



Rating Action

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PACRA MAINTAINS RATINGS OF ALLIED BANK LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term rating of **AA** (Double A) and the short-term rating of **A1+** (A one plus) of Allied Bank Limited (ABL). PACRA has also assigned a rating of **AA-** to the proposed unsecured, subordinated TFC Issue of upto PKR 5,000mln by ABL. 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 ABL's good performance prospects emanating from its extensive outreach, sound capital structure and an improving asset quality. While seeking to strengthen its infrastructure and control environment, the management intends to withstand in an increasingly competitive environment through achieving diversification in loan book and leveraging the extensive outreach to expand its retail universe – both for credit expansion and low cost deposit mobilization.

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 shareholder in ABL with around 10% holding. With a network of 757 real-time online branches in over 300 cities and towns of Pakistan, Allied Bank offers a full range of retail, commercial and corporate banking services with a focus on service delivery through technology. The bank has the country's largest network of 460+ ATMs.

The CEO, Mr. Mohammad Aftab Manzoor, who joined the bank in November 2007, is a seasoned banker with over 25 years of banking experience. He is assisted by an experienced senior management team.

About the TFC Issue: ABL plans to issue listed, unsecured, subordinated TFCs of upto PKR 5,000mln (inclusive of Greenshoe option of PKR 1,500mln) 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 6th 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, exercisable on any profit payment date starting 60th month from the issue date.

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