



Rating Action

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PACRA MAINTAINS RATINGS OF MCB BANK LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of MCB Bank Limited at “AA+” (Double A plus) and “A1+” (A one plus) respectively. Meanwhile, the unsecured subordinated TFC issue has been assigned short-term rating of “A1+” (A One plus), pending its full redemption in February 2008. 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 the bank’s demonstrated ability to maintain its robust performance, an outcome of the management’s well-conceived business strategy of focusing on efficient utilization of its resources. At the same time, MCB has very strong risk absorption capacity emanating from exceptionally sound capital structure supplemented by good asset quality. Given the bank’s vibrant business strategy and its extensive outreach with established franchise value, the bank is expected to maintain its performance trend.

About the bank: A number of distinguished corporate groups, led by Nishat group, jointly own majority stake in MCB since its privatization in 1991. Nishat Group, a prominent conglomerate of the country, has interests in textile, cement, finance and insurance. Mian Mohammed Mansha, the chairman of the bank, is an eminent businessman and a successful entrepreneur. The BOD has recently appointed Mr. Atif Aslam Bajwa, as its new Chief Executive who will soon join the bank. Mr. Bajwa has 25 years of national and international banking experience and has worked with Citibank, ABN AMRO and Mashreq Bank covering a range of roles in corporate and consumer banking.

MCB is the fourth largest bank in terms of its share in total banking assets in the country. The bank has a robust franchise with 994 branches including 6 overseas branches at end-Dec-06. The bank has recently started asset management business by establishing a wholly owned subsidiary – MCB Asset Management Company.

About the TFC Issue: MCB issued unsecured subordinated TFCs of PKR 1,600mln in August 2002 for a tenor of 5½ years at a floating rate of latest cut-off yield on 5-year PIBs plus 1.50% with a floor of 11.75% and a cap of 15.75%. The instrument is due for full redemption in February 2008.

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