

PAK BRUNEI INVESTMENT COMPANY LIMITED

Analyst:

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RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY RATING	AA+	A1+	AA+	A1+
RATING OUTLOOK/WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	June 30, 2026		June 27, 2025	

Shareholding (5% or More)

Brunei Investment Agency – 50.00%

Government of Pakistan – 50.00%

Other Information

Established in 2006

Unlisted Public Company

External Auditors: Yousuf Adil Chartered Accountants

Chairperson of the Board: Ms. Dk Noorul Hayati Binti Pg Julaihi

CEO & Managing Director: Mr. S.M. Aamir Shamim

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Government Support Entities

<https://docs.vis.com.pk/Methodologies-2025/GSEntities.pdf>

VIS Entity Rating Criteria Methodology – Financial Institutions

<https://docs.vis.com.pk/Methodologies-2026/FI-Methodology-26.pdf>

Rating Scale

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

Rating Rationale

The ratings of Pak Brunei Investment Company Limited ('PBICL' or the 'Company') reflect the strong ownership profile of the institution, underpinned by equal shareholding of the Government of Pakistan and the Brunei Investment Agency, along with a stable governance framework and established risk management practices. The ratings also incorporate the Company's sound capitalization, supported by a sizeable capital buffer relative to regulatory requirements.

During the review period, PBICL continued to execute its strategic transition towards expanding its financing portfolio while reducing reliance on treasury investments. This resulted in growth in advances and a gradual rebalancing of the asset mix. Asset quality indicators remained manageable, although some deterioration was observed in the 1QCY26, leading to higher provisioning charges. Management's planned enhancements to the credit risk assessment and staging framework are expected to support a more risk-sensitive provisioning approach going forward.

While profitability improved during the year, supported by stronger net markup income and non-markup revenues; core earnings generation capacity needs to be strengthened. Rising provisioning costs and pressure on spreads, led to a loss in Q1CY26. Liquidity metrics remained satisfactory. The ratings remain supported by PBICL's strong capitalization, conservative investment profile, and continued focus on strengthening core financing operations while maintaining prudent risk management standards.

Company Profile

Pak Brunei Investment Company Limited ('PBICL' or 'the Company') is a Development Finance Institution (DFI) incorporated in 2006, as an unlisted public limited company under the now repealed Companies Ordinance, 1984 (now Companies Act, 2017), with business operations commencing on August 20, 2007, following approval from the State Bank of Pakistan (SBP). It is a joint venture between the Government of Pakistan and the Brunei Investment Agency (BIA), established with the objective of promoting industrial and agro-based industrial development in Pakistan through commercial investments, project financing, and sectoral support. PBICL offers a comprehensive suite of financial services including corporate and project finance, SME finance, lease finance, structured finance, capital market operations, asset management, Islamic finance, and advisory services, among others. The latest sovereign rating of Pakistan stood at B- (Fitch Ratings and S&P Global) and Caa1 (Moody's). Brunei does not currently have a publicly published sovereign credit rating from any of the "Big Three" international agencies (S&P Global, Moody's, or Fitch).

Management and Governance

CHAIRPERSON/CEO PROFILE

Ms. Dk Noorul Hayati Binti Pg Julaihi serves as the Chairperson of PBICL. She is a Portfolio Manager in the Absolute Return Strategy in Brunei Investment Agency (BIA) and has been with the Agency for 18 years, her prior positions have included Assistant Portfolio Manager for Fixed Income Internal Fund Management and Analyst for Macro and Fixed Income Group. Before moving on to her current role, she was co-leading the Private Equity team, previously managing the Buyout, Infrastructure and Private Debt portfolios. In her current role, she is now leading a team of 5 professionals focused on hedge fund investments across the globe. She previously served as Director in Audley Insurance Company, a Brunei-based captive insurance company wholly owned by BIA with a majority of its business for BIA and other Government entities-owned assets. She holds a degree with a major in Economics from Universiti Brunei Darussalam.

Mr. S.M. Aamir Shamim serves as the Managing Director & CEO of PBICL. He is a seasoned banking and finance professional with over 31 years of experience. In his prior job roles, he served in various high-ranking positions across international and local financial institutions, acquiring substantial experience in conventional, Islamic, and investment banking. He holds a Master's degree in Economics from the University of Karachi.

BOARD OF DIRECTORS & SENIOR MANAGEMENT

Table 1: Board of Directors

Name	Category	Nomination Authority
Ms. Dk Noorul Hayati Pg Julaihi	Chairperson/Non-Executive Director	Nominee – Brunei Investment Agency
Ms. Norakerteni Muhammad	Non-Executive Director	
Mr. S.M. Aamir Shamim	CEO/Managing Director	Nominee - Government of Pakistan
Mr. Nasir Mahmood Khosa	Non-Executive Director	

As per the Joint Venture (JV) agreement between the BIA and the GoP, the DFI's Board of Directors (BoD) comprises four members nominated by both governments. The Chairperson has been nominated by the BIA, while the Managing Director (MD/CEO) has been nominated by the GoP. There was no change in the composition of the Board during the review period. The Board of Directors (BoD) convened five (05) meetings during 2025, all of which were fully attended by all members. To ensure effective oversight, three committees are also present at Board level. These include Board Audit Committee (BAC), Board Credit and Risk Management Committee (BCRMC), and Board Human Resource and Remuneration Committee (BHRRC). 4 meetings of BAC, 2 meetings of BCRMC and 4 meetings of BHRRC were convened during 2025, with adequate attendance from all members.

All DFIs operating in Pakistan, including PBICL, have been granted an exemption from the requirement under BRPD Circular No. 15 of 2016 issued by the State Bank of Pakistan (SBP), which mandates that at least one-third of the BoD be independent. This exemption is subject to the DFI fulfilling specific criteria, including provision of director training, performance evaluations of the Board, and financial audits conducted by firms rated under the Quality Control Review (QCR) framework. Additionally, all joint ventures between the GoP and foreign governments are also exempt from this requirement under SBP's Corporate Governance Regulatory Framework, 2021.

The Board has instituted a formal process for conducting performance evaluations on an annual basis. This process is carried out internally using a combination of qualitative and quantitative techniques. Scored questionnaires are employed to evaluate Board performance, with a scoring scale developed in line with the guidelines issued by the SBP.

In addition to the evaluation of the overall Board, assessments are conducted for individual directors, Board Committees, the Chairperson, and the MD. These evaluations are supplemented by independent assessments facilitated by an external evaluator at least

once every three years. The evaluation process is designed to identify key issues, weaknesses, and challenges. The results are presented to the BoD along with recommendations and an action plan. The evaluation findings serve as the foundation for developing a mutually agreed action plan, which is formally adopted by the Board. Areas identified for improvement during the evaluation are addressed accordingly.

Additionally, no vacancies were reported in the Board or Senior Management during the period under review.

RISK MANAGEMENT

During the year, the Company continued to strengthen and refine its risk management framework. Credit risk is managed through Board-approved policies encompassing a structured credit approval process, internal risk rating mechanisms, documentation requirements, post-disbursement monitoring, and periodic assessments of borrowers' creditworthiness. The Company also implemented a back-testing mechanism for its credit scoring model to enhance its effectiveness over time. Credit-related decisions are undertaken by the Credit Committee, while the Board Credit Risk Management Committee provides strategic oversight and reviews significant risk issues and their potential impact on the Company and its subsidiaries.

Market, liquidity, and operational risks are governed through Board-approved policies. Liquidity risk is monitored on a daily basis in accordance with the Company's liquidity risk framework. The Board Credit Risk Management Committee oversees market and liquidity risks, capital adequacy, and enterprise-wide risk management. The Company's integrated risk profile is assessed through the Basel Framework, Internal Capital Adequacy Assessment Process, and stress testing exercises to ensure ongoing resilience and effective risk governance.

ESG INITIATIVES

During CY25, PBICL continued to strengthen its commitment to Environmental, Social and Governance (ESG) principles by integrating sustainability considerations into its business operations, financing activities, and risk management framework. The institution enhanced its Environmental and Social Risk Management (ESRM) practices in line with regulatory expectations and international best practices, ensuring that environmental and social risks are appropriately identified, assessed, and monitored throughout the financing lifecycle. On the environmental front, PBICL promoted sustainable and climate-resilient financing by supporting green and environmentally responsible projects. Efforts were also undertaken to reduce the institution's own environmental footprint through initiatives aimed at improving resource efficiency, reducing paper consumption, and encouraging digitalization of processes. Awareness sessions and capacity-building programs were conducted to strengthen ESG understanding among employees and key stakeholders. From a social and governance perspective, PBICL continued to uphold high standards of corporate governance, transparency, ethical conduct, and stakeholder engagement. Employee welfare, diversity, inclusion, and professional development remained key priorities, while customer-centric practices and responsible business conduct were further reinforced. These initiatives collectively contributed to PBICL's objective of fostering sustainable economic development while creating long-term value for stakeholders. Additionally, dedicated resources are deployed to constantly monitor the ESG risks classification.

KEY DIGITAL INITIATIVES

During CY25, the organization advanced its digital transformation agenda through targeted initiatives aimed at strengthening cybersecurity, improving operational efficiency, modernizing IT infrastructure, and supporting paperless operations. Key cybersecurity enhancements included upgraded network security controls, stronger email protection, regular vulnerability assessments and penetration testing (VAPT), enhanced endpoint protection, and improved security monitoring for proactive threat detection. Internal processes were further digitized through workflow-based approvals, automation of routine activities, and enhanced electronic document management. Existing business applications were upgraded and optimized, management approval workflows were integrated, and reporting and management information systems (MIS) were improved to support faster and more informed decision-making. Infrastructure modernization efforts focused on upgrading network components, enhancing secure remote connectivity, and optimizing server and storage capacity to meet growing business needs. In addition, the organization reinforced regulatory compliance and risk management through regular security reviews, implementation of cybersecurity controls aligned with industry standards, and strengthened business continuity and disaster recovery preparedness. Collectively, these initiatives enhanced cybersecurity, operational resilience, service delivery, and the overall digital ecosystem, establishing a stronger foundation for sustainable future growth.

AUDIT OPINION

Yousuf Adil Chartered Accountants, categorized as 'Category A' on the SBP's Panel of Auditors with satisfactory QCR rating from ICAP, has provided an unqualified and unmodified opinion, affirming that the Company's financial statements comply with accounting standards and accurately portray the Company's financial position as of Dec'25.

SBP REVIEW

The last full scope inspection of PBICL by the State Bank of Pakistan (SBP) was conducted in 2020 and since then, no instances of onsite regulatory review have been reported by the management.

Business Risk

INDUSTRY

The Development Finance Institutions (DFIs) sector continued to contract in Jun'25, with total assets declining to PKR 1,488bn (Jun'24: PKR 2,460bn), reflecting a 39.5% contraction. Consequently, the sector's share in total financial system assets declined to 2.0% from 3.8% (6.0% in FY23), while assets-to-GDP ratio reduced to 1.3% from 2.3%. This contraction continued in Dec'25, with total assets recorded at PKR 1,352bn. Around 75% (Jun'25: 77%) of the sector's assets are vested in investments, of which 95% are allocated to government securities. However, the share of investments has reduced lately; with growth seen in advances that reached PKR 235.3bn (Jun'25: PKR 217.6bn) by end-Dec'25 and comprised 17.4% (Jun'25: 14.6%) of the asset base.

The large proportion of investments on the balance sheet signify limited role in developmental lending by the sector players. In periods of high interest rates, the DFIs had larger balance sheets featuring high volumes of treasury operations. However, with developing interest rate trends, the DFIs' Net Interest Margin (NIM) turned negative in Dec'23, creating an incentive for DFIs to reduce investments and expensive borrowings. This portfolio rebalancing resulted in reduced investments of PKR 1,185bn (Jun'24: PKR 2,134bn) as of end-Jun'25 which continued to decline and reached PKR 1,013bn as of Dec'25.

Profitability improved during Jun'25, with after-tax profit rising to PKR 42bn (Jun'24: PKR 13bn), supported by lower funding costs, reduced borrowings, and higher dividend income. Additionally, profitability improved further and reached PKR 35.6bn as opposed to PKR 27.3bn in the Same Period Last Year (SPLY) driven by improvement in the Net markup income to PKR 41.4bn (Dec'24: PKR 24.9bn).

The decline in NPLs to total loans indicates improved asset quality, while higher provisioning coverage reflects strengthened loss absorption capacity; the negative net NPLs-to-capital position further suggests negligible residual credit risk and adequate capital protection against impaired exposures. Additionally, solvency profile of the sector remained strong, despite some moderation in risk-weighted capital indicators. The Total Capital to Total Risk-Weighted Assets (RWA) ratio declined slightly to 56.7% (Jun'25: 58.1%) at Dec-25, while Tier-1 Capital to Total RWA ratio also moderated to 52.5% (Jun'25: 54.2%) over the same period, indicating a marginal reduction in capital buffers against risk-weighted exposures; however, both ratios remained at elevated levels, suggesting substantial capacity to absorb unexpected losses. In contrast, the Capital to Total Assets ratio strengthened to 16.2% (Jun'25: 13.3%) at Dec-25, reflecting improved overall capitalization and reduced leverage at the balance sheet level.

Market risk exposure in the DFI sector remained largely contained at end-Jun'25, supported by minimal equity exposure of 0.6% of the capital base, thereby limiting vulnerability to equity market volatility. However, interest rate risk remains a relevant consideration given the sector's significant exposure to government securities classified under FVOCI. Within the FVOCI portfolio, floating-rate securities constituted a dominant share of 83.4% at Jun'25, increasing from 56.9% at Jun'24, while the share of fixed-rate securities declined to 7.9% from 39.5%, indicating a shift toward instruments with relatively lower repricing risk. Notwithstanding this favorable shift, duration risk remains present, as the weighted average duration of fixed-rate FVOCI securities increased to 1.66 years at Jun'25 from 1.31 years at Jun'24, indicating heightened sensitivity to valuation changes in response to interest rate movements. In comparison, floating-rate FVOCI securities exhibited a shorter duration of 0.78 years at Jun'25, reflecting relatively lower duration exposure.

DFIs in Pakistan continue to be taxed under the general corporate taxation framework applicable to companies. As of Dec'25, DFIs are subject to corporate income tax at the standard rate of 29%, along with the applicable Super Tax under Section 4C of the Income Tax Ordinance, 2001, where taxable income exceeds the prescribed thresholds. Unlike banking companies, which are taxed at a higher rate of 39%, DFIs are not subject to the banking-sector specific tax regime.

ASSET MIX

Table 5: Asset Mix (all figures in PKR Mn, unless stated otherwise)

	Dec'23	Dec'24	Dec'25	Mar'26
Cash and Cash Equivalents*	928.5	904.1	1,569.3	4,102.3
	0.5%	0.4%	1.1%	3.0%
Investment – Net	158,671.1	168,748.1	107,589.0	96,343.9
	84.4%	83.5%	74.9%	71.2%
Advances -Net	19,609.9	21,141.4	26,386.6	26,783.2
	10.4%	10.5%	18.4%	19.8%
Other Asset	8,860.5	11,206.4	8,149.1	8,024.9
	4.7%	5.5%	5.7%	5.9%
Total Asset	188,070.2	202,000.0	143,694.1	135,254.3

**Cash & Cash Equivalent include Cash & Balances with Treasury Banks, Balances with other Banks and Due from FIs*

As of Dec'25, the Company's asset base contracted by 71.1%, driven by reducing funding, primarily through lower borrowings resulting in lower investment portfolio, which declined to PKR 107,589.0mn (Dec'24: PKR 168,748.1mn). In contrast, advances grew by 24.8% to PKR 28,286.6mn (CY24: PKR 21,141.4mn), supported by higher disbursements across loans, and Islamic financing products. Growth in advances portfolio was supported by broad-based expansion across both the SME and corporate portfolios during the period under review. Investments, depicting a 36.2% decline, continued to dominate the asset mix, accounting for 74.9% of total assets in CY25 (CY24: 83.5%). By end-Mar'26, PBICL's asset base further contracted by 5.9%, primarily due to a reduction in the investment portfolio to PKR 96,343.9mn. This decline was largely attributed to the unwinding of positions in federal government securities, particularly Pakistan Investment Bonds (PIBs), to reduce exposure to treasury positions.

Going forward, PBICL plans to rebalance its asset mix by growing its corporate financing portfolio and reducing reliance on treasury investments, thereby enhancing the contribution of core banking activities to overall earnings.

CREDIT RISK

As of Dec'25, the PBICL's gross advances portfolio increased to PKR 27,626.7mn (Dec'24: PKR 22,140.5mn), reflecting year-on-year (YoY) growth of 24.8%. Moreover, by Mar'26, the portfolio further increased by 3.4%, settling at PKR 28,569.9mn. The overall increase in advances during CY25 was primarily driven by higher disbursements to the Food & Beverages sector (↑PKR 1,699.8mn), followed by Sugar (↑PKR 1,262.7mn), Construction (↑PKR 1,012.1mn), and Chemical & Pharmaceuticals (↑PKR 838.1mn). This increase was partially offset by a decline in Transport, Storage & Communication sector (↓PKR 525.6mn), followed by Steel (↓PKR 276.1mn), and Footwear & Leather Garments (↓PKR 20.8mn). In CY25, portfolio concentration slightly declined, with the top-10 funded exposures comprising 24.6% of the total portfolio, up from 23.9% in the previous year. Concurrently, non-funded exposures slightly increased.

Going forward, PBICL continues to exercise prudent oversight of its exposures amid evolving macroeconomic conditions, while continuing to expand its presence in the SME and corporate sectors.

PROFITABILITY

Table 9: Profitability Indicators

	CY23	CY24	CY25	1QCY26
ROAA	0.6%	0.3%	1.1%	-1.3%
ROAE	7.3%	5.1%	15.0%	-13.0%
Spread	0.4%	0.1%	1.0%	0.5%
- Return on Earning Assets	17.5%	20.6%	10.1%	10.6%
- Cost of Funding	17.1%	20.4%	9.1%	10.1%
Efficiency Ratio	31.7%	34.4%	23.1%	36.3%

**Annualized*

In CY25, PBICL's net markup income significantly increased by 122.4% to PKR 2,416.5mn (CY24: PKR 1,086.8mn), primarily driven by an expansion in the Net Interest Margin (NIM), which increased to 1.0% (CY24: 0.1%). The increase in spread reflects the DFI's asset-liability composition, wherein spread based treasury transactions declined and advances picked pace offering a wider spread. This increase in net markup income was further supported by an increase in the non-markup income during CY25 attributable to the increase in fee and commission income by 22.6% to PKR 156.5mn (CY24: PKR 127.7mn), together with an increase in gain on securities by 404.2% to PKR 348.4mn (CY24: PKR 69.1mn). On the expense front, operating expenses increased by 17.2% to PKR 688.1mn (CY24: PKR 587.3mn), owing to higher salaries, depreciation, and software maintenance. However, a provisioning charge on advances of PKR 277.9mn, vis-à-vis a reversal of Expected Credit Loss (ECL) allowance of PKR 76.7mn in the prior year, strained the bottom line. Despite these pressures, PBICL reported a Profit after Tax (PAT) of PKR 1,931.7mn (CY24: PKR 610.5mn). With recurring income outpacing recurring expenses, the efficiency ratio improved to 23.1% (CY24: 34.4%). Consequently, ROAA improved to 1.1% (CY24: 0.3%), while ROAE improved to 15.0% (CY24: 5.1%).

NIM declined to 0.5% in Q1CY26, driven by a decline in mark-up income from investments by 46.7% to PKR 2,580.3mn (Q1CY25: PKR 4,841.9mn); henceforth, total net mark-up income significantly declined to PKR 421.1mn (Q1CY25: PKR 902.2mn). As the interest rate environment begins to change track, spreads may be adversely affected due to a lag in repricing of assets vis-a-vis liabilities with the latter being shorter term. On the contrary, non-markup income increased to PKR 171.8mn (Q1CY25: PKR 102.4mn), due to higher fee, commission, dividend and gain on securities which increased to PKR 32.3mn (Q1CY25: PKR 26.2mn), PKR 87.2mn (Q1CY25: PKR 83.7mn), and PKR 52.3mn gain (Q1CY25: PKR 7.5mn loss), respectively. Additionally, operating expenses increased to PKR 196.4mn (Q1CY25: PKR 180.2mn), while provisioning charges significantly increased to PKR 548.8mn (Q1CY25: PKR 78.5mn). This is attributable to the conservative credit risk classification and staging methodology for PBICL's SME portfolio, with provisioning driven primarily by delinquency thresholds rather than a

holistic assessment of borrower creditworthiness. This resulted in elevated ECL charges, which translated into a loss after tax of PKR 436.2mn, as opposed to the PAT of PKR 602.1mn in the corresponding period previous year. This also led to a deterioration in the efficiency ratio, which increased to 36.3%.

Going forward, PBICL intends to adopt a more comprehensive SICR framework that incorporates underlying business fundamentals in addition to repayment behavior, enabling a more risk-sensitive provisioning approach while maintaining full regulatory compliance. This enhancement is expected to improve profitability through ECL charges based on comprehensive risk sensitive approach. On the contrary, the investment-to-borrowing spreads observed in CY25 and 1QCY26 were notably thin. The current interest rate environment will likely put pressure on margins in the short-term, as would the prevailing heightened credit risks in the domestic market.

Financial Risk

Asset Quality

Table 10: Asset Quality Indicators

	CY23	CY24	CY25	1QCY26
NPL (PKR Mn)	1,124.4	1,069.6	1,085.0	1,913.2
Gross Infection	5.4%	4.8%	3.9%	6.7%
Net Infection*	0.8%	0.7%	0.2%	1.3%
Stage-3 Provisioning Coverages	86.3%	85.8%	94.9%	81.5%
Stage-1 & Stage-2 Provisioning Coverages	0.4%	0.4%	0.8%	0.9%
Net NPLs to Tier 1 Equity**	1.8%	1.5%	0.5%	3.2%

*Only takes into account Stage 3 provisions

**Adjusted for General Provisioning

During the review period, PBICL's NPLs increased significantly to PKR 1,913.2mn (CY25: PKR 1,085.0mn), leading to an increase in gross infection to 6.7% (CY25: 3.9%) in Q1CY26 as the increase in NPLs outpaced the increase in advances. Consequently, the net infection ratio increased to 1.3% (CY25: 0.2%). Specific provisioning coverage was reported at 81.5% (CY25: 94.9%), while general provisioning coverage for Stage-1 and Stage-2 exposures slightly increased to 0.9% (CY25: 0.8%) in Q1CY26.

The BoD has internally capped the GI ratio at around 5.0%, consistent with the DFI's defined risk appetite and profile. By end-Dec'26, GI ratio is expected to improve. Oversight of this threshold, along with the broader internal risk framework, is exercised by the BCRMC, which advises the Board on risk-related matters, ensures the completeness of the risk framework, and fosters a forward-looking and proactive risk management culture.

As such, PBICL remains focused on improving its asset quality indicators, conducting portfolio stress testing, closely monitoring red-flag accounts, and maintaining manageable ticket-size loans.

INVESTMENTS

Table 11: Net Investment Portfolio (all figures in PKR Mn, unless stated otherwise)

	Dec'23	Dec'24	Dec'25	Mar'26
Federal Govt Securities				
- MTBs	17,731.5	2,861.8	-	18,727.2
- PIBs	135,596.4	159,758.8	100,168.7	70,992.0
Equity				
- Listed	961.3	1,346.0	2,572.7	1,919.4
Non-Government Debt				
- Listed	1,223.3	930.7	910.8	863.5
- Unlisted	1,250.2	1,834.2	1,920.1	1,825.1

Subsidiaries	1,908.4	2,016.7	2,016.7	2,016.7
Total	158,671.1	168,748.1	107,589.0	96,343.9

PBICL's investment portfolio declined to PKR 107,589.0mn (Dec'24: PKR 168,748.1mn) by end-Dec'25 and it further declined to PKR 96,343.9mn as of Mar'26, reflecting its strategy of unwinding treasury positions funded by repo borrowings and increasing the corporate portfolios, as the interest rate environment yielded thinner margins on large borrowings driven investment portfolios. From a credit risk perspective, the investment book remains conservatively structured, with 93.1% (CY25: 93.1%; CY24: 96.4%) of total investments placed in Federal Government Securities as sovereign instruments considered low-risk within the domestic financial system, offering high capital preservation and minimal default risk.

Within the sovereign segment, Pakistan Investment Bonds (PIBs) constituted the largest share, accounting for 79.1% (Dec'25: 100.0%; Dec'24: 98.2%) of Federal Government Securities and 73.7% (Dec'25: 93.1%; Dec'24: 85.5%) of the total investment portfolio as of Mar'26. As of end-Dec'25, the average duration of fixed-rate PIBs stood at 2.2 years, whereas floating-rate PIBs reflected a shorter average duration of 0.29 years. The elevated exposure to short-tenor floating-rate instruments during the review period led to a weighted average duration of less than one year for both the PIBs portfolio and the overall investment book, indicating moderate sensitivity to interest rate movements.

LIQUIDITY

Table 12: Deposit Mix & Granularity (all figures in PKR Mn, unless stated otherwise)

	Dec'23	Dec'24	Dec'25	Mar'26
Total Deposits	-	1,165.7	-	-
Borrowings	174,594.0	184,383.5	121,273.5	118,678.3
Liquid Assets	156,441.0	165,819.0	105,221.5	96,604.4
LADB*	41.7%	88.0%	81.0%	76.9%
LCR	101.9%	94.0%	120.0%	182.6%
NSFR	130.2%	121.2%	118.0%	107.5%

**Liquid Assets to Deposit & Borrowings (adjusted for repo and collateral)*

The total borrowings of PBICL, reflecting a 52.0% decline stood at PKR 121,273.5mn as of Dec'25 (Dec'24: 184,383.5mn). Repo borrowings, constituting 28.0% of the total borrowings, stood at PKR 33,980.4mn. Against these repo borrowings, investments given as collateral stood at PKR 34,495.2mn. Adjusting for these collateralized investments, liquid assets stood at PKR 70,726.3mn, translating into a LADB ratio of 81.0%. PBICL exhibits a short-to-medium-term maturity mismatch indicating that liabilities mature ahead of assets; however, maturity mismatch risk remains minimal.

Although DFIs are not subject to regulatory Liquidity Coverage Ratio (LCR) requirements, it should be noted that PBICL's LCR increased to 182.6% in Q1CY26 (CY25: 120.0%; CY24: 94.0%). The Net Stable Funding Ratio (NSFR) has consistently remained above the 100% threshold throughout the review period.

CAPITALIZATION

Table 12: Deposit Mix & Granularity (all figures in PKR Mn, unless stated otherwise)

	Dec'23	Dec'24	Dec'25	Mar'26
Tier-1 Capital	8,225.1	11,095.4	10,921.7	10,905.9
Tier-2 Capital (eligible)	-	379.6	1,533.9	559.9
Total Eligible Capital	8,225.1	11,475.0	12,455.6	11,465.8
RWAs	30,945.1	37,328.7	42,012.2	40,903.9
Shareholder's Equity	6,000.0	6,000.0	6,000.0	6,000.0
Revaluation Surplus	(820.5)	583.2	1,750.4	805.2
Total Equity	10,838.9	12,658.4	15,430.8	14,049.4

Tier-1 CAR (%)	29.0%	30.7%	25.8%	26.7%
Total CAR (%)	29.0%	30.7%	29.7%	28.0%
Equity-to-Assets (%)	6.2%	6.0%	9.5%	9.8%

The Company maintains a strong capital base, with total eligible capital mostly composed of Tier-1 capital, indicative of a strong loss-absorbing buffer. Tier-1 capital declined to PKR 10,905.9mn (Dec'25: PKR 10,921.7mn) as at Mar'26.

The decline in capital base occurred alongside a decline in Risk Weighted Assets (RWAs), which fell to PKR 40,903.9mn as at Mar'26 (Dec'25: PKR 42,012.2mn), marking a 2.6% decrease, primarily due to the contraction in market-risk weighted exposures. The overall effect was the decline in the Capital Adequacy Ratio (CAR) to 28.0% at Mar'26 from 29.7% at Dec'25. As such capitalization levels remain favourable, providing sizable room for growth and a strong cushion against potential credit losses.

Financial Summary (PKR Mn)

Appendix I

Balance Sheet	CY23	CY24	CY25	1QCY26
Total Investments	158,671.1	168,748.1	107,589.0	96,343.9
Net Advances	19,609.9	21,141.4	26,386.6	26,783.2
Total Assets	188,070.2	202,000.0	143,694.1	135,254.3
Borrowings	174,594.0	184,383.5	121,273.5	118,678.3
Deposits & other accounts	0.0	1,165.7	0.0	0.0
Total Liabilities	177,231.3	189,341.6	128,263.3	121,204.9
Paid Up Capital	6,000.0	6,000.0	6,000.0	6,000.0
Tier-1 Equity	8,225.1	9,838.1	10,921.7	10,905.9
Net Shareholders Equity (excl. revaluation surplus)	11,659.4	12,075.2	13,680.4	13,244.1
Income Statement	CY23	CY24	CY25	1QCY26
Net Markup Income	1,370.2	1,086.8	2,416.5	421.1
Net Provisioning/(Reversal)	237.6	(76.7)	277.9	548.8
Non-Markup Income	683.0	674.4	906.1	171.8
Operating Expenses	581.2	587.3	688.1	196.4
Profit/(Loss) Before Tax	1,209.7	1,225.6	2,309.5	(152.3)
Profit/(Loss) After Tax	847.4	610.5	1,931.7	(436.2)
Ratio Analysis	CY23	CY24	CY25	1QCY26
Gross Infection (%)	5.4%	4.8%	3.9%	6.7%
Net Infection (%)	0.8%	0.7%	0.2%	1.3%
Specific Provisioning Coverage (%)	86.3%	85.8%	94.9%	81.5%
General Provisioning Coverage (%)	0.4%	0.4%	0.8%	0.9%
Net NPLs to Tier-1 Capital (%) (adj. for general prov.)	1.8%	1.5%	0.5%	3.2%
Cost of Funds* (%)	17.1%	20.4%	9.1%	10.1%
Markup Spreads* (%)	0.4%	0.1%	1.0%	0.5%
Efficiency (%)	31.7%	34.4%	23.1%	36.3%
ROAA* (%)	0.6%	0.3%	1.1%	-1.3%
ROAE* (%) (excl. revaluation surplus)	7.3%	5.1%	15.0%	-13.0%
Liquid Coverage Ratio (%)	101.9%	94.0%	120.0%	182.6%
Net Stable Funding Ratio (%)	130.2%	121.2%	118.0%	107.5%
Liquid Assets to Deposits & Borrowings** (%)	41.7%	88.0%	81.0%	76.9%
Gross Advances to Deposits Ratio (ADR) *** (%)	NA	1412.3%	NA	NA
Tier-1 CAR (%)	29.0%	30.7%	25.8%	26.7%
Capital Adequacy Ratio (%)	29.0%	30.7%	29.7%	28.0%

*Annualized

** Adjusted for repo and collateral

*** Adjusted for SBP refinancing schemes

REGULATORY DISCLOSURES					Appendix II
Name of Rated Entity	Pak Brunei Investment Company Limited (PBICL)				
Sector	Development Finance Institution (DFI)				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	RATING TYPE: ENTITY				
	30-Jun-26	AA+	A1+	Stable	Reaffirmed
	27-Jun-25	AA+	A1+	Stable	Reaffirmed
	28-Jun-24	AA+	A1+	Stable	Reaffirmed
	27-Jun-23	AA+	A1+	Stable	Reaffirmed
	28-Jun-22	AA+	A1+	Stable	Reaffirmed
	29-Jun-21	AA+	A1+	Stable	Reaffirmed
	29-Jun-20	AA+	A1+	Stable	Reaffirmed
	26-Jun-19	AA+	A1+	Stable	Reaffirmed
	27-Jun-18	AA+	A1+	Stable	Reaffirmed
	02-Jun-17	AA+	A1+	Stable	Initial
	24-Jun-15				Withdrawn
	30-Jun-14	AA+	A1+	Stable	Reaffirmed
	28-Jun-13	AA+	A1+	Stable	Reaffirmed
29-Jun-12	AA+	A1+	Stable	Initial	
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.				
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
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Due Diligence Meeting Conducted	Name	Designation			Date
	Mr. Muhammad Moosa	Head SME & Agro Finance Division			8 th June, 2026
	Ms. Natasha Matin	Head Credit Risk & Monitoring			