



Rating Action

Lahore: 08-Jun-2010

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PACRA MAINTAINS RATINGS OF ALLIED BANK LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term entity and short-term entity ratings of “AA” (Double A) and “A1+” (A one plus), respectively to the bank. Meanwhile, PACRA has also maintained the rating of subordinated TFC issue of PKR 3,000mln by ABL 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 ABL’s robust performance emanating from increasing asset base and sound asset quality. Additionally, ABL has leveraged its extensive network for mobilizing low cost deposits, while simultaneously expanding its advances portfolio, though it continues to have high credit concentration. The bank has remained focused on strengthening its infrastructure and control environment – pre-requisites to withstand increasingly tough and competitive operating environment in the country.

About the bank: Ibrahim Group (IG), through its different companies and family members, owns 80% of shareholding in ABL. Apart from interest in financial sector, IG is engaged in manufacturing of yarn and polyester staple fiber. State Bank of Pakistan also has a shareholding of around 10%. With a network of 784 real-time online branches in over 300 cities and towns of Pakistan, Allied Bank offers a full range of banking services. The bank has the country’s largest network of 539 ATMs.

Mr. Khalid Sherwani would be joining ABL as its CEO, after SBP’s approval. He is a seasoned banker with almost around three decades of banking experience, including being CEO of ABL previously. The bank has a stable and experienced management team.

About the TFC Issue: ABL issued listed, unsecured, subordinated TFCs of upto PKR 3,000mln for a tenor of 10 years in Aug-09. 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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