



Rating Action

Lahore: (20-February-2009)

Analyst

Waqas Munir
(+92-42-586 9504)
waqas@pacra.com

PACRA DOWNGRADES RATINGS OF FIRST DAWOOD INVESTMENT BANK LIMITED

The Pakistan Credit Rating Agency Limited (PACRA) has downgraded the long-term and short-term entity ratings of First Dawood Investment Bank Limited (FDIBL) to **BBB-** (Triple B Minus) and A3 (A Three), respectively. The rating of secured TFC of PKR 345mln has also been downgraded to **BBB-** (Triple B Minus). Meanwhile, the ratings of FDIBL remain under rating watch.

The ratings of FDIBL reflect mounting pressure on the bank's liquidity profile and asset quality. Business activities of the bank have been severely impacted by the current crisis, thereby weakening its revenue generation prospects. Meanwhile, the risk absorption capacity of the bank has come under severe pressure owing to significant revaluation losses from equity market operations and high uncovered exposure against non performing loans. The management is making efforts to revive bank's operations by negotiating with its lenders and exploring various options including merger and fresh equity injection. However, if either of the two options are not materialized in near future, there would be further downward pressure on the rating.

Disclaimer

This press release is being transmitted for the sole purpose of dissemination through print/electronic media. The press release may be used in full or in part without changing the meaning or context thereof with due credit to PACRA.

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's 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.