



Rating Action

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PACRA ASSIGNS RATINGS TO PAKLIBYA HOLDING COMPANY (PVT.) LIMITED

PACRA has maintained the long-term and short term ratings of PLHC at "AA-" (Double A minus) and A1+ (A one Plus), respectively. The rating of the Privately Placed Term Finance Certificate of PKR 750mln is maintained at AA (Double A). The ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings reflect the joint ownership of PLHC by the Governments of Pakistan and Libya. The company has lately reverted to profits, despite sizeable provisioning on its equity portfolio. Meanwhile, the company is strengthening its system and controls and management structure, which are beneficial to its prospects. However, recent classification of certain loans requires management's attention. A detailed business plan has been operationalized and is beginning to show results; however, its sustainability would be challenging in a highly competitive and adverse economic environment.

The management's ability to control NPL trend while rationalizing its stock market exposure (exposing the company to market risk) would remain critical. Meanwhile, venturing into profitable businesses would be important to augment its market position. The recent ongoing internal crisis in Libya does not have any immediate bearing on the operations of Pak-Libya.

About the Company

PLHC, established as a joint stock company in 1978, is equally owned by the Government of Pakistan and the Socialist People's Libyan Arab Jamahiriya, through SBP and LFICO, respectively. LFICO, a state owned company, has a large portfolio of investments spread over Africa, Asia, Europe, and Americas. Despite, ongoing unrest in Libya, the management is confident that LFICO will not call back its investment in PLHC.

The six-member board of PLHC has equal representation of both sponsor countries. The Chairman, General Ehsan Ul Haq (Retd) is a Pakistani national; however, the Libyan Government has nominated him. Mr. Kamaluddin Khan, the managing director of the company, has extensive experience in the financial sector, both local and international. However, his term is expiring soon and is subject to renewal. Dr. Abdalla, a Libyan nominee and the Deputy Managing Director (DMD), at PLHC since July 2007, has profound international experience in the financial sector. A senior management team consisting of seasoned professional, whom have shown a high stability over the years, assists him

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