



Rating Action

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PACRA MAINTAINS THE ENTITY RATINGS OF FAYSAL BANK LIMITED

PACRA has maintained the long-term and short-term entity ratings of Faysal Bank Limited at “AA” (Double A) and “A1+” (A One plus), respectively. Meanwhile, negative outlook assigned to the ratings previously has been removed. The ratings denote very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings reflect FBL’s ability to withstand tough operating environment and maintain its market standing. This is reflected in increasing earning asset base and improving liquidity position. Meanwhile, the bank has achieved progress in arresting infection in its asset quality by streamlining monitoring/recovery efforts and tightening of risk management controls, though with subdued economic conditions, asset quality would remain a concern. The ratings recognize FBL’s association with a financially sound business group (Dar Al Maal Al-Islami Trust).

FBL has completed its due diligence for acquiring Pakistan operations of the Royal Bank of Scotland. In view of this, the ratings of the bank have been placed upon Rating Watch. With the completion of the acquisition, PACRA will review its ratings taking into account the impact on FBL’s strategy, capital structure and integration of the two entities.

The bank: The bank started operations in Pakistan in 1987, first as a branch set up of Shamil Bank of Bahrain and since 1994, as a locally incorporated bank under the present name of Faysal Bank Limited. FBL is a medium sized bank, with a network of 133 branches at Mar10.

Ithmaar Bank, a 45% owned associate of Dar Al-Maal Al-Islami Trust (DMI), 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 CEO, Mr. Naved A. Khan, joined FBL in Mar08 and has extensive local and international banking experience. The seven-member BoD includes three nominees of DMI, the CEO, and three renowned professional from Pakistan, including the Chairman, as independent directors.

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