



Rating Action

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PACRA ASSIGNS POSITIVE OUTLOOK TO RATINGS OF ALBARAKA ISLAMIC BANK B.S.C. (E.C.) [PAKISTAN BRANCHES]

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term rating of “A-” (Single A minus) and the short-term rating of “A1” (A one) of AlBaraka Islamic Bank B.S.C. (E.C.) [Pakistan Branches] (ABIB). Meanwhile, PACRA has assigned a **Positive Outlook** to these ratings. These ratings denote a low expectation of credit risk and strong capacity for timely payment of financial commitments.

The ratings reflect ABIB’s prudent risk management as reflected by its sound asset quality. Recognising the changing landscape of the banking industry and taking cognizance of the bank’s constrained performance in the past, the management has planned various initiatives aiming to improve the bank’s relative standing and performance prospects. However, given the intensifying competition, the success of these initiatives remains to be seen. At the same time, affiliation with a strong banking group – AlBaraka Banking Group (ABG) – remains a key rating factor.

ABIB’s ratings have been assigned a positive outlook recognising the benefits to accrue from the proposed local incorporation in improving ABIB’s profile and implementation of management’s growth strategy.

The bank: AlBaraka Islamic Bank, incorporated in Bahrain, is a majority owned (91%) subsidiary of AlBaraka Banking Group. It operates four commercial branches in Bahrain and eighteen branches in Pakistan. ABG, established in June 2002, and listed on Bahrain Stock Exchange and Dubai International Financial Exchange, has an equity base of about US\$ 1.5bln. It has BBB- international rating by S&P.

ABIB commenced branch operations in Pakistan in 1991 and was granted Islamic banking license in 2004. Mr. Shafqaat Ahmed - country head - is a professional banker with over three decades of experience and has been holding the position since the start of the bank’s operations in Pakistan.

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