



RATING ACTION

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PACRA MAINTAINS THE ENTITY RATINGS OF ATLAS BANK LIMITED

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the long-term and short-term entity ratings of the bank at “A-” (Single A Minus) and “A2” (A Two), respectively. These ratings denote low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings of ATBL reflect the depleting financial profile of the bank due to persistent business losses. Asset quality has weakened resulting in significant potential drag on performance and equity in shape of un-provided non-performing loans (NPLs). At the same time, business prospects appear bleak in the absence of a focused business strategy till conclusion of the acquisition deal. Although the ratings draw comfort from vigilance and pro-activeness of the apex regulator – SBP, prompt conclusion of the acquisition process remains critical for of the bank.

The ratings have been assigned a negative outlook citing bank’s inability to meet regulatory capital requirements. At the same time, further pressure on the already feeble equity base exists owing to potential operational losses. The ratings shall remain on Rating Watch pending the completion of sale transaction.

The Bank: Atlas Bank Limited (ATBL), commencing operations in February 2004, is majority owned (58%) by Atlas Group (AG). The sponsor shareholders have entered into an agreement to divest their stake to Suroor Investments Limited – a Mauritius-based company, sponsored by a UAE-based group with key interests in real estate. The transaction, which includes merging together of three small banks, is currently in progress, albeit with delays. To date, 33% of the payment has been made to ATBL’s sponsors.

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