



Rating Action

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PACRA DOWNGRADES RATINGS OF FIRST DAWOOD INVESTMENT BANK TO “D”

The Pakistan Credit Rating Agency (PACRA) has downgraded the entity ratings of First Dawood Investment Bank Limited to “D” (Previous Entity ratings; long-term: BB; short term B). The rating denotes that the financial obligations are currently in default.

The rating reflects the bank’s non-performance on its liabilities – both interest bearing and obligations arising from guarantee calls. Although the management is actively pursuing restructuring of these obligations, a few of the lenders have filed cases against the bank for recovery of financial obligations and some other may also follow. This indicates that re-structuring plan would prolong and has created uncertainties about the bank’s ability to revive its financial and business profile.

The secured TFC of PKR 345mln has been assigned a rating of “CCC”. The rating, while recognizing that FDIBL is current on all the profit payments of its TFC, incorporates the fast depleting underlying collateral – lease book – for this instrument.

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