



Criteria Update Release

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Analyst

Humaira Jamil
(+92-42-3586 9504)
humaira@pacra.com
www.pacra.com

PACRA REVIEWS AND UPDATES ITS POLICY OF RECOGNIZING DEFAULT

PACRA has reviewed and updated its Policy of recognizing default titled "[What is Default?](#)". This is an exercise periodically undertaken at PACRA to ensure that its policies and practices remain current and robust.

The policy updation has resulted in the following key revisions:

- i** PACRA has supplemented its concept of lenders' forbearance where PACRA may recognize default even before the exhaustion of prudential/regulatory forbearance available to lenders, if it considers that such forbearance period would be unable to cure default.
- ii** PACRA has further elaborated and clarified the concept of "*default avoidance restructuring*". If, a restructuring is established to be an act of default avoidance, compromising originally agreed benefits to lenders, PACRA would be revising the ratings to default category.

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