



Rating Action

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PACRA MAINTAINS THE ENTITY RATINGS OF FIRST WOMEN BANK LIMITED; OUTLOOK IS POSITIVE

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of First Women Bank Limited (FWBL) at '**BBB+**' (Triple B Plus) and '**A2**' (A Two), respectively. These ratings denote a low expectation of credit risk emanating from an adequate capacity for timely payment of financial commitments

The ratings reflect the bank's relatively constrained profile mainly due to limited outreach, weak franchise, and lack of strategic direction at the level of existing shareholders and the board (mainly dominated by big-5 banks). Although the profitability is adequate, asset quality has emerged as a concern lately. Nevertheless, FWBL's capital adequacy and liquidity remain strong, though its nominal capital is well short of the statutory requirement.

The ratings continue to carry a positive outlook as the government plans to keep the bank in public sector by significantly increasing its stake in the bank (above 50%), in which regard material progress has been achieved lately. Timely execution of the acquisition process would be critical for the bank's prospects as currently it lacks a clear business strategy.

The Bank: Formed in 1989, First Women Bank Limited is mandated to cater to the special banking needs of women in Pakistan. The bank operates a network of 38 branches spread across 23 cities nationwide. Its ownership lies with five banks (HBL and MCB: 27% each; UBL, ABL, NBP: 9% each) and the GoP through Ministry of Women Development (19%), while the President of the bank is appointed by the Federal Government. The overall control of the bank presently vests with seven member BoD, comprising one nominee director of each shareholder bank and two nominees of GoP including the President of the bank.

As per the latest plan, the GoP is in the process of allocating PKR 800mln for subscribing towards a right issue in the bank, wherein with limited interest from existing shareholders (big 5 banks), GoP's shareholding is expected to increase significantly. This is likely to make GoP the single largest shareholder (above 50%). This development would significantly boost the financial profile of the bank.

The President, Ms. Shafqat Sultana, has been associated with the bank since inception. She is a seasoned banker and her service for the bank and socio-economic empowerment of women are widely recognized and acknowledged.

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