



## Rating Action

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## PACRA REVIEWS RATINGS OF FIRST PUNJAB MODARABA

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of First Punjab Modaraba at “A-” and “A2”, respectively. However, the ratings have '**negative outlook**'.

The ratings reflect FPM’s association with an established medium sized bank – The Bank of Punjab – facilitating multi-faceted support to the Modaraba. FPM has witnessed steep decline in its asset quality, which has impacted its performance due to sizeable income suspension and provisioning expenses. Nevertheless, the Modaraba’s operations are still above the break-even sustenance level. The management is persisting in its efforts of business consolidation while curtailing further delinquencies and expediting the recovery procedure.

The outlook on the ratings is negative, given substantial deterioration in FPM’s standalone financial profile. The ratings are dependent on the successful execution of the management’s strategy to consolidate its operations, in-turn developing a profitable revenue stream.

**About the Modaraba:** First Punjab Modaraba (FPM), established in 1992, is a perpetual multi-purpose Modaraba listed on all three bourses of the country. The management company of FPM, Punjab Modaraba Services (Pvt.) Limited (PMSL), holds over 39% stake in the Modaraba. PMSL is a wholly owned subsidiary of The Bank of Punjab (BoP). The bank, majority owned by the government of Punjab, carries a very strong financial profile as reflected by its long-term entity ratings of ‘AA-’ (Double A minus), though the outlook is negative [assigned by PACRA]. The deputy CEO of BoP, Mr. Khalid Trimizey, chairs the five-member Board of the Modaraba management company. The CEO, Mr. Khaqan Hasnain Ibrahim, is an MBA and possesses above 30 years of diversified experience in financial management.

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