



**Date**  
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**Applicable Criteria**

- Methodology | Bank Rating (Jun 17)

**Related Research**

- Sector Study | Islamic Banking (Jun 18)

**PACRA Maintains Entity Ratings of MCB Islamic Bank Limited | Outlook is Positive**

Rating Type	Entity	
	Current (29-Jun-2018)	Previous (16-Oct-2017)
<b>Action</b>	Maintain	Maintain
<b>Long Term</b>	A	A
<b>Short Term</b>	A1	A1
<b>Outlook</b>	Positive	Stable
<b>Rating Watch</b>	-	-

MIB is a wholly owned subsidiary of MCB Bank Limited (MCB). MCB has long term rating of "AAA" reflecting its robust profile duly supplemented by its strong market position in local banking landscape, established brand equity, and sound financial profile. MIBs standalone risk profile is improving. The management’s strategy is to focus primarily on high-rated, blue chip corporate clients. Meanwhile, undertaking new business lines including Micro, SME and Consumer financing are also on the horizon. MIB has set relatively high targets for deposit growth and plans to focus on maintaining its financing book quality. The thrust of the business plan is to achieve breakeven. The bank is in the process of advancing its operational infrastructure including branch network. Technological implementation and setting governance structure were mile stones achieved by bank in the last year. The ratings incorporate inherent constraints faced by MIB, mainly limited branch network, small deposit base and high cost structure particularly in early years.

The positive outlook captures the continued improvement in the MIB's relative positioning in the growing Islamic banking industry.

**About the Entity**

MIB was formed as a banking company in May, 2014. MIB is a wholly owned subsidiary of MCB one of Nishat Group's major concern having strong presence in the financial sector. It started its commercial operations in November, 2015. Initially, it had six branches, however, currently working at 166 branches after the migration of 90 MCB branches into/ within MIB. MCB Islamic bank’s deposits are 0.2% of total Islamic banking industry.

The overall control of the bank vests with eight members of the Board of Directors (BoD) including CEO. The Board currently comprises seven members (one position is vacant). Mr. Ali Muhammad Mahoon – Ex Group Head MCBIBG is the President of MIB. He is supported by an experienced team.

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