



Date

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Analyst

Muhammad Noor ul Haq
muhammad.noorulhaq@pacra.com

+92-42-35869504
www.pacra.com

Applicable Criteria

- Methodology | Financial Institution (Jun 18)
- Methodology | Criteria | Rating Modifier (Jun 18)
- Methodology | Correlation Between Long-Term And Short-Term Rating Scale (Jun 18)

Related Research

- Sector Study | Commercial Bank (Jun 19)

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PACRA maintains Entity Ratings of First Women Bank Limited.

Rating Type	Entity	
	Current (25-Jun-2019)	Previous (24-Dec-2018)
Action	Maintain	Maintain
Long Term	A-	A-
Short Term	A2	A2
Outlook	Stable	Stable
Rating Watch	RatingWatch	-

The ratings primarily reflect strong association of FWBL with the Government of Pakistan (GoP) - the major shareholder - demonstrating continued commitment and support. Subsequent to injection of equity of PKR 1bln over last two years, GoP has injected another PKR 500mln in CY17. This helped in beefing up the equity which got diluted by the losses of previous two years. The current management team has taken initiatives to augment the revenue stream, while rationalising the cost structure. The resultant benefit is seen in the bank's financial performance during the ongoing calendar year. Cognizant of the matter, the management targets volumetric growth in deposits and advances, herein, efficient and effective use of the IT system along with synergies are being explored with other institutions for calibration. The internal control system of the bank has depicted steady improvement. The management is focusing to reduce its funding cost; thereby improving its spreads.

The ratings capture the need to further improve bottom-line profitability on a sustainable basis. Successful execution of the business strategy, while improving efficacy of the risk management framework to improve asset quality - which is currently suppressed - remains important.

About the Entity

First Women Bank Limited (FWBL) was established in 1989. The bank operates through a network of 42 branches spread over 24 cities nationwide as at end-Mar18. The bank focuses on catering to women at all levels of economic activity; micro, SME and corporate. The Government of Pakistan owns a majority stake - ~85% (~83% through Ministry of Finance and ~2% through NBP) in the bank. Rest of the shareholding is with a group of four large banks.

The overall control of the bank as of CY18 vested in the six-member Board of Directors which included the President and three NEDs. Currently, three positions are vacant after retirement of Independent Directors in Jan19. The president is directly appointed by MoF. Ms. Naushaba Shahzad, the (acting) President since Oct-18, has been with the bank from initial days of the bank. The top management comprises experienced members, some of them recently engaged.

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.