



**Rating Action**

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**PACRA ASSIGNS RATING TO THE PROPOSED SECOND TFC ISSUE OF UPTO PKR 5,000MLN BY ALLIED BANK LIMITED**

The Pakistan Credit Rating Agency (PACRA) has assigned a long-term rating of **AA-** (Double A Minus) to the proposed second unsecured, subordinated TFC Issue of upto PKR 5,000mln by Allied Bank Limited (ABL). The rating denotes a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The rating reflects ABL's robust industry position emanating from its extensive outreach, sound capital structure and ongoing restructuring of its systems and resources – human and technology infrastructure. At the same time, the management is cognizant of an increasingly competitive banking sector and has put in place a sound strategy to overcome inherent constraints. The ratings also take into account the continuous improvement in the bank's risk profile emanating from improving asset quality.

**About the TFC Issue:** ABL plans to issue listed, unsecured, subordinated TFCs of upto PKR 5,000mln, for a tenor of 10 years. The profit payment, to be made semi-annually in arrears, will be based on 6 months KIBOR plus 85bps for the first 5 years of the TFC Issue, and 6 months KIBOR plus 130bps from the start of 6<sup>th</sup> year. The instrument is structured to redeem 0.02% of the principal at every repayment date, with the remaining principal to be redeemed at maturity through a bullet repayment. The TFCs have a call option, in whole or in part, exercisable on any profit payment date starting 60<sup>th</sup> month from the issue date.

**About the bank:** Ibrahim Group (IG), through its different companies and family members, owns 76% of shareholding in ABL. Apart from interest in financial sector, the IG is engaged in manufacturing of yarn and polyester staple fiber, trading and generation of electric energy. SBP is the other major shareholder in ABL with around 10% holding.

The CEO, Mr. Mohammad Aftab Manzoor, has recently joined the bank and is a seasoned banker with over 25years of banking experience. He is assisted by an experienced senior management team.

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