



Rating Action

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PACRA REAFFIRMS ENTITY RATINGS OF THE BANK OF PUNJAB

As part of its ongoing surveillance, PACRA has reviewed certain credit exposures taken by The Bank of Punjab (BoP) regarding which a qualified opinion was recently expressed by the bank's auditors. PACRA has not only reviewed such exposures but also had deliberations with the management in this regard. Although certain gaps were identified in the bank's control mechanisms, the strong risk absorption capacity of the bank, emanating from a robust capital structure and sizeable revaluation surplus, provides cushion against any unforeseen losses.

PACRA, while reaffirming the long-term and the short-term entity ratings of BoP at "AA" (Double A) and "A1+" (A One Plus), withdraws the positive outlook assigned earlier to the bank's ratings. These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. Meanwhile, the regular entity rating update process has been initiated and an in-depth analysis of overall systems, procedures and control mechanisms would be conducted in the due course.

About the bank:

The Bank of Punjab was established under the BoP Act 1989. The bank, majority owned (51%) by the Government of Punjab (GoPb), operates a network of 272 branches. BoP is principally involved in short-term lending and providing other general banking services. The Board of Directors comprises nine members, with six nominees of the GoPb and the rest elected by other shareholders.

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