



Rating Action

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PACRA MAINTAINS IFS RATING OF DAWOOD FAMILY TAKAFUL LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the Insurer Financial Strength rating of Dawood Family Takaful Limited (DFTL) at "A-" (Single A minus). The rating denotes DFTL's strong capacity to meet policyholder and contract obligations. At the same time, risk factors are moderate, and the impact of any adverse business and economic factors is expected to be limited.

The rating reflects DFTL's growing takaful volumes, a result of an effective business strategy employed by its management, though overall market share is likely to improve only gradually, given intense competition. The company has employed a sound technology infrastructure that lends support to its operational efficiency. To provide further support to the bottom-line, the company maintains an investment portfolio funded from available capital. However, a sizeable portion of investments - mainly corporate bonds - are not performing well, thereby impacting overall earning yield of the employed funds. Moreover, this, added with an investment in an unlisted bank, suggests relatively weak liquidity profile.

About the company: Dawood Family Takaful Limited (DFTL) - Shariah compliant life Insurer - established in May 2007, and formed a Waqf (trust) in May 2008 followed by Participants Takaful Fund and Participants Investment Fund in December 2008. DFTL has a network of 25 branches with its head office in Karachi. DFTL has diverse shareholding structure with First Dawood Group (FDG) holding the majority stake (31.5%) - through group companies including First Dawood Investment Bank (18%), BRR Investment (Pvt.) Limited (9.9%) and Dawood Capital Management Limited (3.6%) - followed by the Bank of Khyber (15%) and GulfCap (8.1%).

Mr. Rizawan Ahmed, the new CEO, joined DFTL in March 2011. He has over forty-eight years experience of Financial Services, Marketing and Human Capital Development (private and public sector). A team of professionals assists the CEO. The team's continued commitment is critical for achieving the desired level of business in initial years of the company's operations.

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