



Bank Alfalah

LDN/MEA/3061
18th May 2015

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

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

Dear Sir,

We refer to KSE letter No. KSE/C-1077-6516 dated November 29, 2013 and our reply dated 3rd December 2013 on the captioned subject (copies enclosed for ease of reference).

We would like to inform you that as per duly approved Employees Stock Option Scheme ("ESOS") of Bank Alfalah Limited ("the Bank"), the initial share Options were granted to eligible employees (selected by the Board Compensation Committees) on 1st April 2014.

The one year vesting period ended on 31st March 2015 and the period to exercise options by the eligible employees was from 1st April 2015 to 30th April 2015. Out of eligible employees, 56 employees have exercised their respective Options, granted to them on 1st April 2014, and made payments for subscription of aggregate 2,563,487 ordinary shares of Rs. 10/- each. The strike price for exercise of Options was determined at Rs. 16.32, as per the ESOS.

Consequent upon exercise of Options and receiving subscription money from the eligible employees, the Bank has arranged to issue 2,563,487 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 on Friday May 15, 2015. No physical shares were issued to any employee.

As a result of issuance of aggregate 2,563,487 ordinary shares of Rs. 10/- each, without issuance of right shares, the paid up capital (shares) of the Bank stands increased from 1,587,242,700 shares to 1,589,806,187 shares; a pay order for increase in capital is attached herewith.

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 13, 2015 confirming increase in paid-up capital of the Bank along with total paid-up capital after issuance of shares other than right shares.