



Rating Action

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PACRA MAINTAINS RATINGS OF NIB BANK LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of NIB Bank Limited at **AA-** (Double A Minus) 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 rating of the unsecured, subordinated TFC Issue of PKR 4,000mln has also been maintained at **A+** (Single A Plus), denoting a low expectation of credit risk.

The ratings reflect the demonstrated financial and technical support NIB receives from its sponsoring group, Temasek Holdings – rated AAA internationally. The ratings draw comfort from the parent’s long established presence in the Asian markets, coupled with a strong financial profile. Meanwhile, the ratings incorporate the bank’s sound capitalization, prudent risk management policies, and the management’s focus to diversify its loan book while simultaneously rationalizing its overall cost structure.

The bank: NIB Bank Limited, formed in 2003, merged with PICIC and its banking subsidiary PICIC Commercial Bank with effect from December 31, 2007. Bugis Investment (Mauritius) Pte. Limited, a wholly owned subsidiary of Fullerton Financial Holdings (FFH), which in turn is fully owned by Temasek Holdings, acquired majority stake in NIB in Jun05 (present ownership: 74%). Temasek is the investment arm of the Government of Singapore, managing a diversified portfolio, having a market value of over USD 84bln at end-Mar09. The eight-member BoD includes three representatives of Temasek, who are experienced professionals and are directors in other banking companies, and four independent directors with extensive professional experience.

The TFC Issue: NIB issued listed unsecured, subordinated TFCs of PKR 4,000mln, for a tenor of 8 years, in Mar08. The profit payment, to be made semi-annually, is based on 6 months KIBOR plus 115bps. The instrument is structured to redeem 0.20% of the issue amount in the first 60 months, and the remaining in six (6) equal semi-annual installments, starting from the 66th month (Aug-2013). The TFCs have a call option, in whole or in part, subject to the approval of SBP, exercisable on any profit payment date after 60 months.

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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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