



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. 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 sustained market positioning despite increasingly tough operating environment in the country. The bank's asset quality has been impacted, attributable to continuing pressure on the socio-economic landscape, though infection largely remains concentrated in few segments and is aligned with the peer group. Moreover, the bank's twofold strategy - low-cost deposit mobilization and cautious advances deployment - is expected to yield better profitability. Meanwhile, the ratings recognize the demonstrated support of Abu Dhabi group as a key factor.

About the bank: The bank, listed on all the bourses of the country, has a network of 386 branches. 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 has strategic investments in communication sector and other dimensions of financial sector - asset management, brokerage, and insurance. However, the investments, particularly non-financial, are still far from reaching sustainable strength.

The seven member BoD comprises four members from ADG, two independent directors and the CEO. The chairman of the board, H.E. Sheikh Hamdan Bin Mubarak Al Nahayan, is Federal Minister of Public Works, United Arab Emirates. The CEO, Mr. Sirajuddin Aziz, has over three decades of banking experience and is supported by a seasoned management team.

About the issues: BAL's unsecured subordinated TFCs of PKR 1,250mln (tenor: 8 years); PKR 1,325mln (tenor: 8 years) and PKR 5,000mln (tenor: 8 years) were issued in Dec-2004, Nov-2005 and Dec-2009 respectively. Major portion of TFCs will be repaid in three equal semi-annual installements commencing from 84th month of each issue.

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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.

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