



Rating Action

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PACRA UPDATES RATINGS OF ALBARAKA BANK (PAKISTAN) LIMITED; OUTLOOK IS POSITIVE

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term entity rating of AlBaraka Bank (Pakistan) Limited (ABPL) at "A" (Single A), while its short-term rating has been upgraded to "A1" (A One). Moreover, a "**Positive**" outlook is assigned to the ratings. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings reflect AlBaraka Bank's association with a strong Middle Eastern banking group - AlBaraka Banking Group. The ratings incorporate the impact of positive synergies emanating from the recent merger (between Emirates Global Islamic Bank and Pakistan branches of AlBaraka Bank) in terms of common operating platform, improved profile, and extended market outreach. While swiftly progressing the integration process, the management is well geared to benefit from the expanded franchise by implementing a sound business plan.

The ratings are assigned a positive outlook recognizing the benefits to accrue from improved ownership structure and implementation of the bank's growth strategy. However, the management's ability to establish profitable business while restraining high cost structure is challenging. The efficacy of the risk management framework aimed at improving the overall asset quality of the bank, which is currently constrained, remains important.

About the bank: AlBaraka Bank (Pakistan) Limited (formerly Emirates Global Islamic Bank Limited) commencing its operations in February 2007, operates with a network of 89 branches. AlBaraka Islamic Bank B.S.C., the majority shareholder (~65%) in ABPL, is a majority owned (91%) subsidiary of AlBaraka Banking Group (ABG). ABG, incorporated in the Kingdom of Bahrain and a part of Dallah AlBaraka Group (DBG), is one of the largest Islamic banking and financial services institution in the world. ABG, with an asset base of US\$ 15.8bln at end-Dec10 and rated "BBB-" by Standard and Poor's, has an international network of 12 subsidiaries with 370 branches in 13 different countries in Asia, the Middle East, and Africa.

The eleven members BoD constitutes representatives of sponsoring groups and three independent directors. Mr Shafqaat Ahmed - the CEO - is a professional banker with over three decades of experience including a long association with AlBaraka Group.

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