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## IIRA Reaffirms Ratings of Al Baraka Bank Sudan

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**Manama, October 8, 2018**– Islamic International Rating Agency (IIRA) has reaffirmed the ratings of Al Baraka Bank Sudan (the Bank) at 'A-(sd)/A2(sd)' (A Minus / A Two) on the national scale. The outlook on the assigned rating is 'Stable'. The ratings assigned to the Bank take into account Sudan's high economic risk environment. The country's economy continues to face challenges, which include a twin deficit situation, rampant inflation and a growth rate that is considerably below potential. The rating denotes repayment capacity in local currency terms.

Al Baraka Bank Sudan, a retail banking institution in Sudan, is part of the Bahrain-based Al Baraka Banking Group (ABG), which owns 75.7% of the Bank's shareholding. The Bank is listed on the Khartoum Stock Exchange and operates with a branch network of 27, holding a deposit market share of about 2.5%.

The Bank's assessment is supported by a conservative asset allocation strategy, which has enabled it to weather a challenging business environment. Most of the growth has been channeled into sovereign securities. Asset quality indicators have improved, and fall comfortably within the assigned rating band. The Bank's profitability also improved in 2017, given business growth and effectively controlled overheads, amidst a very high inflation environment. Al Baraka Bank Sudan has a considerably robust capital base. Nevertheless, the assigned rating incorporates the presence of a strong institutional sponsor, ABG, which has historically demonstrated support.

The Bank's Fiduciary Score has been assessed in the range of '71-75', reflecting adequate fiduciary standards wherein rights of various fund providers are adequately defined and protected. The Fiduciary Score is an aggregation of scores assigned to its three sub-sections, namely Corporate and Shari'a Governance, and Asset Manager Quality. The Fiduciary Score captures the role of the management of the institution as Mudarib, the entity's governance practices and compliance with Shari'a principles, adopted by the bank.

For further information on this rating announcement, please contact IIRA at [iira@iirating.com](mailto:iira@iirating.com).