



Rating Action

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PACRA ASSIGNS RATINGS TO MCB BANK LIMITED

PACRA has maintained the long-term and short term ratings of MCB Bank Limited (MCB) at "AA+" (Double A Plus) and "A1+" (A One Plus), respectively. The ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings reflect MCB's strong financial profile mainly emanating from its sound liquidity, solid capitalization, and robust profitability. The bank, while following a cautious lending strategy, has maintained good asset quality. The ratings factor in the bank's strong market position, characterized by its established brand, and extensive branch network equipped with requisite technology infrastructure. This benefits the bank in maintaining a low cost deposit base as compared to its peers.

The ratings are dependent on the bank's ability to uphold its existing positioning in the banking sector. At the same time, maintaining asset quality while reviewing its risk management systems on a continuous basis in line with changing market conditions would remain important to cater future challenges.

About the Company

MCB is the fourth largest bank in terms of its share in total banking assets (9% at end-Mar11) in the country. The bank is operating with a distinct franchise with 1,132 branches at end-Dec10. The bank is majority owned (35%) by Nishat group, a prominent business conglomerate of the country. Nishat group has interests in textile, cement, power, finance, and insurance.

Malayan Banking Berhad (Maybank) of Malaysia, incorporated in 1960 and listed on Bursa Malaysia, has 20% stake in MCB since May08. The group employs over 40,000 employees and has over 1,750 offices in 14 countries with concentration in ASEAN, besides having presence in the UK and the USA. Maybank has rating of 'A-' from Fitch and Standard & Poors. MCB is expected to benefit from Maybank's expertise mainly in Islamic banking and risk management.

Mian Mohammed Mansha, the chairman of the bank, is an eminent businessman and a successful entrepreneur. The board of directors (BoD), with two representative of Maybank, includes prominent industrialists and financial sector specialists. Mr. M.U.A. Usmani, possessing over four decades of banking experience, has been lately appointed as the CEO of MCB.

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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.

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