VIS Credit Rating Company Limited *(Formerly JCR-VIS Credit Rating Company Limited)* **www.vis.com.pk**

International Affiliates: Islamic International Rating Agency - **Bahrain**, Credit Rating Information & Services Ltd. - **Bangladesh**
Borhan Credit Rating Company Ltd. - **Iran**

Press Release

VIS Reaffirms Entity Ratings of Pak Brunei Investment Company Limited

Karachi, June 26, 2019: VIS Credit Rating Company Limited has reaffirmed the entity ratings of Pak Brunei Investment Company Limited (PBIC) at 'AA+/A-1+' (Double A Plus/A-One Plus). The long term rating of 'AA+' signifies high credit quality, protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions. The short-term rating of 'A-1+' signifies highest certainty of timely payment; short-term liquidity, including internal operating factors and/ or access to alternative sources of funds, is outstanding and safety is just below risk free Government of Pakistan's short-term obligations. Outlook on the assigned ratings is 'Stable'. The previous rating action was announced on June 27, 2018.

The assigned ratings of PBIC continue to derive strength from strong sponsor profile of Government of Pakistan and Brunei Investment Agency. The ratings also take into account PBIC's sound capitalization levels and liquidity profile. Comfort is also drawn from the strong asset quality maintained by the company, which is reflective of the sound risk and control infrastructure in place. In addition to conventional lending, business model of PBIC advocates revival financing for mid-sized corporate entities that may be undergoing financial stress.

During the period under review, PBIC maintained its advances portfolio in its three business segments with loan book increasing to Rs. 20.6b (2017: Rs. 19.1b) at end-December 2018. Considering the current economic scenario, growth in long term advances is expected to remain subdued with greater focus on short tenure along with a consolidation approach towards lending. Asset quality indicators exhibited strengthening on account of restructuring from projects taken up under revival financing and timely recoveries.

Apart from pressure on spreads, core profitability has depicted an increase on the back of volumetric increase in loan book and investments in floating government securities. However, bottom line of the company was adversely impacted by lower non markup income and unrealized losses on its investments portfolio. Overall liquidity profile is considered manageable in view of adequate liquid assets in relation to deposits and borrowings, and regulatory compliant Liquidity Coverage Ratio (LCR). However, going forward PBIC will need to maintain Net Stable Funding Ratio (NSFR) in line with the regulatory requirement. Overall capitalization indicators remain sound in view sizeable cushion in Capital Adequacy Ratio (CAR) vis-à-vis the regulatory requirement.

For further information on this rating announcement, please contact the undersigned (Ext: 201) or Ms. Muniba Khan at 021-35311861-70 or fax to 021-35311873.

Javed Callea

Javed Callea
Advisor

Applicable Rating Criteria: Government Supported Entities (June 2016)
https://www.vis.com.pk/kc-meth.aspx

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