



Rating Action

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PACRA MAINTAINS ENTITY RATINGS OF PAIR INVESTMENT COMPANY LIMITED

The Pakistan Credit Agency Limited (PACRA) has maintained long-term and short-term entity ratings of PAIR Investment Company Limited (PAIR) at "AA" (Double A) and "A1+" (A One Plus), respectively. These ratings indicate a very low expectation of credit risk emanating very strong capacity for timely payment of financial commitments.

The ratings of PAIR primarily reflect the joint sovereign ownership of Pakistan and Iran. On a stand-alone basis, the company managed a healthy increase in its profitability in CY15, mainly benefiting from its government securities investment portfolio. The financing book (including debt instruments) was rationalized. The coverage ratio has improved (70% as on end-CY15). Going forward, while maintaining the cautious approach and after evaluating the associated risks, the product portfolio will be diversified by entering into leasing, Bills discounting and SBP - LTFF. Meanwhile, strategic investment opportunities are also being explored by the management. The ratings draw comfort from the company's robust liquidity and significantly higher capital adequacy.

The ratings are dependent on the company's ability to sustain its financial profile while pro-actively managing concentration level in funding and advances. The management expects that removal of sanctions on Iran may bring new business to both countries. However, materialization of potential business opportunities may take time.

ABOUT PAIR: PAIR Investment Company Limited is in operations since May 2007. It is an equally owned joint venture of the Government of Islamic Republic of Pakistan through Ministry of Finance (MoF) and the Islamic Republic of Iran through Iran Foreign Investment Company (IFIC). The objective of the company is to promote economic development in Pakistan.

Both the partners have equal representation on the six-member Board. Mr. Seyed Ahmad Aragchi, recently nominated by IFIC, is the board's Chairman. He is also the advisor to the Governor of Central Bank of Iran (CBI). Mr. Nadeem Karamat -MD/CEO- an MBA from Golden Gate University (USA), joined PAIR in May-14. He is a seasoned banker and was previously associated with ECO Trade & Development Bank (Founding Vice President), American Express Bank Limited Pakistan (Country Manager), Bank of America and other financial institutions. He has served on boards of various renowned entities. In PAIR, he is assisted by an able team.

Applicable Criteria and Related Research

- Joint Venture Financial Institutions - Viewpoint | May-16
- Bank Rating Methodology

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The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity.

PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.