



Rating Action

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PACRA MAINTAINS ENTITY RATINGS OF FAYSAL BANK LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained long-term and short-term entity ratings of Faysal Bank Limited (FBL) at **AA** (Double A) 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 ratings reflect FBL's association with a financially robust business group and a sound capital structure. While maintaining its system share, FBL has managed the asset quality at an acceptable level. The profitability from core banking operations and investment activities has remained sound. Considering the increasingly competitive operating environment, the management is embarked upon a network expansion strategy, aiming to further diversify the advances portfolio, while focusing on mobilizing low cost funds.

The ratings are dependent on the bank's ability to sustain its market standing, and strengthening its core banking revenue streams. Meanwhile, cohesiveness of the top management, and improvement in the governance and control environment would be critical. Any material deterioration in the bank's asset quality would have negative implications for the ratings.

About the bank:

The bank started operations in Pakistan in 1987, first as a branch set up of Shamil Bank of Bahrain and since 1995, as a locally incorporated bank under the present name of Faysal Bank Ltd. On January 01, 2002 AL-Faysal Investment Bank, another group entity merged into FBL. Faysal bank is a medium sized bank, with a network of 109 branches at present.

Ithmaar Bank, a 42% owned associate of Dar Al-Maal Al-Islami Trust (DMI), indirectly through its different entities, mainly Shamil Bank, holds the majority shareholding (67%) of FBL. The DMI group owns and operates an international network of Islamic Banks, and Investment and Insurance companies.

The seven-member BoD includes three nominees of DMI, the CEO, and two renowned professional from Pakistan, including the Chairman, as independent directors. The current chief executive of FBL, Mr. Naved A. Khan, who has recently joined in Mar08, has extensive local and international banking experience.

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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.

PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings.

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