



Rating Action

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PACRA MAINTAINS ENTITY RATINGS OF IGI INVESTMENT BANK LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long term and short term entity ratings of IGI IBL at ‘A’ (Single A) and ‘A1’ (A One), respectively. The rating of secured and listed TFC of PKR 500mln has also been maintained at ‘A+’ (Single A Plus). Meanwhile, the outlook on the ratings remains negative. The ratings denote a low expectation of credit risk emanating from a strong capacity for timely payments of financial commitments.

The ratings of IGI IBL reflect the suppressed socio-economic environment, which has severely impacted the investment banking industry. IGI IBL continued to face pressure on spreads owing to the bank’s inherently high cost of funding and limited high-margin, low-risk deployment avenues. Furthermore, impairment losses recognized on investments and depletion in asset quality has impacted the bank’s risk absorption capacity. However, IGI IBL’s strong relative positioning in the industry, emanating from its higher equity base, diversified revenue stream and adequate liquidity position, lends support to its financial profile. At the same time, its association with Packages Group – a strong business conglomerate of Pakistan – is a key rating factor.

The ratings have a negative outlook reflecting the pressure on the bank’s prospects, emanating from subdued operating environment, decreasing spreads, deteriorating asset quality and difficult industry dynamics to establish sustainable revenues. Meanwhile, upholding of adequate risk management framework would remain crucial.

About the company: IBL, incorporated in 1990, is majority owned (end-FY09: 48%) by Packages group, directly by individuals and through different group companies mainly IGI Insurance Limited. All group companies in the financial segment – Insurance, investment finance services, brokerage, asset management- are branded together as “IGI Financial Services”. The bank, listed on Karachi, Lahore, and Islamabad Stock Exchanges, provides services in four cities with the head office in Karachi.

The current CEO, Mr. Syed Javed Hasan has over 20 years of financial and capital markets experience both locally and abroad.

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