



Rating Action

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PACRA MAINTAINS THE RATINGS OF MCB BANK LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained long term and short term entity ratings of MCB Bank Limited at "AA+" (Double A Plus) 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 ratings reflect MCB's strong market position, characterized by its established brand and extensive branch network equipped with requisite technology infrastructure. This benefits the bank in maintaining - indeed growing - a low cost deposit base as compared to its peers. The ratings factor in the bank'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 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.

The Bank

MCB is the fourth largest bank in terms of its share in total banking assets (9% at end-Mar12) in the country. The bank is operating with a distinct franchise of 1,173 branches at end-Dec11. The bank is majority owned (32%) by Nishat group, a prominent business conglomerate, having diversified interests in textile, cement, power, financial services, and insurance sectors.

Malayan Banking Berhad (Maybank) of Malaysia, incorporated in 1960 and listed on Bursa Malaysia, has 20% stake in MCB since May08. The group has over 2,200 offices in 17 countries with concentration in ASEAN, besides having presence in the UK and the USA. Maybank has international rating of 'A-' from Fitch. MCB benefits from Maybank's expertise mainly in Islamic banking and risk management.

The thirteen member board of directors includes prominent industrialists and financial sector specialists. The board comprises six nominees of Nishat Group, two representatives of Maybank, and four independent directors. Mian Mohammed Mansha, the chairman of the bank, is an eminent businessman and a successful entrepreneur. The CEO, Mr. M.U.A Usmani, possesses over four decades of banking experience.

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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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