



Rating Action

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PACRA DOWNGRADES ENTITY RATINGS OF MYBANK LIMITED

The Pakistan Credit Rating Agency Limited (PACRA) has downgraded the long-term and short-term entity ratings of Mybank Limited to “A-” (Single A Minus) and “A2” (A Two), respectively, while a “Negative Outlook” has been assigned to these ratings. The ratings denote low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings reflect the bank’s substantially weakened equity profile and risk absorption capacity - a consequence of sharp deterioration in asset quality. Performance prospects are also subdued owing to increase in non-earning assets, mainly NPLs, and increasing provisioning requirement against infected portfolio. Although the management is making efforts to revive the operational performance, the challenges in the economic environment have made the task increasingly difficult. Given the huge equity injection required to absorb the losses, the sponsors, facilitated by other stakeholders, are actively pursuing merger / acquisition options. The bank’s ratings draw significant comfort from the vigilance and pro-activeness of the apex regulator – SBP. The ratings would remain on Rating Watch pending the outcome of the above-mentioned plans.

About the bank: Mybank Limited commenced its operations in October 1992 as a scheduled commercial bank and is listed on the Karachi, Lahore and Islamabad Stock Exchanges.

In March 2004, the controlling interest (52%) in the bank was acquired by Mr. Iqbal Alimohamed and family. Invest Capital Investment Bank Limited is the other major shareholder with 7% shareholding.

The President, Mr. Bilal Sheikh, who joined the bank in mid-2006, is a career banker with around four decades of extensive experience. Prior to joining Mybank, he was the CEO of PICIC Commercial Bank Limited for over 5 years. He is assisted by an adequate management team.

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