



Rating Action

Lahore : 18-Jun-2012

Analyst

Naureen Hyat
(+92-42-35869504)
naureen.hyat@pacra.com
www.pacra.com



PACRA Upgrades Ratings of First Women Bank Limited

The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term entity rating of First Women Bank Limited (FWBL) to "A-" (Single A Minus) [Previous: **BBB+**], while maintaining the short-term entity rating at "A2" (A Two). These ratings denote a low expectation of credit risk while the capacity for timely payment of financial commitments is considered strong.

The ratings reflect recent change in the ownership structure of the bank wherein the Government of Pakistan (GoP) has become the major shareholder (60%). Notably, this is achieved through fresh equity injection in the bank. This is expected to bring clarity to the bank's future strategy, likely to be instituted post-recomposition of the BoD. On a standalone basis, the business and financial profile of the bank improved slightly owing to enhanced profitability and better liquidity. However, the bank continues to feature small size, limited outreach, restricted asset deployment avenues, and asset quality as challenges. Although the bank's nominal capital is well short of the statutory requirement, it has managed to secure its grounds on the basis of high capital adequacy; while respective exemptions from the central bank are in place.

The ratings are dependent on focused support of the major sponsor which would be vital for the bank to secure sound business prospects. At the same time, capacity building, in terms of induction and retention of seasoned human capital and fortification of a sound technological platform are critical. The management expects to achieve the status of a nationalized bank under the terms of the Bank Nationalization Act (BNA), 1974, enjoying deposit guarantee from the GoP. This would further boost the bank's profile.

About The Bank

Formed in 1989, FWBL's mandate is to cater to the special banking needs of women in Pakistan. FWBL operates through a network of 40 branches spread over 23 cities nationwide as at end-Mar 12.

The bank has recently witnessed change in its ownership structure, whereby the Government of Pakistan now owns majority stake (60% through Ministry of Finance and NBP) in the bank. The remaining stake is held by the four big commercial banks - HBL, MCB, UBL and ABL. The President of the bank is appointed by the Federal Government. The current BoD has one nominee of each shareholder; this is likely to be changed with changes in the ownership structure. Mrs. Shafqat Sultana, who took over as President of FWBL in 2009 has been with the bank since inception and has received various awards for her contributions to the bank. She has been instrumental in enhancing the government's patronage to FWBL.

Disclaimer

This press release is being transmitted for the sole purpose of dissemination through print/electronic media. The press release may be used in full or in part without changing the meaning or context thereof with due credit to PACRA.

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. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.