



**Rating Action**

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**PACRA MAINTAINS RATINGS OF BANK AL HABIB LIMITED**

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of Bank AL Habib Limited (BAHL) at “AA” (Double A) and “A1+” (A One Plus) respectively. The ratings of the unsecured, subordinated TFC issues of PKR 1,350mln and 1,500mln have also been maintained at “AA-” (Double A Minus). The ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The rating reflects the bank’s well-preserved asset quality, a demonstration of Habib group’s hallmark prudent risk management. At the same time, the ratings recognize the management’s demonstrated ability to sustain the bank’s market share in a fast expanding and challenging banking industry, wherein the bank’s core area of focus – trade finance to commercial segment - continues to face a high degree of competition.

**The bank:** Bank AL Habib’s sponsors are members of the Habib family – the oldest and a distinguished name in Pakistan’s banking circles. They are actively involved in the management of the bank. Mr. Abbas D. Habib, the CEO, is with the bank since its inception. He has over 40 years of experience in domestic and international markets. He is backed by a team of experienced professionals, most of whom have long association with the bank.

The bank operates a network of over 200 branches, covering major cities and towns in Pakistan and a Wholesale Branch in the Kingdom of Bahrain.

**The TFCs:** Bank AL Habib issued its first unsecured subordinated TFC of PKR 1,350mln for a tenor of 8 years in July 2004. The profit payment is made semi-annually, based on 6-month KIBOR *plus* 150bps with a floor of 3.5% and a cap of 10%. Major principal redemption will be in three semi-annual installments, commencing from the 84<sup>th</sup> month (July 2011) of the issue. The bank issued its second unsecured subordinated TFC of PKR 1,500mln in February 2007 for a tenor of 8 years. The profit is payable on semi-annual basis at 6-month KIBOR *plus* 195bps with no floor and cap. The major principal redemption will be in two equal semi-annual installments, starting from 90<sup>th</sup> month (August 2014) of the issue.

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