



Rating Action

Lahore: (29-Jun-2010)

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PACRA MAINTAINS ENTITY RATINGS OF BANKISLAMI PAKISTAN LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of BankIslami Pakistan Limited (BIPL) to **A** (Single A) and **A1** (A One) respectively. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings reflect BIPL's sustained progression towards establishing itself as an active player in the emerging Islamic banking industry. The ratings incorporate the establishment of an effective operating platform, supplemented by requisite technological infrastructure and risk management systems. The bank's improving franchise value alongwith the extended outreach is expected to help in sustaining growth in both deposit base and finances portfolio.

The outlook on the ratings is negative given the delay in meeting the regulatory minimum capital requirement. The bank is exploring different avenues to achieve compliance, the timely materialization of which remain critical for the ratings. The efficacy of the risk management framework especially in terms of maintaining good asset quality is highly important. Meanwhile, profitability of the bank's core operations to avoid further equity corrosion remains crucial for the ratings.

About the bank: BIPL, a scheduled Islamic bank, and listed on the Karachi Stock Exchange commenced operations in Apr06. BIPL is a joint venture among three financially sound business groups, holding a cumulative of ~ 65% stake, namely DCD Group UK, Dubai Bank PSJC, and Jahangir Siddiqui & Company Limited. With its head-office in Karachi, the bank currently has a network of 102 branches.

The seven member BoD comprises representatives of sponsoring groups. The CEO, Mr. Hasan A. Bilgrami, possesses extensive experience with leading financial institutions. He has played an active role in the development of the Islamic banking policies and products in the country.

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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.

PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings.

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