



Rating Action

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PACRA PLACES STANDARD CHARTERED MODARABA ON RATING WATCH

Standard Chartered Bank Pakistan Limited (SCBPL) signed a non binding MOU with ORIX Leasing Pakistan (OLP) in Sep-14 to acquire Standard Chartered Modaraba (SCM) along with its management company. Recently, SCBPL has entered into a share and certificate purchase agreement with OLP. As per the agreement, OLP will be acquiring SCBPL's 100% stake in the Modaraba Management Company - Standard Chartered Services of Pakistan (Private) Limited and SCBPL's 20% stake (direct and indirect) in SCM. The transaction remains subject to satisfaction of various conditions including regulatory approvals contained in the agreements. Currently, the modaraba has long-term rating of "AA+" (Double A plus) and short-term rating of "A1+" (A One plus). Considering this development, PACRA is placing the ratings of SCM on **Rating Watch**. The ratings would be updated once requisite clarity is achieved.

About SCM: Standard Chartered Modaraba, an Islamic financial institution, established in 1987, is a perpetual, multipurpose Modaraba, listed on the Karachi and Lahore stock exchanges. It is primarily engaged in financing of plant, machinery and vehicles, and operates from offices in Karachi, Lahore and Islamabad. Standard Chartered Services of Pakistan (Pvt.) Limited - a wholly owned subsidiary of Standard Chartered Bank (Pakistan) Limited (SCBPL) - manages the Modaraba. SCBPL - 99% owned subsidiary of Standard Chartered Plc and rated "AAA" (Triple A) by PACRA - is one of the leading banks of Pakistan and has a network of 104 branches across the country at end-Jun15.

About OLP: OLP, the largest leasing company in Pakistan, commenced operations in 1986. OLP's major shareholder, ORIX Corporation (ORIX), established in 1964, is one of Japan's leading integrated financial services group with operations in 36 countries. It is listed on the Japan and New York Stock Exchanges. The group had a total asset base of ~ USD 94bln as at end Mar-2015 and an equity of ~ USD 19bln as at end Mar-15. ORIX has an international credit rating of Baa1 with stable outlook from Moody's (February 26, 2015). ORIX owns 49.6% stake in OLP.

Applicable Criteria and Related Research

- Bank Rating Methodology

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