

CONCEPT PAPER: BANK LOAN RATING AND RECOVERY RATING**Concept Paper:****Bank Loan Rating and Recovery Rating**

PACRA is proud of the association it has with the hundreds of companies and other institutions who use its services, either through a direct relationship or otherwise. Credit rating from PACRA is obtained for different reasons and is used in a variety of contexts. Currently, there are two distinct but related aspects to a credit rating relationship with PACRA – the basic rating relationship and the assignment of ratings to specific instruments like TFCs.

Entity Credit Rating: the basic relationship

The entity credit rating is an opinion on an entity's overall credit quality: its capacity to pay its financial obligations on a timely basis and the level of expected credit risk. It generally indicates the likelihood of default regarding all financial obligations of an entity, because the entities that default on one debt type usually stop payment on all debt types. Entity rating is not specific to any particular financial obligation, as it does not take into account the specific nature or provisions of any particular obligation. As the entity credit rating provides an overall assessment of an entity's credit quality, it is used for a variety of financial and commercial purposes.

Instrument Rating: ratings of capital market transactions

PACRA rates individual debt instruments issued by different entities, under various structures, in the capital markets. The ratings on these issues may vary from the issuer's underlying entity credit rating, reflecting the relative standing of the holders of the instruments vis-à-vis other creditors in the event of default or bankruptcy. This opinion may reflect the creditworthiness of guarantors or other forms of credit enhancement on the obligation. A well-secured term finance certificate (TFC) issue of an entity is usually

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assigned a higher rating than the underlying entity rating, whereas a subordinated instrument is 'notched' down to a lower rating, reflecting its relatively junior status. A securitized TFC, on the other hand, could carry a rating higher than the entity rating of the originator.

Listed debt instruments constitute a small portion of Pakistan's total debt market. The dominant portion of debt rests with commercial banks in the form of either a direct loan to the borrower or a syndicate loan. The country's total listed debt instruments amount to less than PKR 50bln as against financial institutions total loan book of above PKR 1,500bln. Bank loans are often more complex debt instruments than public debt issues. They frequently include collateral security, restrictive covenants, and other structured features that provide additional protection to the lender. Although, while making a loan decision, bankers are increasingly relying on cash flow generation capacity of an entity, collateralization continues to be an important element in the structure of a bank loan. Collateral provides an additional source of repayment (what bankers sometimes call the

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‘second way out’) in case the borrower’s primary source – cash flow from its business operations – proves insufficient resulting in defaults.

Banks require sophisticated and detailed information and analysis on its loans. While making a loan decision the degree of investment risk – likely recovery in the event of default – is as important as the default likelihood. Moreover, with adoption of Basel II capital accord, the credit quality of a particular loan would have direct bearing on the bank’s capital requirement – the higher the quality of loan, the lower would be the quantum of required capital (AAA to AA- 20% risk weight, A+ to A- 50% risk weight). To answer these diverse needs of debt market, PACRA introduces: Bank Loan Rating and Recovery Rating.

Bank Loan Rating (BLR) focuses on both the risk of default and likelihood of ultimate recovery in the event of default. It is on the same familiar ‘AAA’ through ‘C’ standard rating scale, but, additionally, factors in the likely recovery in a post-default situation. The analysis takes into account covenants, collateral and other protective features impacting post-default recovery. In evaluating the collaterals and other credit enhancement features, PACRA would, inter-alia, look at the nature of collateral, ease of realisability and realisable values to estimate the ultimate recovery in the event of default. A primary purpose of BLR is to assist bankers, through a single rating measure, in assessing both probability of default and expected recovery prospects of the defaulted loan. BLR would facilitate differentiating between the more effectively secured loans from those that may be secured in name only. Bank loan ratings will have a prefix of ‘BLR’ attached to the rating symbol.

Recovery Rating focuses exclusively on expected loss and recovery in the event of

default, with no relationship to underlying default likelihood of a given loan. Each recovery rating is defined in terms of an expected recovery range. These ratings are assigned on a numerical scale – with ‘1’ representing exceptionally strong recovery prospects and ‘5’ representing weak prospects.

Recovery Rating Scale – Symbols and Definitions		
Recovery Rating	Description	Recovery Expectation
R1	Exceptionally strong recovery prospects	100% of principal
R2	Very strong recovery prospects	100% of principal
R3	Strong recovery prospects	80-100% of principal
R4	Moderate recovery prospects	50%-80% of principal
R5	Weak recovery prospects	Below 50% of principal

* *Full recovery of principal means 100% of the par amount of principal outstanding at the time of default to be recovered within a period of 24 months from the date the default is established and recovery proceedings initiated. PACRA uses the concept of ‘nominal recovery’, which means that repayments are not discounted to determine a present value.*

Recovery ratings are primarily on an ordinal scale and given the numerous factors influencing recoveries over time, the scale does not attempt to predict a precise percentage recovery. The scale reflects relative recovery expectations and above-mentioned percentages are indicative of likely recovery rather than precise estimates.

Important Rating Factors:

PACRA evaluates several distinct factors while determining the bank loan and recovery ratings for a particular loan. These include:

Nature of charge on collateral

The most critical to ascertain recovery probability is the type of charge – exclusive, shared, unsecured, subordinated, etc. – created on the collateral by the lender. The nature of charge determines the priority the lender gets in proceeds realized through disposal of underlying asset in the event of default. The exclusive secured collateral arrangement is considered the superior structure compared to *pari passu* charge or second lien. In

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establishing the priority of the charge, PACRA would rely on the opinion of the legal division/counsel of the bank.

The type and the quality of the collateral security

The type and quality of the collateral – i.e., receivables, current assets, fixed assets, all assets, property, plant and equipment, equity securities, etc. – are critical because that determine how much stress the secured assets can absorb and still hold their value. This is of critical importance because in certain cases the ultimate value of a particular security is completely independent of fortunes of the underlying entity – for example a pool of general-purpose vehicles.

Loan-to-value

Loan-to-value refers to the amount of the loan being secured in relation to the amount of the collateral security. The amount of the collateral, as opposed to its type and quality, is equally critical. It has been observed that all types of collateral security, even of lower quality and less liquid, can be effective in protecting creditors if there is enough of it in relation to the loan to provide substantial cushion to absorb shrinkage in value.

The degree of access to and control over the collateral

The access to and control over the collateral by the lender, during both pre- and post-default periods, is important. The tighter the monitoring and control of the collateral, the greater likelihood that in the event of default the lenders will actually benefit from the protection against loss that they were counting on when the loan was first made.

A comprehensive evaluation of all these factors helps PACRA to determine the recovery likelihood. Based on PACRA's assessment of ultimate expected recovery of principal in the event of default, the loan rating will be 'notched up or down' by one or more notches from the underlying borrower entity's credit rating. The greater the likelihood of recovery, the more PACRA may notch up the loan rating. In case PACRA is not doing the entity credit rating of the borrower, it would undertake shadow entity rating for this purpose. Relationship between an entity's credit rating and rating of its loan after factoring in recovery analysis is explained in the following table:

Relationship between Bank Loan Rating and Entity Credit Rating		
Recovery Rating	Bank Loan Rating <i>Notching up / down to Entity Credit Rating (ECR)</i>	Description
R1	ECR <i>plus</i> 3 or 4 notches	Exceptionally strong likelihood of full recovery of principal and interest in the event of default
R2	ECR <i>plus</i> 1 or 2 notches	Very strong likelihood of full recovery of principal and interest in the event of default
R3	Un notched	Strong likelihood of substantial recovery of principal in the event of default; minimal loss expected
R4	ECR <i>minus</i> 1 notch	Likelihood of moderate recovery of principal in the event of default, despite potentially significant loss exposure
R5	ECR <i>minus</i> 2 notches	Weak likelihood of recovery attributable to collateral or structure in event of default

While PACRA does not attempt to predict the ultimate outcome of recovery proceedings, the exercise establishes the recovery risk profile by assessing the characteristics of various asset types used as collateral and subjecting the collateral to stress analysis. The probability of default increases as credit quality weakens – lower the entity rating higher the probability of default. On the contrast, the effect of collateral diminishes as the underlying credit profile improves. Intuitively, the higher the credit quality, lower the requirement of collateral as an alternative source of repayment. From a ratings perspective, the weightage assigned to recovery rating for notching will be lower as



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credit rating of an entity moves towards the higher end. Hence, relatively low rated entities (for example entities having credit rating in 'BBB' or 'A' categories) would benefit more in terms of notching up compared to high-rated entities.

Fee Structure – Bank Loan and Recovery Ratings

Scenario	Initial Ratings	Surveillance (once every 12 months)
Entity Credit Rating being done by PACRA	5 bps of the loan amount, with a minimum of PKR 150,000 and a maximum of PKR 750,000	5 bps of the outstanding loan amount, with a minimum of PKR 100,000 and a maximum of PKR 500,000
Entity Credit Rating not being done by PACRA	10 bps of the loan amount, with a minimum of PKR 300,000 and a maximum of PKR 1,000,000	7.5 bps of the actual loan amount, with a minimum of PKR 200,000 and a maximum of PKR 750,000

PACRA believes that bank loan and recovery ratings, alongwith our traditional entity ratings, will fill the needs of bankers for separate, distinct and fully transparent measures of both the likelihood of default, and the likely loss/recovery in the event of default. These ratings provide a borrower and a borrower's banker with an independent opinion of the degree of protection that a particular loan is offering. This in turn would also facilitate the pricing of loan. Bank loan rating would also facilitate implementation of standardized approach of capital adequacy calculation – Basel II accord.

PACRA RATING ACTIONS

July 26, 2005: PACRA Upgrades Entity Ratings of NDLC-IFIC Bank Limited (NIB)

The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term and short-term entity ratings of NDLC-IFIC Bank Limited to “A+” (Single A Plus) and “A1” (A One), respectively. The ratings have been assigned a **positive** outlook. These ratings, applicable to senior unsecured creditors (depositors) of the bank, denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings reflect fundamental changes in the bank's capital structure as well as in its profile. With the equity injection of PKR 2.7bln by Temasek, NIB has become one of the strongest capitalized banks in the banking sector, resulting in substantial improvement in CAR. While this ratio is likely to normalize overtime, as the advances portfolio increases, the risk absorption capacity of the bank is expected to remain strong. Meanwhile, with Temasek emerging as the majority shareholder, the bank is expected to benefit from the very strong financial profile and international identity of the principal shareholder. The management also expects operational support from Temasek owing to the latter's stake in other banks in the region. The recent changes have made NIB well positioned to cope with the challenges of an increasingly competitive banking sector environment in Pakistan. It is for this reason that rating outlook for the bank is considered positive. However, the extent to which potential benefits materialize and

the timing thereof remain to be seen.

About the bank: NDLC-IFIC Bank was formed on October 03, 2003 as a result of the amalgamation of the National Development Leasing Corporation Limited (NDLC) and Pakistan Branches of International Finance Investment and Commerce Bank Limited -Bangladesh (IFIC). Later in April 2004, the bank acquired the Pakistan operations of Credit Agricole Indosuez (CAI), the Global French bank. NIB is listed on all the three stock exchanges in Pakistan and currently has a network of fifteen branches as against two at the commencement of operations. Bugis Investment (Mauritius) Pte. Ltd., an indirect wholly owned subsidiary of Temasek Holdings, recently acquired more than two-third stake in the bank through subscribing to fresh allotment of shares. Temasek is the investment arm of the Government of Singapore and is currently rated AAA by Moodys and Standard & Poors. It was established in 1974 and manages a diversified portfolio of USD 54bln spanning across Singapore, Asia and OECD countries. Its investment is in companies that are involved in a wide range of activities, including, telecommunications and media, financial services, property, transportation and logistics, energy and resources, infrastructure, engineering and technology, as well as pharmaceuticals and biosciences.

July 26, 2005: PACRA Maintains Ratings of Pakistan Industrial Credit & Investment Corporation Limited (PICIC)

The Pakistan Credit Rating Agency (PACRA) has maintained the long-

term and short-term entity ratings of Pakistan Industrial Credit & Investment Corporation Limited (PICIC) at “AA” (Double A) and “A1+” (A One Plus) respectively. The ratings denote a very strong capacity for timely payment of financial commitments, and are applicable to the senior unsecured creditors of the Corporation. These have been placed on a rating watch pending outcome of the expected merger with PICIC Commercial Bank Limited.

PICIC's ratings reflect the continuing benefits arising from the well conceived diversification strategy to enhance its income from stable and sustainable sources while maintaining its relative positioning among the larger financial sector entities. Though having made substantial contribution to the corporation's profitability, income from capital market operations will remain vulnerable to volatility risk emanating from fluctuations in the stock market. Nevertheless, the enhanced focus on core business operations is expected to lend further stability and sustainability to the income stream. The ratings are also supported by the comfortably maintained risk absorption capacity of the corporation, reflected in the continuing growth of the equity base in line with the business expansion, along with the on-going satisfactory settlement of delinquent loans.

About the corporation: Pakistan Industrial Credit & Investment Corporation Limited (PICIC) was established in 1957. Being the largest DFI in the country in terms of total assets, the corporation's primary activities encompass term financing for

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industrial and commercial activities, merchant banking operations, capital market operations, consumer financing and leasing. PICIC is now also engaged in asset management consequent to the acquisition of management rights of ICP mutual funds – Lot 'B' and ICP SEMF (subsequently renamed as PICIC Investment Fund and PICIC Growth Fund respectively), being managed through a new Asset Management Company wholly owned by the corporation. The corporation has also recently ventured into the insurance business by forming a new insurance company. Among the shareholders, public sector corporations have the strongest presence followed by the general public and private institutions.

July 01, 2005: PACRA Assigns Ratings to Jahangir Siddiqui Capital Markets Limited (JSCM)

The Pakistan Credit Rating Agency (PACRA) has assigned a long-term rating of "AA-" (Double A minus) and a short-term rating of "A1+" (A One plus) to Jahangir Siddiqui Capital Markets Limited. These ratings, applicable to senior unsecured creditors of the company, denote a very low expectation of credit risk emanating from very strong capacity for timely payment of financial commitments.

The ratings reflect JSCM's inherently low risk business profile primarily emanating from pure brokerage operations. The ratings also take into account the company's strong financial position stemming from its robust performance and expanding equity base. The nature of its operations and structure of its client base mitigate the risk of adverse impact on the company's core profitability in the event of any sharp decline in

the stock market and the trading volumes. Although comprehensive risk management policies were inherited from the parent company, the company is in the process of implementing new systems in line with the challenges emanating from an increasingly competitive operating environment. Meanwhile, the company's strong franchise value through its association with the JS group is also a key-rating factor.

About the Company: The company, sponsored by Jahangir Siddiqui & Company Limited (JSCL), was incorporated in June 2000. The commercial operations were started in May 2003, when JSCL transferred its agency business – equity, fixed income and currency brokerage, research and corporate finance – to JSCM (Pvt.) Limited, a wholly owned subsidiary at that time. Subsequently, on December 31, 2004, JSCL divested its 25% stake through an offer for sale and JSCM was listed on Karachi and Islamabad Stock Exchanges. According to the group's conscious strategy, JSCM's operations are to be confined predominantly to the brokerage operations with zero exposure in proprietary trading.

JSCL, one of the pioneers of introducing economic and equity research, set up a full-fledged Research Department in 1993. The department, under the management of JSCM, consists of a team of distinguished professionals in the field of research. Currently, two sets of bulletins – a Daily and a fortnightly – are generated primarily for clients.

June 30, 2005: PACRA Upgrades the Ratings of Union Bank Limited (UnBL)

The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term and short-term ratings of

Union Bank Limited (UnBL) to "AA-" (Double A minus) and "A1+" (A One Plus) respectively. These ratings are applicable to senior unsecured creditors (depositors) of the bank, and denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. The ratings of the unsecured, subordinated TFCs already in issue (first TFC issue of PKR 750mln and second TFC issue of PKR 750mln respectively) also stand revised to "A+" (Single A plus). PACRA assigns a rating of "A+" (Single A plus) to the proposed third unsecured, subordinated TFC issue of PKR 1,000mln. These ratings denote high credit quality emanating from a strong capacity for timely payment of financial commitments.

UnBL's ratings reflect the sustained success of the bank in consolidating its competitive edge in consumer banking while continuing to expand the corporate finance and SME segments. While exposure to consumer banking suggests a relatively high risk appetite, the bank is assiduously ensuring effective risk management through stringent credit evaluation and monitoring supported by a strong I.T. structure and systems. Given its human and physical infrastructure as well as its increasing brand recognition, the bank is well positioned to meet the challenges of the emerging competitive banking environment.

About the bank: UnBL commenced operations in 1991 under the management of a local business group. However, the management changed subsequently in 1999, as the controlling interest in the bank was acquired by a Saudi investor. UnBL has in recent years emerged as one of the fastest growing banks with commensurate strengthening of its performance

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indicators. The bank has also expanded into the international arena by operating two branches in Sri Lanka.

June 30, 2005: PACRA Maintains Entity Ratings of First Women Bank Limited (FWBL)

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of First Women Bank Limited at “AA” (Double A) and “A1+” (A One Plus), respectively. These ratings, which factors in explicit GoP support, denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments and are applicable to the senior unsecured creditors (depositors) of the bank. At the same time, the standalone ratings of “BBB+/A2” are also maintained.

The standalone ratings reflect by and large maintained risk profile with continuing low deployment of resources into advances. Despite a notable increase, the relatively modest size of the equity base would continue to limit the bank's risk absorption capacity. However, in a peer setting and given the increasingly competitive environment, the bank's operations continue to face inherent constraints. The bank's growth and emergence as a meaningful participant in the banking sector is dependent on the injection of fresh equity, upgradation of information technology infrastructure, strengthening of risk management systems and human resource development.

The GoP's direct and indirect stake in the bank's equity has fallen below 51% due to divestment in stakeholder banks. However, the Ministry of Finance (MoF) has conveyed the written assurance

that action is in hand to inject additional equity for maintaining the public sector status of the bank and has also confirmed that applicability of the Banks (Nationalization) Act, 1974, has not been withdrawn in respect of FWBL. Based on this assurance, PACRA is maintaining the bank's ratings of AA/A1+.

About the bank: First Women Bank Ltd. (FWBL) was established in 1989 with a vision to be the leading bank for women, catering to the special economic needs of women both in urban & rural areas of Pakistan and enabling them to participate more actively in the economic process. The Board of Directors comprises seven members including the presidents of all the big five banks.

The change of management under the leadership of the new President in 2001 provided the bank with the much-needed strategic focus and ongoing formulation of effective risk management systems necessary for viable operations in addition to strengthening the staff support. The management is assiduously steering the bank towards a healthy financial condition, while redressing the operational weaknesses.

June 30, 2005: PACRA Maintains the Ratings of Albaraka Islamic Bank B.S.C. (E.C.) [Pakistan Branches] (ABIB)

The Pakistan Credit Rating Agency (PACRA) has maintained both long-term and short-term ratings of AlBaraka Islamic Bank B.S.C. (E.C.) [Pakistan Branches] at “A-” (Single A minus) and “A1” (A one), respectively. The ratings have been assigned a **positive** outlook. The ratings denote a low expectation of credit risk and strong capacity for timely payment of financial commitments.

The ratings reflect ABIB's sustained good asset quality and strong capitalization. While the bank's performance – relative to peers – remained constrained due to its limited outreach in an increasingly competitive operating environment, the ratings factor in its improved prospects emanating from its ongoing efforts to explore new credit avenues and potential benefits in the wake of its move towards incorporation as a local Islamic bank. However, the extent of impact of these developments remains to be seen.

About the bank: AlBaraka Islamic Bank (ABIB) was incorporated in Bahrain in 1984 as an offshore bank and it is part of Dallah AlBaraka Group (DBG) – a Saudi-based corporate conglomerate. In order to consolidate the financial areas of the Group, it has been decided that a holding company with the name of AlBaraka Banking Group (ABG) will acquire all the group banks. Currently, ten banks (including ABIB) have come under the umbrella of this holding company, with a combined asset base of US \$ 5.5bln and capital of US \$ 550mln at end-2004. These banks have 180 branches and around 4,550 employees.

ABIB commenced commercial operations in Pakistan in 1991 and currently operates from eight branches in the country. The present country head - a professional banker with over three decades of experience - has been holding the position since the start of the bank's branch operations in Pakistan. The bank is primarily engaged in *morabaha* and *ijarah* financing. The bank has been granted Islamic banking license by the State Bank of Pakistan during 2004, and is in the process of conversion into a local Islamic bank.

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June 29, 2005: PACRA Maintains the Ratings of Prime Commercial Bank Limited (PCBL)

PACRA has maintained the long-term and short-term entity ratings of Prime Commercial Bank Limited at “A+” (Single A Plus) and “A1” (A One) respectively. These ratings are applicable to senior unsecured creditors (depositors) of the bank. The rating of the unsecured subordinated TFC issue of PKR 800mln has been maintained at “A” (Single A). These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings reflect the bank's strategy of measured and steady growth. While earnings have been largely stable, supported by an increasing proportion of core earnings, this strategy has precluded any dramatic gain in performance experienced by some other banks in the last few years. At the same time, the bank's relatively low risk appetite and strengthened capital structure places it in a comfortable position to face any unexpected downside.

About the bank: After commencing operations in 1992, Prime Commercial Bank Limited (PCBL) currently operates with a network of 49 branches. Arab Asian International Holding Company, registered in Bahrain, holds the major stake in the bank. This company is owned by members of a Saudi family belonging to a highly regarded, very sizeable and well diversified business group of Saudi Arabia.

Short-term working capital and trade related financing activities form the core business area of the bank. Its future strategy envisages continued but gradual growth through the expansion of its branch

network, with major focus on the middle market segment of the economy.

The President and Chief Executive, who has held the position since the bank's inception, possesses over 30 years of international and domestic banking experience. A team of senior executives who have extensive exposure to banking and finance assists him.

About the TFC issue: PCBL issued an unsecured subordinated TFC in November 2004 for a tenor of 8 years carrying mark-up at a floating rate of latest 6-month KIBOR plus 1.9% payable semi-annually. Principal redemption will be in four equal annual installments commencing from the 60th month of the issue.

June 29, 2005: PACRA Maintains the Ratings of Saudi Pak Commercial Bank Limited (SPBL)

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of Saudi Pak Commercial Bank Limited at “BBB” (Triple B) and “A3” (A three), respectively. The ratings have been assigned a **positive** outlook. These ratings, applicable to senior unsecured creditors (depositors) of the bank, denote a low expectation of credit risk emanating from an adequate capacity for timely payment of financial commitments.

The ratings reflect an improving trend in the overall risk profile and rising core earnings through volume growth. The ratings also take into account the continuing overhang of the accumulated, though reducing, losses. The positive outlook also reflects the strategy evolved by the bank's new management for strengthening the future positioning and standing of

the bank. However, the implementation of the strategy and the impact thereof remains to be seen. At the same time, the ratings also recognize the continuing support of the parent company in meeting the capital requirements.

About the bank: SPBL, formerly Prudential Commercial Bank since 1995, commenced operations as Saudi Pak Commercial Bank in 2001. The bank is the subsidiary (54.3% holding) of Saudi Pak Agriculture and Investment Company, a project of the governments of Pakistan and Saudi Arabia.

The bank currently operates with a network of thirty-eight branches, and plans to expand it to fifty by the end of 2005. The bank's main activities are short-term lending through working capital and trade related finance. In addition, the bank now has a fully operational consumer finance division, offering numerous financing products tailor made for various consumer market segments.

The current President & Chief Executive, who joined SPBL recently in Feb 05, has an extensive international and local banking experience. He is currently in the process of building a team of experienced and distinguished professionals, to assist him in his overall plans for revitalizing the institution.

June 28, 2005: PACRA Maintains Ratings of Pak Kuwait Investment Company (Pvt) Limited (PKIC)

The Pakistan Credit Rating Agency (PACRA) has maintained a long-term rating of “AAA” (Triple A) and a short-term rating of “A1+” (A One plus) to the Pakistan Kuwait Investment Company (Pvt) Limited (PKIC). These ratings denote the lowest expectation of credit risk



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emanating from an exceptionally strong capacity for timely payment of financial commitments. The ratings are applicable to the senior unsecured creditors of the company.

The ratings reflect PKIC's very strong capitalization, which, while representing strong risk absorption capacity, provides ample room for leveraged growth. The ratings also take into account PKIC's ability to maintain the low risk profile of its assets portfolio, amidst an increasingly competitive environment, as well as the management's conscious efforts of continuously strengthening the risk management systems.

About the company: PKIC was established in March 1979 as a joint venture between the governments of Pakistan and Kuwait. Currently the shareholding is equally held through the State Bank of Pakistan and the Kuwait Investment Authority (KIA). The primary objective of the organization is to make a tangible contribution to economic development by supporting both industrial and service sectors. The new Managing Director, who joined PKIC in January 2005, has over 35 years of diversified national as well as international experience. This includes Chairmanship of NIT and as President and Chief Executive of Zarai Taraqiati Bank.

June 27, 2005: PACRA Maintains Ratings of Bank Al Habib Limited (BAHL)

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of Bank Al Habib Limited (BAHL) at "AA" (Double A) and "A1+" (A One Plus) respectively. These ratings are applicable to the senior, unsecured creditors (depositors) of the bank. The rating of the unsecured, subordinated TFC issue

of PKR 1,350mln has also been maintained at "AA-" (Double A Minus). The ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings reflect the continued ability of the bank to maintain its relative performance from core earnings. The ratings also recognize the low risk appetite of BAHL as reflected in the consistently high asset quality. The ratings also take into account the continuing improvement in the risk management systems in line with the challenges emanating from the increasingly competitive banking environment. The bank maintained consistent and, at the same time, prudent growth during the year, primarily through providing quality service, hence improving its sector position.

About the bank: BAHL's sponsors are members of the Dawood Habib family – the oldest and a distinguished name in Pakistan's banking circles. They are active in the management of the bank and are backed by a team of experienced professionals most of which have been with the bank since its inception.

The bank's main activities are short-term lending, mainly trade finance related and seasonal running finance. Its future strategy envisages maintained growth through further expansion of branch network, all the while maintaining the Habib hallmark of a conservative risk profile. BAHL continues to strengthen its technological platform and human resource base.

About the TFC issue: The unsecured, subordinated TFC issue of PKR 1,350mln has a tenor of 8 years starting July 2004. The profit payment is made semi-annually,

based on 6-month KIBOR plus 1.5% with a floor of 3.5% and a cap of 10%. Major principal redemption will be in three semi-annual installments, commencing from the 84th month of the issue.

June 24, 2005: PACRA Upgrades Entity and TFCs Ratings of Al-Abbas Sugar Mills Limited (AASML)

The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term and short-term entity ratings of Al-Abbas Sugar Mills Limited (AASML) to "A" (Single A) and "A1" (A One) respectively. These ratings are applicable to the senior unsecured creditors of the bank. The rating of AASML's secured TFC issue of PKR 350mln has been upgraded to "A+" (single A plus). These ratings denote a low expectation of credit risk and a strong capacity for timely payment of financial commitments.

AASML's ratings reflect sustained positive performance trends despite the volatile nature of the sugar industry. The company's financial performance continues to benefit from the increasing proportion of high-margin, lower-risk distillery revenues. The ratings also factor in the company's enhanced propensity to absorb risk on the back of a further strengthening of its capital structure.

About the TFC Issue: The company issued a secured TFC of PKR. 350mln in 4QFY03 to facilitate expansion in its distillery unit as well as for debt substitution. The instrument is privately placed with a tenor of 5 years at a rate of the 3 month T-Bill rate +3.25%p.a with a floor of 6% and a ceiling of 13%. Principal redemption will be in eighteen equal quarterly installments after an initial grace period of six months. The issue is secured by first pari passu charge

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on the fixed assets including plant and machinery with 25% margin, in addition to personal guarantees of sponsor directors. Considering the secured nature of the instrument, it has been assigned a one-notch higher rating than the entity rating.

About the company: Al-Abbas Sugar Mills Limited (AASML), listed on the Karachi Stock Exchange, was incorporated in May 1991. The company operates a sugar plant and Industrial Alcohol Distillery (IAD) located in Mirpurkhas, a district of Lower Sindh. Recognising the risk inherent in sugar operations, the company expanded its distillery operations in FY 03-04. Distillery revenues, therefore, formulate an increasing proportion of the company's turnover. The company's sponsors have more than 50% shareholding. The management, with a good blend of youth and experience, have a track record of efficient operations and a strategic vision. The Al-Abbas Group, which includes four manufacturing concerns, benefits from its close association with the Jahangir Siddiqui (JS) Group. The JS Group has a 22 % shareholding in AASML, and is fast emerging as a major conglomerate with an increasingly diverse asset base.

June 24, 2005: PACRA Maintains Ratings of Pak-Libya Holding Company (Pvt) Limited (PLHC)

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term rating of "AA-" (Double A minus) and the short-term rating of "A1+" (A One Plus) of Pak-Libya Holding Company (Pvt) Limited. The ratings, applicable to the senior unsecured creditors of the company, denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The assigned ratings reflect the management's success in developing a stable revenue base by focusing on core operations. The ratings also take into account the strong risk absorption capacity; a direct consequence of enlarged equity base and the relatively low risk profile of the asset portfolio. However, while the management has succeeded in putting the company on a track of stable and sustainable performance, prospects remain constrained by external factors. Thus, PLHC, as a one-branch operation, and consequently, narrow deposit base will continue to have a higher cost of funds than commercial banks while competing with its larger peers for credit growth. This would inevitably put pressure on spreads and hence on the bottom line, going forward.

About the company: Pak-Libya Holding Company (Pvt.) Limited was established as a joint stock company on 14th October, 1978 equally owned by the Government of the Islamic Republic of Pakistan and the Socialist Peoples Libyan Arab Jamahiriya. The Board of Director (BOD) comprises six directors. The governments of Pakistan and Libya have nominated three directors each. The company utilizes two core avenues for asset deployment: asset building through loans/leases and investments.

June 20, 2005: PACRA Maintains Ratings of Bank Alfalah Limited (BAL)

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of Bank Alfalah Limited at "AA" (Double A) and "A1+" (A one plus), respectively. These ratings are applicable to senior unsecured creditors (depositors) of the bank. The ratings of unsecured subordinated TFC issues of PKR 650mln and PKR 1,250mln are

maintained at "AA-" (Double A Minus). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

BAL's ratings reflect the bank's well-conceived business strategy supported by an effective risk management system, helping the bank to maintain good asset quality despite its high growth mode in recent years. Bank Alfalah's business is governed by a low-margin high-volume philosophy. In recent years, the bank has shown aggressive growth in all areas of business including deposit mobilization, credit expansion and geographical outreach. BAL is the fifth largest bank in the country in terms of total assets with a network of 90 branches, including 11 Islamic branches at end-04. BAL plans to continue network expansion (around 60 more branches in the near-term). BAL's strategy encompasses continuing growth in business volumes through providing a wider spectrum of innovative financial products and solutions to an expanding client base. However, this growth is without compromising on the quality of the credit portfolio for which a well-designed, transparent risk management system is in place.

About the bank: Bank Alfalah Limited (BAL), since its privatization in 1997, is majority owned by the Abu Dhabi Group. Pursuant to successful offer for sale of 20% shares by some of shareholders, the bank was listed on the Karachi Stock Exchange during 2004. BAL is providing a full range of banking facilities. The future strategy of the management envisages continuation of high growth through expansion of branch network and introduction of new products.

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About the TFC issues: BAL issued its first unsecured subordinated TFC during December 2002 for a tenor of 6 years at a floating rate of latest cut-off yield on 5 year PIB plus 1.35% with a floor of 10.00% and a cap of 15.00%. Principal redemption will be in two equal semi-annual installments commencing from the 66 th month of the issue. The bank issued second unsecured subordinate TFC for a tenor of 8 years carrying mark-up at a floating rate of latest 6-month KIBOR plus 1.5% during December 2004. Major principal redemption will be in three equal semi-annual installments commencing from the 84 th month of the issue.

June 18, 2005: PACRA Maintains the Ratings of Metropolitan Bank Limited (MBL)

The Pakistan Credit Rating Agency (PACRA) has maintained both long-term and short-term ratings of Metropolitan Bank Limited at "AA+" (Double A plus) and "A1+" (A one plus), respectively. These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings reflect MBL's strong competitiveness within its niche market and consistently robust performance. The ratings also take into account the bank's higher capital adequacy ratio than most of its peers, emanating mainly from its Tier 1 capital, conservative and prudent approach to business, which is reflected in its sustained virtually infection free loan portfolio. At the same time, the ratings factor in the bank's continuous efforts at strengthening risk management systems. The bank continues to distinguish itself in terms of product innovation as well as technological upgradation.

This is consistent with the vision of management to retain leadership in service quality and operating efficiency.

About the bank: MBL commenced its operations in 1992. The Chief Executive of the bank is a former Governor of the State Bank and also a former president of Habib Bank Limited, one of the largest banks in the country. MBL, with focus on corporate banking, is also strengthening its retail banking. In order to augment revenues, the bank is seeking diversification in business volumes and income streams. While some progress has already been made in this respect, further developments are under management's consideration.

June 17, 2005: PACRA Upgrades Entity Ratings of The Bank of Punjab (BoP)

PACRA has upgraded the long-term rating and short-term rating of The Bank of Punjab to "AA-" (Double A Minus) and "A1+" (A One Plus) respectively. These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. The ratings are applicable to senior unsecured creditors (depositors) of the bank.

The ratings reflect the sustained strengthening of the equity base through organic growth and a stronger capital structure than most peers in terms of the proportion of Tier I Capital in the total assets despite a substantial expansion in the balance sheet size. The ratings also recognise the improving trend in performance with increasing contribution from core earnings. The management's ongoing programs for human resource development, upgradation of technology infrastructure, and a structured approach for improvement and efficacy of risk

management policies and systems augur well for the bank's future prospects.

About the bank: The Bank of Punjab was established under the BoP Act 1989. The bank is currently operating with a 253 branch network concentrated in the province of Punjab. The management is currently expanding this network to other provinces, mainly NWFP and Karachi.

BoP is principally involved in short-term lending and providing other general banking services. The Board of Directors comprises eleven members, with seven nominees of the GOP and the rest elected by other shareholders. The current Managing Director, who took charge in May 2003, is serving on a five-year contract. The incumbent is a professional banker having extensive experience of banking in Pakistan and abroad. He is assisted by a team of experienced professionals.

The new Managing Director has succeeded in bringing about a change in the strategic focus of the bank's long-term policy objectives by capitalizing on BoP's potential strengths and eliminating some of its inherent organizational weaknesses. The success of his initiatives are demonstrated in the bank's flattering performance indicators.

June 16, 2005: PACRA Maintains Entity Ratings of KASB Bank Limited

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of KASB Bank Limited at "BBB+" (Triple B plus) and "A2" (A two), respectively. These ratings, applicable to senior unsecured creditors (depositors) of the bank, denote a low expectation of credit



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risk emanating from an adequate capacity for timely payment of financial commitments.

The ratings reflect the bank's limited outreach and franchise value that place it at a disadvantage in competing against the better known and larger sized local banks. The management, being cognizant of these impediments, is strengthening human and infrastructure resources along with developing a range of products to achieve business growth. The ratings also take into account the bank's subdued profitability, which though improving is unlikely to add substantially towards the bank's risk absorption capacity. Meanwhile, the regulator's pronounced inclination for larger equity-based banks would continue exerting pressure on the bank.

About the bank: KASB Bank Limited, formerly Platinum Commercial Bank Limited, was incorporated in October 1994 and is listed on all three stock exchanges of the country. KASB group and an Omani group have acquired the majority stake in the bank in October 2002. The bank's eight member Board of Directors comprises experienced professionals and is fully involved in the development of the bank's strategy and actively monitors its execution. A team of professionals backs the President and CEO, a business graduate with working experience in various international banks in Pakistan and Middle East in senior management positions.

June 15, 2005: PACRA Assigns Entity Ratings to Dawood Bank Limited

PACRA has assigned a long-term rating of "BBB-" (Triple B Minus), and a short-term rating of "A3" (A Three), to Dawood Bank Limited. These ratings denote a low expectation of credit risk

emanating from an adequate capacity for timely payment of financial commitments. The ratings are applicable to the senior unsecured creditors (depositors) of the bank.

The ratings reflect the inherent constraints faced by a bank in its very early stages of operations in a highly competitive industry. Currently, the focus is on the preliminary building blocks, such as putting together a management team, establishing a branch network, and finalizing a comprehensive business plan. The success of the bank will then be inextricably linked to the success of these steps. For the time being however, the strength of the sponsors, as well as the equity cushion available to the bank, are the main sources of comfort for the bank's creditors.

About the bank: DBL commenced operations in March 2004 after the Dawood Group entered into a joint venture agreement with the Bank of Ceylon (BOC) Pakistan operations to amalgamate the business of BOC into a banking company. The Dawood Group holds controlling stake in the bank. The Group represents one of the oldest and well-established business groups in the country, with interests spanning the financial, chemical, oil and gas, and textile sectors. The support derived from association with the Dawood Group is critical to the future prospects of the bank.

While the bank is currently actively involved in money market operations, its main activities are expected to be consumer and trade related finance. The bank's CEO, with over three decades of banking experience, is building up a team of professionals to assist him in managing the operations of the bank.

June 13, 2005: PACRA Maintains Entity Ratings of Askari Commercial Bank Limited (ACBL)

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of Askari Commercial Bank Limited (ACBL) at "AA+" (Double A Plus) and "A1+" (A One Plus) respectively. These ratings are applicable to the senior, unsecured creditors (depositors) of the bank. The rating of the first unsecured, subordinated TFC issue of PKR 1,500mln has also been maintained at "AA" (Double A). PACRA assigns "AA" (Double A) rating to the second proposed unsecured, subordinated TFC issue of PKR 1,500mln by ACBL. The ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings reflect ACBL's ability to sustain its robust performance and maintain the low risk profile of its assets amidst an increasingly competitive operating environment. The ratings also recognize the management's conscious efforts of continuously strengthening the risk management systems.

About the bank: ACBL, operating with a countrywide network of 74 branches plus one offshore banking unit (end-04), commenced its operations in 1992 and has emerged as one of major players in the commercial banking sector of the country. Army Welfare Trust (AWT) remains its principal shareholder controlling the Board of Directors through its nominees. AWT has business interests spread across a wide range of economic and industrial sectors. ACBL offers a full range of commercial banking services to the corporate, middle market and retail segments.



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About the issues: The first unsecured, subordinated TFC issue of PKR 1,500mln has a tenor of 8 years starting February 2005. The profit payment is made semi-annually, based on 6-month KIBOR plus 1.5%. The principal will be redeemed in a bullet payment at the maturity of the instrument. The second proposed unsecured, subordinated TFC issue of PKR 1,500mln has similar terms and conditions.

June 10, 2005: PACRA Maintains Entity Ratings of Tri-Pack Films Limited (TPFL)

The Pakistan Credit Rating Agency (PACRA) has maintained both long-term and short-term ratings of Tri-Pack Films Limited (TPFL) at 'A+' (single A plus) and 'A1' (A one), respectively. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

TPFL's ratings reflect its dominant market position supported by its quality brand image and the continuing strategic relationship with customers. The company's margins having been under pressure in recent years are likely to improve on account of stable raw material prices. The ratings also recognize the substantial capacity enhancement and the well conceived export strategy, which, together, will help the company to withstand the emerging competitive pressures.

About the company: Established in 1993, TPFL is engaged in manufacturing of Biaxially Oriented Polypropylene (BOPP) film. It is a joint venture between Packages Limited (PL) and Mitsubishi Corporation of Japan. Having started commercial production in 1995 the company is listed on all bourses in Pakistan. The company started its operations

with a rated capacity of 5,400 tones per annum, which subsequently doubled with the commencement of second production line in 2001. Owing to the commencement of third production line the rated capacity of the company increased to 26,800 tpa in 2004. With around 64% market share of the BOPP film in the country, TPFL is the largest producer in Pakistan with state-of-the-art technology of the third production line that has enabled the company to increase its penetration in the high value added end of the market. In order to optimize the capacity utilization, the company has chalked out strategy to export BOPP film to SAARC countries, Africa and Middle East.

June 01, 2005: PACRA Maintains Ratings of Packages Limited

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term ratings of Packages Limited at 'AA' (Double A) and 'A1+' (A One Plus), respectively. The ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payments of financial commitments and are applicable to the senior unsecured creditors of the company.

The ratings reflect the company's low risk profile, strengthened equity base, supplemented by substantial unrecognized appreciation in the value of its investment portfolio and the strong financial flexibility. The ratings recognize the company's leadership in the paper and board sector and also take into account the company's forward-looking strategy of continuous upgradation of production facilities for maintaining the company's competitive edge.

About the Company: Packages Limited (PL) was established in 1957, as a joint venture between Ali Group of Pakistan and Akerlund & Rausing of Sweden, to convert paper and board into packaging material for the consumer industry. Packages Limited is a vertically integrated company having its own paper and paperboard mill. It is the only company in Pakistan having a complete range of packaging solutions including offset printed cartons, shipping containers, flexible packaging materials. The company is listed on all three stock exchanges. PL is a professionally managed market driven company and the strategy of continuous balancing modernization, replacement and expansion (BMR & E) has been the hallmark of its operations.

May 25, 2005: PACRA Maintains Entity Ratings of Muslim Commercial Bank Limited (MCB)

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of Muslim Commercial Bank Limited (MCB) at "AA" (Double A) and "A1+" (A one plus), respectively. The ratings have been assigned a **positive** outlook. These ratings are applicable to senior unsecured creditors (depositors) of the bank. The rating of unsecured subordinated TFC issue of PKR 1,600mln has been maintained at "AA-" (Double A Minus). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings reflect MCB's strong capacity to withstand the competitive banking environment, emanating from its extensive franchise supported by an efficient technology platform. Meanwhile, the bank is further strengthening



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its human resource base in order to expand effectively in targeted business areas. Although the bank has relatively stressed capitalization compared to most peers, the ratings recognize the improving asset quality having positive impact on the bank's risk absorption capacity.

About the TFC Issue: MCB issued unsecured subordinated TFC during August 2002 for a tenor of 5½ years at a floating rate of latest cut-off yield on 5 year PIB plus 1.50% with a floor of 11.75% and a cap of 15.75%. Major principal redemption will be in three unequal installments commencing from the 54 th month of the issue.

About the bank: A number of distinguished corporate groups, led by Nishat group, jointly own majority stake in MCB since its privatization in 1991. MCB continues to derive substantial benefits from the resourcefulness, financial strength and business acumen of the members of Board of Directors. The President & Chief Executive has extensive banking experience locally and abroad and has been in this position for the last five years. A highly experienced and distinguished team of senior management assists him. MCB currently operates an extensive network of 941 domestic and 5 overseas branches with a leading position in automated banking services. The bank has a market share of above 9% in the total deposits of the scheduled banking system.

May 12, 2005: PACRA Maintains Entity and TFCs Ratings of WorldCall Communications Limited (WCL)

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of WorldCALL Communications

Limited (WCL) at "A+" (single A plus) and "A1" (A one), respectively. These ratings, applicable to the senior unsecured creditors of the company, denote a low expectation of credit risk

The rating of secured TFC of PKR 350 mln has been maintained at "AA-" (double A minus). This rating denotes a very low expectation of credit risk and very strong capacity for timely payment of financial commitments.

The ratings reflect WCL's continuing strong financial risk profile emanating from stable cash flow generation and sound coverages. At the same time, the ratings also take into account the emerging landscape of the telecommunication sector that is characterized by intense competition. Although WCL's core margins are expected to remain under competitive pressure, the company, due to synergic benefits of WorldCALL group's recent diversification in WLL and LDI businesses, is potentially well positioned to cope with the competition.

About the company: WCL, incorporated in 1995, is the flagship company of WorldCALL/First Capital group in the telecommunication sector. The principal activities of the company include a countrywide payphone network and pre-paid calling card services. WCL is diversifying locally as well as internationally into various value-added telecom services through its associated and subsidiary companies and has earned recognition for its brand name.

About the TFC issue: WCL issued secured TFCs of PKR 350mln during September 2002 for a tenor of 5 years. The profit payment is based on SBP discount rate plus 175bps with a floor of

12.25% and a cap of 16.25%. Principal redemption is in seven equal semi-annual installments commencing September 2004 (current outstanding principal: PKR 300mln). The instrument is secured by a first pari passu hypothecation charge of PKR 437.5mln on the present and future fixed assets of the company.

May 11, 2005: PACRA Maintains TFC Rating of Gulistan Textile Mills Limited (GTML)

The Pakistan Credit Rating Agency (PACRA) has maintained the TFC rating of Gulistan Textile Mills Limited at "A-" (Single A minus). The rating indicates a low expectation of credit risk and strong capacity for timely payment of financial commitments.

he rating reflects the company's improving prospects on the back of better margins resulting from lower raw material costs as against FY04, in which GTML's performance was subdued. At the same time, given the almost unchanged cash flow generation, the company has to rely on borrowings to finance increased levels of inventory and trade receivables. The rating also takes into account the strong standing of the Gulistan group and its demonstrated capacity to mobilize requisite funds from external sources provides a degree of comfort to TFC holders.

About the TFC Issue: GTML issued the first secured TFC of PKR.321mln in FY2001 for a tenor of five years. The TFC carries a profit rate of 2% above the State Bank of Pakistan's discount rate, with a floor of 14% and a ceiling of 17.5%. The TFC is secured by way of a first charge ranking parri passu with existing creditors on land, building and plant & machinery, providing 25% margin. The company has serviced its TFC

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obligations on a timely basis falling due up to September 2004 (current outstanding principal: PKR 213.6mln, final redemption: September 2006).

About the company:

Established in 1967, GTML is the largest company – in size – among all the group concerns operating under the banner of Gulistan Group. The company is listed on Karachi and Lahore stock exchanges. It operates four spinning units with an installed capacity of 95,832 spindles, and yarn is sold both locally and abroad. Currently, GTML is one of the leading exporters of yarn, and its manufacturing facilities have capacity to produce a wide range of counts of carded & combed yarn in both cotton as well as blended varieties. The focus of the company's sales is on medium and coarse counts.

May 09, 2005: PACRA Maintains Entity Ratings of Jahangir Siddiqui Investment Bank Limited (JSIBL)

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and the short-term ratings of Jahangir Siddiqui Investment Bank Limited (JSIBL) at “A+” (Single A plus) and “A1” (A one) respectively. These ratings are applicable to senior unsecured creditors of the company, and denote a low expectation of credit risk emanating from a strong capacity for timely payments of financial commitments.

JSIBL's ratings reflect its robust performance, and the strengthening capital structure. Thus, while JSIBL's performance is primarily a function of stock market operations, the bank's capacity to absorb the associated risk remains strong. The bank's affiliation with the Jahangir Siddiqui Group, with its proven

expertise in capital market operations, is also a critical rating factor.

About the bank: Jahangir Siddiqui Investment Bank Limited commenced commercial operations in September 1993. The bank is mainly engaged in capital and money market activities and to some extent in short-term advances. JSIBL is continuing to develop fee based earning avenues stemming from activities such as underwriting, trusteeship, portfolio-trading and consultancy services. With a number of ideas in the pipeline, the bank is in the process of reviewing its future strategy to effectively meet the challenges of the increasingly competitive financial sector. Jahangir Siddiqui and Company Ltd. (JSCL) – the principal shareholder, with 62.41% stake in JSIBL – assumed control of the bank in September 1999. With its considerably expanded equity and asset base, the company is embarked upon new initiatives while retaining its status as the flagship company of the Jahangir Siddiqui Group. Meanwhile, the group itself continues to expand and diversify with a dynamic approach in identifying new growth opportunities with the proven ability to take quick but prudent investment decisions.

May 05, 2005: PACRA Maintains the Rating of the Secured TFC of Shahmurad Sugar Mills Limited (SSML)

The Pakistan Credit Rating Agency (PACRA) has maintained the rating assigned to the secured TFC issue of PKR 200mln of Shahmurad Sugar Mills Limited at “BBB” (Triple B). The rating denotes a low expectation of credit risk and an adequate capacity for timely payment of financial commitments.

The rating assigned to SSML's secured TFC recognizes the company's highly leveraged capital structure and strained cash flows, despite improving margins. At the same time, the rating also takes into account the diversification achieved in the earning stream through commencement of distillery operations, rendering the company less vulnerable to unfavourable developments in the sugar sector. Further, the sponsors demonstrated financial support in times of high liquidity requirement is also a critical rating factor.

About the TFC Issue: SSML issued a secured TFC of PKR 200mln in FY02 of a 4-years tenor. It carries a floating rate of SBP Discount Rate plus 2.5% p.a. with a cap of 17.5% and a floor of 15.5%. The profit is payable on a semi-annual basis, while the principal is to be redeemed in six semi-annual installments commencing in Nov 03. The TFC in issue is secured by a first ranking pari passu charge on fixed assets (excluding land) of the company. Currently three installment of the principal payable in May 05, Nov 05 and May 06 are outstanding (total principal amount: PKR 100mln).

About the company: Incorporated in 1980, Shahmurad Sugar Mills Limited (SSML) is listed on the Karachi Stock Exchange. SSML operates from Jhok Sharif, District Thatta, in lower Sindh. SSML is a part of the Al Noor Group that has business interests in sugar, insurance and modaraba sectors and is also active in the trading of commodities. The main sponsors of the Al Noor Group hold 41.3% shareholding of SSML. The nine-member Board of Directors includes seven family members and two nominees of the NIT.

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May 05, 2005: PACRA Assigns Short-term Rating to the Secured TFC of Al-Noor Sugar Mills Limited (ANSML)

The Pakistan Credit Rating Agency (PACRA) has assigned the short-term rating of "A2" (A Two) to the secured TFC issue of PKR 203.6mln of Al-Noor Sugar Mills Limited, due for final redemption in October 2005. The rating denotes a low expectation of credit risk and an adequate capacity for timely payment of financial commitments.

The rating assigned to ANSML's secured TFC reflects the improving trend in overall performance and financial coverages, owing to the enhanced contribution from the main sugar operations. At the same time, the rating also recognizes the company's highly leveraged capital structure and strained liquidity position. The sponsors demonstrated support in times of high liquidity requirement remains a source of comfort to the TFC holders.

About the TFC Issue: ANSML issued a secured TFC of PKR 203.6mln in FY00 of a 5-year tenor, carrying a floating rate of SBP Discount Rate Plus 2.50% p.a. with a floor of 16.5% and a cap of 18.5%. The profit is payable on a semi-annual basis and principal in 8 semi-annual installments commencing from Apr 02. The TFC in issue is secured by way of exclusive first charge on the MDF Board Unit and a ranking charge on other assets of the company. Currently only one installment of the principal payable in Oct 05 is outstanding (principal amount: PKR 25mln).

About the company: Incorporated in 1969, Al-Noor Sugar Mills Limited (ANSML) is listed on the Karachi and Lahore Stock Exchanges. The company's plant is located at Shahpur Jahania,

District Nawabshah, in upper Sind. ANSML is a member of the Al-Noor Group of Industries, which is engaged in the sugar, insurance and modaraba sectors along with commodities trading. The Ismail Zakaria family members and associates collectively hold 53.7% of the company's equity.

Apart from sugar production, ANSML also operates a Medium Density Fiber (MDF) board carrying the brand name of 'Lasani wood', which has emerged as a household name in construction material.

May 02, 2005: PACRA Maintains Entity Ratings of Engro Chemical Pakistan Limited (ECPL)

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term entity rating of ECPL at "AA-" (Double A minus) and the short-term rating at "A1+" (A one plus). These ratings, applicable to senior unsecured creditors, denote a very low expectation of credit risk and a very strong capacity for timely payment of financial commitments.

The secured TFC tranche 2 of PKR 1,000mln, with redemption scheduled for May 27, 2005, has been assigned a short-term rating of "A1+" (A one plus). The rating denotes the highest capacity for timely repayment.

ECPL's ratings reflect the maintained overall risk profile in a favourable industrial scenario emanating from consistently rising fertilizer demand despite the uncertainty of government's gas pricing policy. The consistent augmentation of the bottom line through growing dividends from associated companies combined with ECPL's strategy of further diversified growth is also considered positive. In addition, the critical nature of the fertilizer

industry in the national economy and Engro's strong position in the industry are also key factors.

About the instrument: The company currently has outstanding the second tranche (PKR 1000mln) of its TFC issue secured by a first pari passu floating charge on all present and future assets of ECPL as well as a first pari passu equitable mortgage over the Daharki plant site and all fixed assets of ECPL thereon. Availing the option of early redemption on the TFC issue, ECPL has announced the redemption of the tranche on May 27, 2005. In view of the strong cash flows and sound liquidity the capacity for timely redemption is considered very strong.

About the Company: Engro Chemical Pakistan Ltd. (ECPL) was incorporated in 1965 as Esso Pakistan Fertilizer Company Ltd. The core business of ECPL is manufacturing and marketing of fertilizers. ECPL has also diversified its interests, which mainly include two joint ventures with foreign companies, the first, Engro Vopak Terminal Ltd., being a jetty and chemical terminal facility at Port Qasim, and the other, Engro Asahi Polymer and Chemicals Ltd., the first PVC resin manufacturing plant in the country. The Dawood Group, having acquired 42% of the shares, is the largest shareholder in ECPL.

April 30, 2005: PACRA Assigns Ratings to National Refinery Limited (NRL)

The Pakistan Credit Rating Agency (PACRA) has assigned a long-term rating of "AAA" (Triple A) and a short-term rating of "A1+" (A One Plus) to National Refinery Limited. The ratings, applicable to the senior unsecured creditors of the company, denote the lowest expectation of credit risk

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emanating from exceptionally strong capacity for timely payments of financial commitments.

The ratings reflect NRL's unique position in the domestic refining industry emanating from its virtual monopoly in the high margin lube business. The company's low business risk is reinforced by its ability to change its product mix (both fuel and lube), owing to relatively higher operational flexibility. This enables the company to capitalise upon some demand-supply imbalances with the primary focus on value added items. The ratings also recognize the strategic vision of the company's forward-looking management, which has helped in achieving a sustainable improvement in overall operations. The ratings also take into account NRL's very strong financial profile emanating from virtually debt free capital structure and robust liquidity. This substantially mitigates the element of financial risk. Meanwhile, the profit retention policy has enhanced the risk absorption capacity of the company and this provides a cushion against any unforeseen contingencies.

About the Company: NRL was incorporated as a public limited company at Karachi in 1963. Government of Pakistan (GoP) took over the management of NRL under the Economic reforms Order, 1972. Presently NRL is under administrative control of the Ministry of Petroleum and Natural Resources, which is exercising control through its shareholding in State Petroleum Refining and Petrochemical Corporation (PERAC). Its privatization through the sale of 51% of equity along with management control is in process.

Due to the manner in which the refinery was constructed and expanded over the years, NRL

effectively comprises three refineries. The three refineries are all located at the Korangi refinery site (263 acres) and include 1) Fuel Refinery, 2) Lube I Refinery, 3) Lube II Refinery, and 4) a BTX (Benzene, Toluene, Xylene) Plant. NRL has more than one fifth share of the total refining capacity of the country with around 95% average capacity utilization for the last few years.

April 29, 2005: PACRA Maintains Entity Ratings, Assigns TFC Rating to Azgard Nine Limited (ANL)

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term rating at "A" (Single A), and the short-term rating at "A1" (A One) of Azgard Nine Limited (ANL). Additionally, the ratings have been assigned a **positive outlook**. These ratings are applicable to senior unsecured creditors of the company. ANL's proposed secured TFC of PKR 2,000mln (with a green-shoe option of PKR 400mln) has been assigned a rating of "A+" (Single A Plus). These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payments of financial commitments.

ANL's ratings reflect the company's dynamic long-term vision, an outcome of its management's progressive efforts to transcend any cultural and geographical barriers to sales of its products. This is reflected in continuous improvement in turnover.

About the TFC Issue: The company is planning to issue a secured TFC of PKR 2,000mln with a green-shoe option of PKR 400mln in the current year. The TFC issue is of a seven-year tenure, and will carry a profit rate of 6 months KIBOR+240 basis points, with no cap or floor. Principal

redemption will be in ten unequal semi-annual installments starting from the thirtieth month from date of disbursement after an initial grace period of two years. The TFC contains a 25% conversion option. This allows TFC holders the right of conversion of up to 25% of the value of their TFCs into ordinary shares at a 30% discount to the preceding three months average share price of ordinary shares, at any time between Jan-2008 to Mar-2008. The TFC is secured by way of first charge on the present and future fixed assets of the company with a 25% margin.

About the company: Azgard Nine Limited (previously Legler Nafees Denim Mills Limited) is a vertically integrated unit, comprising of spinning, weaving, stitching, dyeing and finishing. The company is listed on the Karachi stock Exchange. It is currently one of the top quality manufacturers and exporters of denim fabrics and garments. The highly professional management of the company is embarked upon a vision of fully leveraging the company's strategic assets - physical and human - to become a truly global player. A comprehensive strategy is, therefore, in place to emulate best international practices in corporate governance, production efficiencies and environmental standards.

April 26, 2005: PACRA Maintains Entity and TFCs Ratings of Jahangir Siddiqui & Company Limited (JSCL)

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of Jahangir Siddiqui & Co. Ltd at "AA+" (Double A plus) and "A1+" (A one plus), respectively. These ratings are applicable to senior unsecured creditors of the company. The ratings of the two unsecured listed TFC issues of PKR 500mln each are also maintained at



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“AA+” (Double A plus). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings reflect the sound capital structure of the company, which, supplemented by a highly liquid profile of assets, has engendered a very strong risk absorption capacity. Although JSCL's earnings are exposed to volatility due to sizable exposure to the stock market, the management has demonstrated its ability to manage the vulnerability. The ratings also recognize the efficacy of the company's strategy, which is directed towards adding stable and diversified sources of revenue.

About the Company: Jahangir Siddiqui & Co. Ltd., a listed company, was established in 1991. Starting as a traditional securities firm, JSCL is now acquiring the character of a holding company. With its considerably expanded equity and asset base, the company is embarked upon new initiatives while retaining its status as the flagship company of the Jahangir Siddiqui Group. Meanwhile, the group itself continues to expand and diversify with a dynamic approach in identifying new growth opportunities with the proven ability to take quick but prudent investment decisions.

About the TFC Instruments: JSCL issued its first unsecured TFC in April 2003 for a tenor of five years at a floating rate of 5-year PIB yield plus 150bps payable semi-annually with a floor and cap of 7.5% and 13.0% per annum. The principal redemption will begin after a grace period of forty-two months in 4 equal semi-annual installments. The issue includes a call option exercisable anytime after the first 6 months at 3 months notice at a premium of 1.0% on the outstanding face value. The second

unsecured TFC was issued during December 2004 for a tenor of 5 years carrying fixed profit of 8.29% payable semi-annually. The major portion of principal would be paid in two semi-annual installments beginning 54 th month after the issue. A call option is exercisable from 30 th month till 54 th month at a premium of 1.0% of the then outstanding principal.

April 13, 2005: PACRA Maintains the Ratings of Sui Southern Gas Company Limited (SSGC)

The Pakistan Credit Rating Agency (PACRA) has maintained the credit ratings of TFCs of Sui Southern Gas Company Limited (SSGC) at ‘AA’ (double A). This rating, applicable to TFC holders of the company, indicate a low expectation of credit risk and a very strong capacity for timely payment of financial commitments.

The TFC ratings reflect SSGC's inherently low financial and business risks. The low risk profile is a consequence of the GoP-guaranteed EBIT of 17% on its average operating fixed assets which continue to grow in pursuance of the planned capex. The ratings also take into account the maintained financial coverages and adequate liquidity.

About the TFCs Issue: The first tranche of PkR 666 mln and 2nd tranche of PkR 1,250 mln of the secured TFC with a shelf registration of PkR 3,000 mln are in issue. The tenor of TFC Tranche I and Tranche II is five years and the coupon rate is pegged to the SBP discount rate. While profit is payable semi-annually, principal redemption begins in the year 2003 and 2004 respectively.

About the company: Sui Southern Gas Company Limited

(SSGC) was formed in 1989 as a result of a series of mergers. It continues to enjoy a monopoly in transmission and distribution of gas in its franchise area comprising Sind and Balochistan provinces. SSGC is catering to the gas requirements of over 1.7 million customers in power, domestic and industrial sectors. The government divested nearly 10% of the company through stock market in FY04.



List of Publicly Disseminated Ratings

Entity Ratings:

	Name of the Organisation	Type of Rating	Date of Notification MM/DD/YYYY	Rating Assigned		
				FS/FR/ AMR/DG	Long-Term	Short-Term
FINANCIAL SECTOR						
MUTUAL FUNDS / ASSET MANAGEMENT COS.						
1.	ABAMCO Limited	AMR ¹	06/30/2004	AM2	---	---
2.	Arif Habib Investment Management Limited	AMR	09/24/2004	AM2	---	---
3.	Atlas Asset Management Company Limited	AMR	10/27/2004	AM3	---	---
4.	BSJS Balanced Fund Limited	FR ²	05/17/2004	AA(f)	---	---
5.	National Investment (Unit) Trust – NIT	FR	09/15/2003	AA(f)	---	---
6.	Pakistan Income Fund (PIF)	FR	09/24/2004	A+(f)	---	---
7.	Pakistan Premier Fund (PPF)	FR	09/24/2004	AA(f)	---	---
8.	Pakistan Stock Market Fund (PSMF)	FR	09/24/2004	AA(f)	---	---
9.	Unit Trust Of Pakistan	FR	04/01/2004	AA(f)	---	---
DFIS / INVESTMENT COS. / BROKERAGE HOUSES						
1.	House Building Finance Corporation	Entity	10/06/2004		A	A1
2.	Investment Corporation of Pakistan (ICP)	Entity	03/04/2005		AA	A1+
3.	Jahangir Siddiqui & Company Limited	Entity	03/11/2005		AA+	A1+
4.	Jahangir Siddiqui Capital Markets Limited	Entity	06/25/2005		AA-	A1+
5.	Pakistan Industrial Credit & Investment Corporation Limited (PICIC)	Entity	06/30/2005		AA	A1+
6.	Pakistan Kuwait Investment Company (Pvt) Limited	Entity	06/23/2005		AAA	A1+
7.	Pak Libya Holding Company (Pvt) Limited	Entity	05/17/2005		AA-	A1+
MODARABAS						
1.	First Fidelity Leasing Modaraba	Entity	02/08/2005		A-	A2
2.	First Habib Modaraba	Entity	12/17/2004		AA	A1+
3.	First Punjab Modaraba	Entity	12/31/2004		A	A1
4.	Standard Chartered Modaraba (Formerly First Grindlays Modaraba)	Entity	12/22/2004		AA+	A1+
LEASING COMPANIES						
1.	Askari Leasing Limited	Entity	12/30/2004		A+	A1
2.	Network Leasing Corporation Limited	Entity	12/17/2004		BBB	A3
3.	Orix Leasing Pakistan Limited	Entity	01/12/2005		AA+	A1+
4.	Trust Leasing Corporation Limited	Entity	11/12/2004		AA-	A1+
5.	Union Leasing Limited	Entity	12/22/2004		A+	A1

¹ Asset Manager Rating

² Fund Rating



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	Name of the Organisation	Type of Rating	Date of Notification		Rating Assigned	
			MM/DD/YYYY	FS/ FR/ AMR/DG	Long-Term	Short-Term
BANKING COMMERCIAL						
1.	AlBaraka Islamic Bank (Pakistan Branches)	Entity	06/27/2005		A-	A1
2.	Askari Commercial Bank Limited	Entity	06/09/2005		AA+	A1+
3.	Bank Al Habib Limited	Entity	06/15/2005		AA	A1+
4.	Bank Alfalah Limited	Entity	06/09/2005		AA	A1+
5.	The Bank of Punjab	Entity	06/14/2005		AA-	A1+
6.	Dawood Bank Limited	Entity	05/05/2005		BBB-	A3
7.	First Women Bank Limited	Entity	06/29/2005		AA	A1+
8.	KASB Bank Limited	Entity	05/05/2005		BBB+	A2
9.	Metropolitan Bank Limited	Entity	06/10/2005		AA+	A1+
10.	Muslim Commercial Bank Limited	Entity	05/18/2005		AA	A1+
11.	NDLC-IFIC Bank Limited	Entity	07/20/2005		A+	A1
12.	Prime Commercial Bank Limited	Entity	06/27/2005		A+	A1
13.	Saudi Pak Commercial Bank Limited	Entity	06/13/2005		BBB	A3
14.	Soneri Bank Limited	Entity	03/18/2005		AA-	A1+
15.	Union Bank Limited	Entity	06/25/2005		AA-	A1+
BANKING INVESTMENT						
1.	Atlas Investment Bank Limited	Entity	12/22/2004		A+	A1
2.	First Dawood Investment Bank Limited (Formerly Dawood Leasing Company Limited)	Entity	02/03/2005		A+	A1
3.	First International Investment Bank Limited	Entity	12/22/2004		A	A1
4.	Jahangir Siddiqui Investment Bank Limited	Entity	03/22/2005		A+	A1
5.	Orix Investment Bank Limited	Entity	12/29/2004		A	A1
INSURANCE COMPANIES						
1.	Habib Insurance Company Limited	IFS ¹	09/21/2004	A	---	---
2.	International General Insurance Company of Pakistan Limited (IGI)	IFS	06/23/2004	AA	---	---
3.	Muslim Insurance Company Limited	IFS	09/23/2004	A	---	---
4.	New Jubilee Insurance Company Limited (NJI)	IFS	09/27/2004	AA	---	---
REAL ESTATE DEVELOPERS & PROJECTS						
1.	Eden Developers (Pvt) Limited	DG ²	07/01/2004	PE2	---	---
INDUSTRIAL CORPORATES						
TEXTILE						
1.	Azgard Nine Limited (Formerly Legler Nafees Denim Mills Limited)	Entity	02/24/2005		A	A1
2.	Nishat Mills Limited	Entity	03/01/2005		A+	A1
SUGAR & ALLIED						
1.	Al-Abbas Sugar Mills Limited	Entity	02/17/2005		A	A1

¹ Insurer Financial Strength Rating

² Developer Grading



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Name of the Organisation	Type of Rating	Date of Notification	Rating Assigned		
			MM/DD/YYYY	FS/ FR/ AMR/DG	Long-Term
FUEL & ENERGY					
1. Attock Petroleum Limited (APL)	Entity	11/14/2004		AA	A1+
2. Attock Refinery Limited (ARL)	Entity	03/02/2005		AA-	A1+
3. Pak-Arab Refinery Company Limited (PARCO)	Entity	12/30/2004		AAA	A1+
4. Pakistan State Oil Company Limited (PSO)	Entity	10/20/2004		AAA	A1+
TRANSPORT & COMMUNICATION					
1. Pakistan Mobile Communications (Pvt) Limited (Mobilink)	Entity	09/23/2004		AA-	A1
2. WorldCall Communications Limited	Entity	03/04/2005		A+	A1
CHEMICAL & PHARMACEUTICALS					
1. Engro Chemical Pakistan Limited	Entity	04/05/2005		AA-	A1+
PAPER & BOARD					
1. Packages Limited	Entity	05/24/2005		AA	A1+
MISCELLANEOUS					
1. Tri-Pack Films Limited	Entity	05/23/2005		A+	A1



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Term Finance Certificates (TFCs) Ratings:

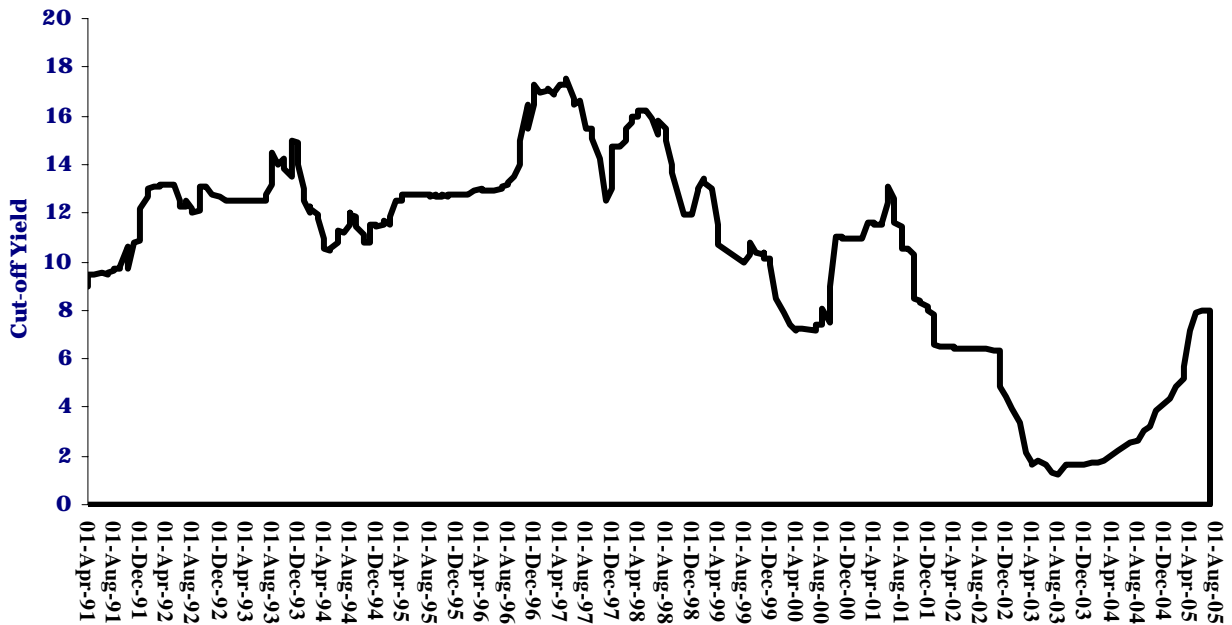
Sr. No.	Issuer Name	Amount PKR mln	Date of Notification (MM/DD/YYYY)	Issue Date (MM/DD/YYYY)	Rating Assigned
1.	Al-Abbas Sugar Mills Limited (<i>Privately Placed</i>)	350.00	02/17/2005	07/03/2003	A+
2.	Al-Noor Sugar Mills Limited	203.66	04/15/2005	10/31/2000	A2*
3.	Askari Commercial Bank Limited – I	1,500.00	06/09/2005	02/04/2005	AA
4.	Askari Commercial Bank Limited – II (<i>Proposed</i>)	1,500.00	06/09/2005	02/04/2005	AA
5.	Atlas Investment Bank Limited – I	200.00	12/22/2004	09/27/2000	AA-
6.	Atlas Investment Bank Limited – II	100.00	12/22/2004	08/16/2001	AA-
7.	Azgard Nine Limited (<i>Proposed</i>)	2,000.00	02/25/2005	<i>To be issued</i>	A+
8.	Bank Al Habib Limited	1,350.00	06/15/2005	07/16/2004	AA-
9.	Bank Alfalah Limited – I	650.00	06/24/2004	12/21/2002	AA-
10.	Bank Alfalah Limited – II	1,250.00	08/26/2004	11/24/2004	AA-
11.	Chanda Oil & Gas Securitization Company Limited – Securitized	1,000.00	06/08/2004	02/16/2005	A
12.	Engro Chemical Pakistan Limited (2 nd Tranche)	1,000.00	04/05/2005	07/06/2002	A1+*
13.	First Dawood Investment Bank Limited (<i>Formerly Dawood Leasing Company Limited</i>) (1 st Tranche)	253.05	02/03/2005	09/21/2001	AA-
14.	First Dawood Investment Bank Limited (<i>Formerly Dawood Leasing Company Limited</i>) (2 nd Tranche)	345.00	02/03/2005	07/27/2002	AA-
15.	First International Investment Bank Limited (M-Series)	57.04	12/22/2004	09/01/2001	A1*
16.	Gulistan Textile Mills Limited	320.67	03/31/2005	09/05/2001	A-
17.	Jahangir Siddiqui & Company Limited – TFCs-I	500.00	03/11/2005	04/18/2003	AA+
18.	Jahangir Siddiqui & Company Limited – TFCs-II	500.00	03/11/2005	12/23/2004	AA+
19.	Jahangir Siddiqui & Company Limited – TFCs-III (<i>Proposed</i>)	500.00	06/20/2005	<i>To be issued</i>	AA+
20.	Maple Leaf Cement Factory Limited	250.00	01/10/2005	07/20/2002	A+
21.	Muslim Commercial Bank Limited	1,600.00	05/18/2005	08/10/2002	AA-
22.	Network Leasing Corporation Limited	100.00	12/17/2004	10/08/2000	A2*
23.	Nishat Mills Limited	600.00	03/01/2005	09/19/2001	A1*
24.	Orix Leasing Pakistan Limited (2 nd Tranche)	758.00	01/12/2005	08/01/2002	AA+
25.	Prime Commercial Bank Limited	800.00	06/27/2005	02/12/2005	A
26.	Securetel SPV Limited – (Securitized)	850.00	11/26/2004	04/27/2003	A
27.	Shahmurad Sugar Mills Limited	230.00	04/15/2005	05/21/2002	BBB
28.	Soneri Bank Limited	1,200.00	03/18/2005	05/05/2005	A+
29.	Sui Southern Gas Company Limited (1 st Tranche)	1,000.00	01/06/2005	06/01/2001	AA
30.	Sui Southern Gas Company Limited (2 nd Tranche)	1,250.00	01/06/2005	06/11/2002	AA
31.	Trust Leasing Corporation Limited – 1 st Tranche	250.00	11/12/2004	06/03/2003	AA
32.	Trust Leasing Corporation Limited – 2 nd Tranche	375.00	11/12/2004	07/18/2004	AA
33.	Trust Leasing Corporation Limited – 3 rd Tranche (<i>Proposed</i>)	375.00	06/17/2005	<i>To be issued</i>	AA
34.	Union Bank Limited – I	750.00	06/25/2005	12/21/2002	A+
35.	Union Bank Limited – II	750.00	06/25/2005	01/20/2004	A+
36.	Union Bank Limited – III (<i>Proposed</i>)	1,000.00	06/25/2005	<i>To be issued</i>	A+
37.	Union Leasing Limited	357.10	12/22/2004	04/20/2002	A1+*
38.	WorldCall Communications Limited	350.00	03/04/2005	10/01/2002	AA-

* Short-term rating

INTEREST RATE TRENDS

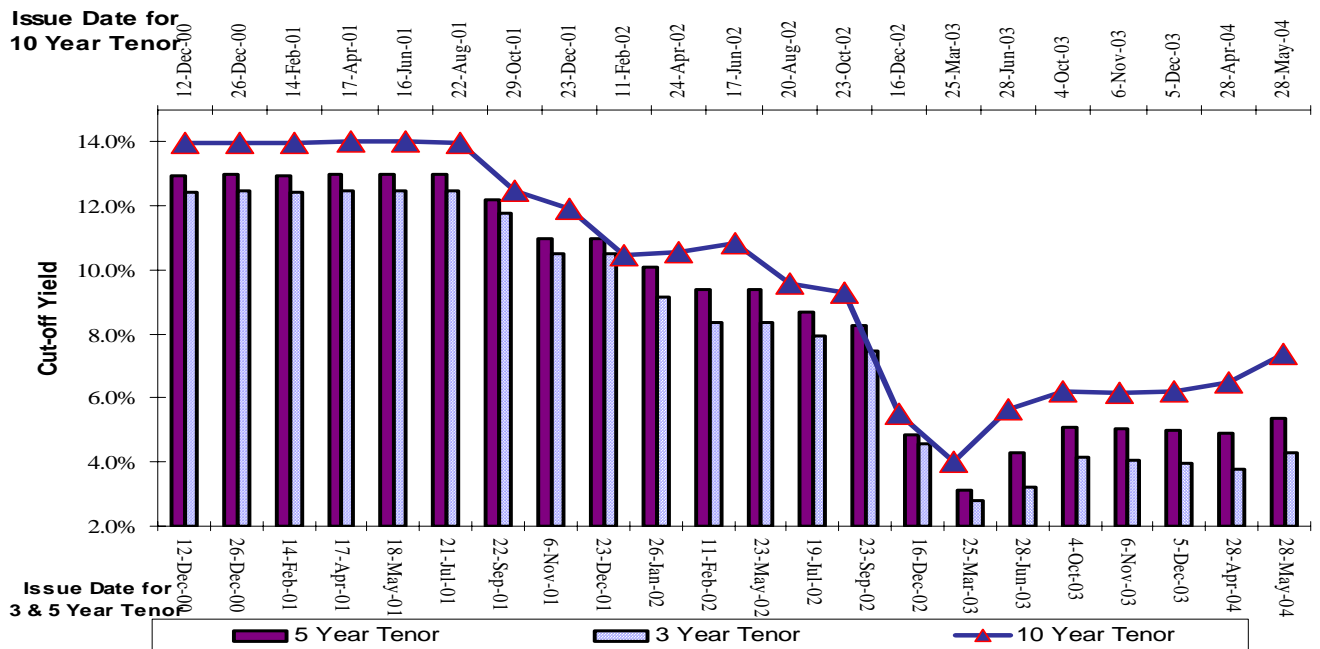
Short Term: (Treasury Bills)

6-Month Treasury Bills Cut-Off Yield



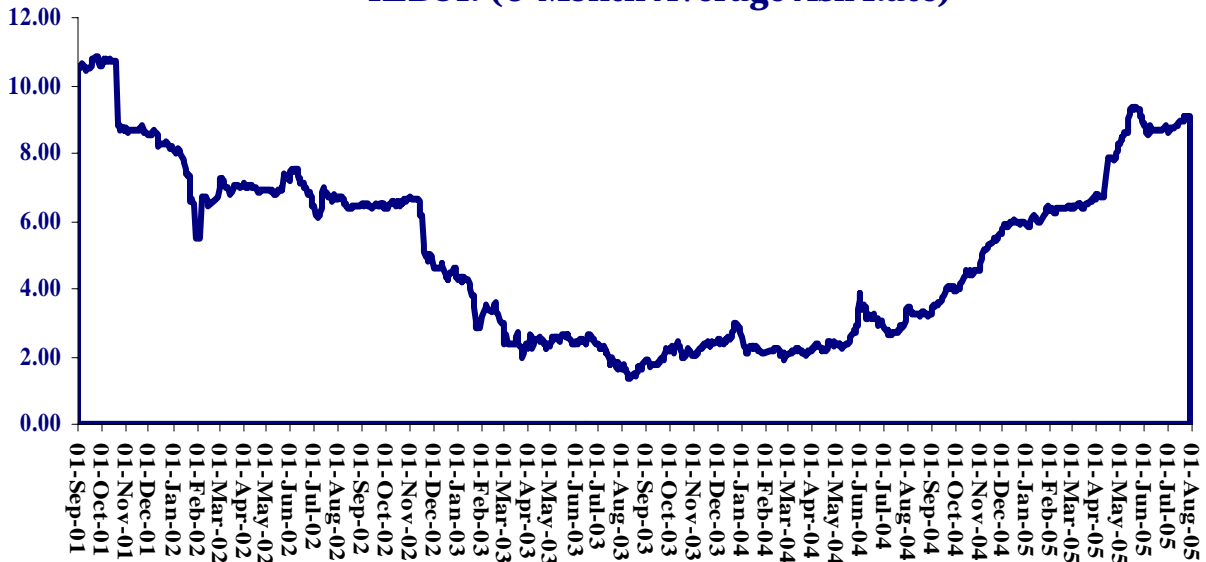
Long Term: (PIBs)

Rates for 3, 5 & 10 Year Tenor



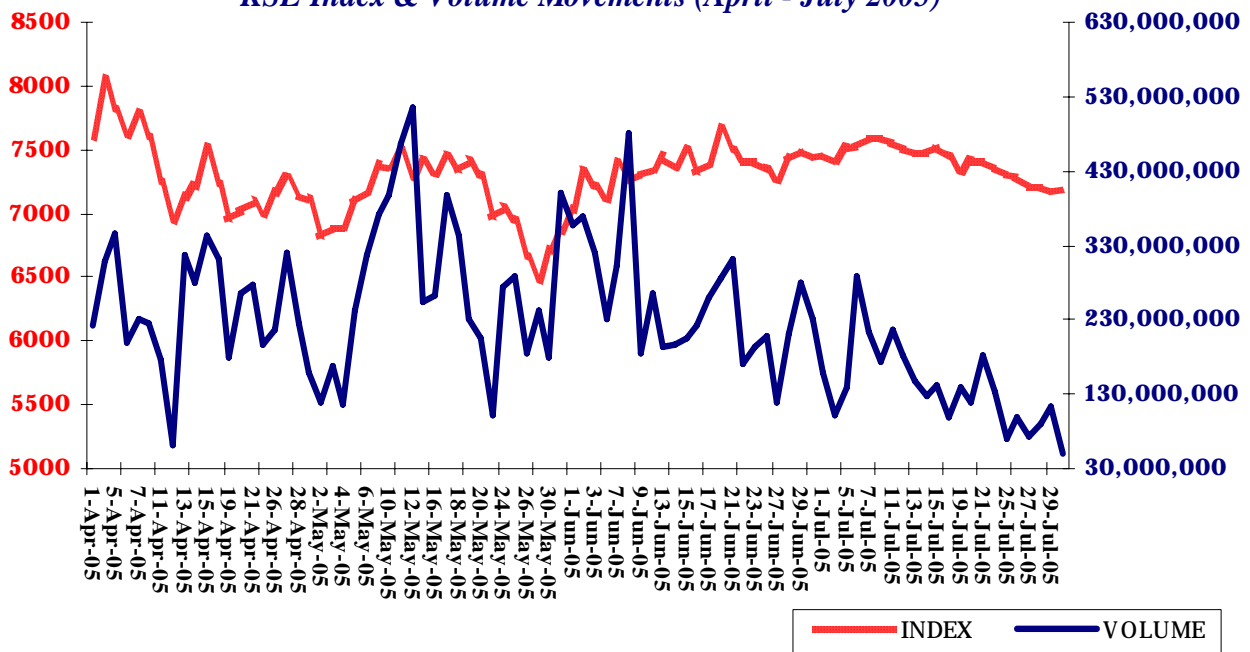
KIBOR:

KIBOR (6-Month Average Ask Rate)



KSE-100 Index:

KSE Index & Volume Movements (April - July 2005)





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CONTACT: **IMTIAZ MAHMOOD**

The Pakistan Credit Rating Agency Limited

Head Office: Awami Complex, FB-1, Usman Block New Garden Town, Lahore
Ph: (92)-(42)-586-9504 Fax: (92)-(42)-583-0425

Branch Office: Room No. 910, Business Avenue, Shahrah-e-Faisal, Karachi
Ph: (92)-(21)-438-1822-3 Fax: (92)-(21)-438-1824

URL: <http://www.pacra.com>

Email: pacra@pacra.com
