



Rating Action

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PACRA DOWNGRADES RATINGS OF TRUST INVESTMENT BANK LIMITED

The Pakistan Credit Rating Agency Limited (PACRA) has downgraded the long-term and short-term entity ratings of Trust Investment Bank Limited (TIBL) to **BBB-** (Triple B Minus) and **A3** (A Three), respectively. The ratings of secured and listed TFC issues (TFC II – Tranche 2 PKR 375mln and TFC III – PKR 600 mln) have also been downgraded to **BBB** (Triple B). These are the lowest investment grade ratings.

These ratings reflect a material deterioration in the financial profile of the bank. Meanwhile, there has been a significant delay in execution of sponsors' plan to support the business operations of the bank, which, inter alia, included fresh injection of the equity either by the existing sponsors or a new joint venture partner. This delay has severely impacted the bank's fundamentals and market positioning. Given the bank's fast depleting loan book coupled with rising NPLs, its current operations are insufficient to generate enough profitability to sustain its risk absorption capacity. Although the management is trying to restructure the bank's borrowings on favorable terms and sponsors are in negotiations to bring new equity partner, Trust bank's current state of affairs call for an immediate injection of fresh capital. Any further delay in reviving the overall profile of the bank would lead to a further rating downgrade.

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