PACRA

PRESS RELEASE

The Pakistan Credit Rating Agency Limited

Rating Action

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PACRA MAINTAINS THE ENTITY RATINGS OF ORIX INVESTMENT BANK PAKISTAN LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and the short-term entity ratings of ORIX Investment Bank Pakistan Limited (OIBPL) at **'A-'** (Single A minus) and **'A2'** (A two), respectively. The ratings denote a low expectation of credit risk and a strong capacity for timely payment of financial commitments.

OIBPL's ratings reflect its subdued performance prospects over the medium-term and potential losses arising from the investment portfolio. At the same time, the ratings recognize the sound quality of the loan book and augmentation in the equity base through a recent 200% right issue, supporting the risk absorption capacity. At the same time, the management's ongoing efforts to revive the bank's operations and establishing sustainable revenue streams would remain critical. The demonstrated support of the major shareholders, namely, ORIX Corporation Japan and ORIX Leasing Pakistan, is also a key rating factor.

Meanwhile, implementation of a strong risk management framework and induction and retention of requisite qualified human resource is crucial for the future prospects of the organization.

About the bank:

ORIX Investment Bank Pakistan Limited (OIBPL) was incorporated in July 1995 and commenced operations in the subsequent year. Listed on both Karachi and Lahore Stock Exchanges, OIBPL was sponsored by ORIX Corporation, Japan (ORIX) and ORIX Leasing Pakistan Limited (OLP). ORIX is the single largest shareholder (32.5%) of OIBPL, followed by OLP (15%). Other shareholders include local and foreign financial institutions and individuals. The bank's business activities include short-term lending, fund placements, treasury operations, money market brokerage, equity broking and financial and advisory services.

The Board of Directors (BoD) comprises seven members including the CEO. Three directors are nominees of ORIX, two of OLP, while SaudiPak Industrial & Investment Company and Pak-Kuwait Investment Company has appointed one nominee each. The CEO – Mr. Naim Farooqui – has experience of more than 21 years in development and investment banking.