



Rating Action

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PACRA MAINTAINS RATINGS OF SONERI BANK LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of Soneri Bank Limited at “AA-” (Double A minus) 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 rating of unsecured, subordinated TFC issue of PKR 1,200mln has also been maintained at “A+” (Single A plus). The rating denotes a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings reflect SBL’s modest but largely stable system share with focus on gradual network expansion, improving risk management function, and broadening asset base in line with its conservative business strategy. However, lately, SBL witnessed significant deterioration in asset quality, mainly on account of the weak socio-economic environment, despite its cautious credit expansion policy. Resultantly, the bank’s profitability declined considerably. Nevertheless, the bank maintains good liquidity profile and adequate risk absorption capacity.

The bank: SBL, established in 1992 and listed on all stock exchanges in the country, has gradually extended its network to 154 branches including six Islamic branches offering shariah compliant products. The Feerasta family, owners of the Rupali group, with interests in synthetic textile industry, holds the controlling stake (~52%) in the bank, mainly through three trusts of the family.

The eight-member BoD of SBL, with diversified experience, is a key source of guidance to the management. Mr. Safarali K. Lakhani, the CEO, has over four decades of domestic and international banking experience, and is associated with SBL since its inception. He is supported by a team of experienced professionals.

The TFC: SBL issued unsecured, listed, subordinated TFC of PKR 1,200mln for a tenor of 8 years in May 2005. The profit is being paid semi-annually in arrears, based on 6 month KIBOR plus 160bps. The principal is to be redeemed in four equal semi-annual installments starting from the 78th month (November 2011).

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