

Press Release

JCR-VIS reaffirms entity ratings of First Paramount Modaraba at BBB-/ A-3. Outlook, Stable.

Karachi, January 2, 2003: JCR-VIS Credit Rating Company Ltd. has reaffirmed the medium to long-term entity rating of BBB- (Triple B Minus) and short-term rating of A-3 (A-three) assigned to First Paramount Modaraba (FPM). The outlook on these ratings is 'Stable'.

The rating reaffirmation takes into account the strong liquidity position of FPM in relation to its debt obligations, as well as quality of its morabaha portfolio. The management is making conscious efforts to diversify its earning base further by exploring new and different avenues of business. Controlled level of operating expenses and adequate information systems have also been factored into this rating action.

However, JCR-VIS's primary area of consideration remains the limited access to outside funds due to lack of Shariah compliant modes of borrowings in the Pakistani debt market. Some concern also exists in view of the entry of commercial banks in the Islamic banking field that will pose significant competition for the modaraba sector. High level of customer concentration in FPM's lending portfolio has also affected the ratings.

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