



Rating Action

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PACRA MAINTAINS RATINGS OF SONERI BANK LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of Soneri Bank Limited at "AA-" (Double A minus) and "A1+" (A one plus), respectively. These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The rating of unsecured, subordinated TFC issue of PKR 1,200mln has also been maintained at "A+" (Single A plus). The rating denotes a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings reflect SBL's gradual, yet modest increase in system share, while improving the risk management infrastructure of the bank. The ratings also recognize recent reorganization of the bank to emerge as a modern and technology oriented bank, in turn, supporting its plans to enhance participation in transactional trade financing and low cost deposit mobilization. However, despite its cautious credit expansion policy, SBL witnessed significant deterioration in asset quality, mainly on account of weak socio-economic environment. Cognizant of this, the management is making recovery efforts against existing infected portfolio. Nevertheless, the bank maintains good liquidity profile and adequate risk absorption capacity.

The Bank: SBL, established in 1992 and listed on all stock exchanges in the country, has gradually extended its network to 184 branches including six Islamic branches offering shariah compliant products. The Feerasta family, owners of the Rupali group, with main interests in synthetic textile industry, holds the controlling stake (~52%) in the bank through three trusts of the family.

The eight-member BoD of SBL, with diversified experience, is a key source of guidance for the management. Lately, SBL initiated a bank-wide organizational restructuring to strengthen itself against ensuing challenges. Mr. Aftab Manzoor, a seasoned banker, has recently joined as the chief executive of the bank. A diverse team of young individuals and SBL's veterans assists him.

The TFC: SBL issued unsecured, listed, subordinated TFC of PKR 1,200mln for a tenor of 8 years in May 2005. The profit is being paid semi-annually in arrears, based on 6 month KIBOR plus 160bps. The principal is to be redeemed in four equal semi-annual installments starting from the 78th month (November 2011).

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