



Rating Action

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PACRA assigns Rating of "AA" (Double A) to the proposed unsecured, subordinated PPTFCs by Bank AL Habib Limited

The Pakistan Credit Rating Agency (PACRA) has assigned rating of "AA" (Double A) to the proposed unsecured, subordinated, and privately placed TFCs of PKR 3,000mln, including a Green Shoe Option of PKR 500mln, to be issued by Bank AL Habib Limited. The rating denotes 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 sustained performance, exceptional asset quality, and satisfactory financial profile. The rating draws comfort from prudent risk management policies and the management's conservative risk appetite. The management is endeavoring to diversify its advances portfolio by venturing into new segments, capitalizing on its well established branch network, which continues to expand, and has enabled the bank to develop sound deposit base.

The Bank:

Bank AL Habib's sponsors are members of the Habib family - one of the oldest and most distinguished names in Pakistan's banking sector. 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 314 branches/sub-branches/representative office (end-Mar11). The network includes two overseas offices - a Wholesale Branch in the Kingdom of Bahrain and a representative office in Dubai, U.A.E.

The TFCs:

The proposed unsecured, subordinated and privately placed TFCs of PKR 3,000mln (including a Green Shoe Option of PKR 500mln) will be for a tenor of ten years. The instrument will carry an expected profit rate of 15% per annum during initial 5 years and for the rest of the tenor 15.5% per annum, payable on semi annual basis in arrears. The principal repayment of 0.02% of the issue shall be made semi-annually in equal installments during first nine years from the date of the issue, and the remaining amount to be repaid in the tenth year in two equal semi-annual installments (49.82%). The bank has a call option, subject to SBP approval, to be effective on or after five years of the issue, on any profit payment date with not less than 60 days prior notice.

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