



Date
16-Oct-2017

Analysts
Jhangeer Hanif
jhangeer@pacra.com

Sanna Khan
sanna.khan@pacra.com

+92-42-35869504
www.pacra.com

Applicable Criteria

- Correlation between long-term and short-term rating scale (Jun 17)
- Criteria Modifiers (Jun 17)
- Methodology | Bank Rating (Jun 17)

Related Research

- Sector Study | Commercial Bank (Jun 17)

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PACRA Maintains Entity Ratings of MCB Islamic Bank Limited

Rating Type	Entity	
	Current (16-Oct-2017)	Previous (01-Feb-2017)
Action	Maintain	Maintain
Long Term	A	A
Short Term	A1	A1
Outlook	Stable	Stable
Rating Watch	-	-

MCB Islamic Bank is a wholly owned subsidiary of MCB Bank Limited. MCB Bank 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. As per envisaged strategy to consolidate Islamic banking operations, Islamic Banking Group (IBG) operations of MCB were merged with MCBIBL. This gave a boost to standalone operational profile of MCBIBL. During 1HCY17, the management continued to follow its business strategy, while gradually building a sound assets book and a diversified deposit base. 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 past half year. The ratings incorporate inherent constraints faced by MCBIBL, mainly limited branch network, small deposit base and high cost structure particularly in early years. Islamic banking industry offers healthy growth opportunities. However, MCBIBL's prospects are dependent upon the management's ability to promote its positioning in the relative universe. Effective implementation of business strategy is important.

About the Entity

MCBIBL was formed as a banking company in May, 2014. MCBIBL 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, during past year, with an addition of 26 new branches and 34 acquired branches of MCB IBG, its network grew and reached to 68 branches now. MCB Islamic bank's deposits are 0.2% of total Islamic banking industry. MCBIBL's BoD currently comprises eight members. Mr. Raza Mansha is appointed chairman of the board in Jan17. Mr. Ali Muhammad Mahoon – Ex Group Head MCBIBG is the President of MCBIBL. He is supported by an experienced team.

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. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.

