



Rating Action

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PACRA MAINTAINS RATINGS OF JS BANK LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of JS Bank Limited at "A" (Single A) and "A1" (A One), respectively. Meanwhile a stable outlook has been assigned to these ratings. These ratings denote low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings reflect the bank's strong liquidity and high capital adequacy, supplemented by a sound technological platform. The ratings recognize a geographically disperse swiftly established branch network, which is expected to support building up of good franchise, in turn, low cost core deposit mobilization. At the same time, despite higher incidence of NPLs, the bank has lately achieved profitability, sustenance of which is important. The bank has developed sound operational policies and controls which are being enforced by a re-constituted senior management team. Meanwhile, to ensure consistent improvement in overall operational framework, identification and retention of key management personnel remains critical. To improve overall risks profile of the bank, the management, capitalizing on its increasing outreach, intends to deploy available funds in fundamentally sound business sectors, while establishing non-funded revenue stream.

The bank's association with JS Group is a key comfort. JSCL, the majority shareholder, demonstrating commitment, has already agreed to transfer a profit making entity (JS Global - 44% owned by JSCL) to the bank in swap of the bank's share. This would help the bank to meet immediate minimum capital requirement (MCR) i.e., PKR 7bln. For the next level of MCR, the bank, with limited internal generation, is exploring various options.

About the bank: JSBL, incorporated in March 2006 after the merger of American Express Bank's Pakistan branches and Jahangir Siddiqui Investment Bank Limited, commenced operations on December 30, 2006. It operates through a nationwide swiftly expanding network of 131 branches (end-March 11). JSBL is a subsidiary (64%) of Jahangir Siddiqui & Co. Limited.

Mr. Jahangir Siddiqui, JS group's founder, chairs the bank's seven-member BoD (excluding the CEO). Mr. Kalim-ur-Rahman, the CEO, has over four decades of international and domestic banking experience. The bank has a well-defined organizational structure, whereby the bank's operations are grouped under eleven departmental Heads.

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