



Rating Action

Lahore : 30-Jun-2011

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PACRA MAINTAINS RATINGS OF STANDARD CHARTERED BANK (PAKISTAN) LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term rating of "AAA" (**Triple A**), and the short-term rating of "A1+" (**A One Plus**) of Standard Chartered Bank (Pakistan) Limited (SCBPL). Meanwhile, the rating of the bank's listed, subordinated TFCs have been maintained at "AAA" (**Triple A**). These ratings denote the lowest expectation of credit risk emanating from an exceptionally strong capacity for timely payment of financial commitments.

The ratings reflect SCBPL's association with a financially sound and reputed international bank - Standard Chartered PLC. This is supplemented by SCBPL's established brand equity in domestic market (i.e. Pakistan), quality management team, and healthy spreads. In the recent years, the Bank has faced the heat of subdued economic environment, wherein the quality of its assets - mainly consumer - suffered. However, lately the rising trend has been arrested, ably reflected in enhanced profitability of the Bank. SCBPL continues to benefit from the technical resources and cumulative expertise developed at the group level. SCBPL's prudent risk management policies and processes at the group level have helped in reducing the overall provisioning expenses resulting in an improved performance.

The ratings are dependent on the management's ability to foster the bank's relative positioning in the sector with prudent control over the associated risks. Meanwhile, insulating the Bank from any material deterioration in asset quality, in turn, impacting its performance would remain challenging.

The Bank

SCBPL, a subsidiary (99% owned) of Standard Chartered PLC, was incorporated in Pakistan in July 2006. The Bank is currently the 7th largest bank in the industry in terms of assets. The Bank is operating through 144 branches spread over 33 cities at end-Mar11.

SCBPL is owned in majority by Standard Chartered PLC. The group has a network of 1700 offices with an employee base of 75,000 in 70 countries. Standard Chartered PLC, the main operating entity of the Standard Chartered Group, is rated A+ by both Fitch and Standard & Poor's.

Debt Instrument

SCBPL has one listed unsecured subordinated TFCs of PKR 1,000 million. The TFC was issued in February 2006, for 7-year tenor, with profit payable at a floating interest rate of 6-months KIBOR + 2%. While nominal principal redemption started in Aug06, major repayments have begun from Aug10. The instrument will be fully redeemed by 2013.

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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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