



Rating Action

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PACRA KEEPS RATINGS OF TRUST INVESTMENT BANK LIMITED UNDER WATCH

The ratings of Trust Investment Bank Limited (TIBL) have been placed on Rating Watch. These ratings came under considerable pressure as a result of deteriorated fundamentals of the bank, interalia, a significant erosion in the risk absorption capacity and otherwise challenging operating environment of investment banking industry.

Cognizant of all these problems, the key sponsors have devised a plan to revive TIBL's market standing and to strengthen its financial profile. The strategy includes a) a 100% right issue (PKR 585.5mln) to be subscribed by either the sponsors or a foreign joint venture partner, b) augment the bank's liquidity by providing sufficient collateral to borrow PKR 500mln and, c) supporting the bank in raising fresh deposits with a commitment to provide around PKR 300mln. The plan is expected to be executed in material terms within FY09. The BoD of TIBL has approved the same in its recent meeting.

Timely materialization of these efforts is critical for TIBL to maintain its current long-term and short-term entity ratings at 'A-' (Single A Minus) and 'A2' (A Two), and ratings of its TFCs at 'A'. PACRA is closely monitoring the progress in this regard and intends to take action as and when required.

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