



Rating Action

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PACRA MAINTAINS RATINGS OF BANK ALFALAH LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of Bank Alfalah Limited (BAL) at “AA” (Double A) and “A1+” (A one plus) respectively. 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 three unsecured subordinated TFCs issues of PKR 1,250mln, PKR 1,325mln and PKR 5,000mln have been maintained 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 BAL’s demonstrated ability to sustain pressure on its market positioning in the wake of increasingly competitive landscape of the banking industry. The bank’s asset quality, due to depressed socio-economic environment, has suffered deterioration, though infection largely remains concentrated in few segments and is aligned to the peer group. The bank’s performance is expected to benefit from its expanding franchise enabling effective advances deployment and deposit mobilization. Meanwhile, the ratings recognize the continuing support of Abu Dhabi group as a key factor.

About the bank: The bank, with a network of 321 branches and listed on all the bourses of the country, has a leading position in consumer finance, and trade related business. Abu Dhabi Group (ADG), comprising some of the prominent members of UAE’s ruling family, leading businessmen of UAE and their associates, owns the majority shareholding in the bank. The bank, with sizeable Islamic finance book, has investments in the communication sector and other dimensions of financial sector – asset management, brokerage, and insurance.

The seven member BoD comprises four members from ADG, two independent directors and the CEO. The CEO, Mr. Sirajuddin Aziz, has over three decades of banking experience and is supported by a seasoned and stable management team.

About the issues: BAL’s unsecured subordinated TFCs of PKR 1,250mln (tenor: 8 years), PKR 1,325mln (tenor: 8 years) are due to redeem in Dec-2012, and Nov-2013 respectively. Whereas, the latest subordinated instrument of PKR 5,000mln (tenor: 8 years) would be redeemed in Dec-2017.

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The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity.

PACRA’s comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings.

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