



Rating Action

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PACRA MAINTAINS ENTITY RATINGS OF EMIRATES GLOBAL ISLAMIC BANK LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of Emirates Global Islamic Bank Limited (EGIBL) at **A-** (Single A minus) and **A2** (A Two) respectively. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings reflect EGIBL's experienced management team and gradual progression towards establishing a sound operating platform, supplemented by developing technological infrastructure and expanded outreach. Nevertheless, the performance of the bank remained subdued owing to a high cost structure, mainly an outcome of developmental phase, further marred by significant deterioration in asset quality. Cognizant of this, the bank has halted expansion in finances portfolio, while enhancing vigilance and recovery efforts to arrest increasing NPLs.

The outlook on the ratings remains negative and critically dependent upon EGIBL's ability to meet the regulatory capital requirement, while arresting deteriorating core performance.

The merger of Emirates Global Islamic Bank Limited (EGIBL) and Albaraka Islamic Bank B.S.C. (E.C.) [Pakistan Branches] (AIB) – a wholly owned subsidiary of Albaraka Bank, Bahrain – has recently been announced. The deal is subject to necessary legal and regulatory approvals both in Pakistan and Bahrain. In view of this, the ratings of EGIBL are placed on Rating Watch until the finalization of the merger. On completion of the merger, the rating of the surviving entity would be updated after reviewing the impact of merger and ensuring strategy.

About the bank: EGIBL, incorporated in December 2004, commenced its operations in February 2007. The bank is a joint venture between Emirates Investment Group (EIG), UAE and Al Rajhi family, Saudi Arabia.

The seven member BoD comprises representatives of sponsoring groups. The Chief Executive, Mr. Tariq Husain, a Chartered Accountant, has over 30 years of local and international experience.

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