



The Pakistan Credit Rating Agency Limited

## Rating Report

### Alfalah CLSA Securities (Pvt.) Limited | BMR

#### Report Contents

1. Rating Analysis
2. Financial Information
3. Rating Scale
4. Regulatory and Supplementary Disclosure

#### Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
26-Jun-2020	BMR2+	-	Stable	Maintain	-
26-Dec-2019	BMR2+	-	Stable	Upgrade	-
28-Jun-2019	BMR2	-	Positive	Maintain	-
31-Dec-2018	BMR2	-	Developing	Maintain	YES
30-Jan-2018	BMR2	-	Stable	Initial	

#### Rating Rationale and Key Rating Drivers

Broker Management Rating of Alfalah CLSA Securities (Private) Limited (The Company or Alfalah CLSA) reflect its association with CLSA (24.9% shareholder) - a wholly owned subsidiary of CITIC Securities, the largest investment bank in China. The rating incorporates the Company's strong sponsor support and governance, growing market share, matrix reporting organizational structure and experienced management team. Alfalah CLSA has a well-developed organizational structure, with clear reporting lines for respective heads at the group level. The research department draws strength from the experience of seasoned professionals and its access to CLSA platform internationally. The IT infrastructure allows full integration of the front and back office functions, allowing generation of real time reports. As a policy, the Company does not take propitiatory exposure, which reduces conflict of interest and minimizes exposure to market risk. The Company has an adequate capitalization level with Net Capital Balance of ~PKR 137 mln, whereas Net Equity as at Dec-19 stood at ~PKR 238 mln (Dec-18 ~PKR 134 mln).

The rating is dependent upon the management's strategy to improve market share and profitability by leveraging its brand. Retention of key human resource and upholding strong controls remain critical for the rating.

#### Disclosure

<b>Name of Rated Entity</b>	Alfalah CLSA Securities (Pvt.) Limited   BMR
<b>Type of Relationship</b>	Solicited
<b>Purpose of the Rating</b>	Broker Management Rating
<b>Applicable Criteria</b>	PACRA_Methodology_BMR(Jun-19)
<b>Related Research</b>	Sector Study   Brokerage & Securities(Jan-20)
<b>Rating Analysts</b>	Madiha Sohail   madiha.sohail@pacra.com   +92-42-35869504



### Ownership

**Ownership Structure** Alfalah CLSA Securities (Private) Limited ("The Company" or "Alfalah CLSA") is a subsidiary of Bank Alfalah Limited. Bank Alfalah holds ~61% stake in the Company. During CY18, CLSA Limited ("CLSA") acquired ~25% stake in the Company. The Chairman Mr. Aliuddin Ansari, holds ~11% and CEO Mr. Atif M. Khan holds remaining ~2% stake in the Company. The Company has changed its name from Alfalah Securities (Pvt.) Ltd to Alfalah CLSA Securities (Pvt.) Ltd.

**Stability** The holding Company "Bank Alfalah" is the fifth largest private bank in Pakistan, listed on PSX and has a widespread network of 650 branches in more than 200 cities in Pakistan and also has an international presence in Bangladesh, Bahrain & U.A.E. The Institutional ownership of CLSA also bodes well for stability.

**Business Acumen** The Company's sponsors, Bank Alfalah Limited and CLSA are prominent institutions of financial service sector. Bank Alfalah is a prominent bank, owned and managed by Abu Dhabi group. CLSA is the leading investment group of East Asia. Whereas, Mr. Aliuddin Ansari is a seasoned professional having more than 30 years of experience in both local and international institutions. He is the former Chief Executive Officer of AKD Securities, Chief Operating Officer of CLSA and an Investment Manager at Bank of America in London.

**Financial Strength** Bank Alfalah has a long-term rating of AA+ and a short-term rating of A1+ and reported equity of ~PKR 88bln at end Dec'19.

### Governance

**Board Structure** The Company's board comprises of seven board members, including the CEO. Four board members represent Bank Alfalah and Mr. Andrew Hartley, who recently joined the Company's board as a non-executive director, represents CLSA. All the directors except CEO are non-executive. Mr. Aliuddin Ansari is entrusted with the responsibility of chairman of the board. There is no independent representation on the board.

**Members' Profile** The Board members have strong educational background and diversified experience which provides seasoned guidance to the Company. Mr. Faisal Rabbani, Ms. Anjum Hai and Mr. Yahya Khan possess more than 2 decades of seasoned experience with renowned financial institutions both locally and internationally. Ms. Anjum Hai is FCA from ICAP and Mr. Yahya is FCA from ICAEW.

**Board Effectiveness** The board meets on quarterly basis to evaluate the performance of the Company. The diversified experience of the board members provide useful insight in governing Company's affairs. Four board meetings were held in CY19. All board members attended the meetings and the minutes reflects active participation of the board members.

**Financial Transparency** Alfalah CLSA has well established internal audit function in place. The internal auditors quarterly report their findings to the audit committee. The audit committee has properly defined TORs and comprises two members. The audit committee is chaired by Mr. Faisal Rabbani. Ernst & Young are the external auditors of the Company and are ranked in the 'A category' on the State Bank's list of approved auditors. They formed an unqualified opinion on the financial statements for CY19.

### Management

**Management Team** The Company's experienced management team is directly reportable to the CEO. Mr. Atif Muhammad Khan is the CEO of the Company and has over two decades of experience in the capital markets. Mr. Imran Sherani is the head of investment banking and has vast experience in the relevant field. Mr. Bilal Athar is the head of Equity and has over 22 years experience in securities brokerage and private wealth management.

**Organizational Structure** The has well defined organization structure with proper chain of command and departmentalization. All departments are led by experienced professionals.

**Client Servicing** The Company follows the prescribed regulatory requirements for account opening. The Company has well developed research department, stock coverage comprises around 80% of the KSE-100 market capitalization. A strong client reporting mechanism is in place, with account statements, market and research reports communicated to the clients on regular basis. The Company maintains comprehensive, robust and client friendly account opening practices.

**Complaint Management** The Company has a well-defined complaint management system, which comply with the regulatory requirements. Complaints can be made via email, calls or by filling online complain forms.

**Extent Of Automation / Integration** Alfalah CLSA is currently using "Vtrade" by VisionMax. All back office systems are fully integrated and reports are generated on real time basis. The Company has formulated an extensive IT policy which addresses all the key issues including virus protection and control environment.

**Continuity Of Operations** A fully tested disaster recovery and business continuity plan is in place with daily, weekly and monthly backups. For stable connectivity, the Company has installed four connections from different ISPs.

**Risk Management Framework** A well formulated risk management policy is in place, to provide trading services. The Company has a separate risk management department with a designated Risk Manager who reports directly to the CEO. Proper KYC/CDD is conducted by the risk department. High, medium and low risk levels are assigned to each customer. For high risk customers, enhanced due diligence is also conducted.

**Regulatory Compliance** The Company has a compliance department, headed by a seasoned professional. The department ensures that all the regulatory requirements are fulfilled on timely basis.

### Business Sustainability

**Business Risk** The COVID-19 pandemic has contributed to record low market performance metrics. Pakistan Stock Exchange (KSE-100 index) experienced the fastest price drop and recorded a decline of ~28% in 1QCY20. However, the average traded volumes during 1QCY20 improved to ~156mln shares (1QCY19: ~83mln) depicting robust activity. The volumes remained high in March, 2020 despite large market swings amidst COVID-19 implications and government's response to support economy. In 1QCY20 the rate cut of 425bps and support from multilateral agencies showed positive signs but the market remained volatile due to prevailing uncertainty. Whereas, certain proactive measures taken by SECP of trading halts, circuit limits, relaxation in Base Minimum Capital (BMC) requirements, and linking of short sell with uptick/zero plus rule, were geared to provide respite to the market participants. However, high traded volumes bode well for brokerage firms.

**Business Profile** The market share of the Company remained at ~3% in CY19. On the back of CLSA acquisition, the Company successfully captured ~20% of the market, on account of its foreign clientele.

**Revenue And Profitability Analysis** Revenue of the Company comprises mainly of equity brokerage contributing 99% to the topline and stood at ~PKR 119mln in CY19 (CY18: ~PKR 124mln). During CY19, Company's losses declined to ~PKR 34mln (CY18: ~PKR 76mln) due to decrease in salaries and allowances by ~PKR: 28mln and decrease in tax by ~PKR: 8mln as compared to CY18.

### Financial Sustainability

**Credit Risk** The Company has devised and implemented, detailed KYC/AML and client due diligence policies, to assess customer creditworthiness and due diligence. The Company provides MTS facility, SOP's on margin maintenance are fully defined. Further, exposure limits are properly assigned. An automated risk management system is in place that halts transactions for a particular client if margin falls below the allocated level.

**Market Risk** Alfalah CLSA securities exposure to market risk is relatively less as the Company is not maintaining proprietary investment portfolio, therefore no conflict of interest arisesok puch lo.

**Liquidity Profile** The liquidity risk for the Company arises from the T+2 settlement framework. The Company's trade related assets are 0.8x of its trade related liabilities as at CY19 (CY18: 1.05x). The liquid assets were 0.7x of the trade related liabilities for CY19 (CY18: 0.3x).

**Financial Risk** The Company's Net Capital Balance stood at ~PKR 137mln at end Dec'19 whereas, Net Equity stood at ~PKR 238mln

**A. EARNING ASSETS****a. Finances**

1. Margin Trading System
2. Ready Futures

0	0	0
0	0	0
<b>0</b>	<b>0</b>	<b>0</b>

**b. Investments**

1. Cash at Banks - S A/c - Own Funds
2. Cash at Banks - S A/c - Client's Funds
3. Govt. Securities and Money Market Fund
4. Debt Securities & Income Funds
- Other Investments
  - i) Related Party
  - ii) Listed Equity Investments
  - iii) Others
  - iv) Unlisted

65	48	19
0	0	215
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
20	22	36
<b>20</b>	<b>22</b>	<b>251</b>

**Total Earning Assets****85                      69                      270****B. NON-EARNING ASSETS**

1. Cash In hand
2. Cash at Banks - C A/c - Own Funds
3. Cash at Banks - C A/c - Client's Funds
4. Accounts Receivable
5. Advances, Deposits and Other receivables
6. Fixed Assets

0	0	0
2	0	10
158	35	0
191	134	233
328	307	392
24	19	23

**Non-Earning Assets****704                      495                      659****C. TOTAL ASSETS****789                      565                      929****D. Funding****1. Commercial**

- i) Advances from Customers
- ii) Payables to Customers

0	0	0
231	127	341
<b>231</b>	<b>127</b>	<b>341</b>

**2. FIs**

- i) Short-term Borrowings
- ii) Current Maturity of Long Term Debt
- iii) Long-term Borrowings

291	279	343
6	0	0
1	0	0
<b>298</b>	<b>279</b>	<b>343</b>

**529                      407                      685****E. Other Liabilities**

1. Due to Associates
2. Other Liabilities (staff gratuity, Accrued mark-up)
3. Provision for Taxation

0	0	0
22	24	13
0	0	0
<b>22</b>	<b>24</b>	<b>13</b>

**Other Liabilities****F. EQUITY**

1. Share Capital
2. Reserves:

- i. Statutory Reserve
- ii. Capital Reserve
- iii. Reserve for Bonus Shares
- iv. Revenue Reserve
- v. Unappropriated Profit

0	0	0
0	0	0
0	0	0
0	0	0
(171)	(122)	(43)
(171)	(122)	(43)

**Pure Equity****229                      128                      207**

3. Surplus/(Deficit) on Revaluation of Investments

9                      6                      25

**Total Equity****238                      134                      232****G. TOTAL LIABILITIES & EQUITY****789                      565                      929****H. CONTINGENT LIABILITIES****0                      0                      0**

**Alfalah Securities (Pvt.) Limited**  
**INCOME STATEMENT**

For the period ended

	<b>31-Dec-19</b>	<b>31-Dec-18</b>	<b>31-Dec-17</b>
	<b>CY19</b>	<b>CY18</b>	<b>CY17</b>
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
<b>1. Fee-Based Income</b>			
a. Advisory Fees	1	1	12
b. Commission / Underwriting	0	0	2
c. Brokerage	119	124	124
d. Others	0	0	0
	120	126	138
<b>2. Operating Expenses</b>			
a. Personnel Expenses	(68)	(97)	(75)
b. Other Non-interest/Mark Up Expenses	(83)	(88)	(75)
	(152)	(185)	(150)
<b>3. Brokerage Income / (Loss)</b>	<b>(31)</b>	<b>(59)</b>	<b>(12)</b>
<b>4. Non Fee-Based Income</b>			
a. Placements (including Reverse REPO/COI/CFS)	0	0	0
b. Bank Deposits and others	9	5	11
c. Dividend Income	0	0	1
d. Gain on Sale of Investments	0	0	0
e. Surplus/(Deficit) on Revaluation of Investments	5	(1)	44
f. Share of profit of subsidiaries/associates	0	0	0
g. Others	0	0	0
	14	5	55
<b>5. Total Operating Income / (Loss)</b>	<b>(17)</b>	<b>(54)</b>	<b>43</b>
6. Financial Charges	(11)	(8)	(12)
7. Other Income / (Loss)	0	0	0
<b>8. Profit / (Loss) Before Tax</b>	<b>(28)</b>	<b>(62)</b>	<b>31</b>
9. Taxes	(6)	(13)	(12)
<b>10. Net Income</b>	<b>(34)</b>	<b>(76)</b>	<b>20</b>
12. Unappropriated Profit / (Loss) Brought Forward	0	0	0
12. Adjustments	0	0	0
Available for Appropriations	(34)	(76)	20
<b>13. Appropriations</b>			
a. Statutory Reserve	0	0	0
b. Capital Reserve	0	0	0
c. Cash Dividend	0	0	0
d. Bonus Dividend	0	0	0
	0	0	0
<b>14. Unappropriated Profit/(Loss) Carried Forward</b>	<b>(34)</b>	<b>(76)</b>	<b>20</b>



## Alfalah Securities (Pvt.) Limited

## RATIO ANALYSIS

	31-Dec-19	31-Dec-18	31-Dec-17
	CY19	CY18	CY17
	Audited	Audited	Audited
<b>A. PERFORMANCE</b>			
1. ROE	(15.9%)	(58.4%)	11.8%
a Net Profit Margin	(28.2%)	(60.0%)	14.2%
b Asset Turnover	17.0%	23.2%	20.8%
c Financial Leverage	331.6%	420.2%	401.0%
2. ROA	(4.3%)	(10.1%)	1.9%
3. Personnel Expenses-to-Total Operating Income	395.0%	178.3%	(174.8%)
4. Personnel Expenses-to-Fee Income	56.8%	76.8%	54.5%
5. Cost-to-Fee Income	112.9%	141.5%	77.7%
6. Cost-to-Total Operating Income	(875.9%)	(341.2%)	348.3%
7. Taxes / Pre-Tax Profit	(20.6%)	(21.6%)	37.1%
8. Net Non-Earning Assets / Assets net of Non-Interest	88.9%	87.2%	70.5%
<b>B. FINANCIAL EXPOSURE</b>			
1. Investments / Equity	8.7%	17.0%	121.4%
2. Equities / Total Capital	8.7%	17.0%	17.3%
3. Fixed Income / Total Capital	-	-	-
<b>C. LIQUIDITY</b>			
1. Trade Related Assets / Trade Related Liabilities	0.83	1.05	0.68
2. Liquid Assets / Total Assets	0.03	0.04	0.27
3. Liquid Assets / Trade Related Liabilities	0.00	0.00	0.63
4. Liquid Assets / (Short term Borrowings + Advances fi	0.00	0.00	0.31
5. Adjusted Liquid Assets / (Short term Borrowings + A	0.04	0.05	0.37
6. Liquid Investments / Equity	0.09	0.17	1.21
7. Accounts Receivable / (Short Term Borrowings + Cu	0.37	0.33	0.34
<b>D. COVERAGE RATIOS</b>			
1. EBITDA/Gross Interest	0.00	(5.87)	(0.14)
2. FCFO/Gross Interest	0.00	(8.81)	(2.58)
3. TCF/Gross Interest	0.00	(8.81)	(2.58)
4. FCFO/Gross Interest+CMLTD	0.00	(8.81)	(2.58)
5. FCFO/Gross Interest+CMLTD+Uncovered Short Te	0.00	(8.81)	(2.58)
6. TCF/Gross Interest+CMLTD+Uncovered Short	0.00	(8.81)	(2.58)
<i>Debt Payback Analysis</i>			
7 Long-term Debt/FCFO	0.00	0.00	0.00
8 Total Debt / FCFO	(17.67)	(4.02)	(11.10)
<b>E. CAPITAL ADEQUACY</b>			
1. Equity / Total Assets	29.0%	22.7%	22.3%
2. Total Equity (including surplus on revaluation) / Tota	30.2%	23.8%	24.9%
3. Total Debt / Equity	125.4%	208.0%	148.2%
4. Dividend Payout Ratio	-	-	-
<b>F. GROWTH</b>			
1. Total Assets	119.4%	(39.2%)	(19.3%)
2. Equity	(4.4%)	(38.1%)	8.0%
3. Brokerage Revenue	117.1%	(0.3%)	52.9%
4. Asset Yield	34.3%	5.9%	35.1%

## Broker Management Rating Scale & Definitions

An independent opinion on the quality of management and services provided by the broker

### Long Term Ratings

<b>BMR 1A</b>	<b>Excellent.</b> Excellent regulatory compliance, control environment, and financial management; governance and risk management frameworks are extremely effective; HR, IT, and customer services are strongly proactive.
<b>BMR 1++</b> <b>BMR 1+</b> <b>BMR 1</b>	<b>Strong.</b> Strong regulatory compliance, control environment, and financial management; governance and risk management frameworks are highly effective; HR, IT, and customer services are highly proactive.
<b>BMR 2++</b> <b>BMR 2+</b> <b>BMR 2</b>	<b>Sound.</b> Sound regulatory compliance, control environment, and financial management; governance and risk management frameworks are effective; HR, IT, and customer services are proactive.
<b>BMR 3++</b> <b>BMR 3+</b> <b>BMR 3</b>	<b>Adequate.</b> Adequate regulatory compliance, control environment, and financial management; governance and risk management frameworks are satisfactory; HR, IT, and customer services are adequate.
<b>BMR 4++</b> <b>BMR 4+</b> <b>BMR 4</b>	<b>Inadequate.</b> Inadequate regulatory compliance, control environment, and financial management; governance and risk management frameworks need improvements; HR, IT, and customer services are insufficient.
<b>BMR 5</b>	<b>Weak.</b> Weak regulatory compliance and business practices.

**Outlook (Stable, Positive, Negative, Developing)** Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.

**Rating Watch** Alerts to the possibility of a rating change subsequent to, or in anticipation of, a) some material identifiable event and/or b) deviation from expected trend. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not

**Suspension** It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.

**Withdrawn** A rating is withdrawn on a) termination of rating mandate, b) cessation of underlying entity, c) the rating remains suspended for six months, or/and d) PACRA finds it impractical to surveil the opinion due to lack of requisite information.

**Harmonization** A change in rating due to revision in applicable methodology or underlying scale.

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### **Rating Team Statements**

(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

### **2) Conflict of Interest**

- i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)
- ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)
- iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

### **Restrictions**

- (3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)
- (4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)
- (5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

### **Conduct of Business**

- (6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)
- (7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report.
- (8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)
- (9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)
- (10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)
- (11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

### **Independence & Conflict of interest**

- (12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA's opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity
- (13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)
- (14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)
- (15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)
- (16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)
- (17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

### **Monitoring and review**

- (18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 18-(a)
- (19) PACRA reviews all the outstanding ratings on semi-annual basis or as and when required by any creditor or upon the occurrence of such an event which requires to do so; | Chapter III | 18-(b)
- (20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 18-(c)
- (21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument; | Chapter III | 18-(d)

### **Probability of Default**

(22) PACRA's Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e, probability). PACRA's transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA's Transition Study available at our website. (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past | Chapter III | 14-(F-VII)

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