

PAK CHINA INVESTMENT COMPANY LIMITED

Analyst:

Rida Hashmi
(rida.hashmi@vis.com.pk)

RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY RATING	AAA	A1+	AAA	A1+
RATING OUTLOOK/WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	June 16, 2026		June 30, 2025	

Shareholding (5% or More)

Government of Pakistan – 50.0%

People’s Republic of China – 50.0%

Other Information

Incorporated in 2007

Unlisted Public Company

External Auditors: Grant Thornton Anjum Rahman

Chairman of the Board: Mr. Amjad Mahmood

President & CEO: Mr. Song Zhenwen

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

Pak-China Investment Company Limited’s (‘PCICL’ or the ‘Company’) rating is underpinned by its strategic importance as a jointly owned Development Financial Institution of the Government of Pakistan and China Development Bank, implying high expected sovereign support. Its mandate remains focused on facilitating bilateral investment and financing viable infrastructure and CPEC-linked projects.

Profitability has declined during the period under review due to pressure on margins, balance sheet contraction, and higher costs, though recovery is expected from planned growth in core lending activities. In contrast, asset quality has improved due to reduced non-performing exposures and stronger provisioning. The investment book has shifted towards higher-yield instruments while maintaining a controlled risk profile through short-term, matched funding structures.

Capitalization remains strong, supported by sound internal capital generation and strong sponsor backing. Liquidity is adequate, with a stable funding base. Ratings remain sensitive to sustained improvements in asset quality, particularly further reduction in non-performing exposures and concentration risk, as well as continued strengthening of profitability through stable margin recovery and business growth.

Company Profile

Pak China Investment Company Limited ('PCICL' or the 'Company') was incorporated in Pakistan as a public limited Company in 2007. PCICL operates as a Development Financial Institution (DFI) under a Joint Venture (JV) agreement between the Government of Pakistan (GoP) and People's Republic of China (PRC); shares of PCICL are equally held by GoP through Ministry of Finance (MoF) and PRC through China Development Bank (CDB). The DFI's head office is in Islamabad while a representative office is in Karachi. PCICL was established to act as a bridge for promotion of bilateral trade and investment between the two sponsor sovereigns and with an objective of financing economically viable and technically feasible projects. The latest sovereign rating of Pakistan stood at B- (Fitch Ratings and S&P Global) and Caa1 (Moody's). The latest sovereign rating of China stood at A+ (S&P Global), A (Fitch Ratings) and A1 by Moody's.

Management and Governance

CHAIRMAN/CEO PROFILE

Mr. Amjad Mahmood serves as the Chairman of PCICL. He holds charge of Additional Finance Secretary with 32 years of diversified work experience, in Civil Services of Pakistan. He has served as Advisor to the Board of Directors of the Asian Development Bank (ADB). His areas of expertise include Public Financial Management & Public Administration. He holds a Master's degree in Administration & Management from the Institute for Development Policy and Management, Manchester University, UK. He also holds Master's degree in English Language and Literature and International Affairs.

Mr. Song Zhenwen assumed the office of Managing Director and Vice Chairman of the Board in June 2025. Prior to this role, he built a distinguished career at China Development Bank (CDB), which he joined in 2004. Over the years, he held a series of leadership positions across legal affairs, administration, human resources and finance. At CDB's Beijing Branch, Mr. Song served as Division Chief in several departments and played a pivotal role in institutional governance as Vice Chairman of the Labor Union. His contributions have been widely recognized, earning him numerous accolades, including the Model Employee of CDB, the Beijing Financial May 1st Labor Medal, the National Financial Youth Service Star, and multiple others. He holds a Master's degree in Finance from the School of Economics at Peking University and a Bachelor's degree in Law from the Central University of Finance and Economics.

BOARD OF DIRECTORS & SENIOR MANAGEMENT

Table 1: Board of Directors

Name	Category	Nomination Authority
Mr. Amjad Mahmood	Chairperson/Non-Executive Director	MoF, Pakistan
Mr. Song Zhenwen	Managing Director/Vice Chairman	China Development Bank
Mr. Sun Bo	Non-Executive Directors	
Mr. Yan Qingshan		

As per the approved joint venture (JV) structure, the Board of Directors (BoD) of PCICL comprises six members, with equal representation from the China Development Bank (CDB) and the Government of Pakistan (GoP). In accordance with the terms of the JV, the initial Chairman and Deputy Managing Director (DMD) were nominated by the GoP, while the first Managing Director (MD) and Deputy Chairman were nominated by CDB. Subsequent nominations for these positions are to alternate between the two parties, subject to mutual agreement. All DFIs operating in Pakistan, including PCICL, 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.

During CY25, Mr. Song Zhenwen was appointed in the position of Managing Director/Vice Chairman of Board of Directors, replacing Acting Managing Director, Mr. Jiang Ketao. Additionally, Mr. Amjad Mahmood replaced Mr. Sun Bo as the Chairperson, while Mr. Sun Bo was re-appointed as Non-Executive Director on Board, following clearance from SBP in January 2026. Additionally, Mr. Shahnawaz Mahmood stepped down from Board, following the completion of his term in April 2026. At present, two Board position, both from MoF remain vacant.

PCICL has constituted three Board-level committees: the Board Audit Committee (BAC), Board Risk Management Committee (BRMC), and Board Human Resource & Remuneration Committee (BHRC). In CY25, three meetings of the Board of Directors and audit committee were convened.

In terms of Senior Management, PCICL witnessed one major change as Mr. Salman Tahir was appointed as the Group Head – Corporate Banking Group & SME. Additionally, Mr. Jiang Ketao, Deputy Managing Director and Mr. Fu Chaoqing, Group Head CPEC Promotion

Group resigned during the year and since then, the aforementioned positions remain vacant. No other changes were reported on the Senior Management level. The total permanent staff strength stood at 53 (CY24: 47) in CY25.

RISK MANAGEMENT

In terms of policy development and forward planning, PCICL has recently updated its Credit Policy, Operational Risk Policy and introduced a Green Banking Policy. A review of the Credit Risk Policy is currently underway. Furthermore, enhancement of risk rating models is in the pipeline, with planned updates to both the Obligor Risk Rating (ORR) and Financial Risk Rating (FRR) models to improve risk differentiation and sectoral analysis. The DFI also plans to adopt a paperless risk environment through the implementation of a Digital Loan Origination (LO) system, aiming to replace the existing paper-based workflow. As part of strengthening credit portfolio management, sectoral limits and concentration thresholds are being reassessed to better align with PCICL's strategic objectives and market dynamics.

KEY DIGITAL INITIATIVES

PCICL's IT infrastructure comprises two secure data centers located at the Head Office in Islamabad and the Branch Office in Karachi. Both sites operate on Windows Server environments with centralized domain and network policies aligned with organizational security standards. Unique user IDs are assigned to employees, while DHCP services ensure automated network configuration. The Head Office hosts critical systems including the Primary Domain Controller, Oracle Database Server, and Disaster Recovery (DR) infrastructure, with corresponding DR facilities available at the Branch Office to ensure business continuity. The PRISM+ system by State Bank of Pakistan has also been deployed with 24/7 disaster recovery support, alongside secure connectivity with NADRA DR site in Lahore.

Comprehensive backup procedures are implemented, including database backups three times daily, periodic monthly, half-yearly, and yearly archival backups retained for up to 10 years, and daily backup of shared documents with 15-day version recovery. Automated email backup solutions further strengthen data resilience. Key governance documents include IT Security Policies, Business Continuity and Disaster Recovery Plans, Cyber Security Plan, and Enterprise Technology Governance Framework.

AUDIT OPINION

Grant Thornton Anjum Rehman 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 Bank'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 PCICL by the State Bank of Pakistan (SBP) was conducted in 2024 and since then, no instances of on-site 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 2: Asset Mix (all figures in PKR Mn, unless stated otherwise)

	Dec'23	Dec'24	Dec'25	Mar'26
Cash and Cash Equivalents*	6,283.5	6,969.4	8,065.4	8,074.6
	14.0%	8.5%	15.0%	13.9%
Investment - Net	18,156.0	54,434.9	14,430.9	17,355.1
	40.4%	66.7%	26.9%	29.8%
Advances -Net	18,854.7	18,461.1	29,530.9	30,994.8
	41.9%	22.6%	55.0%	53.2%
Other Asset	1,690.1	1,785.0	1,624.0	1,802.2
	3.8%	2.2%	3.0%	3.1%
Total Asset	44,984.4	81,650.3	53,651.2	58,226.6

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

PCICL's asset base stood at PKR 53,651.2mn as at end-Dec'25, reflecting a 34.3% decrease from PKR 81,650.3mn in Dec'24. This decline was primarily driven by a 59.1% decrease in borrowings, henceforth investments fell by 73.5% to PKR 14,430.9mn (Dec'24: PKR 54,434.9mn), constituting 26.9% of the asset mix (Dec'24: 66.7%). In contrast, advances stood at PKR 29,530.9mn, reflecting a 60.0% YoY growth from PKR 18,461.1mn, particularly through exposures to externally rated blue-chip clients.

Total assets increased by 8.0% Ytd to PKR 58,226.6mn, owing to a 28.4% increase in borrowings. As a result, investments rose by 19.3%. Advances also observed an increase of 4.8%, reaching PKR 30,994.8mn.

CREDIT RISK

PCICL's gross advances increased to PKR 31,062.3mn as of Dec'25, reflecting growth of 53.8% from PKR 20,199.8mn as of Dec'24. The advances portfolio remains predominantly skewed towards long-term financings, which constituted 54.4% (CY24: 61.9%) of total loans at end-CY25. Advances under Running Finance represented 12.5% (CY23: 16.5%), while short-term facilities accounted for 31.4% (CY24: 19.3%). As of Mar'26, advances expanded to PKR 33,157.0mn, reflecting a growth of 4.1%.

In terms of sector distribution, the Company's funded exposure as of Dec'25 was concentrated in the transport, storage & communication sector (20.2%), followed by power, electricity, gas, water & sanitary sector (17.1%), textile (17.0%) and sugar (10.8%). PCICL continues to emphasize lending to top-tier blue-chip corporates, including participation in CPEC-related projects. The concentration in the advance's portfolio is notable, with top 10 exposures standing at 39.6% of the total funded exposure.

Going forward, considering the current economic environment and geopolitical landscape, PCICL intends to focus on the power sector, where exposures are supported by tariff-based structures, as well as the telecommunications sector, owing to its critical role in supporting digital connectivity and economic activity.

PROFITABILITY

Table 3: Profitability Indicators

	CY23	CY24	CY25	1QCY26
ROAA	3.4%	3.9%	2.9%	2.8%
ROAE	11.4%	10.4%	7.3%	5.5
Spread	0.8%	-0.1%	3.2%	1.5%
- Return on Earning Assets	18.5%	19.6%	8.0%	11.6%
- Cost of Funding	17.8%	19.7%	4.7%	10.1%
Efficiency Ratio	18.1%	17.8%	24.0%	28.5%

*Annualized

Net markup income decreased to PKR 3,179.9mn (CY24: PKR 4,490.0mn) in CY25, broadly in line with the contraction in the balance sheet. Non-markup income increased to PKR 370.7mn (CY24: PKR 334.8mn), primarily due to foreign exchange operations, which recorded a gain of PKR 29.6mn as compared to a loss of PKR 48.6mn in the preceding year and rising dividend income. Operating expenses declined to PKR 810.2mn (CY24: PKR 829.6mn). There was a reversal of provisioning charges at PKR 426.2mn, as compared to a provisioning charge of PKR 260.7mn in the preceding year. Consequently, the Company posted a lower profit after tax of PKR 1,931.4mn (CY24: PKR 2,440.8mn). Given the relatively higher decline in recurring income in comparison to lower recurring expenses, the efficiency ratio increased to 24.0% (CY24: 17.8%), while remaining sound.

During Q1CY26, net markup income stood at PKR 765.9mn with lower spreads at 1.5%. Non-markup income significantly declined to PKR 20.3mn (Q1CY25: PKR 142.7mn), while operating expenses increased to PKR 225.1mn (Q1CY25: PKR 192.4mn). Resultantly, profit after tax for the quarter was reported at PKR 390.2mn (Q1CY25: PKR 811.5mn), with the efficiency ratio moderating to 28.5%.

In order to improve profitability, the PCICL plans to offset the margin compression through volumetric growth, with a renewed focus on expanding the advances book, particularly in long-term financing, which offers greater stability and predictability. Accordingly, the Company is targeting a profit after tax of approximately PKR 1.6bn for CY26, with the bottom line expected to gradually stabilize over the medium term.

Financial Risk

ASSET QUALITY

Table 4: Asset Quality Indicators

	CY23	CY24	CY25	1QCY26
NPL (PKR Mn)	1,330.6	1,491.3	1,445.7	1,429.6
Gross Infection	6.5%	7.4%	4.7%	4.3%
Net Infection*	0.2%	0.5%	0.1%	0.5%
Stage-3 Provisioning Coverages	97.5%	94.2%	98.8%	87.8%
Stage-1 & Stage-2 Provisioning Coverages	1.5%	1.8%	0.3%	0.7%

*Only takes into account Stage 3 provisions

During CY25, Non-Performing Loans (NPLs) decreased to PKR 1,445.7mn (Dec'24: PKR 1,491mn), with the reduction in NPLs primarily arising from power sector. Coupled with an increase in the gross advances base, this led to an improvement in the gross infection ratio to 4.7% (CY24: 7.4%). Specific provisioning coverage increased to 98.8% (CY24: 94.2%), translating into a lower net infection of 0.1% (CY24: 0.5%) and lower net NPLs to Tier-1 capital of 0.1% (CY24: 0.4%). General provisioning coverage for Stage-1 and Stage-2 exposures declined to 0.3% in CY25, down from 1.8% in CY24. In 1QCY26, NPLs declined further to PKR 1,429.6mn. Due to continued expansion in the gross advances base, the gross infection ratio also inched down to 4.3%, while the net infection ratio rose slightly to 0.5%. Provisioning coverage levels declined for specific coverage at 87.8%, in line with decline in NPLs while general provisioning increased to 0.7%. The current geopolitical situation and resultant macroeconomic effects, can adversely impact the asset quality and may lead to an increase in NPLs.

INVESTMENTS

Table 5: Net Investment Portfolio (all figures in PKR Mn, unless stated otherwise)

	Dec'23	Dec'24	Dec'25	Mar'26
Federal Govt Securities				
- MTBs	9,034.5	45,004.0	2,177.5	6,141.8
- PIBs			3,003.9	3,000.1
Commercial Paper			236.2	
Equity				
- Listed	565.5	1,358.0	1,882.7	1,142.9
- Unlisted	285.2	451.1	598.8	737.7
Non-Government Debt				
- Listed	5,150.7	5,022.6	3,846.5	3,784.0
- Unlisted	2,745.3	2,243.3	2,259.7	2,161.1
Preference Shares				
- Listed	374.9	356.0	378.0	387.5
- Unlisted			47.6	
Total	18,156.0	54,434.9	14,430.9	17,355.1

In CY25, a notable shift was observed in PCICL's investment mix. The previously dominant share of market treasury bills (MTBs) declined, while Pakistan Investment Bonds (PIBs), which were absent from the portfolio in earlier periods, constituted a sizeable 20.8% share. Simultaneously, the portfolio saw increased exposure to non-government debt instruments including listed and unlisted Term Finance Certificates (TFCs) and Sukuk at 42.3% (CY24: 13.3%), reflecting a rebalancing of the portfolio towards relatively higher-yielding instruments amid changing interest rate dynamics in Pakistan. By Mar'26, TFCs and Sukuk declined by 34.3%. These instruments are largely issued by banks and corporates with impairment recorded against certain exposures.

As of Mar'26, MTBs increased to 35.4% (CY25: 15.0%) of the portfolio, primarily reflecting the increase in repo transactions. From credit risk perspective, sovereign instruments were considered low-risk within the domestic financial system, offering high capital preservation and minimal default risk. Equity investments increased in CY25 with a decline in 1QCY26. PCICL maintains a restrictive capital market stance, participating only in IPOs and avoiding secondary market trading, thereby ensuring minimal stock market exposure. Strategic equity holdings include stakes in the Central Depository Company of Pakistan Limited (CDC), Pakistan Stock Exchange Limited (PSX), and Deli JW Glassware Company Limited. These collectively made up 10.8% (CY25: 17.2%) of the investment portfolio as of Mar'26.

Overall risk of the investment portfolio remains contained. According to management, the investment strategy remains anchored in short-term T-Bills, which are viewed as the most prudent instrument in terms of credit and market risk. All T-Bill and PIBs (floaters) exposures are maintained at a maximum tenor of six months to mitigate duration and re-pricing risks. PCICL also follows a matched funding approach, whereby the maturity profile of borrowings is aligned with that of investments, a strategy which has proven effective in preserving capital and ensuring portfolio stability in prior periods.

LIQUIDITY

Table 6: Deposit Mix & Granularity (all figures in PKR Mn, unless stated otherwise)

	Dec'23	Dec'24	Dec'25
Total Deposits	370.6	2,175.0	2,595.0
Borrowings	21,965.7	52,680.5	21,548.3
Liquid Assets	21,434.3	58,709.9	16,350.1
LADB*	96.0%	31.7%	67.7%
LCR	1417.3%	731.1%	474.3%

NSFR	124.7%	140.6%	130.4%
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*Liquid Assets to Deposit & Borrowings (adjusted for repo and collateral)

Funding profile continues to be primarily composed of borrowings, which serve as the principal driver of asset growth. These include a mix of unsecured facilities and concessional borrowings obtained under SBP's Long-Term Finance Facility (LTFF) and Temporary Economic Refinance Facility (TERF). In addition, the Company has availed repo borrowings backed by government securities in 1QCY26. Borrowings also comprise financing from other scheduled banks. Outstanding COIs increased to PKR 2,595.0mn as at Dec'25 from PKR 2,175.0mn as at Dec'24, falling sharply to PKR 1,008mn by Mar'26.

Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) is well above regulatory requirements, indicating a stable funding structure and strong long-term liquidity position. Moreover, the maturity profile of assets and liabilities also reveal no material stress from mismatch.

CAPITALIZATION

Table 7: Deposit Mix & Granularity (all figures in PKR Mn, unless stated otherwise)

	Dec'23	Dec'24	Dec'25
Tier-1 Capital	17,921.7	22,590.8	27,140.2
Tier-2 Capital (eligible)	-	-	-
Total Eligible Capital	17,921.7	22,590.8	27,140.2
RWAs	35,707.1	43,327.8	45,709.7
Shareholder's Equity	22,242.2	24,911.3	28,008.8
Revaluation Surplus	(462.4)	267.4	670.0
Total Equity	21,779.8	25,178.7	28,678.8
Tier-1 CAR	50.2%	52.1%	59.4%
Total CAR (%)	50.2%	52.1%	59.2%
Equity-to-Assets (%)	49.4%	30.5%	52.3%

The Company maintains a strong capital base, with total eligible capital entirely composed of Tier-1 capital, which increased to PKR 27,140.2mn (Dec'24: PKR 22,590.8mn) as at Dec'25, reflecting internal capital generation through earnings retention.

The growth in capital base occurred alongside a slight increase in Risk Weighted Assets (RWAs), which rose to PKR 45,709.7mn as at Dec'25 (Dec'24: PKR 43,327.8mn), marking a 5.5% YoY increase, primarily due to the expansion in credit-risk weighted exposures. Consequently, the Capital Adequacy Ratio (CAR) increased to 59.2% at Dec'25 from 52.1% at Dec'24; capitalization levels remain well above the minimum regulatory requirement of 11.5%, providing sizable room for growth and a strong cushion against potential credit losses.

The Equity-to-Assets ratio increased to 52.3% (Dec'24: 30.5%) as at Dec'25, mainly due to an equity injection of PKR 1,230.4mn in accordance with the JV Agreement between CDB and MoF. Going forward, the capitalization profile is expected to remain sound, supported by sustained internal capital generation.

Financial Summary (PKR Mn)				Appendix I
Balance Sheet				
	CY23	CY24	CY25	1QCY26
Total Investments	18,156.0	54,434.9	14,430.9	17,355.1
Net Advances	18,854.7	18,461.1	29,530.9	30,994.8
Total Assets	44,984.4	81,650.3	53,651.2	58,226.6
Borrowings	21,965.7	52,680.5	21,548.3	27,672.8
Deposits & other accounts	370.6	2,175.0	2,595.0	1,008.0
Total Liabilities	23,204.6	56,471.6	25,013.7	29,760.8
Paid Up Capital	9,906.0	9,906.0	11,136.4	11,136.4
Tier-1 Equity	17,921.7	22,590.8	27,426.3	27,360.2
Net Shareholders Equity (excl. revaluation surplus)	22,242.2	24,911.3	28,056.4	28,374.2
Income Statement				
	CY23	CY24	CY25	1QCY26
Net Markup Income	4,102.4	4,490.0	3,179.9	765.9
Net Provisioning/(Reversal)	519.5	260.7	-426.2	-60.7
Non-Markup Income	1,018.1	334.8	370.7	20.3
Operating Expenses	754.4	829.6	810.2	225.1
Profit/(Loss) Before Tax	3,846.3	3,734.3	3,166.6	621.9
Profit/(Loss) After Tax	2,378.3	2,440.8	1,931.4	390.2
Ratio Analysis				
	CY23	CY24	CY25	1QCY26
Gross Infection (%)	6.5%	7.4%	4.7%	4.3%
Net Infection (%)	0.2%	0.5%	0.1%	0.5%
Specific Provisioning Coverage (%)	97.5%	94.2%	98.8%	87.8%
General Provisioning Coverage (%)	1.5%	1.8%	0.3%	0.7%
Net NPLs to Tier-1 Capital (%) (adj. for general prov.)	0.2%	0.4%	0.1%	0.6%
Cost of Funds* (%)	17.8%	19.7%	4.7%	10.1%
Markup Spreads* (%)	0.8%	-0.1%	3.2%	1.5%
Efficiency (%)	18.1%	17.8%	24.0%	28.5%
ROAA* (%)	3.4%	3.9%	2.9%	2.8%
ROAE* (%) (excl. revaluation surplus)	11.4%	10.4%	7.3%	5.5%
Liquid Coverage Ratio (%)	1417.3%	731.1%	474.3%	NA
Net Stable Funding Ratio (%)	124.7%	140.6%	130.4%	NA
Liquid Assets to Deposits & Borrowings** (%)	96.0%	31.7%	67.7%	73.2%
Gross Advances to Deposits Ratio (ADR) *** (%)	4834.5%	798.5%	1105.4%	3065.0%
Tier-1 CAR (%)	50.2%	52.1%	59.2%	57.3%
Capital Adequacy Ratio (%)	50.2%	52.1%	59.2%	57.3%

*Annualized

** Adjusted for repo and collateral

*** Adjusted for SBP refinancing schemes

REGULATORY DISCLOSURES					Appendix II
Name of Rated Entity	Pak China Investment Company Limited (PCICL)				
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				
	16-Jun-26	AAA	A1+	Stable	Reaffirmed
	30-Jun-25	AAA	A1+	Stable	Reaffirmed
	28-Jun-24	AAA	A1+	Stable	Reaffirmed
	26-Jun-23	AAA	A1+	Stable	Reaffirmed
	23-Jun-22	AAA	A1+	Stable	Reaffirmed
	28-Jun-21	AAA	A1+	Stable	Reaffirmed
	25-Jun-20	AAA	A1+	Stable	Reaffirmed
	21-Jun-19	AAA	A1+	Stable	Reaffirmed
	20-Jun-18	AAA	A1+	Stable	Reaffirmed
	30-Jun-17	AAA	A1+	Stable	Reaffirmed
	28-Jun-16	AAA	A1+	Stable	Reaffirmed
24-Jun-15	AAA	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	
	Sheikh Salman Tahir	Group Head CBG		19 th May 2026	
	Nabeel Abbas Tirmizi	Head of Treasury			
	Faiza Asim	Group Head Risk Management			
	Armughan Ahmad Daud	Chief Financial Officer & Company Secretary			
	Adeel Minhas	Financial Controller			