

## First Credit and Investment Bank Limited

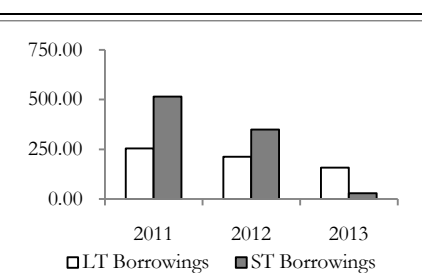
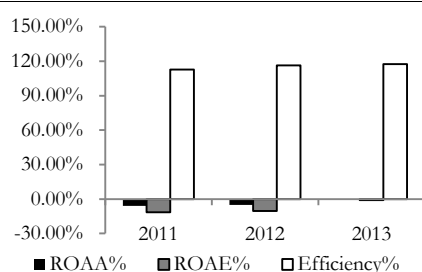
Chairman: Mr. Ziaullah Khan; Acting CEO: Mr. Muhammad Mobsin Ali

February 03, 2014

**Analysts:** Amir Shafique  
Muniba Khan

Category	Latest	Previous
Entity	A-/A-2 Dec 31, '13	A-/A-2 Dec 28, '12
Outlook	Negative Dec 31, '13	Negative Dec 28, '12

### Key Financial Trends



(in Rs. millions)	2011	2012	2013
Total Assets	1,518	1,221	837
Financings	86	75	56
Investments	1,292	993	644
Profit before tax / (Loss)	-136	-85	-14
Equity (Rs. in m)	715	637	640
Borrowings and CoDs	770	562	187
Debt Leverage	1.1	0.9	0.3
Liquid Assets % Borrowings and CoDs	104	111	179

### Rating Rationale

The ratings assigned to First Credit and Investment Bank Limited (FCIBL) take into account the shareholding structure of the institution, with National Bank of Pakistan (NBP) and Water and Power Development Authority, each having a stake of 30.8% in the institution.

By June 30, 2013, companies undertaking investment finance services were required to have minimum equity of Rs. 1b. As of this date, FCIBL's reported equity was short of the minimum capital requirement by Rs. 350m. The Securities & Exchange Commission of Pakistan had setup a Non-Banking Financial Sector Reform Committee for revamping the NBFCs sector. The committee, in its report, proposed that minimum equity requirement of institutions undertaking investment finance services be fixed at Rs. 300m for the time being. Any decision in this respect has yet to be taken by the Commission.

Operating activities of FCIBL remained subdued over the last year. The quantum of borrowings has been scaled back considerably and leverage is under 1(x). The company has a long term loan from NBP, which is being gradually retired, in addition to which some Certificates of Deposits are also outstanding. Liquid assets provide adequate coverage against outstanding borrowings.

Almost 44% of the bank's assets, amounting to Rs. 366.7m, are deployed in TFCs, in addition to which the bank had outstanding financing facilities of Rs. 45.9m. The quality of this portfolio is weak; Aggregate non-performing/restructured exposures in the TFCs and loan portfolios, adjusted for provisions, amounted to Rs. 169.8m at end FY13. These represented 20% of the total assets and 26% of the institution's own equity.

While loss has reduced on a year-on-year basis, given the lower provisioning charge in FY13, earnings capacity of the institution remains constrained. Performance of restructured assets in line with revised terms is considered important to enable the company to post improvement in profitability.

During FY13, contract of the Chief Executive Officer had expired. The company is in the process of identifying suitable candidate for the position. Moreover, induction of an independent director is also planned in line with the requirements of the Code of Corporate Governance, applicable to listed companies.

### Overview of the Institution

FCIBL was initially incorporated in 1989, as a private limited company. In 2003, it was converted into a public limited company with a license for conducting investment finance services and listed on Karachi Stock Exchange in 2008-09. The financial statements for FY13 have been audited by M/s Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants JCR-VIS