. The interests of the TFC holders are safeguarded by taking actions that it deems necessary (as prescribed by the Trust Deed) in the event of any breach of terms and conditions of the TFC instrument and the Trust Deed by BAFL.

6.3 THE TRUST DEED

The Trust Deed dated December 24, 2012 signed between BAFL and Pak Brunei Investment Company Limited specifies the rights and obligations of the Trustee. In the event, the Issuer defaults on any of its obligations under the terms of the Trust Deed, the Trustee may enforce the Issuer's obligations in accordance with the terms of the Trust Deed. The proceeds of any such enforcement shall be distributed to the TFC holders at the time on a paripassu basis in proportion to the amounts owed to them pursuant to the TFCs.

6.4 EVENTS OF DEFAULT

In the event the Issuer defaults in discharging the Issuer's Redemption Obligations and such default is not rectified within 7 (seven) days thereof, the Trustee upon receiving instructions from TFC Holders representing more than 51% (fifty one percent) of the total outstanding face value of the TFCs shall be authorized to file a Winding up Application and Legal Proceedings. It is clarified that in order to give effect to the BSD Circular No. 8 dated June 27, 2006*, the only remedy available to the Trustees and the TFC Holders in respect of default by the Issuer of the Issuer's Redemption Obligations shall be by way of filing the Winding up Application and Legal Proceedings. Where the Issuer has defaulted on the Issuer's Redemption Obligations, it is clarified that in the Winding Up Application and Legal Proceedings, the Trustee and/or the TFC Holders shall be entitled to claim that the entire outstanding Redemption Amount in respect of the TFCs have become immediately due and payable without any requirement of prior demand or such entire outstanding Redemption Amount or acceleration notice to this effect.

An Event of Default will be deemed to have occurred and the TFCs shall become due and payable, by a declaration in writing of the Trustee informing the Issuer, that the Trustee has been notified in writing by the TFC Holders representing more than 51% (fifty one percent) of the total outstanding face value of the TFCs or supported by an Extra Ordinary Resolution passed at the meeting of the TFC Holder(s) certifying the occurrence of any of the following events:

Breach of other obligation

The Issuer does not comply with any provision of this Trust Deed or the TFCs (other than the Issuer's Redemption Obligations) and such non-compliance continues for 30 (thirty) days after the written notice is received by the Issuer from the Trustee.

Misrepresentation

A representation, warranty or statement made or repeated in or in connection with this Trust Deed, TFCs, or in any document delivered by or on behalf of the Issuer under or in connection with this Trust Deed or TFCs is or proves to have been incorrect or misleading in any material respect or any statement, representation or warranty made or repeated by the Issuer in any notice, certificate or statement referred to or delivered under this Trust Deed is or proves to have been incorrect or misleading in any material respect, or any such statement, representation or warranty is incorrect in any material respect at any time and the defect is not rectified within 30 (thirty) days after the written notice is received by the Issuer from the Trustee.

Cross-default

(i) Any Financial Indebtedness of the Issuer is not paid when due, including any grace period that may be applicable thereto; or

(ii) An event of default howsoever described occurs under any document relating to Financial Indebtedness of the Issuer; or

(iii) Any Financial Indebtedness of the Issuer becomes prematurely due and payable or is placed on demand as a result of an event of default (howsoever described) under the document relating to that Financial Indebtedness; or

(iv) Any commitment for, or underwriting of, any Financial Indebtedness of the Issuer is cancelled or suspended as a result of an event of default (howsoever described) under the document relating to that Financial Indebtedness; or

(v) Any Security Interest becomes enforceable.

Insolvency

(i) The Issuer is unable to pay its debts as they fall due or becomes insolvent, or admits inability to pay its Financial Indebtedness as they fall due; or

(ii) The Issuer suspends making payments on all or any class of its debts or announces an intention to do so or a moratorium is declared in respect of any of its Financial Indebtedness.

Insolvency proceedings

(i) A meeting of the Issuer is convened for the purpose of considering any resolution for (or to petition for) its winding-up or its administration or any such resolution is passed; or

(ii) Any order for the winding-up or administration of the Issuer is made which is not suspended, revoked or set aside within a period of 45 (fortyfive) days; or

(iii) Any other step (including petition, proposal or convening a meeting) is taken by the Issuer with a view to the rehabilitation, administration, custodianship, liquidation, winding-up or dissolution of the Issuer or any other similar proceedings involving the Issuer.

Appointment of receivers and managers

(i) Any liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or the like is appointed in respect of the Issuer or any part of its assets and is not discharged within 30 (thirty) days of such appointment; or

(ii) The directors of the Issuer request the appointment of a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or the like; or

(iii) Any other steps are taken to enforce any Security Interest and such steps are not stayed within 30 (thirty) days thereof.

Creditors' process

Any attachment, sequestration, distress or execution affects any asset owned by the Issuer and is not discharged within 30 (thirty) days of such attachment, sequestration, distress or execution being levied.
Cessation of business

(i) The Issuer ceases, or threatens to cease, to carry on all or a substantial part of its business or any license or permissions to carry on the business in Pakistan is suspended or cancelled; or

(ii) The Issuer's banking license is suspended or cancelled.

Unlawfulness

It is or becomes unlawful for the Issuer to perform any of its material obligations under this Trust Deed or the TFCs and/or any other document executed by the Issuer in respect thereof and the Issuer and the Trustee have been unable to agree, within a period of 30 (thirty) days from the receipt of a notice from the Trustee, on an appropriate replacement provision containing such terms so as not to relegate either party to a detrimental or less favorable position than that held under the Trust Deed or TFCs (as originally executed).

Change of provisions of the Trust Deed

All or any material provisions of this Trust Deed:

(i) do not have effect or cease to have effect in accordance with its terms; or

(ii) are or become void, voidable, illegal or unenforceable.

Compromise or arrangement with the members or creditors

Taking of any step by the Issuer for the purpose of entering into a compromise or arrangement with any of its members, or creditors, generally or any class of them under the provisions of the Companies Ordinance 1984.

At any time after the occurrence of an Event of Default, the Trustee (to the exclusion of the TFC Holders) may, at its discretion (subject to the Trustee being indemnified to its satisfaction against all proceedings, claims and demands to which the Trustee may be liable and all costs, charges and expenses which may be incurred by the Trustee in connection therewith), take such proceedings/actions against the Issuer on behalf of the TFC Holders as may be permissible under law (or as may be directed by TFC Holders representing more than 51% (fifty one percent) of the total outstanding face value of the TFCs).

The Trustee shall be entitled to prove in any winding-up of the Issuer in respect of any amounts payable in relation to the TFCs or other moneys payable under any provision of this Trust Deed.

a) No TFC Holder shall in any circumstances be entitled to file the Winding up Application and Legal Proceedings unless the Trustee having become entitled to file the Winding up Application and Legal Proceedings in accordance with terms of Clause 2.7.1 hereto fails to do so. In such eventuality, the TFC Holders representing more than 51% (fifty one percent) of the total outstanding face value of the TFCsmay, by giving the Trustee prior written notice of 30 (thirty) days, file the Winding up Application and Legal Proceedings against the Issuer and the indemnity of the Issuer provided to the Trustee under this Trust Deed shall be available to the TFC Holders taking such action, mutatis mutandis.

b) No TFC Holder shall be entitled to any remedy (whether by way of action, petition or otherwise howsoever) for the enforcement of the Issuer's Non-Redemption Obligations unless the Trustee, having become entitled to initiate such proceedings in accordance with Clause 2.7.3 of the trust deed, fails to do so. In such eventuality the TFC Holders representing more than 51% (fifty one percent) of the total outstanding face value of the TFCs may by giving the Trustee prior written notice of 30 (thirty) days, initiate proceedings against the Issuer and the indemnity of the Issuer provided to the Trustee under this Trust Deed shall be available to the TFC Holders taking such action, mutatis mutandis.

At any time after the Trustee shall make a declaration for the payment of the amount of the TFCs under Clause 2.7.1, the Trustee may appoint by writing any person or persons to be an administrative receiver or a receiver and manager or receivers and managers (the **"Receiver"**), which expression shall include any substituted receiver(s) and manager(s) with respect to the administration of the Trust Property. The Issuer shall pay reasonable fees and the expenses incurred by the Receiver so appointed. The Receiver shall report to the Trustee and shall exercise his / their powers in consultation with and with the consent of the Trustee.

The Trustee in consultation with the Issuer may from time to time determine the remuneration of the Receiver and may remove the Receiver and appoint another in his place. In the event of a dispute between the Trustee and the Issuer regarding the remuneration of the Receiver, the decision of the Trustee shall be final.

The Receiver shall be the Issuer's agent and the Issuer alone shall be responsible for his acts and omissions and for his remuneration. However, it is clarified that the Receiver shall report to and be accountable to the Trustee. Moreover, the Issuer shall not be liable for any loss or injury caused due to the gross negligence, any breach of the terms of this Trust Deed, fraud / embezzlement or willful misconduct by the Receiver.

* http://www.sbp.org.pk/bsd/2006/C8.htm

PART VII

7 MANAGEMENT OF THE COMPANY

7.1 BOARD OF DIRECTORS OF BANK ALFALAH LIMITED

Name & Address	Description	Directorship in Other Companies
H.E. Sheikh Hamdan Bin Mubarak Al Nahayan **P.O BOX 4611, ABU DHABI U.A.E**	Chairman	Alfalah Insurance Company Limited, Pakistan Abu Dhabi Aviation, UAE Royal Jet, UAE Sheikh Zayed Housing Programme, UAE
Atif Aslam Bajwa **Bank Alfalah Limited, Head Office, 2nd Floor, B.A. Building, I.I. Chundrigar Road, Karachi**	CEO and Director	Alfalah Insurance Company Limited, Pakistan Taavun (Pvt.) Limited, Pakistan Monet (Pvt) Limited, Pakistan
Abdulla Nasser Hawaileel Al- Mansoori **P.O BOX 46611, ABU DHABI U.A.E**	Director	Al Nasser Holdings and Group Companies, UAE (Acting as Chairman) The National Investor, UAE
Abdulla Khalil Al Mutawa **P.O BOX 225, ABU DHABI, U.A.E**	Director	Abu Dhabi Commercial Bank, UAE Alfalah Exchange Company Limited, UAE
Khalid Mana Saeed Al Otaiba **P.O BOX 9, ABU DHABI, U.A.E**	Director	Al Otaiba Group of Companies UAE (Acting as General Manager) Alfalah Insurance Company Limited, Pakistan Royal Mirage Hotel & Resort Limited, UAE
Ikram Ul-Majeed Sehgal **2-C, Zamzama, Phase V, DHA Karachi**	Director	Pathfinder Group, Pakistan (Acting as Chairman) Security and Management Services (Pvt.) Limited, Pakistan Wackenhut (Pvt.) Limited, Pakistan General Tyre & Rubber Company of Pakistan Limited, Pakistan SMS Construction (Pvt) Ltd, Pakistan SMS Land Development (Pvt) Ltd, Pakistan SMS Electronic Safety Services (Pvt) Ltd, Pakistan Research and Collection Services (Pvt) Ltd, Pakistan First Select Pakistan (Pvt) Ltd., Pakistan
Nadeem Iqbal Sheikh **Nadeem Surgical Corp. (Pvt.) Ltd., Small Industries Estate, Sialkot, Pakistan**	Director	Nadeem Surgical Corporation (Pvt.) Ltd, Pakistan (Acting as Chief Executive) Surgical Instruments, Pakistan (Acting as Chairman) Manufacturing Association of Pakistan, Pakistan

7.2 PROFILE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

His Excellency ("H.E.").Sheikh Hamdan bin Mubarak Al Nahyan, a prominent member of the Ruling Family of Abu Dhabi, is the Chairman of the Board of Directors of Bank Alfalah Limited and a Federal Minister of Public Works for the UAE. H.E. Sheikh Hamdan bin Mubarak Al Nahyan served as Managing Director of Abu Dhabi Aviation Co. and also served as its Vice Chairman. In 2004, he was appointed as Federal Minister of Public Works and in 1991, the Chairman of Civil Aviation Department of Abu Dhabi. In 1985, he was appointed as Under Secretary of Civil Aviation Department of Abu Dhabi. He is the Chairman of Shaikh Zayed Housing Programme, National Transport Authority, Executive Committee for Developing Rural Areas, Higher committee for UAE Civil Seaport & Airports security, Royal Jet, and Arady. He is also the Vice Chairman of Abu Dhabi Aviation.

7.3 PROFILE OF CHIEF EXECUTIVE OFFICER

Mr. Atif Aslam Bajwa has been the President of Bank Alfalah since November 2011. He has over 30 years of diversified experience in Banking and has held various roles within and outside Pakistan, including President of the Abu Dhabi Group (Pakistan), MCB Bank and Soneri Bank in Pakistan, Regional Head for Citigroup for the Central and Eastern Europe region, Head of Consumer Banking for ABN AMRO's Asia Pacific region as well as Country Manager for ABN AMRO. Mr. Bajwa received his education at Columbia University, New York.

7.4 PROFILE OF THE CHIEF FINANCIAL OFFICER

Mr. Mirza Zafar Baig has over 16 years of experience in the banking industry. Mr. Zafar joined Bank Alfalah in April 2012 as Chief Financial Officer. He had been previously associated with Faysal Bank as Head of Strategic Development and with ABN AMRO (Pakistan) and RBS (Pakistan) since1996, holding the position of CFO. Mr. Zafar has diversified experience in activities across all Finance functions, including Asset & Liability Management, Taxation and Management Information, along with extensive exposure in business planning, Merger & Acquisition and Integration activities. Prior to joining ABN AMRO in 1996, he was associated with HSBC (Pakistan).

7.5 PROFILE OF THE COMPANY SECRETARY

Mr. Mian Ejaz Ahmad joined Bank Alfalah Limited (BAFL) in the capacity of Company Secretary and General Manager Legal in February 2012. Before joining BAFL, he served as Company Secretary & Head of Legal for Faysal Bank Limited, Company Secretary/Head of Legal & Corporate Affairs for The Royal Bank of Scotland Limited/ABN AMRO Bank (Pak) Ltd. Prior to that he also as the Law Officer at Sui Northern Gas Pipelines Limited (SNGPL).

Mr. Mian Ejaz Ahmad is a Law Graduate and received his post-graduate diploma in "Intellectual Property Laws" from the University of Punjab/Punjab University Law College. He also received an 'Outstanding Achievement Award' from RBS, for his invaluable contribution during the transfer and separation of RBS Pakistan to Faysal Bank.

7.6 OVERDUE LOANS

There are no overdue loans (local and foreign currency) of the Bank, Directors & Associated Companies.

7.7 POWER OF DIRECTORS

As required under section 196 of the Companies Ordinance, 1984, and the Articles of Association of the Company, the authority to conduct business of the Company is vested with its Board of Directors and they may exercise all such powers of the Company as are not required by the Companies Ordinance, 1984 or the Articles of Association of the Company or by a special resolution, required to be exercised by the Company in the general meeting of the shareholders.

7.8 NUMBER OF DIRECTORS

Pursuant to section 174 of the Companies Ordinance, 1984, the number of directors of a listed company should not be less than seven (7). At present, the Board of BAFL consists of seven (7) Directors.

7.9 QUALIFICATIONS OF DIRECTORS

The qualification of an elected director of the Bank in addition to his being a member shall be the holding of shares in the Bank of the aggregate nominal value of Rs. 10/- (Rupees Ten Only) in his own name, relaxable in the case of directors representing interest holding shares. This is subject to Section 187 of the Companies Ordinance, 1984.

7.10 REMUNERATION OF DIRECTORS

The remuneration of every non-executive Director shall be such sum not exceeding USD 10,000/- for each Board Meeting and USD 8,000/- for each Board Committee meeting as the Directors may fix.

7.11 AMOUNT OF BENEFITS TO SPONSOR SHAREHOLDERS AND OFFICERS DURING THE LAST TWO YEARS

No benefit has been given or is intended to be given by the Company to the promoters and officers of the Company other than remuneration for services rendered by them as full time executives of the Company.

7.12 INTEREST OF DIRECTORS

The Directors may be deemed to be interested to the extent of fees payable to them for attending board meetings. The Directors performing whole time service to the Company may also be deemed to be interested in the remuneration payable to them by the Company. The Directors may also be deemed to be interested to the extent of any shares held by each of them in the Company and/or the TFCs applied for and allotted to them through the public issue.

7.13 INTEREST OF DIRECTORS IN PROPERTY ACQUIRED BY THE COMPANY

None of the Directors had or has any interest in any property acquired by the Bank or proposed to be acquired by the Bank.

7.14 ELECTION OF DIRECTORS

The Directors shall comply with the provisions of Section 174 to 178, 180 and 184 of the Companies Ordinance, 1984 relating to the election of Directors and matters ancillary thereto. The term of the present Directors of the Bank is up to June 04th 2015.

7.15 BORROWING POWERS

The Directors may from time to time raise or borrow any sum or sums of money or make any arrangement for finance for the purpose of the Bank. The Director may raise or secure the payment of such sum or sums or financial arrangement in such manner and upon such terms and conditions in all respects as they think fit and in particular by making, drawing, accepting or endorsing on behalf of the Bank any promissory notes or bills of exchange or by issuing bonds, perpetual or redeemable debentures or debenture stock or any mortgage, charge (other than a floating charge certified in writing by the SBP under section 18 of the Banking Ordinance) or other security on the undertaking or the whole or any part of the property of the Bank (both present and future), but so that no change shall be created upon any unpaid capital of the Bank.

7.16 VOTING RIGHTS

The TFCs shall not carry any voting rights in relation to the Company.

PART VIII

8 MISCELLANEOUS INFORMATION

Registered Address	B.A Building, I.I. Chundrigar Road, Karachi.
Head Office	**Bank Alfalah Limited,** B.A Building, I.I. Chundrigar Road, Karachi.
Auditors	**A.F. Ferguson & Co.** Chartered Accountants
Legal Advisor to the Issue	**Mohsin Tayebaly & Company**
Tax Advisor	**A.F. Ferguson & Co.** Chartered Accountants
Computer Balloter / Transfer Agent	**M/s THK Associates**
Bankers to the Issue	Bank Alfalah Limited Habib Bank Limited Faysal Bank Limited Allied Bank Limited Soneri Bank Limited Bank Al Habib Limited Habib Metropolitan Bank Limited Askari Bank Limited NIB Bank Limited MCB Bank Limited

8.1 MATERIAL CONTRACTS/ DOCUMENTS

8.1.1 INVESTOR AGREEMENTS BETWEEN BANK ALFALAH LIMITED AND THE FOLLOWING:

Sr. No.	Name of Institutions	Amount of Investment (PKR)	Date of Agreement
1	Zarai Taraqiati Bank Limited	500,000,000	December 27, 2012
2	Askari Bank Limited	364,000,000	December 27, 2012
3	MCB Bank Limited	364,000,000	December 27, 2012
4	United Bank Limited	364,000,000	December 27, 2012
5	United Growth and Income Fund	275,000,000	December 27, 2012
6	CDC Trustee-MCB Dynamic Cash Fund	250,000,000	December 27, 2012
7	Allied Bank Limited	245,000,000	December 27, 2012
8	CDC Trustee-Askari Sovereign Yield Enhancer	188,000,000	December 27, 2012
9	Jubilee Life Insurance Company Limited	177,300,000	December 27, 2012
10	CDC Trustee-Askari High Yield Scheme	173,000,000	December 27, 2012
11	CDC Trustee-NAFA Income Opportunity Fund	100,000,000	December 27, 2012
12	ABL Income Fund	90,000,000	December 27, 2012

Sr. No.	Name of Institutions	Amount of Investment (PKR)	Date of Agreement
13	CDC Trustee-Lakson Income Fund	90,000,000	December 27, 2012
14	CDC Trustee-IGI Aggressive Income Fund	71,000,000	December 27, 2012
15	CDC Trustee-IGI Income Fund	64,000,000	December 27, 2012
16	CDC Trustee-Faysal Income and Growth Fund	50,000,000	December 27, 2012
17	CDC Trustee-Pakistan Income Fund	50,000,000	December 27, 2012
18	UBL Staff Pension Fund Trust	49,000,000	December 27, 2012
19	Nestle Provident Fund	30,000,000	December 27, 2012
20	Packages Limited Employees Provident Fund	30,000,000	December 27, 2012
21	Packages Limited Management Staff Pension Fund	30,000,000	December 27, 2012
22	UBL Employees Provident Fund Trust	27,600,000	December 27, 2012
23	CDC Trustee First Habib Income Fund	25,000,000	December 27, 2012
24	CDC Trustee Pakistan Capital Market Fund	20,000,000	December 27, 2012
25	Nestle Pension Fund	20,000,000	December 27, 2012
26	Packages Limited Employees Gratuity Fund	12,000,000	December 27, 2012
27	UBL Staff General Provident Fund Trust	11,370,000	December 27, 2012
28	CDC Trustee MCB Dynamic Allocation Fund	10,000,000	December 27, 2012
29	Nestle Gratuity Fund	10,000,000	December 27, 2012
30	Sulaimaniyah Trust	10,000,000	December 27, 2012
31	UBL Fund Managers Limited	10,000,000	December 27, 2012
32	UBL Officers/Non-Officers Benevolent Fund Trust	7,560,000	December 27, 2012
33	UBL Retirement Savings Fund - Debt Sub Fund	6,000,000	December 27, 2012
34	Adamjee Life Assurance Company Limited-NUIL Fund	5,000,000	December 27, 2012
35	Adamjee Life Assurance Company Limited-ISF	4,000,000	December 27, 2012
36	Thal Limited Employees Retirement Benefit Fund	4,000,000	December 27, 2012
37	UBL Employees Gratuity Trust	3,450,000	December 27, 2012
38	Adamjee Life Assurance Company Limited-ISF-II	2,000,000	December 27, 2012
39	UBL Fund Managers Employees Provident Fund	2,000,000	December 27, 2012
40	BSN Medical Private Limited Employees Provident Fund	1,200,000	December 27, 2012
41	UBL Welfare Fund Trust	1,020,000	December 27, 2012
42	Ali Gohar and Company Staff Provident Fund	1,000,000	December 27, 2012
43	BSN Medical Private Limited Employees Gratuity Fund	1,000,000	December 27, 2012
44	UBL Fund Managers Employees Gratuity Fund	1,000,000	December 27, 2012
45	MCB AMC Staff Provident Fund	500,000	December 27, 2012
	Pre-IPO Total (Private Placement)	**3,750,000,000**	
	General Public	**1,250,000,000**	
	Total Issue	**5,000,000,000**	

8.1.2 UNDERWRITING AGREEMENTS BETWEEN BANK ALFALAH LIMITED AND THE FOLLOWING:

Sr. No.	Name of Institutions	PKR	Date
1.	United Bank Limited	750,000,000	January 10, 2013
2.	Bank Al Habib Limited	300,000,000	January 10, 2013
3.	Faysal Bank Limited	200,000,000	January 10, 2013
	Total General Public Issue	**1,250,000,000**	

8.1.3 Trust Deed dated December 24, 2012 between Bank Alfalah Limited and Pak Brunei Investment Company Limited

8.1.4 Information Memorandum dated 1st December 2012

8.1.5 Instrument Credit Rating Report by PACRA dated 14th November 2012

8.1.6 SBP In Principal Approval issued vide letter ref No. BSD/BAID/616/10989/2012 dated September 30th, 2012, and SBP Final approval issued vide letter ref No. BSD/BAID/616/15303/2012 dated December 24th, 2012.

8.1.7 KSE Clearance Letter issued vide Letter ref No. KSE/GEN-308 dated 17th January 2013.

8.1.8 SECP approval issued vide letter ref No. SMD /Co.57 (1)/01/2013 dated 7th February 2013.

8.1.9 Market Making Agreement dated 16th January 2013.

8.2 INSPECTION OF DOCUMENTS AND CONTRACTS

Copies of the Memorandum and Articles of Association, the Auditor's Certificates, the Trust Deed, Information Memorandum, Credit Rating Report and copies of the agreements mentioned in the Prospectus may be inspected during the usual business hours on any working day at the corporate head office of the Bank from the date of publication of this Prospectus until the closing of the subscription list.

8.3 LEGAL PROCEEDINGS

There are no pending legal proceedings other than ordinary routine litigation incidental to banking business.

8.4 INDEMNITY

Clause 127 of the Articles of Association of the Bank reads as under:

"Every officer or agent for the time being of the Company may be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, arising out of his dealings in relation to the affairs of the Company, except those brought by the Company against him, in which judgment is given in his favor or in which he is acquitted, or in connection with any application under Section 488 in which relief is granted to him by the Court."

8.5 CAPITALIZATION OF RESERVES

The Bank has capitalized profits of Rs. 7,244,062,500/- by issue of bonus shares from the year 1997 to date.

8.6 REVALUATION OF FIXED ASSETS

The office premises of the Bank were last revalued on December 30, 2009 on the basis of market values determined by Harvester Services (Private) Limited, Valuation and Engineering Consultant.

8.7 MEMORANDUM OF ASSOCIATION

The Memorandum of Association, inter alia, contains the objects for which the Bank was incorporated and the business that the Bank is authorized to undertake. A copy of the Memorandum of Association is annexed to this Prospectus is being published with all issues hereof except those released as newspaper advertisement.

8.8 VENDORS

The provisions of Clause 12 of section 1 Part 1 of the Second Schedule of the Companies Ordinance 1984 is not applicable.

8.9 SUBSIDIARY COMPANIES

There is only one subsidiary company of the Bank, i.e. M/s Alfalah Securities (Private) Limited. As at December 31, 2011, the Bank owned 97.18% of the equity of the company.

8.10 INVESTMENT IN ASSOCIATES COMPANIES

As on September 30, 2012, the Bank owned 97.18% of the equity in M/s Alfalah Securities (Private) Limited and 40.22% of the equity in M/s Alfalah GHP Investment Management Limited. In addition, based on the percentage holding in the following funds, the same are also classified as associates:

- Alfalah GHP Value Fund : 34.19% holding
- Alfalah GHP Income Multiplier Fund : 98.53% holding
- Alfalah GHP Islamic Fund : 96.72% holding
- Alfalah GHP Cash Fund: 50.42% holding.

PART IX

APPLICATION AND ALLOTMENT INSTRUCTIONS

GENERAL INSTRUCTIONS

1) Eligible investors include:

a) Pakistani citizens resident in or outside Pakistan or Persons holding two nationalities including Pakistani nationality;

b) Foreign Nationals whether living in or outside Pakistan

c) Companies, bodies corporate or other legal entities incorporated or established in or outside Pakistan (to the extent permitted by their constitutive documents and existing regulations, as the case may be);

d) Mutual Funds, Provident/pension/gratuity funds/trusts, (subject to the terms of the Trust Deed and existing regulations); and

e) Branches in Pakistan of companies and bodies corporate incorporated outside Pakistan.

The bank itself or a related party over which the bank exercises control or significant influence cannot be an eligible investor.

2) APPLICATION MUST BE MADE ON THE COMMISSION'S APPROVED APPLICATION FORM OR A LEGIBLE PHOTOCOPY THEREOF ON A PAPER OF A4 SIZE WEIGHING ATLEAST 62 GM.

3) Copies of Prospectus and application forms can be obtained from the members of Karachi Stock Exchange Limited the Bankers to the Issue and their branches, and the registered office of Bank Alfalah Limited. The Prospectus and the application forms can also be downloaded from the website: (https://www.bankalfalah.com & www.arifhabibltd.com)

4) The applicants opting for scripless form of TFCs are required to complete the relevant sections of the application. In accordance with provisions of the Central Depositories Act, 1997 and the CDC Regulations, credit of such TFCs is allowed ONLY in the applicant's own CDC Account. In case of discrepancy between the information provided in the application form and the information already held by CDS, the Bank reserves the right to issue TFCs in physical form.

5) Name(s) and address(es) must be written in full block letters, in English and should not be abbreviated.

6) All applications must bear the name and signature of the applicant. In case of difference of signature with the bank and Computerized National Identity Card (CNIC) or National Identity Card for Overseas Pakistanis (NICOP) or Passport both the signatures should be affixed on the application form.

7) APPLICATIONS MADE BY INDIVIDUAL INVESTORS

I. In case of individual investors, an attested photocopy of CNIC (in case of RPs)//Passport (in case of NRPs and FIs) as the case may be, should be enclosed and the number of CNIC/Passport should be written against the name of the applicant. Copy of these documents can be attested by any Federal/Provincial Government Gazetted Officer, Councilor, Oath Commissioner or Head Master of High School or bank manager in the country of applicant's residence.

II. Original CNIC/Passport, along with one attested photocopy, must be produced for verification to the banker to the issue at the time of presenting the application. The attested photocopy will, after verification, be retained by the bank branch along with the application.

8) **APPLICATIONS MADE BY INSTITUTIONAL INVESTORS**

I. Applications made by companies, corporate bodies, mutual funds, provident/pension/gratuity funds/trusts and other legal entities must be accompanied by an attested photocopy of their Memorandum and Articles of Association or equivalent instrument / document. Where applications are made by virtue of Power of Attorney, the same should also be submitted along with the application. Any Federal/Provincial Government Gazetted Officer, Councilor, Bank Manager, Oath Commissioner and Head Master of High School or bank manager in the country of applicant's residence can attest copies of such documents

II. Attested photocopies of the documents mentioned in 8(i) must be produced for verification to the Banker to the Issue and the applicant's banker (if different from the banker to the issue/offer) at the time of presenting the application. The attested copies, will after verification, be retained by the bank branch along with the application

9) Only one application will be accepted against each account, however, in case of joint account, one application may be submitted in the name of each joint account holder.

10) Joint application in the name of more than 2 persons will not be accepted. In case of joint application each applicant must sign the application form and submit attested copies of their CNICs/Passport. The TFCs will be dispatched to the person whose name appears first on the application form while in case of CDS, it will be credited to the CDS account mentioned on the face of the form and where any amount is refundable, in whole or in part, the same will be refunded by cheque or other means by post, or through the bank where the application was submitted, to the person named first on the application form, without interest, profit or return. Please note that joint application will be considered as a single application for the purpose of allotment of TFCs.

11) Subscription money must be paid by cheque drawn on applicant's own bank account or pay order/bank draft payable to one of the Bankers to the Issue **"Initial Public Offering of Bank Alfalah's Term Finance Certificate 5th Issue"** and crossed **"A/C PAYEE ONLY".**

12) For the applications made through pay order/ bank draft, it would be permissible for a banker to the issue to deduct the bank charges while making refund of subscription money to unsuccessful applicants through pay order/ bank draft individually for each application.

13) **The applicant should have at least one bank account with any of the commercial banks but not necessarily with the Bankers to the Issue. The applicants not having a bank account at all (non account holders) are not allowed to submit application for subscription of TFCs.**

14) Applications are not to be made by minors and/or persons of unsound mind.

15) Applicants should ensure that the bank branch, to which the application is submitted, completes the relevant portion of the application form.

16) Applicants should retain the bottom portion of their application forms as provisional acknowledgement of submission of their applications. This should not be construed as an acceptance of the application or a guarantee that the applicant will be allotted the number of TFCs for which the application has been made.

17) Making of any false statements in the application or willfully embodying incorrect information therein shall make the application fictitious and the applicant or the bank shall be liable for legal action.

18) Bankers to the Issue are prohibited to recover any charges from the subscribers for collecting subscription applications. Hence, the applicants are advised not to pay any extra charges to the bankers to the issue.

19) It would be permissible for a Banker to the Issue to refund subscription money to unsuccessful applicants having an account in its bank by crediting such account instead of remitting the same by cheque, pay order or bank draft. Applicants should, therefore, not fail to give their bank account numbers.

ADDITIONAL INSTRUCTIONS FOR FOREIGN/NON-RESIDENT INVESTORS

20) In case of foreign investors who are not individuals, applications must be accompanied with a letter on applicant's letterhead stating the legal status of the applicant, place of incorporation and operations and line of business. A copy of memorandum of association or an equivalent document should also be enclosed, if available. Where applications are made by virtue of Power of Attorney, the same must be lodged with the application. Copies of these documents can be attested by the bank manager in the country of applicant's residence.

21) Applicants may also subscribe using their Special Convertible Rupee Account (SCRA) as set out under the State Bank of Pakistan's Foreign Exchange Manual.

BASIS OF ALLOTMENT

1. The minimum amount of application for subscription of TFCs is 5,000/-. Application for TFCs below the total value of 5,000/- shall not be entertained.
2. Application for TFCs must be made for a minimum of the aggregate face value of 5,000/-, or in multiples of 5,000/- for amounts above 5,000/-. Applications, which are neither for Rs 5,000/- nor in multiples of 5,000/- for amounts above 5,000/-, shall be rejected.
3. Allotment/Transfer of TFCs to successful applicants shall be made in accordance with the allotment criteria/ instructions disclosed in the Prospectus.
4. Allotment of TFCs shall be subject to scrutiny of applications in accordance with the criteria disclosed in the Prospectus and/or the instructions by the Securities & Exchange Commission of Pakistan.
5. **Applications, which do not meet the above requirements, or applications which are incomplete will be rejected. The applicants are, therefore, required to fill in all data fields in the Application Form.**
6. **The Bank will dispatch TFCs to successful applicants or credit the respective CDS accounts of the successful applicants (as the case maybe). Therefore, applicants are advised to fill in accurate mailing address and CDS account details, if any.**

7. BANKERS TO THE ISSUE

Code	Name of Banks	Code	Name of Banks
01	Bank Alfalah Limited	**06**	Bank Al Habib Limited
02	Habib Bank Limited	**07**	Habib Metropolitan Bank
03	Faysal Bank Limited	**08**	NIB Bank Limited
04	Allied Bank Limited	**09**	Askari Bank Limited
05	Soneri Bank Limited	**10**	MCB Bank Limited

8. OCCUPATION CODE

Code	Occupations	Code	Occupations
01	Business	06	Professional
02	Business Executive	07	Student
03	Service	08	Agriculturist
04	Housewife	09	Industrialist
05	Household	10	Other

9. NATIONALITY CODE

Code	Name of Country	Code	Name of Country
001	USA	006	Iran
002	UK	007	Bangladesh
003	UAE	008	China
004	KSA	009	Bahrain
005	Oman	010	Other

PART X

SIGNATORIES TO THE PROSPECTUS

H.E. Sheikh Hamdan Bin Mubarak Al Nahayan	Chairman	Sd/-
Atif Aslam Bajwa	**CEO and Director**	Sd/-
Abdulla Nasser Hawaileel Al- Mansoori	Director	Sd/-
Abdulla Khalil Al Mutawa	Director	Sd/-
Khalid Mana Saeed Al Otaiba	Director	Sd/-
Ikram Ul-Majeed Sehgal	Director	Sd/-
Nadeem Iqbal Sheikh	Director	Sd/-

Witness 1:

Name: Muhammad Zeeshan
Signature: Sd/-
Place: Karachi

Witness 2 :

Name: Ahmad Zeeshan
Signature: Sd/-
Place: Karachi

PART XI

MEMORANDUM OF ASSOCIATION

THE COMPANIES ORDINANCE 1984

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

BANK ALFALAH LIMITED

I. The name of the Company is BANK ALFALAH LIMITED.

II. The Registered Office of the Company/Bank will be situated in Karachi in the Province of Sindh.

III. The objects for which the Company/Bank is established are to carry on in Pakistan and all other parts of the world the business of a "banking company" as defined by Banking Companies Ordinance, 1962 or any amendment thereto or substitution thereof, and without prejudice to such generality, to accept, for the purposes of lending or Investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise and particularly the following forms of business:-

1. The borrowing, raising or taking up of money, the lending or advancing of money either upon or without security; the drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debenture certificates, scrips, participation term certificates, term finance certificates, musharika

certificates, modaraba certificates and such other instruments as may be approved by State Bank of Pakistan and other instruments, and securities whether transferable of negotiable or not; the granting and issuing of letters of credit, travellers' cheques and circular notes; the buying, selling and dealing in bullion and species; the buying and selling of foreign exchange including foreign bank notes; the acquiring, holding, issuing on commission, underwriting and dealing in stock, funds, shares, debentures, debentures Stock, Bonds, obligations, securities, participation term certificates, term finance certificates, Musharika certificates, Modaraba certificates and such other instruments as may be approved by the State Bank of Pakistan and Investments of all kinds; the purchasing and selling of bonds, scrips or other forms of securities, participation term certificates, term finance certificates, Musharika certificates, Modaraba certificates and such other instruments as may be approved by the State Bank of Pakistan on behalf of constituents or others the negotiating of loans and advances; the receiving of all kinds of bonds, scrips or valuables on deposit, or for safe custody or otherwise; the providing of safe deposit vaults; the collecting and transmitting of money and securities.

2. The providing of finance as defined in the Banking Companies (Recovery of Loans, Advances, Credits and Finances) Act, 1997.

3. Acting as agents for any Government or local authority or any other person or persons; the carrying on of agency business of any description including the clearing and forwarding of goods, giving of receipts and discharges and otherwise acting as an attorney on behalf of customers, but excluding the business of a managing agent or treasurer of a company.

4. Acting as "Modaraba Company" under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

5. Contracting for public and private loans and negotiating and issuing the same.

6. The effecting, insuring, guaranteeing, underwriting, participating, and

managing and carrying out of any issue, public or private, Government, Municipal or other loans or of shares, Stock, debentures, debentures stock or other securities of any company, corporation or association and the lending of money for the purpose of any such issue.

7. Carrying on and transacting every kind ot guarantee and indemnity business.

8. Purchase or acquisition in the normal course ot its banking business of any property, including commodities, patents, designs, trademarks and copyrights with or without buy back arrangements by the seller or for sale in the form of hire-purchase or on deterred-payment basis with mark-up or for leasing or licensing or for rent sharing or for any other mode of financing.

9. Managing, selling and realising any property which may come into the possession of the Bank in satisfaction or part satisfaction of any of its claims.

10. Acquiring and holding and generally dealing with any property or any right, title or interest in any such property which may form part ot the security for any loans or advances or which may be connected with any such security.

11. Undertaking and executing trusts.

12. Undertaking the administration of estates as executer, trustee or otherwise.

13. Establishing and supporting or aiding in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the Bank or the dependents or connections of such persons, granting pensions and allowances and making payments towards insurance; subscribing to or guaranteeing moneys for charitable or benevolent objects or for any exhibition or for any public, general or useful object.

14. The acquisition, construction, maintenance and alteration of any building or works necessary or convenient for the purpose of the Bank.

15. Selling, improving, managing, developing, exchanging, leasing, mortgaging, disposing of or turning into account, or otherwise dealing with all or any part of the property and rights of the Bank.

16. Acquiring and undertaking the whole or any part of the business of any person or company, when such business is of a nature enumerated or described in Section 7 of the Banking Companies Ordinance, 1962.

17. Doing all such other things as are incidental or conducive to the promotion or advancement of the business of the Bank.

18. Any other form of business which the Federal Government may by notification in the Official Gazette, specify as a form of business in which it is lawful for a banking company to engage.

19. The Company/Bank shall not form any subsidiary company except a subsidiary company formed for one or one more of the purposes specified in Section 23 of the Banking Companies Ordinance, 1962 and subject to other restrictions as laid down in that section.

20. To carry on, outside Pakistan and all other parts of the world, the business of a banking company and all or any of the businesses aforementioned in this Memorandum, including those incidental or allied thereto, and such other business as may be permited by and in accordance with the laws and regulations applicable in such other parts of the world.

(IV) The liability of the members is limited.

(V) The Authorised Capital of the Company / Bank is Rs. 23,000,000,000/= divided into 2,300,000,000/= shares of Rs. 10/= each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Bank for the time being with power to increase the capital.

We, the several persons whose names, and addresses and descriptions are subscribed below, are desirous of being formed into a Company in pursuence of these Memorandum of Association and we respectively agree to take the number of shares in the Capital of the Company set opposite our respective names:-

Name and Surname (present & former) in full	Father's/Husband's Name	Occupation	Nationality	Residential Address in full	No. of Shares taken by each Subscriber	Signature
1. MR. MAQBOOL A. SOOMRO	ABDUL REHMAN SOOMRO	Banker	Pakistani	17/1, Khayaban-e-Sehar, Phase-VI, Defence Housing Authority, Karachi.	1	
2. MR. FASIHUDDIN KHAN	SHAHZADA FEROZUDDIN KHAN (LATE)	Banker	Pakistani	D-1, Marine Castle Apts. Bath Island, Clifton, Karachi.	1	
3. MR. M. SHAFI ARSHAD	MOHAMMAD SIDDIQUE	Banker	Pakistani	L-2, Marine Drive, Block-VII, Clifton, Karachi.	1	
4. MR. S. IQBAL HUSSAIN	SYED ASHIQ HUSSAIN (LATE)	Banker	Pakistani	F-161/8, Kehkashan, Block VII, Clifton, Karachi.	1	
5. MR. MOHAMMAD SALEEM AKHTAR	SHAIKH GHULAM HUSSAIN	Banker	Pakistani	87/1, Khayaban-e-Badban, Phase-V, Defence Housing Authority, Karachi.	1	
6. MR. A. BASIR	ABDUL HAFEEZ	Banker	Pakistani	6-B, Sunset Boulevard, Defence Housing Authority, Karachi.	1	
7. MR. MOHAMMAD AFZAL	CH. GHULAM MOHAMMAD	Banker	Pakistani	D-8, 1st Gizri Lane, Defence Housing Authority, Karachi.	1	

Witness to above signature :

(1) Mohammad Arif Zia
Senior Vice President
Law Division
HABIB BANK LIMITED

(2) Dhakam A. Hamid
Asst. Vice President
Law Division
HABIB BANK LIMITED

Dated:

Bank Alfalah

INVESTMENT IN SECURITIES IS A HIGHLY RISKY BUSINESS. INVESTORS ARE, THEREFORE, ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THE PROSPECTUS ESPECIALLY THE RISK FACTORS BEFORE MAKING ANY INVESTMENT DECISION.

SUBSCRIPTION DATE
February 19 to 20, 2013
(during banking hours)

APPLICATION FOR SUBSCRIPTION OF TERM FINANCE CERTIFICATES (TFCs)

For the applicant (s) opting for credit of their account in the Central Depository Company of Pakistan Limited (Refer to instruction No.4 on the reverse hereof)

TFCs Delivery/Credit Options (Please Tick One) Physical [ ] C D C [ ]

CDC PARTICIPANT / ACCOUNT HOLDER ID	SUB ACCOUNT NUMBER	HOUSE A/C NO.

OR

CDC INVESTOR ACCOUNT SERVICES ID	CDC INVESTOR ACCOUNT NO.

The Directors
Bank Alfalah Limited
B.A Building, I.I. Chundrigar Road, Karachi.
UAN:(021) 111-777-786
www.bankalfalah.com

For Brokers

Broker's Stamp & Code					
KSE	01	LSE	02	ISE	03
Code					

For Brokers

Banker's Stamp	
Bank Code	Branch Code
Application Serial No.	

1) I/We apply for the following number of TFCs of Rs.--- per certificate for the value indicated below:

No of TFCs Applied For	Amount Payable in PKR	Cheque/ Demand Draft/Pay Order No

2) I/We agree to accept the same or any smaller number of TFCs that may be allotted to me/us upon the terms as stated in the prospectus. I/We authorize you to send the TFCs to me/us pursuant to this application and if no TFCs or a smaller number of TFCs are allotted to me/us you are hereby authorized to return to me/us by cheque or other means my/our application money for the amount of TFCs not delivered by post at my/our risk to the address written below, or to the Banker to the Issue through which I /we have submitted this application.

For Pakistanies	
Resident	01
Non-resident	02

3) DECLARATION

I/We declare that: i) I am/we are national(s) of __________________; ii) I am/We are not minor(s); iii) I/We have not made nor have I/we instructed any other person(s)/institution (s) to make any other application(s) in my/our name(s) or in the name of any other person on my/our behalf or in any fictitious name; iv) I/We agree to abide by the instructions provided with this application and in case of any information given herein being incorrect I/we understand that I/we shall not be entitled to the allotment of TFCs if successful rather the application money shall be liable to confiscation if this declaration proves to be incorrect at any time.

Yours faithfully,

Signature (s) a) ____________________ b) ____________________

4) ALL DETAILS MUST BE WRITTEN IN B L O C K - L E T T E R S **IN THE SPACES PROVIDED, LEGIBLY IN BLACK PEN**

a) Name in Full (as per CNIC)					
Mr. / Ms. / Mrs / Co. — Please Tick					
Father's / Husband's Name (as per CNIC)					
Identity Number (CNIC / Passport / Registration Number)					
Full Address					
Phone No., if any		Occupation Code		Muslim	Non Muslim
Bank Account No.		Bank Name			
Branch Name & Address					
Additional Information - For Non-Resident Pakistanies and Foreign Investors Only					
Place of Issue of Passport		Date of Issue of Passport			
Corporate Business Letter enclosed	Yes / No	Nationality Code	Country of Residence		
5) FOR JOINT HOLDER, IF ANY					
b) Name in Full (as per CNIC)					
Mr. / Ms. / Mrs / Co. — **Please Tick**					
Identity Number (CNIC / Passport / Registration Number)					

6) PROFIT PAYMENT/REDEMPTION MANDATE (Optional): Mark tick [✓] in the appropriate boxes Yes [ ] No [ ]

Incase the Applicant intends that if TFCs applied for are issued to him/it and the subsequent profit payment and redemption of TFCs by the company, is credited directly in his/it bank account, instead of issue of pay order/ crossed cheque, then please fill in the following boxes:

Title of Account		Signature of the Applicant as per the Bank account
Account Number		
Bank Name		
Branch Name and Address		

(TO BE FILLED IN BY THE APPLICANT'S BANKER)

7.) It is certified that the above-mentioned applicant (s) is/are maintaining account number as mentioned above at this bank branch and his/her/their particulars and signature (s) are correct and verified as per the bank's record and thier CNIC/Passport. It is further certified that only one application has been made in the name of the above account holder through this branch.We also confirm that the original CNIC/Passport has been seen by us.
Note: In case the subscription money is paid through a bank other than the bankers to the issue (through pay order or bank draft), this certification shall be provided by the manager of the bank where the applicant maintains his/her bank account.

Bank's Authorized Signatory
Bank's Rubber Stamp

SPECIMEN SIGNATURE (S) OF THE APPLICANT

	NAME OF THE APPLICANT IN BLOCK LETTERS (AS PER CNIC)	SPECIMEN SIGNATURE (S)
a)		
b)		

Banker's to the Issue: Provisional acknowledgement of application for TFCs of [Bank Alfalah Limited.]
Received from Mr/Ms/Mrs. ____________________ application for __________ TFCs .

Name of Bank	Branch Code	Application Serial No.	Date of Receipt	Signature & Rubber Stamp of Receiving Bank

IMPORTANT: (i) This slip must be retained by the Applicant ii) Please read instructions provided with this application

APPLICATION INSTRUCTIONS FOR INVESTORS

GENERAL INSTRUCTIONS

1. **Eligible investors includes:**
   a. Pakistani citizens resident in or outside Pakistan or Persons holding two nationalities including Pakistani nationality;
   b. Foreign Nationals whether living in or outside Pakistan
   c. Companies, bodies corporate or other legal entities incorporated or established in or outside Pakistan (to the extent permitted by their constitutive documents and existing regulations, as the case may be);
   d. Mutual Funds, Provident/pension/gratuity funds/trusts, (subject to the terms of the Trust Deed and existing regulations); and
   e. Branches in Pakistan of bank and bodies corporate incorporated outside Pakistan.
2. **APPLICATION MUST BE MADE ON THE COMMISSION'S APPROVED APPLICATION FORM OR A LEGIBLE PHOTOCOPY THEREOF ON A PAPER OF A4 SIZE WEIGHING ATLEAST 62 GM.**
3. **Copies of Prospectus and application forms can be obtained from the members of Karachi Stock Exchange (Guarantee) Limited, the Bankers to the Issue and their branches, the Listing Agent and the registered office of the Bank. The Prospectus and the application forms can also be downloaded from the website: www.bankalfalah.com, www.arifhabibltd.com**
4. The applicants opting for scripless form of TFCs are required to complete the relevant sections of the application. In accordance with provisions of the Central Depositories Act, 1997 and the CDC Regulations, credit of such TFCs is allowed ONLY in the applicant's own CDC Account. In case of discrepancy between the information provided in the application form and the information already held by CDS, the Bank\ reserves the right to issue TFCs in physical form.
5. Name (s) and address (es) must be written in full block letters, in English and should not be abbreviated.
6. All applications must bear the name and signature corresponding with that recorded with the applicant's banker. In case of difference of signature with the bank and Computerized National Identity Card (CNIC) or National Identity Card for Overseas Pakistanis (NICOP) or Passport both the signatures should be affixed on the application form.
7. **APPLICATIONS MADE BY INDIVIDUAL INVESTORS**
   (i) In case of individual investors, an attested photocopy of CNIC (in case of RPs)//Passport (in case of NRPs and FIs) as the case may be, should be enclosed and the number of CNIC/Passport should be written against the name of the applicant. Copy of these documents can be attested by any Federal/Provincial Government Gazetted Officer, Councilor, Oath Commissioner or Head Master of High School or bank manager in the country of applicant's residence
   (ii) Original CNIC/Passport, along with one attested photocopy, must be produced for verification to the banker to the issue/offer and the applicant's banker (if different from the banker to the issue) at the time of presenting the application. The attested photocopy will, after verification, be retained by the bank branch along with the application.
8. **APPLICATIONS MADE BY INSTITUTIONAL INVESTORS**
   (i) Applications made by companies, corporate bodies, mutual funds, provident/pension/gratuity funds/trusts and other legal entities must be accompanied by an attested photocopy of their Memorandum and Articles of Association or equivalent instrument / document. Where applications are made by virtue of Power of Attorney, the same should also be submitted along with the application. Any Federal/Provincial Government Gazetted Officer, Councilor, Bank Manager, Oath Commissioner and Head Master of High School or bank manager in the country of applicant's residence can attest copies of such documents
   (ii) Attested photocopies of the documents mentioned in 8(i) must be produced for verification to the banker to the issue and the applicant's banker (if different from the banker to the issue/offer) at the time of presenting the application. The attested copies, will after verification, be retained by the bank branch along with the application
9. Only one application will be accepted against each account, however, in case of joint account, one application may be submitted in the name of each joint account holder.
10. Joint application in the name of more than two persons will not be accepted. In case of joint application each applicant must sign the application form and submit attested copies of their CNICs/Passport. The TFCs will be dispatched to the person whose name appears first on the application form while in case of CDS, it will be credited to the CDS account mentioned on the face of the form and where any amount is refundable, in whole or in part, the same will be refunded by cheque or other means by post, or through the bank where the application was submitted, to the person named first on the application form, without interest, profit or return. Please note that joint application will be considered as a single application for the purpose of allotment of TFCs.
11. Subscription money must be paid by cheque drawn on applicant's own bank account or pay order/bank draft payable to one of the Bankers to the Issue **"Initial Public Offering of Bank Alfalah's Term Finance Certificate 5th Issue"** and crossed **"A/C PAYEE ONLY".**
12. For the applications made through pay order/bank draft, it would be permissible for a banker to the issue to deduct the bank charges while making refund of subscription money to unsuccessful applicants through pay order/bank draft individually for each application.
13. **The applicant should have at least one bank account with any of the commercial banks. The applicants not having a bank account at all (non-account holders) are not allowed to submit application for subscription of TFCs.**
14. Applications are not to be made by minors and/or persons of unsound mind.
15. Applicants should ensure that the bank branch, to which the application is submitted, completes the relevant portion of the application form.
16. Applicants should retain the bottom portion of their application forms as provisional acknowledgement of submission of their applications. This should not be construed as an acceptance of the application or a guarantee that the applicant will be allotted the number of TFCs for which the application has been made.
17. Making of any false statements in the application or willfully embodying incorrect information therein shall make the application fictitious and the applicant or the bank shall be liable for legal action.
18. Bankers to the Issue are prohibited to recover any charges from the subscribers for collecting subscription applications. Hence, the applicants are advised not to pay any extra charges to the bankers to the issue.
19. It would be permissible for a Banker to the Issue to refund subscription money to unsuccessful applicants having an account in its bank by crediting such account instead of remitting the same by cheque, pay order or bank draft. Applicants should, therefore, not fail to give their bank account numbers.

ADDITIONAL INSTRUCTIONS FOR FOREIGN/NON-RESIDENT INVESTORS

20. In case of foreign investors who are not individuals, applications must be accompanied with a letter on applicant's letterhead stating the legal status of the applicant, place of incorporation and operations and line of business. A copy of memorandum of association or an equivalent document should also be enclosed, if available. Where applications are made by virtue of Power of Attorney, the same must be lodged with the application. Copies of these documents can be attested by the bank manager in the country of applicant's residence.
21. Applicants may also subscribe using their Special Convertible Rupee Account (SCRA) as set out under the State Bank of Pakistan's Foreign Exchange Manual.

BASIS OF ALLOTMENT

1. The minimum amount of application for subscription of TFCs is Rs.5,000/- Application for TFCs below the total value of Rs.5,000/-shall not be entertained.
2. Application for TFCs must be made for 5,000/- TFCs or in multiple thereof only. Applications, which are neither for 5,000/-TFCs nor for multiple thereof, shall be rejected.
3. Allotment/Transfer of TFCs to successful applicants shall be made in accordance with the allotment criteria/ instructions disclosed in the Prospectus.
4. Allotment of TFCs shall be subject to scrutiny of applications in accordance with the criteria disclosed in the Prospectus and/or the instructions by the Securities & Exchange Commission of Pakistan.
5. **Applications, which do not meet the above requirements, or applications which are incomplete will be rejected. The applicants are, therefore, required to fill in all data fields in the Application Form.**
6. **The Bank will dispatch TFCs to successful applicants or credit the respective CDS accounts of the successful applicants (as the case maybe). Therefore, applicants are advised to fill in accurate mailing address and CDS account details, if any.**
7. **BANKERS TO THE ISSUE**

Code	Name of Banks	Code	Name of Banks
01	Bank Alfalah Limited	06	Bank Al Habib Limited
02	Habib Bank Limited	07	Habib Metropolitan Bank Limited
03	Faysal Bank Limited	08	NIB Bank Limited
04	Allied Bank limited	09	Askari Bank Limited
05	Soneri Bank Limited	10	MCB Bank Limited

8. **OVERSEAS BANKERS TO THE ISSUE**

Code	Name of Banks	Code	Name of Banks
01		06	
02		07	
03		08	
04		09	
05		10	

9. **OCCUPATION CODE**

Code	Occupation	Code	Occupation
01	Business	06	Professional
02	Business Executive	07	Student
03	Service	08	Agriculturist
04	Housewife	09	Industrialist
05	Household	10	Other

10. **NATIONALITY CODE**

Code	Name of Banks	Code	Name of Banks
001	U.S.A	006	Iran
002	U.K	007	Bangladesh
003	U.A.E	008	China
004	K.S.A	009	Bahrain
005	Oman	010	Other