



Bank Alfalah

LDN/MEA/3894
17th May 2018

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

**ISSUANCE OF SHARES UNDER EMPLOYEES STOCK OPTION SCHEME
OF BANK ALFALAH LIMITED**

Dear Sir,

This refers to the Employees Stock Option Scheme ("ESOS/the Scheme") of Bank Alfalah Limited ("BAFL/the Bank") duly approved by the shareholders and SECP.

In accordance with the Scheme, 3rd and last vesting period of the grant for the year 2015 ("2nd Grant") and the 2nd vesting period of the grant for the year 2016 ("3rd Grant") have been concluded on March 31, 2018. Accordingly, the exercise period for the options vested under the aforesaid grants commenced from April 1, 2018. The eligible employees have exercised their options granted to them by the Compensation Committee of BAFL.

We would like to inform you that a total of 84 employees ("entitled employees") have exercised their respective options, and have made payments for subscription of aggregate 5,485,184 ordinary shares of Rs. 10/- each of the Bank. Consequent, upon exercise of Options and receiving subscription money from the eligible employees, the Bank has arranged to issue 5,485,184 ordinary new shares of Rs. 10/- each, without issuance of right shares, which were duly credited to the respective CDC sub-account of the eligible employees, as confirmed by Central Depository Company of Pakistan at the end of the day of May 15, 2018. No physical shares were issued to any employee.

The entitled employees have exercised their Options in accordance with the respective Strike Prices, already mentioned in the Bank's Annual Report for the year 2017. The closing market price for the aforementioned shares at the date of credit of shares into the respective CDC sub accounts of the entitled employees, i.e. on May 15, 2018 was Rs. 48.70 per share ("the Closing Market Price").

We hereby confirm that for the purpose of calculating the taxable income of an employee, the closing market price will be taken as a consideration received from an employee and accordingly, the difference between the strike price and the closing market price will be added to the income of respective employees for taxability under the head "Salary". Therefore, for the purpose of calculating the capital gain tax, the issue/deal price of the entire 5,485,184 new shares of Rs. 10/- each issued/credited under ESOS shall be Rs. 48.70, being the Closing Market Price on the day of credit of shares to the respective CDC accounts of the entitled employees.

As a result of issuance of aggregate 5,485,184 ordinary shares of Rs.10/- each, without issuance of right shares, the paid up capital (shares) of the Bank stands increased from 1,607,571,974 shares to 1,613,057,158 shares; pay orders for increase in capital are attached.

Contd...P/2.



Bank Alfalah

The incident of capital gain tax for onward disposal by the employees shall be determined in accordance with the closing market price i.e. Rs. 48.70 per share.

We enclose the following for your information and records:

1. Copies of SECP's letter No. SMD/CIW/ESOS/02/2013 dated September 3, 2013 and letter No. SMD/CIW/ESOS/02/2013 dated December 27, 2013, approving the ESOS of the Bank.
2. Attested copy of the Bank's Statutory Auditors' Certificate dated May 11, 2018 confirming increase in paid-up capital of the Bank along with total paid-up capital after issuance of shares other than right shares.
3. A list of eligible employees, who have exercised their Options under ESOS and to whom the Bank issued the ordinary shares of Rs. 10/- each, without issuance of right shares.
4. Copy of CDC's letter No. OPS/CA/FI/005 dated May 16, 2018.
5. Pay Order No. FT18130153DJWJHJ dated May 15, 2018 for Rs. 50,463.84 (net of tax) in favor of Pakistan Stock Exchange Limited being fee @ one tenth of one percent of the increase in the paid-up capital i.e. Rs. 54,851,840/- (divided into 5,485,184 ordinary shares of Rs.10/- each)
6. Pay Order No. FT18130153DJWJDD dated May 10, 2018 for Rs. 5,485.18 (net of tax) in favor of Pakistan Stock Exchange Limited in respect of Listed Company Supervisory Fee of SECP.

The copy of Return of Allotment (Form-3) will be submitted in due course.

Yours truly,

MIAN EJAZ AHMAD
Company Secretary

CH

Encl: as above

ANJUM HAI
Chief Financial Officer

- c.c.
- 1) The Chief Executive Officer
National Clearing Company of Pakistan Limited
8th Floor, Stock Exchange Building
Off. I.I. Chundrigar Road,
Karachi
 - 2) The Director Enforcement
Securities & Exchange Commission of Pakistan
NIC Building, Jinnah Avenue
Blue Area, Islamabad



Securities and Exchange Commission of Pakistan

Securities Market Division – Market Supervision and Registration Department

No. SMD/CIW/ESOS/02/2013

September 3, 2013

Mian Ejaz Ahmad,
General Manager Legal & Company Secretary,
Bank Alfalah Limited,
B.A. Building I.I.Chundrigar Road,
Karachi-74000
Fax. 021-32461275



Subject: Approval of Employees Stock Option Scheme of the Bank Alfalah Limited under Section 86 of the Companies Ordinance, 1984 read with the Public Companies (Employee Stock Option Scheme) Rules, 2001.

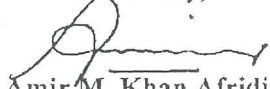
Dear Sir,

Please refer to the correspondence resting with your letter dated July 26, 2013 and email dated July 30, 2013 on the subject noted above.

2. I have been directed to inform you that the Securities and Exchange Commission of Pakistan (the Commission) is pleased to approve the Employees Stock Option Scheme hereinafter referred to as the Scheme (copy attached) of the Bank Alfalah Limited (the Bank) under the second proviso to sub-section (1) of Section 86 of the Companies Ordinance, 1984 (the Ordinance) read with the Public Companies (Employees Stock Option Scheme) Rules, 2001 (the Rules) subject to the following conditions and to any other condition(s) that may be imposed thereafter: -

- (a) The Bank shall, before grant of Options, obtain approval of the Commission under the first proviso to subsection (1) of Section 86 of the Ordinance for the issue of upto 40,474,689 ordinary shares of Rs. 10/- each (adjustable pursuant to any corporate action in the manner as provided in the Scheme) by way of other than right offer to its employees under the Scheme;
- (b) The Bank shall remain compliant with the requirements of rule 12, 13, 14 & 15 of the Rules; and
- (c) The Bank shall submit progress report on semi-annual basis on offer and administration of the Scheme containing information including level wise breakup of the options granted, options accepted/exercised and number of shares issued, options lapsed, adjustment of offer price as a consequence of corporate actions, if any, variation in the terms of the Scheme, if any, and amount of money received against exercise of options etc.

Yours truly,


Amir M. Khan Afridi
Director (CI)

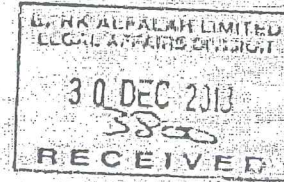


Securities and Exchange Commission of Pakistan
Securities Market Division - Market Supervision and Registration Department

No. SMD/CIW/ESOS/02/2013

December 27, 2013

Mian Ejaz Ahmad,
General Manager Legal & Company Secretary,
Bank Alfalah Limited,
B.A Building, I.I. Chundrigar Road,
Karachi



Subject: Approval under the first proviso to sub-section (1) of Section 86 of the Companies Ordinance, 1984 for issue of further shares without right offer by Bank Alfalah Limited under its Employees Stock Option Scheme

Dear Sir,

Please refer to your letter dated December 10, 2013 on the subject mentioned above and this office's letter of even number dated September 3, 2013.

2. I have been directed to inform you that the Securities and Exchange Commission of Pakistan is pleased to allow the Bank Alfalah Limited (the Bank) under the first proviso to subsection (1) of Section 86 of the Companies Ordinance, 1984 to issue up to 40,474,689 ordinary shares (adjustable pursuant to any corporate action in the manner as provided in the Employees Stock Option Scheme) by way of other than right offer to its employees under the Employees Stock Option Scheme, 2013.

Yours truly,

(Amir M. Khan Afridi)
Director (CI)

Mr. Wasim Akh Gull

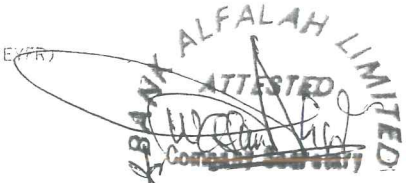
30/12/13



Building a better
working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk



AC/AAR/314/18
11 May 2018

Mr. Nauman Ansari
Chief Executive Officer
Bank Alfalah Limited (the Bank)
Karachi

Dear Sir,

CERTIFICATE ON ISSUANCE OF SHARES UNDER EMPLOYEE STOCK OPTION SCHEME

We, the statutory auditors of the bank, have been requested to provide you with a certificate on the annexed statement of Exercise/Subscription of Option/Shares by Employees (the Statement) of Bank Alfalah Limited (the Bank) under Employee Stock Option Scheme (ESOS) for the exercise period from 01 April 2018 to 30 April 2018 (the exercise period) as required under the Central Depository System (CDS) Standard Operating Procedures.

Scope of certificate

This certificate is being issued in terms of the requirement of CDS Standard Operating Procedures.

Management's responsibility

It is the management responsibility to provide the statement for the period from 01 April 2018 to 30 April 2018 in compliance with the Companies Act, 2017, Public Companies (Employee Stock Option Scheme) Rules, 2001 and CDS Standard Operating Procedures.

Auditor's responsibility

Our responsibility is to certify the compliance of the requirements of CDS Standard Operating Procedures in accordance with the 'Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to the procedures as mentioned below:

1. Reviewed the approval of shareholders of the Bank in the Extra Ordinary General Meeting held on 22 November 2013 to issue a maximum of 40,474,689 shares of Rs. 10 each to the employees under ESOS, without issuance of right shares and the approval of ESOS by the shareholders in the 21st Annual General Meeting held on 29 March 2013 at a subscription price of 60% of the market price of the share on the grant date.
2. Reviewed the Securities and Exchange Commission of Pakistan (SECP) letter no. SMD/CIW/ESOS/02/2013 dated 27 December 2013 allowing the Bank to issue a maximum of 40,474,689 shares to the employees under ESOS, without issuance of right shares.
3. Obtained confirmation from F.D. Registrar Services (SMC-Pvt) Ltd. (the Share Registrar) of the Bank vide its letter dated 07 May 2018 that all the necessary and procedural requirements with regard to allotment of shares in the name of CDC nominee shareholding have been duly complied.
4. Obtained and reviewed the schedule for grant of options by the compensation committee in the year 2015 and the year 2016.
5. Obtained the statement as attached in Annexure-A containing the details of exercise of options by the eligible employees from 01 April 2018 to 30 April 2018.
6. Checked that the calculation of the amount received in the statement is equal to 60% of the market price of the share on the respective grant dates.

WYFR



Building a better
working world

7. On a sample basis, reviewed the option letters dispatched to the employees and the ESOS option notices received from the employees confirming the exercise of options and checked that the amount to be received from the employees for exercise of options has been received in the account specified by the Bank.
8. Trace the total subscription amount to the total amount received in the account specified by the bank.

Certificate

Based on procedures mentioned above, we certify that the Bank has received the following amounts against subscription by employees under ESOS for the exercise period:

Grant year	Shares subscribed	Market price of share on grant date	Subscription Price	Date of Deposit	Subscription amount
2015	2,427,509	25.25	Rs. 15.15	01 April 2018 to 02 May 2018	36,776,778.65
2016	3,057,675	24.92	Rs 14.95		45,712,764.95
					<u>82,489,543.60</u>

The above subscription includes:

1. Rs. 4,637,927 for which cheques from employees were deposited before 30 April 2018 however they were cleared on 02 May 2018;
2. Cheque of Rs. 1,755,853.40 was dated 27 April 2018, however, this cheque was deposited on 02 May 2018; and
3. An employee of the Bank has deposited an additional amount of Rs. 497.60 against subscription of shares. This amount was refunded to the employee on 07 May 2018.

The paid-up capital before issuance of shares to employees was Rs. 16,075,719,740/- (divided into 1,607,571,974 shares of Rs. 10/- each) and after issuance of shares to employees has increased to Rs. 16,130,571,580/- (divided into 1,613,057,158 shares of Rs. 10/- each).

We certify that all the requirements with regards to allotment of shares in the name of CDC nominee shareholding have been complied by the Bank and allotment register has also been updated as confirmed by F.D. Registrar Services (SMC-Pvt) Ltd. (the Share Registrar) of the Bank vide its letter dated 07 May 2018.

Restriction on use and distribution

This certificate is being issued in the capacity of statutory auditor of the Bank and at the specific request of the management of the bank for onward submission to Pakistan Stock Exchange and Central Depository Company of Pakistan Limited. This letter is not to be used or distributed for any other purpose. This letter is restricted to the facts stated herein.

Yours faithfully

OC/AAR:bf.