



RATING ACTION

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**PACRA ASSIGNS RATINGS TO ABN AMRO BANK
(PAKISTAN) LIMITED**

The Pakistan Credit Rating Agency (PACRA) has assigned the long-term and short-term entity ratings at 'AA' (Double A) and 'A1+' (A One Plus), respectively, to ABN AMRO Bank (Pakistan) Limited (AABPL), formerly Prime Commercial Bank Limited (PCBL). Meanwhile, the unsecured subordinated TFCs issue of PKR 800mln has been assigned a rating of '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 of AABPL reflect its strengthened position in the local banking industry following the amalgamation of ABN AMRO Pakistan Branches with and into Prime Commercial Bank Limited (PCBL). Meanwhile, the very strong profile of the new parent – Royal Bank of Scotland Group (RBSG) – remains a key rating factor. While aiming to expedite the ongoing consolidation process, the management targets to leverage the expanded outreach and presence to make further inroads into the target markets. However, the extent to which the management would be successful in capitalizing on identified potential and RBSG's steadfastness in this regard remain to be seen.

The ratings are dependent on the bank's ability to timely execute its business strategy while effectively managing associated risks. Meanwhile, continued patronage and support from the parent bank would remain critical for the ratings.

The bank: During 2007, subsequent to the acquisition of PCBL by AAB in the first quarter of the year, Pakistan branches of AAB were merged with and into PCBL with effect from September 01, 2007. Thereafter, name of the bank was changed to ABN AMRO Bank (Pakistan) Limited. AAB has above 99% holding in AABPL. AABPL has a network of more than 80 branches in 24 cities of the country.

RBSG, being one of the largest banks in the world, has a consolidated asset base of more than US\$ 3,800bln at end-07 including US\$ 1,550bln, which relates to AAB. The bank, through its over 4,000 branches in above 50 countries worldwide, is providing a wide range of services covering retail and corporate banking, consumer finance, insurance, and wealth management services. RBSG has a long-term rating of 'AA-' from Standard & Pooors.

Recently, Mr. Shahzad Naqvi is appointed as CEO of AABPL. Mr. Naqvi has extensive experience with renowned local and multinational financial sector entities.

TFC: AABPL issued unsecured subordinated TFC in February 2005 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 Feb-10. The TFC, with its relatively longer tenor, was issued to provide added support to the bank's CAR.

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