VIS
Credit Rating Company Limited

PAK OMAN INVESTMENT COMPANY LIMITED

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RATING DETAILS

RATINGS CATEGORY	Latest Rating	Previous Rating
CORPORATE GOVERNANCE RATING	CGR 9+	CGR 9+
RATING ACTION	Reaffirmed	Reaffirmed
RATING DATE	August 05, 2026	August 28, 2025

Shareholding (5% or More)	Other Information
Oman Investment Authority – 49.99%	Established in 2001
Ministry of Finance, Pakistan – 49.99%	Unlisted Public Company
	External Auditors: BDO Ebrahim & Co., Chartered Accountants
	Chairman of the Board: H.H. Sayyid Juland Jaifar Salim Al Said
	CEO & Managing Director: Mr. Nauman Ansari

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Governance Ratings
https://docs.vis.com.pk/Methodologies-2025/Corporate-Governance-Apr-25.pdf

Rating Scale

https://docs.vis.com.pk/docs/VISRatingScales.pdf

Rating Rationale

The corporate governance rating reflects Pak Oman Investment Company Limited's (POICL) well-established governance framework, supported by its sovereign ownership structure, balanced Board representation, and effective governance oversight. The Board continues to benefit from the collective experience of directors representing both sponsoring governments, while recent appointments have strengthened Board continuity and ensured a fully constituted governance structure. Board committees remain active and effective, providing oversight across strategy, risk management, internal controls, financial reporting, and regulatory compliance, supported by regular Board performance evaluations and a clearly defined management governance framework. The Company's enterprise-wide risk governance framework, independent risk management and internal audit functions, and structured internal control environment support prudent decision-making and accountability across the organization. Governance practices have been further strengthened through continued integration of ESG considerations, enhancement of information technology governance and cybersecurity controls, and robust business continuity arrangements. The Company's Shariah governance framework continues to support its expanding Islamic finance operations through established advisory arrangements and ongoing development of Shariah-compliant products and services. Disclosure practices remain satisfactory, with timely regulatory reporting and transparent communication with stakeholders. The reaffirmation of the rating also incorporates POICL's sound financial risk profile, underpinned by improving asset quality, strong capitalization, adequate liquidity, and a conservatively managed investment portfolio.

Company Profile

Established in 2001, Pakistan Oman Investment Company ('POICL' or the 'Company') operates as a joint venture between the Government of Pakistan (GoP) and the Sultanate of Oman (SO). In addition to its main office in Karachi, POICL also maintains a branch office in Lahore and representative offices in Islamabad, Gwadar, and Muscat. POICL is categorized as a Development Financial Institution (DFI) by and under the regulatory oversight of the State Bank of Pakistan (SBP).

The latest sovereign rating of Pakistan stood at B- (Fitch Ratings and S&P Global) and Caa1 (Moody's). Moody's upgraded the Sultanate of Oman's sovereign rating from 'Ba1' to 'Baa3' with a 'Stable' outlook in July 2025, Fitch Ratings upgraded it from 'BB+' to 'BBB-' with a 'Stable' outlook in December 2025 and S&P reaffirmed it at 'BBB-' with a stable outlook in 2025.

Corporate Governance Framework

POICL maintains a well-established corporate governance framework supported by its sovereign ownership structure, clearly defined governance responsibilities and comprehensive oversight mechanisms. The governance framework continues to operate in accordance with the Corporate Governance Regulatory Framework for DFIs issued by the State Bank of Pakistan, while incorporating governance practices commensurate with the Company's size, complexity and risk profile. Governance oversight is exercised through the Board of Directors, supported by specialized Board committees and a structured management governance framework, facilitating effective strategic direction, prudent risk oversight and transparent decision-making.

The Board comprises six members representing both sponsoring shareholders in accordance with the Joint Venture Agreement. The Board is chaired by H.H. Sayyid Juland Jaifar Salim Al Said, nominated by the Oman Investment Authority on behalf of the Sultanate of Oman, while Mr. Nauman Ansari serves as the Managing Director & Chief Executive Officer representing the Ministry of Finance, on behalf of the Government of Pakistan. Other Board members include Mr. Al Ayham Al Ghassani, Mr. Al-Fadhal Abdallah Al-Omairi, Mr. Mohammad Shabbir Ahmed Khan, and Mr. Muhammad Asif. During CY25, the governance structure was strengthened following the appointment of Mr. Al-Fadhal Abdallah Al-Omairi, replacing Mr. Faisal Ali Ibrahim Al Siyabi as the Omani nominee director, while Mr. Muhammad Asif joined the Board against the previously vacant Pakistani nominee seat, resulting in a fully constituted Board throughout the latter part of the year. The Board continues to comprise experienced professionals possessing extensive expertise across banking, sovereign wealth management, investment management, finance, risk management and corporate governance, thereby providing an appropriate mix of competencies to oversee the Company's strategic and operational affairs.

In accordance with the Joint Venture Agreement, the Oman Investment Authority nominates the Chairman together with two directors, while the Government of Pakistan nominates the Managing Director/Chief Executive Officer and two directors, ensuring balanced representation of both sponsoring shareholders. Similar to other government-sponsored joint venture DFIs, POICL remains exempt from the requirement relating to one-third independent directors under the SBP Corporate Governance Regulatory Framework, subject to compliance with prescribed governance requirements including directors' training, Board performance evaluations and independent external audits. The Board continues to comply with these governance requirements, thereby maintaining the effectiveness of its governance framework despite the exemption.

The Board remains responsible for defining the Company's strategic direction, approving business plans, risk appetite, major policies, annual budgets, capital allocation decisions and governance framework, while exercising oversight over financial performance, internal controls and regulatory compliance. During 2025, the Board convened five meetings, with satisfactory attendance by all directors throughout their respective tenures, reflecting active participation in governance matters and strategic oversight. Board deliberations continued to focus on business strategy, investment and financing proposals, risk management, regulatory developments, information technology, ESG initiatives, financial performance and organizational development.

Board oversight is supported through four specialized committees operating under Board-approved Terms of Reference. These comprise the Board Executive Committee (BEC), Board Audit Committee (BAC), Board Risk Management Committee (BRMC) and Board Remuneration & Compensation Committee (BRCC). During CY25, the Board Audit Committee held four meetings, the Board Risk Management Committee four meetings, while the Board Executive Committee and Board Remuneration & Compensation Committee held two meetings each, with satisfactory participation by committee members. The committees continue to provide focused oversight over investment and financing approvals, financial reporting, internal controls, enterprise risk management, remuneration practices, audit effectiveness and regulatory compliance, thereby strengthening Board effectiveness and governance quality.

Board effectiveness continued to be reinforced through an annual performance evaluation process conducted in accordance with SBP guidelines using an in-house assessment methodology, supplemented by an external independent evaluation every three years. The latest evaluation was reviewed by the Board in October 2025, with the findings supporting the overall effectiveness of the governance framework while identifying areas for continuous improvement.

At the management level, governance remained supported by a defined organizational structure, delegated authority framework, and specialized management committees overseeing credit, risk management, treasury, operations, information technology, and compliance.

During 2025, the Company further strengthened governance by integrating ESG considerations into its Board and management oversight processes, while continuing to enhance ESG reporting, governance responsibilities, and accountability mechanisms.

Shariah Governance

The Company has established an Islamic Finance Department to support the growing demand for Shariah-compliant financial solutions. The Department offers Islamic corporate financing, project finance, treasury products, investment banking advisory, and Sukuk structuring services based on approved Islamic financing structures, including Diminishing Musharakah, Ijarah, Murabaha, Wakalah, and Mudarabah, while also providing advisory and arrangement services for Shariah-compliant capital market transactions. The Company continued to strengthen its Islamic finance capabilities during 2026 by development and expanding its product offerings and enhancing its Islamic financing infrastructure in line with its strategic objective of diversifying funding and financing solutions.

From a governance perspective, Shariah oversight is supported through qualified Shariah advisor arrangements for the Company's Islamic Finance Department and its Shariah-compliant products. As disclosed in the Annual Report, POICL does not maintain a separate Board-level Shariah Supervisory Board; however, the existing governance framework supports the oversight of its Islamic finance activities. During 2026, the Company further strengthened its Islamic finance framework through the development of Shariah-compliant financing and treasury products, enhancement of Islamic structuring capabilities.

Risk Governance Framework

POICL maintains an enterprise-wide risk governance framework designed to identify, assess, monitor and mitigate risks arising from its business activities while operating within Board-approved risk appetite. The framework supports prudent decision-making by integrating risk considerations into strategic planning, financing and investment decisions, with emphasis on optimizing risk-adjusted returns, establishing clear accountability, and strengthening risk awareness across the organization. Oversight is provided by the Board Risk Management Committee, while the independent Risk Management Department is responsible for implementation of risk policies and monitoring compliance with approved limits.

The Risk Management Department independently reviews all financing and investment proposals before submission to the relevant management and Board committees. Credit assessment is supported through an Internal Risk Rating System (IRRS), which assigns obligor risk ratings for pricing, portfolio monitoring and Expected Credit Loss (ECL) assessment under IFRS 9. The function also monitors sectoral exposures, identifies distressed accounts in coordination with business teams, and undertakes periodic stress testing covering credit, market, liquidity and operational risks to assess the Company's resilience under adverse scenarios.

During 2025, the Company continued to strengthen its risk governance practices by reinforcing structured risk assessment, monitoring and reporting processes, while maintaining a conservative approach towards credit underwriting and portfolio management. Management continued to emphasize embedding a risk-aware culture across the organization through clearly defined ownership of material risks, continuous monitoring mechanisms and periodic review of the overall risk management framework to ensure its continued effectiveness and alignment with the evolving operating environment.

Internal Control Framework

POICL maintains a structured internal control framework designed to support sound financial reporting, regulatory compliance and effective management oversight. The Board remains responsible for the overall effectiveness of internal controls, while management is responsible for implementing and monitoring the control environment across operational and financial processes. The Board has endorsed management's assessment regarding the adequacy and effectiveness of internal controls over financial reporting, while also confirming compliance with applicable accounting standards, regulatory requirements and corporate governance practices.

The Internal Audit function operates under the oversight of the Board Audit Committee and follows a risk-based audit approach covering core business functions on an annual basis and support functions over a defined audit cycle. Audit observations are classified according to their significance, with implementation of corrective actions monitored through periodic follow-up reviews. The compliance function independently monitors adherence to regulatory requirements, internal policies and AML/CFT obligations, while providing periodic compliance reporting to the Board Risk Management Committee. External oversight is further supported through annual statutory audits conducted by BDO Ebrahim & Co., Chartered Accountants, which issued an unmodified audit opinion on the Company's financial statements for CY25.

IT INFRASTRUCTURE

The Information Technology (IT) function continues to support the Company's operational resilience, governance framework and business processes through a secure and centralized technology environment. During 2025, management continued to enhance the Company's IT infrastructure, cybersecurity controls and information security framework to support evolving business and regulatory requirements. Cybersecurity remained a key focus area, supported through layered security controls, user access management, network security measures and continuous monitoring aimed at safeguarding critical information assets. Business continuity and disaster recovery arrangements remained integral components of the IT governance framework, supported by established backup and recovery mechanisms to ensure operational continuity. Going forward, the Company intends to continue investing in digital infrastructure, cybersecurity capabilities and system integration initiatives to further strengthen operational resilience and support its long-term strategic objectives.

STAKEHOLDER COMMUNICATION

The Company continued to maintain established stakeholder communication and disclosure practices through timely publication of its audited financial statements, Annual Report and other regulatory disclosures. During 2025, the Annual Report provided comprehensive disclosures on the Company's governance framework, risk management practices, internal control environment and ESG initiatives, enhancing transparency regarding its governance and sustainability practices. Communication with shareholders, regulators and other stakeholders remained supported through established reporting channels, while the Company continued to comply with applicable regulatory disclosure requirements.

SOCIAL IMPACT

During 2025, the Company continued to emphasize employee development, diversity and inclusion, workplace well-being, ethical business conduct and community welfare as part of its broader sustainability agenda. POICL also continued to support responsible financing and sustainable economic development through its financing and investment activities.

Financial Risk

POICL's financial risk profile remained sound during the review period, supported by improving asset quality, a conservatively structured investment portfolio, adequate liquidity and strong capitalization. Despite growth in the advances portfolio, non-performing loans (NPLs) declined to PKR 2.7bn at end-CY25 (CY24: PKR 2.9bn), resulting in an improvement in the gross infection ratio to 11.8% from 16.4% a year earlier. Although the ratio edged up marginally to 12.0% by Mar'26, the Company's provisioning profile strengthened, with specific coverage increasing to 98.4%, while higher Stage 1 and Stage 2 provisioning maintained the net infection ratio at a low 0.2%.

The investment portfolio contracted to PKR 254.7bn by end-CY25 as part of balance sheet optimization before increasing to PKR 292.3bn by Mar'26, primarily due to higher repo borrowings deployed in investments. Credit risk within the investment book remained low, with approximately 98% of the portfolio invested in Federal Government Securities. Pakistan Investment Bonds (PIBs) continued to constitute the largest component of the portfolio, although the declining share of floating-rate PIBs and lower holdings of Market Treasury Bills moderately increased the portfolio's exposure to revaluation risk.

Liquidity indicators remained comfortable throughout the review period. Deposits increased to PKR 19.4bn at end-CY25, mainly driven by higher deposits from non-banking financial institutions, before declining to PKR 12.0bn by Mar'26. While DFIs are not subject to regulatory Liquidity Coverage Ratio (LCR) requirements, the Company's LCR improved to 132.4% by Mar'26, whereas the Net Stable Funding Ratio (NSFR) remained consistently above the 100% benchmark, reflecting a stable funding profile and adequate long-term liquidity.

The Company continued to maintain a strong capital position, supported primarily by Tier-1 capital. Although Tier-1 capital moderated following dividend distribution and an increase in market risk-weighted assets, the Capital Adequacy Ratio (CAR) remained robust at 24.5% as of Mar'26, significantly above the regulatory minimum requirement. The strong capital base continues to provide adequate loss absorption capacity and supports the Company's future growth objectives.

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REGULATORY DISCLOSURES	Appendix
Name of Rated Entity	Pak Oman Investment Company Limited (POICL)
Sector	Development Finance Institution (DFI)
Type of Relationship	Solicited
Purpose of Rating	Corporate Governance Rating
Rating History	See table below
Instrument Structure	N/A
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.
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Due Diligence Meeting Conducted	See table below

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
05-Aug-26	CGR 9+	-	-	Reaffirmed
28-Aug-25	CGR 9+	-	-	Reaffirmed
11-Sep-24	CGR 9+	-	-	Upgraded
1-Sep-23	CGR 9	-	-	Reaffirmed
1-Aug-22	CGR 9	-	-	Reaffirmed
16-Jul-21	CGR 9	-	-	Reaffirmed
3-Jul-20	CGR 9	-	-	Reaffirmed
12-Oct-18	CGR 9	-	-	Reaffirmed
1-Nov-16	CGR 9	-	-	Reaffirmed
1-Dec-15	CGR 9	-	-	Reaffirmed
28-Nov-14	CGR 9	-	-	Reaffirmed
10-Oct-13	CGR 9	-	-	Reaffirmed
11-Oct-12	CGR 9	-	-	Reaffirmed
9-May-11	CGR 9	-	-	Reaffirmed

Due Diligence Meeting Conducted

Name	Designation	Date
Syed Salman Raza Naqvi	Chief Risk Officer	2nd June, 2026
Mr. Tasadduq Aslam	Head of Treasury	
Ms. Nadia Ishtiaq	Group Head of Corporate, Investment Banking and Private Equity	
Mr. Muhammad Yousuf Amanullah	Chief Financial Officer	
Syed Mohammad Shoaib Omair	Group Human Head Resources & Administration	
Mr. Aijaz Ahmed Siddiqui	Head of Information Technology	