



Rating Action

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Analyst

Ali Eeman
(+92-42-586 9504)
ali@pacra.com

PACRA PLACES ENTITY RATINGS OF ASKARI LEASING LIMITED ON RATING WATCH

The Pakistan Credit Rating Agency (PACRA) has placed the ratings of Askari Leasing Limited (ALL) on Rating Watch, pending its planned merger with Askari Bank Limited. The board of ALL has approved the merger while approvals of the shareholders and regulatory authorities are awaited.

The long-term and short-term ratings of 'A+' (Single A Plus), and the 'A1' (A One), respectively, of ALL will remain on Rating Watch until the finalization of the merger. Thereafter, on completion of the merger, the ratings of ALL would be withdrawn and the ratings of the merged entity, Askari Bank Limited, would be the reference ratings. PACRA does not expect a major change in the financial strength of Askari Bank Limited post-merger, hence the bank's ratings [Long-Term: 'AA' (Double A), Short-Term: 'A1+' (Single A plus)] are likely to remain unaffected. On the other, if the merger does not materialize, the ratings of ALL would be updated as per normal procedure.

About the company: ALL, incorporated in August 1993 and listed on all three stock exchanges, is majority owned (~58%) by Army Welfare Trust (AWT). ALL offers lease services through a network of 10 branches alongwith a few small liaison offices across the country.

About the bank: Askari Bank, with a branch network of 205 branches at end-Jun09, commenced its operations in 1992. It is sponsored by the Army Welfare Trust (AWT), which remains the principal shareholder with a holding of 50.2%. AWT, is a large business conglomerate, with business interest in sugar processing, textiles, real estate development, commercial banking, leasing, cement, general insurance and travel services.

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