



Rating Action

Lahore: August 07, 2007

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PACRA UPGRADES LONG-TERM ENTITY RATING OF KASB BANK LIMITED

The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term entity rating of KASB Bank (KBL) to **A-** (A minus) while maintaining the short-term entity rating at **A2** (A two). These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings reflect the bank's improved capacity to withstand competitive pressures and forge ahead with planned business growth. The growth strategy takes into account the inherent constraints of small size and limited franchise value. The strong risk management framework, centralization of processes, clearly defined business segments and human resource management all complement and support the relatively aggressive growth stance.

KBL is in the process of merger with International Housing Finance Limited. This is expected to give the bank a headstart, compared to peers, in the housing finance segment. The proposed merger would also augment the capital base of the bank with the remaining shortfall to be met by the principal sponsor. Pending the completion of the merger and some other developments in hand regarding certain strategic investments, ratings are placed on Rating Watch with positive implications.

About the bank: KASB Bank Limited, incorporated in October 1994 and listed on all three stock exchanges, was acquired by KASB group and an Omani group in October 2002. The bank's seven member Board of Directors comprises experienced professionals and is involved in the development of the bank's strategy and monitors its execution. The current chief executive, Mr. Muneer Kamal, an experienced banker with a distinguished profile, was inducted in November 2005. A core team of experienced professionals assists him.

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