

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED**KSE/N-8108****N O T I C E****December 24, 2008**

*Reproduced hereunder the **FINANCIAL PROJECTIONS** received from **BANK ALFALAH LIMITED** for information of all concerned*

ANNEX - I

**ISSUANCE OF RIGHT SHARES**

The Capital adequacy ratio of Bank Alfalah Limited under Basel II needs to be 9% by December 31, 2008 and 10% by December 31, 2009 as per the latest SBP Circular # BSD 30 dated November 25, 2008.

To meet this capital requirement, the following options are available to the Bank.

1. Issuance of TFCs
2. Issuance of Right Shares and retention of profits for the year 2008.

Due to the global crises and financial situation in the country, it is no more feasible to issue TFCs. As such the only option available is to retain the profit for the year 2008 and to issue rights shares for meeting minimum capital requirement of 9%.

Recently the Board has approved an investment of Rs. 1.687B in the right issue of Warid Telecom Pvt. Limited. Presently, banks are allowed to invest 15% of eligible capital in commercial entities other than banking and financial services associates. Excess amount over 15% has to be deducted from the Bank's capital for arriving at Capital Adequacy Ratio. Accordingly, the capital deduction, because of additional investments in Warid Telecom, is projected to go up by Rs 1,422M.

The bank needs to issue right shares of Rs 3,997,500,000 to sustain its growth and investment in Warid Telecom and bring its Capital adequacy ratio to 9% as required by the State Bank of Pakistan.

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