



Rating Action

Ratings (xx-Jun-2011)

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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) at **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 a key player in the emerging Islamic banking industry. The ratings incorporate the bank's ability to arrest infection in its advances portfolio as reflected in its strong asset quality. Moreover, significant improvement in BIPL's net interest revenue has helped the bank in achieving bottom-line profitability. Meanwhile the bank enjoys good liquidity and strong capitalisation.

The ratings are dependent on the bank's ability to sustain its growth momentum while maintaining good asset quality. At the same time, firmness in the bank's profitability to ensure sustainable risk absorption cover would be crucial. Although the bank is non-compliant with regulatory nominal capital requirement, the management is in dialogue with SBP and expects favourable outcome.

About the bank:BIPL, a scheduled Islamic bank, commenced operations in Apr-06 and is listed on the Karachi Stock Exchange. The bank is a joint venture among three business groups, holding a cumulative of ~65% stake, namely DCD Group UK, Dubai Bank PSJC, and Jahangir Siddiqui & Company Limited (JSCL). The bank has a strategic investment (PKR 191mln) in the wholly owned subsidiary - BankIslami Modaraba Investments Limited.

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

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