



# **FIRST DAWOOD INVESTMENT BANK LIMITED**

## **CORPORATE BRIEFING SESSION FOR THE YEAR ENDED JUNE 30, 2021**

### **NATURE AND STATUS OF BUSINESS**

First Dawood Investment Bank Limited ("the Company") was incorporated on June 22, 1994 as a public limited company in Pakistan under the Companies Act, 2017 (formerly Companies Ordinance, 1984) and is listed on Pakistan Stock Exchange. The registered office of the Company is situated at 19<sup>th</sup> Floor, Tower B, Saima Trade Towers, I.I Chundrigar Road, Karachi, Pakistan. The Company had obtained the licenses for Leasing Business and Investment and Finance Services under Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("the Rules") and Non Banking Finance Companies and Notified Entities Regulations, 2008 ("the Regulation") from the Securities and Exchange Commission of Pakistan (SECP) which has been expired and awaiting renewal.

### **FINANCIAL PERFORMANCE**

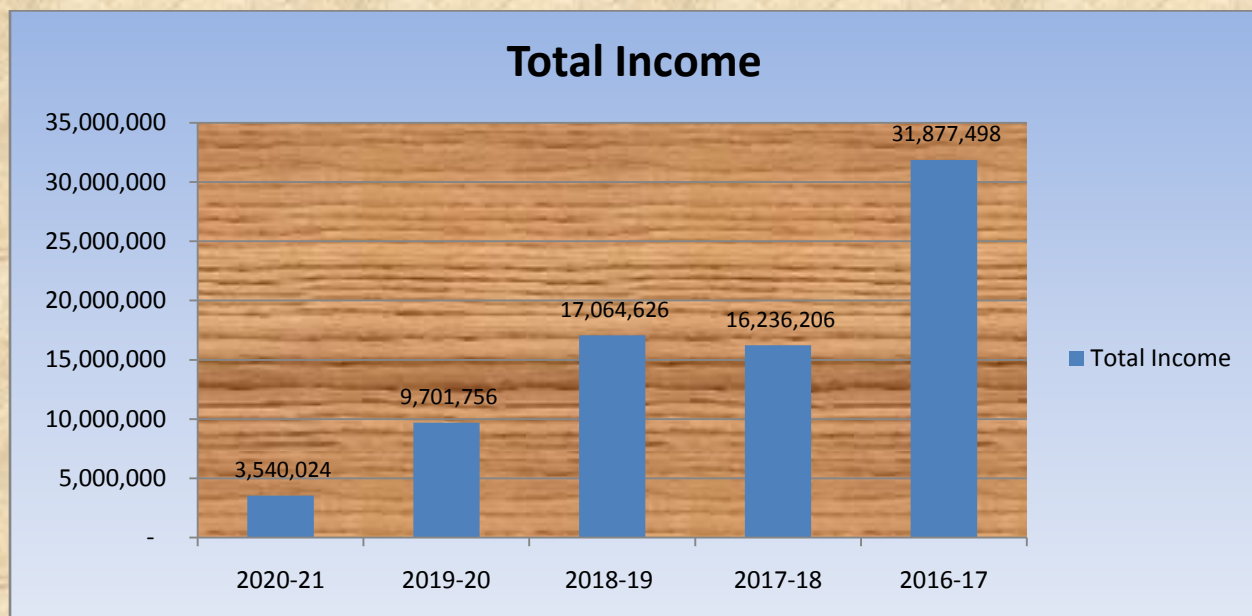
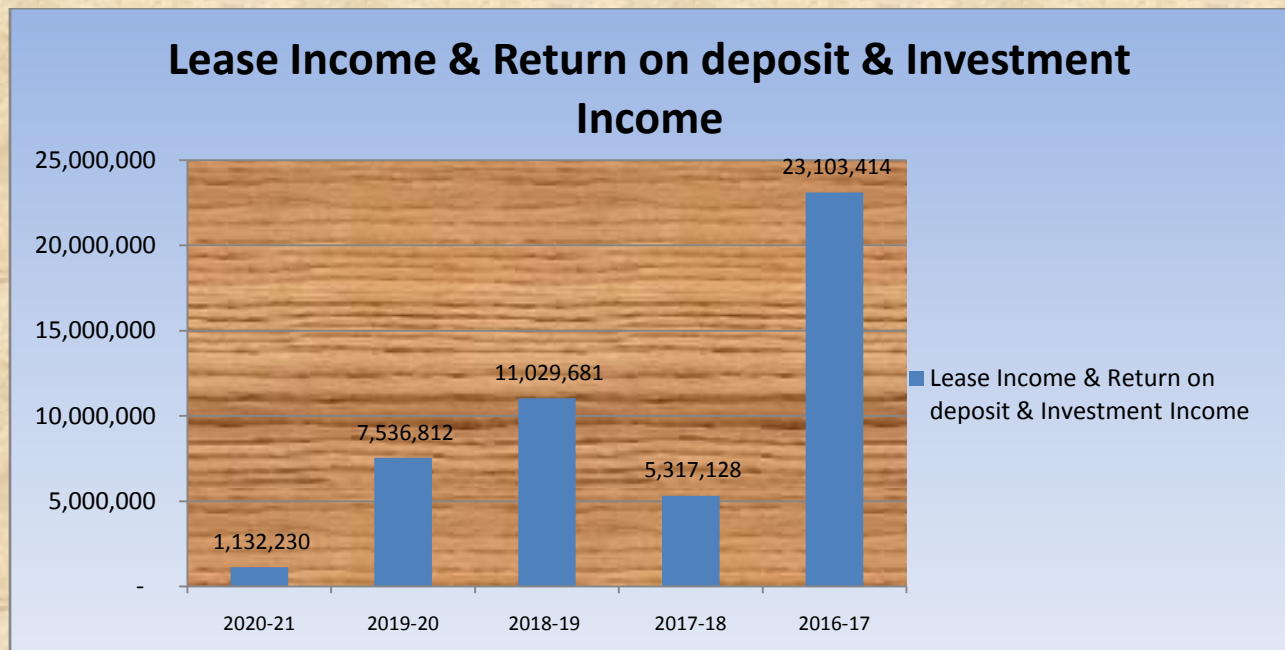
During the year the company's results for 2021 reflect another year of sound performance that was enabled by aggressive strategy well executed by our management team in an environment where the banking industry facing economic turmoil. The management continued its recovery drive with assertiveness resulted after taking effect of provision made and reversal / recovery against already provided classified portfolio, the company earned before tax profit to Rs.30.77M, and after tax profit to Rs. 6.08M as opposed to a before tax profit to Rs.12.41M, and after tax loss to Rs. 63.41M last year. However, the net worth of your company has increased from Rs. 475.173M to Rs.514.125M due to reversal of provision and surplus on revaluation of investment.

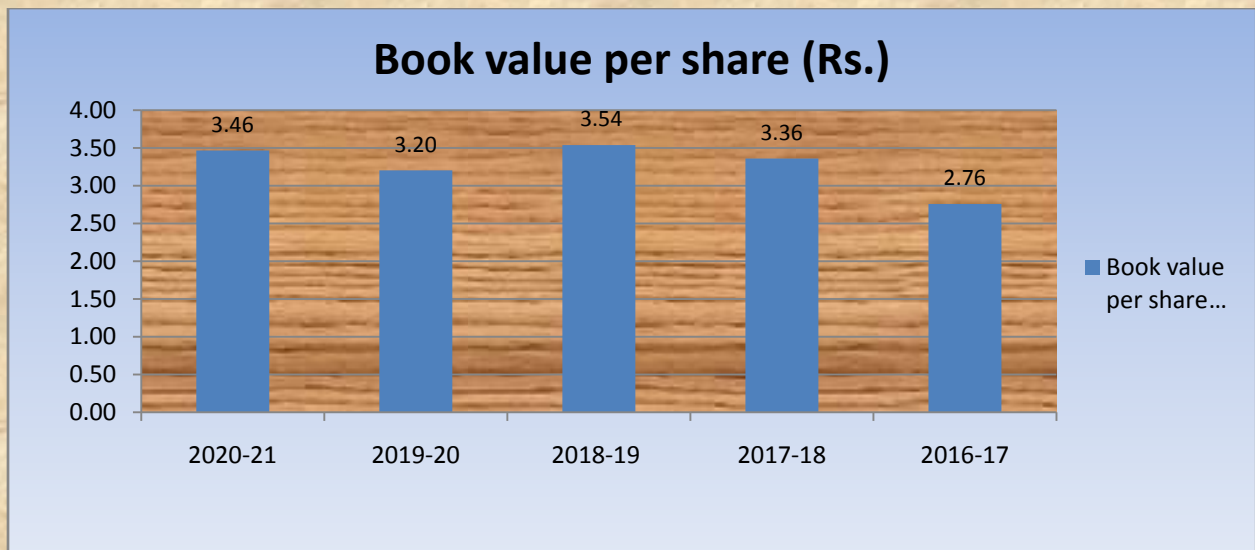
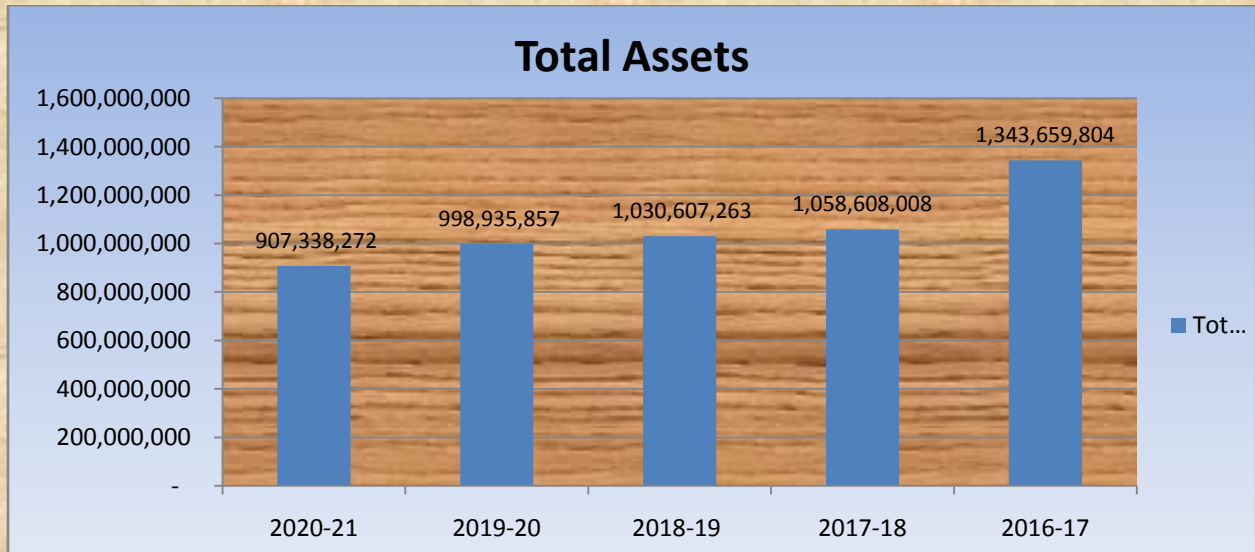
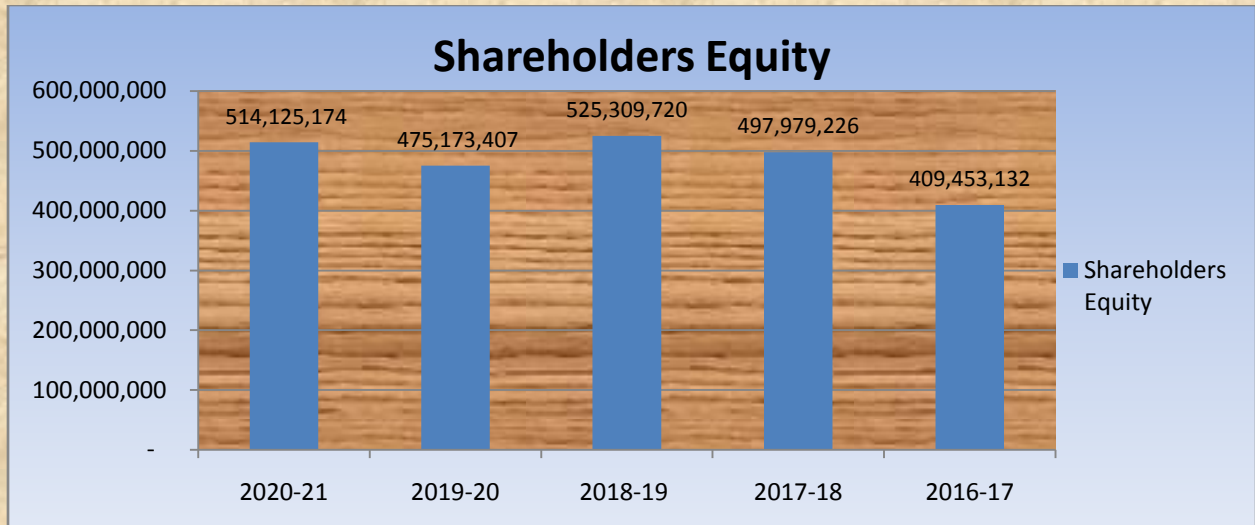
The management of FDIBL is continuing its efforts for recoveries and focusing its priority on reduction in non-performing portfolio and managing cash reserve despite adverse economic conditions marred by COVID-19 and lockdown scenario. Correspondingly, the costs are also being controlled and overhead are being restricted. For the same reasons, we have restructured the operations and finance departments to ensure that the costs do not exceed the expected benefits. The company loan portfolio is down to its most chronic market defaulters; henceforth 'Legal Department' are making concerted efforts to negotiate and to settle with these non-performing loans. We are pleased to inform that these efforts have already borne fruits, as some

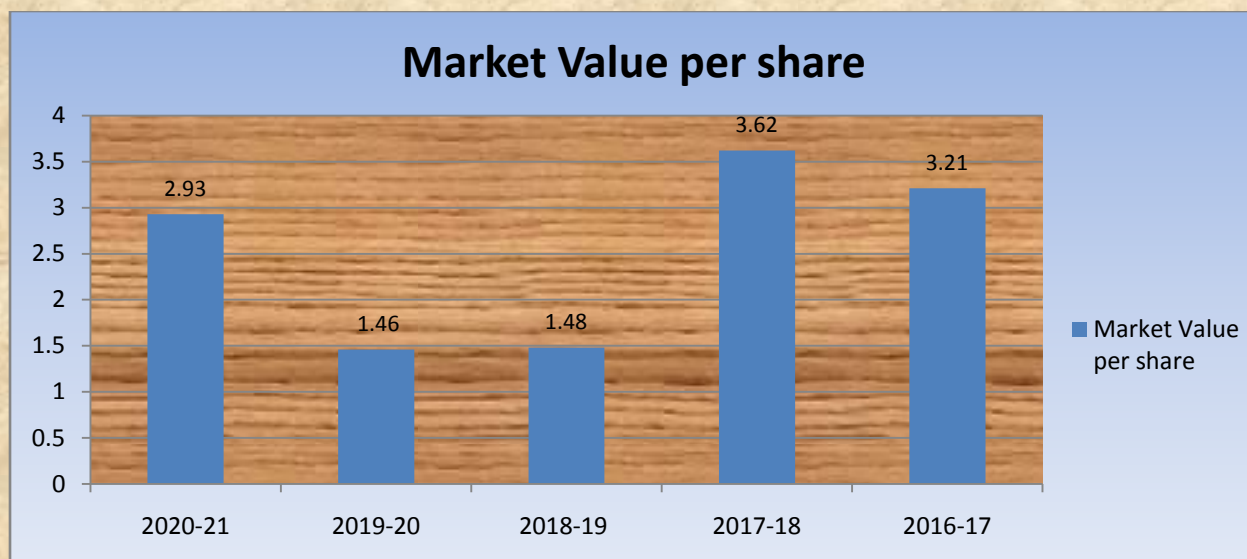


of these loans have been restructured and revenue stream has started flowing from these defaulters. It is expected that once all such accounts are regularized, it will enhance company's financial health and corresponding values. However, the COVID-19 threat and lockdown resulted in delayed legal process, because the Courts were not operational, even after opening the Courts are not functioning on its full strength.

### FINANCIAL HIGHLIGHTS







### MITIGATION PLAN

The Company has successfully been able to meet over many of its financial obligations through recoveries and settlements and has been able to settle majority of its liabilities and other commitments through its assets in last few years. It further plans to continue with the settlement of its remaining outstanding liabilities i.e. Rs. 350.0 million.

The Company is hopeful to restructure/ settle the residual amount of liabilities in the near future.

The Company is meeting all of its expenses since the financial turmoil of 2008-09 without any external financial support or a bail-out package. Further, the Company has adequate liquid assets in the form of bank balances and short term investments to meet its obligations / expenses in the near future.

The Company is aggressively following-up with its non-performing portfolio for recovery of principal, mark-up and repossession of collateral assets. In this respect, the management has realigned its strategy accordingly.

During the year, the Company made recoveries amounting Rs. 27.30 million which is below the expected recovery amount of Rs. 80 million. Major reason for the difference was slow litigation system in the country. The management is expecting to recover the amount either through auction of the collateralized assets or transfer of title of the collateralized asset through the Court order or out of court settlement.

## FUTURE OUTLOOK

During current year recovery of Rs.27.30 million has been made against non-performing lease and advances portfolio. Further recoveries are also expected from the existing portfolio, which will provide adequate cash flows for next 12-18 months. Hence, there are no issues of going concern for your company in the near future. The management is confident that it will continue to write back provisions as a result of expected recoveries which will not only result in better cash flows, but will also enhance profitability and the net worth of your company. The departments have been restructured and rationalized / right sized to reduce the payroll cost and overhead expenses. The proposed reduction in financing cost through restructuring / settlements with the lenders will assist in further reducing the losses and improving the equity. The company has applied for renewal of its license. The renewal of license will make the Company attractive for equity participation / merger along and / or with an opportunity for the existing shareholders to inject additional equity. The management is confident that the Company will be able to resume its operations upon renewal of business licence and to take advantage of deferred tax by writing new lease facilities.