

## Press Release

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### **JCR-VIS Reaffirms Entity Ratings of First Credit and Investment Bank Limited**

Karachi, December 28, 2018: JCR-VIS Credit Rating Company Limited (JCR-VIS) has reaffirmed the entity ratings of First Credit and Investment Bank Limited (FCIBL) at 'A-/A-2' (Single A Minus/A-Two). Outlook on the assigned rating is 'Stable'. The long term rating of 'A-' signifies good credit quality; protection factors are strong. Risk factors may vary with possible changes in the economy. The short-term rating of 'A-2' signifies good certainty of timely payment. Liquidity factors and company fundamentals are sound. Access to capital markets is good. Risk factors are small. The previous rating action was announced on December 29, 2017.

The ratings of FCIBL take sound profile of major sponsors of the company, namely National Bank of Pakistan (NBP) and Water and Power Development Authority; each of these two sponsors possess 30.8% shareholding in the company. Rating also reflects healthy liquidity and improving profitability profile of FCIBL. Existing governance framework of the company is considered satisfactory as indicated by the presence of three independent directors on the Board of Directors.

A sizeable proportion of the overall asset base constitutes cash and bank balances and short term placements; however, considerable growth has been witnessed in the loan portfolio during the outgoing year. No infection is witnessed in the freshly disbursed loans. While credit risk emanating from the financing and investment portfolio is considered manageable with net non-performing exposure at less than one-tenth of FCIBL's equity, further diversification in sectoral exposures is desired.

Despite decreasing on timeline basis, liquid assets of the company still remain more than sufficient to cover outstanding liabilities. FCIBL has become compliant with the regulatory minimum equity requirement (MER) by opting status of non-deposit investment finance company which has lower minimum equity requirement. Balance sheet of the company is primarily funded through equity. However, the management increased the quantum of short term borrowings in FY18, thereby increasing the company's gearing and leverage ratios. Profitability has improved on timeline basis due to growth in topline and curtailment in expenses.

For further information on this rating announcement, please contact the undersigned (Ext: 207) at 021-35311861-70 or fax to 021-35311872.

Jamal Abbas Zaidi  
Advisor

Applicable Rating Criteria: Non-Bank Financial Companies (October 2017)  
<http://jcrvis.com.pk/docs/NBFCs%20201710.pdf>