

"Analysing Financial Risk Management Guidelines,
Policies & Ratio Analysis of Bank Al-Falah"



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of the requirement for the degree of MBA**

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DECLARATION

This project is part of MBA degree program (Bahria University) and therefore considered as a piece of academic literature and which may be used to conduct further academic study or may be used for purpose of understanding of the project. All calculations and formulae used in this project are based on our own assumptions and have nothing to do with the direct profitability of the bank in practice as we discussed in the project. So no one have to gauge the financial position of the firm by going through this project. If someone wishes to do so, in that case we strongly suggest that they should consult the financial statements of Bank Al-Falah Pvt Ltd and create their judgment based on that.

Dedication

We would like to dedicate this project to the innocent people and their families
who have lost their lives in acts of terrorism in Pakistan

Acknowledgment

In the name of ALLAH, the most kind and most merciful, First of all we are grateful to ALLAH ALMIGHTY, who bestowed us with health, abilities and guidance to complete the project in a successful manner, and without HIS help we were unable to perform this task.

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ABSTRACT

Annual Financial Statements of a company disclose the internal structure of the firm. It indicates the existing relationship between income, assets, liabilities and equity to investors and shareholders. It shows the mix of assets that produce income and the mix of the sources of capital, whether by current or long-term debt or by equity funding. The primary objective of financial analysis is to determine the actual financial status and performance of the bank as well as the risk analysis of bank Alfalah. The main objective of the project is to apply the basic finance knowledge and concepts learnt during our degree, practically, to analyze the financial position of the bank through ratio analysis and index analysis of financial statements. And how the bank is managing and mitigating the risks i.e. credit risk, marketrisk and operational risk. These risks may be internal and/or external to the bank.

ACRONYMS

SBP:	State Bank of Pakistan
PACRA:	Patents and Companies Registration Agency
SME:	Small and Medium Enterprise
ROA:	Return on Assets
ROE:	Return on Equity
CRMC:	Credit Risk Management Committee
ALCO:	Asset-Liability Committee
ORMC:	Operational Risk Management Committee
SWOT:	Strengths, Weaknesses, Opportunities, Threats

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