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**Applicable Criteria**

- Rating Modifiers | Outlook and Rating Watch (Jun 16)
- Correlation between Long-term and Short-term rating (Jun 16)
- Bank Rating (Jun 16)

**Related Research**

- Sector Study | Joint Venture Financial Institutions (Jun 17)

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**PACRA Maintains Entity Ratings of PAIR Investment Company Limited**

Rating Type	Entity	
	Current (22-Jun-2017)	Previous (23-Jun-2016)
<b>Action</b>	Maintain	Maintain
<b>Long Term</b>	AA	AA
<b>Short Term</b>	A1+	A1+
<b>Outlook</b>	Stable	Stable
<b>Rating Watch</b>	-	-

The ratings assigned to PAIR take into account its shareholders’ profile, with two sovereigns, Pakistan and Iran, having an equal stake in the company with shares held through Ministry of Finance and Iran Foreign Investment Company (IFIC), respectively. PAIR has been able to improve its position in the industry with reaching out to 10% borrowers in CY16. The lending book has been strengthened not only in volumes but also the quality of the advances has improved. The management’s concerted efforts for recovery of non-performing assets has paid off with cash recoveries, restructuring of exposure, and settlement through debt asset swap; success of the management was evident from no new addition in impaired loans. The capital and treasury division actively manages a portfolio of investments comprising Government securities, Equities, Sukuk & TFCs and funds. During the year, investment book has been consolidated, however, still provides comfortable cushion to the liquidity. Funding base remains dependent upon borrowings, while management’s attention is required for enhancing the deposit base. Going forward, PAIR is focusing on strengthening the credit processes while tapping the new customers. Management is Cognizant of the fact that JVFI’s need to find new niche for growth and development, hence new avenues are being explored including strategic opportunities. Strengthening the non-funded revenue remains in core focus.

The ratings are dependent on the company’s ability to sustain its financial profile while managing the associated risks as advances increase. The concentration level in funding and advances needs to be pro-actively managed. Consistent efforts by the management to add further diversity as well as sustainability to PAIR’s operations would remain critical.

**About the Entity**

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, nominated by IFIC, is the board's Chairman. Mr. Nadeem Karamat was the CEO since May-14. His term completed in May’17 and new CEO, Mr. Hamid Eftekhari Kondelaji, has been nominated by IFIC. The nomination has been confirmed by the Ministry of Finance, being the JV partner, and the State Bank of Pakistan has also approved the Fit & Proper Criteria. PAIR has a team of qualified an experienced individuals supporting the CEO.

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.