

CSC EMPOWERMENT & INCLUSION PROGRAMME

Analyst:

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RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	BBB-	A3	BBB-	A3
RATING OUTLOOK/ WATCH	Positive		Stable	
RATING ACTION	Maintained		Reaffirmed	
RATING DATE	May 19, 2026		April 23, 2025	

Company Information

Incorporated in 2015	Chairperson: Ms. Amna Shareef
Public Limited Unlisted Company	CEO: Ms. Shaista Khalid Jan
Company Limited by Guarantee	External Auditor: Munif Ziauddin & Co. Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria: Non-Bank Financial Companies
<https://docs.vis.com.pk/Methodologies-2025/NBFC-Nov-2025.pdf>

Rating Scale

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

Rating Rationale

The assigned ratings to CSC Empowerment and Inclusion Programme ('CEIP' or the 'Institution') reflect its presence in the non-bank microfinance segment, supported by long-standing partnerships with key development finance institutions. A 'positive' outlook has been assigned given CEIP's improving financial profile, characterized by enhanced profitability, strengthening capitalization, and sustained operational self-sufficiency, supported also by its tax-exempt status. Asset quality indicators have historically remained sound and have shown further notable improvement, supported by prudent underwriting practices, focus on existing borrowers, and effective verification mechanisms. The predominantly group-based lending model further supports repayment behavior.

Liquidity remains adequate, underpinned by available liquid assets and continued access to funding lines. However, reliance on borrowings, particularly from a limited number of counterparties, presents concentration risk and a cost sensitive funding structure. By securing funding from an International Investor and a local bank, CEIP has diversified its funding base. Limited recovery avenues in case of default, combined with rigid funding obligations, can pressure liquidity if collections weaken. Governance mechanisms are considered adequate, with an experienced board and management team; however, the composition of board committees presents some deviations from best practices with an absence of an Independent Chair.

The evolving product mix, including a gradual shift toward Shariah-compliant financing, and ongoing digitization initiatives are expected to support operational efficiency and outreach. The ratings are sensitive to sustaining asset quality, and further business growth translating to enhanced profitability and capital buffers, achieving diversification of funding sources, as well as continued adherence to best practices in governance.

Company Profile

CSC Empowerment and Inclusion Programme ('CEIP' or the 'Institution') is a Public Limited Company, incorporated as a non-governmental organization (NGO) in 1989 to promote the socio-economic empowerment of women and youth in semi-urban areas of Punjab. The Institution was granted a license to operate as a Non-Bank Microfinance Company (NBFC) in 2016, enabling it to expand its microfinance initiatives. CEIP provides integrated development services to marginalized communities across Punjab, with funding support from the Pakistan Poverty Alleviation Fund (PPAF) and the Pakistan Microfinance Investment Company (PMIC). CEIP partnered with PPAF in 2001 and successfully completed twelve financial intermediation phases before transitioning to PMIC in March 2017, with which it has since completed three financial phases. The Institution remains committed to facilitating financial inclusion through sustainable partnerships and ongoing collaboration with key financial stakeholders.

Management and Governance

CHAIRMAN/CEO PROFILE

Ms. Amna Shareef is the Chairman of CEIP. She holds a BBA degree from PIMSAT, Islamabad. She has over 11 years of experience in the banking sector, having previously worked at Standard Chartered Bank and served as Treasury Executive at Telenor Pakistan (Pvt.) Limited.

Ms. Shaista Khalid Jan is the CEO of CEIP. She possesses over 36 years of experience in the microfinance and development sector. She has been associated with CEIP for nine years, contributing to its initiatives in financial inclusion and empowerment.

BOARD & SENIOR MANAGEMENT

Name of Director	Position
Ms. Amna Shareef	Non-Executive Director/Chairperson
Mr. Moazzam Iqbal Mian	Independent Directors
Mr. Asim Hameed	
Mr. Mohammad Ali	Non-Executive Directors
Mr. Qaisar Raza	
Ms. Shaista Khalid Jan	Chief Executive Officer

The Board consists of 6 Directors including the CEO. There are 3 non-Executive directors including the Chairperson, 2 Independent directors and 1 female Executive director. No changes in Board of Directors were reported during the period under review.

The Board operates through three committees: the Audit Committee (AC), Human Resources Committee (HRC), and Risk Management Committee (RMC). However, it is observed that all committees are chaired by Non-Executive Directors, which deviates from Corporate Governance Best Practices. AC and HRC must be chaired by independent directors.

CEIP's senior management and Board of Directors consist of experienced professionals with considerable experience in microfinance and financial services. No vacancies on Board or Senior Management were reported during the period under review.

AUDIT OPINION

Munif Ziauddin & Co. Chartered Accountants, which is an 'A' category and QCR rated firm, has provided an unqualified and unmodified opinion, affirming that the Company's financial statements comply with accounting standards and accurately portray the Institution's financial position as of FY25.

SECP REVIEW

Frequent off-site SECP reviews have been conducted and as per management representation, no major observations have been reported in the same. Moreover, no instances of on-site regulatory review have been reported by the management.

Business Risk

INDUSTRY UPDATE

Pakistan's non-banking microfinance institution (MFI) sector, comprising standalone MFIs remains a key pillar of financial inclusion, operating alongside microfinance banks within the broader microfinance ecosystem. The sector witnessed strong growth in CY25, with the gross loan

portfolio expanding by ~119.5% to PKR 308.0bn, driven by heightened demand for microcredit. This expansion was accompanied by an increase in the active borrower base to 3.6mn, up from 3.1mn in CY24, reflecting deeper outreach.

The balance sheet also strengthened during the period, with total assets and liabilities growing by ~28.7% and ~30.2% to PKR 403.2bn and PKR 330.1bn, respectively. As a result, equity rose by ~44.9% to PKR 73.9bn, indicating improved capitalization. Funding remained largely reliant on borrowings, which collectively increased by ~30.0% to PKR 307.2bn. Despite rapid growth, the sector maintained adequate financial buffers, with the capital adequacy ratio (CAR) reported at 17.5%, while asset quality indicators remained manageable, with PAR >30 days recorded at 6.0%. Overall, the sector continues to demonstrate growth momentum, albeit with a continued need to monitor asset quality and funding risks.

LOAN APPROVAL & COLLECTION PROCESS

The loan approval process at CEIP follows a structured and risk-mitigated approach. It begins with the Credit Officer (CO), who identifies and assesses potential borrowers through a comprehensive evaluation, including information collection, on-site visits to residential and business premises, and cash flow assessment. As part of its commitment to environmental sustainability, CEIP ensures that financing is not extended to businesses that may pose environmental risks. Portfolio segregation is maintained on a sectoral basis to prevent concentration risk and mitigate exposure to environmentally harmful enterprises. Field staff and clients receive appropriate training on environmental safety, with access to a clearly defined list of whitelisted and blacklisted businesses based on sustainability criteria.

To further reinforce compliance, CEIP conducts pre-loan verification visits to assess a client's business operations and living conditions, ensuring alignment with its lending guidelines. Additionally, postdisbursement physical visits are carried out to verify that the loan proceeds are utilized as intended in the loan application. Biometric verification is performed using a thumbprint device integrated with mobile data SIMs. Once the initial screening is completed, the Branch Manager (BM) reviews the applicant's profile, followed by a 100% field screening process supervised by the Head Office (HO). CEIP employs a tiered approval mechanism based on loan size, with loans up to PKR 100,000 are approved and disbursed by the BM, while those between PKR 100,000 and PKR 200,000 undergo an additional layer of screening by the Area Manager (AM) and are disbursed in the physical presence of the BM. For loans exceeding PKR 200,000, the Risk & Compliance Team at the HO conducts a thorough evaluation to ensure a comprehensive credit assessment and mitigate potential risks. In group lending, group heads provide post-dated cheques (PDCs) as documented collateral to safeguard against credit risk. Additionally, CEIP's internal policy restricts lending to borrowers with a history of default or outstanding liabilities exceeding PKR 100,000. Loans are exclusively extended to existing businesses, with a preference for clients possessing alternative income sources and those slightly above the poverty line, thereby mitigating repayment risks.

In alignment with its digital transformation strategy, CEIP has fully digitized loan installment collections across all branches, transitioning to a completely cashless model. This has been achieved through the integration of CEIP's system with Munsalik, a digital platform provider that facilitates payments via online banking channels such as JazzCash, Easypaisa, and OneLink. Simultaneously, loan disbursements have been centralized through CEIP's partnership with MCB Bank Limited, ensuring secure and efficient transactions. Looking ahead, the Institution aims to integrate electronic devices, such as tablets, into its field operations to digitize documentation and credit administration processes. This initiative will enable Credit Officers to complete loan applications, record assessments, and manage client data online, enhancing accuracy and operational efficiency.

PRODUCTIVITY

Productivity	FY23	FY24	FY25	1HFY26
No of loan Officers & Recovery officers	149	116	113	108
No. of branches	31	31	31	31
No of active Borrowers	42,933	33,334	34,750	35,721
LOs/Branch	4	3	3	3
Active Borrowers/LO	288	287	307	330
Active Borrowers/Branch	1,384	1,075	1,120	1,152
Average Loan Size	41,352	45,855	49,039	55,571

During FY25, CEIP operated 31 branches, with no new branches set up during the review period. Currently, CEIP aims to optimize its existing branch network, which is presently underutilized, before pursuing any future expansion plans. Consequently, the LOs per Branch ratio remained constant at 3. During 1HFY25, as economic conditions improved, signaling a recovery in borrowers' repayment capacity, CEIP gradually expanded its lending activities, leading to a modest rise in the number of active borrowers. Consequently, the number of clients per loan officer (LO) increased to 307 in FY25 and subsequently to 330 in 1HFY26. This is also attributable to the decline in total LOs headcount over time with 113 and 108 recorded in FY25 and 1HFY26, respectively. CEIP has historically maintained a case load per credit officer close to 300, with additional LOs deployed in high-potential branches where the active client base exceeds 1,200. It is pertinent to note that the limit of active borrower to loan officers is 325. Since, it has increased to 330 in 1HFY26, CEIP is in process of hiring more LOs and expanding the team. Moreover, long-term LOs retention remains critical for sustained growth in microlending. Meanwhile, the average ticket size increased, primarily due to the impact of elevated inflation from the previous year.

DIGITIZATION

Currently CEIP has a centralized integrated live MIS (Smart Suit), this System is developed in Asp.net and its data base is in SQL 2012R2. Data Server is centrally managed in Head office. Fiber links are used for the connectivity of the remote systems with Server. CEIP also has a disaster recovery mechanism and maintains its cloud-based DR site for data backups.

CEIP is currently using CIB Reports via APIs with Tasdeeq and One Bill repayment facility via APIs with Munsalik. These modules have been implemented successfully in all areas. Every month recovery collection ratio is 99% with One Bill. CEIP has established a comprehensive workflow, including an efficient and timely helpdesk/ticketing system, to support end-users and ensure the smooth functioning of the organization's IT network. Moreover, the Institution ensures its network security and uses CISCO firewalls and SSL certificates to maintain the security and integrity of data/communication across the organization.

The CEIP management plans to digitize the loan processing procedure. Once the Android application is implemented, staff will be able to complete loan application forms at clients' doorstep. The mobile application will also track field activities using GPS.

ESG INITIATIVES

CEIP devised a climate Risk Mitigation Policy framework in February 2025 and provided capacity building trainings to all their field staff related to efficiently managing climate and social responsibilities. It has started a workshop under the slogan of "Financing with Responsibility" where it provides a one-page journal, regarding social and environmental responsibilities, to their field team for knowledge enhancement and client training. This exercise is carried out quarterly and its implementation is monitored during their field visits. CEIP monitors the negative business list to ensure that its portfolio is secure from any harmful activities to the environment and society. Moreover, it has provided trainings on AML/CFT to all its field staff in order to enhance skills for clients' KYC and Due Diligence, to safeguard the interest of the organization.

LOAN PORTFOLIO

MICROCREDIT PORTFOLIO & RISK SEGREGATIONS

Sectorwise (PKR Mn)	FY24	%	FY25	%	1HFY26	%
Agriculture	21.6	1.4%	25.2	1.5%	26.6	1.3%
Commerce	300.0	19.6%	163.0	9.6%	201.6	10.2%
Handicraft	194.0	12.7%	240.1	14.1%	307.7	15.5%
Livestock	222.2	14.5%	218.1	12.8%	250.6	12.6%
Manufacturing	41.9	2.7%	39.0	2.3%	32.2	1.6%
Trading and Business	595.9	39.0%	763.5	44.8%	901.6	45.4%
Others	153.0	10.0%	255.4	15.0%	264.8	13.3%
Gross Loan Portfolio	1,528.5	100.0%	1,704.1	100.0%	1,985.1	100.0%

The sectoral breakdown of the loan portfolio indicates that Trading & Business remains the primary focus areas for the Institution. Additionally, a shift was observed in FY25 with the proportion of handicraft sector increasing, while Commerce sector declined by ~51.0%, though slightly recovering in 1HFY26. Also, livestock sector slowed down in FY25. The management has deliberately scaled down Agri-based lending due to the inherent bullet repayment structure associated with such loans.

(Productwise PKR Mn)	FY24	%	FY25	%	1HFY26	%
Business Development Loan	449.3	29.4%	656.8	38.5%	863.3	43.5%
Graduation Loan	87.5	5.7%	110.8	6.5%	86.5	4.4%
Graduation Loan Bullet	36.5	2.4%	19.9	1.2%	17.0	0.9%
Home Improvement Loan	0.7	0.0%	0.5	0.0%	0.6	0.0%
IFL	46.4	3.0%	43.1	2.5%	1.0	0.5%
IFL Islamic Finance	-	0.0%	-	0.0%	44.6	2.2%
Microcredit Loan	894.5	58.5%	794.4	46.6%	631.3	31.8%
Murabaha Islamic Finance	-	0.0%	66.3	3.9%	320.7	16.2%
Rickshaw Loan	4.4	0.3%	2.2	0.1%	1.1	0.1%
Scooty	-	0.0%	-	0.0%	0.2	0.0%
Solar Energy Loan	9.2	0.6%	10.1	0.6%	9.7	0.5%
Gross Loan Portfolio	1,528.5	100.0%	1,704.1	100.0%	1,985.1	100.0%

Microcredit and Business Development Loans remain the institution's core offerings, comprising 75.3% of the total performing portfolio in 1HFY26 (FY25: 85.1%; FY24: 87.9%). During the review period, three new products, IFL Islamic Finance, Murabaha Islamic Finance, and Scooty were introduced. The rollout of Islamic financing reflects a strategic shift toward Shariah-compliant operations. Going forward, CEIP plans to

expand its solar loan portfolio, which is expected to double from its current share of 0.6% of the GLP. The Institution's product mix and its contribution to the GLP is presented in the table above.

Product-wise Portfolio(PKR Mn)	FY24	%	FY25	%	1HFY26	%
Conventional Loans	1,528.5	100.0%	1,637.8	96.1%	1,619.7	81.6%
Shariah Loans	-	-	66.3	3.9%	365.3	18.4%
Gross Loan Portfolio	1,528.5	100.0%	1,704.1	100.0%	1,985.1	100.0%
Secured vs Unsecured						
Secured Loans	4.4	0.3%	2.2	0.1%	1.3	0.1%
Unsecured Loans	1,524.1	99.7%	1,701.9	99.9%	1,983.8	99.9%
EMI vs Bullet						
EMI	1,492.1	97.6%	1,684.2	98.8%	1,968.0	99.1%
Bullet	36.5	2.4%	19.9	1.2%	17.0	0.9%
Group vs Individual						
Group	1,462.1	95.7%	1,656.4	97.2%	1,973.7	99.4%
Individual	66.4	4.3%	47.7	2.8%	11.4	0.6%

During the review period, CEIP commenced Shariah loans with 3.9% and 18.4% of the portfolio constituting Islamic Financing in FY25 & 1HFY26, respectively. However, in the second half of the ongoing year, CEIP commenced Murabaha-based lending, having a share of 16.2% in the GLP. The constitution of GLP in terms of Shariah loans is expected to be 50% by end Dec'26.

Given that CEIP primarily serves underprivileged communities with low-income levels who often lack the collateral required for secured lending, unsecured loans constitute a significant portion of the Institution's loan portfolio.

Except for the graduation loan product, which includes both bullet and EMI-based repayment structures, all other products offered by the Institution feature monthly installment schedules, maintaining a consistently high proportion of EMI-based loans in the portfolio, which have historically weathered the impact of credit cycles more effectively. Going forward, management plans to phase out bullet loans entirely in the medium term due to the elevated repayment risk associated with this structure.

CEIP's lending methodology remains predominantly group-based, representing 99.4% of the GLP in 1HFY26 (FY25: 97.2%; FY24: 95.7%), which continues to be its preferred model. This approach leverages social guarantee pressure, which serves as a safeguard against moral hazard and delinquency risks. This is evidenced by the Institution's asset quality which has remained protected despite the difficult economic climate and the pandemic over the last 5 years.

Size-wise Loan Break-up (PKR Mn)	FY25	# of Clients	%	1HFY26	# of Clients	%
Up to PKR 25,000	18.9	2,288	1.1%	6.1	1,326	0.3%
PKR 25,000 - PKR 50,000	68.1	2,753	4.0%	40.8	1,675	2.1%
PKR 50,001 - PKR 75,000	367.5	10,765	21.6%	325.2	9,563	16.4%
PKR 75,001 - PKR 100,000	797.7	14,457	46.8%	962.3	16,574	48.5%
PKR 100,001 - PKR 250,000	439.0	4,445	25.8%	632.7	6,510	31.9%
PKR 250,000 - PKR 500,000	8.6	37	0.5%	14.3	68	0.7%
PKR 500,001 and above	4.3	5	0.3%	3.7	5	0.2%
Total	1,704.1	34,750	100.0%	1,985.1	35,721	100.0%

During 1HFY26, the Institution's average loan size stood at PKR 55,571.1 (FY25: PKR 49,038.8; FY24: PKR 45,855.1). A significant proportion of loans fell within the 'PKR 75,001 - PKR 100,000' category, accounting for 48.5% of the portfolio (FY25: 46.8%; FY24: 48.0%). Loan amounts are gradually increased with each successive cycle based on the borrower's repayment history. New clients undergo a stringent onboarding process and are initially offered a predetermined base amount for each product category. Upon establishing a satisfactory repayment history, financing limits are enhanced for repeat borrowers. This approach is particularly evident within CEIP's flagship products, which have the highest number of clients in successive loan cycles.

PROFITABILITY

Income Statement Extract	FY23	FY24	FY25	1HFY26
Return on Markup Bearing Assets	34.0%	36.7%	34.7%	38.7%
Cost of Funds	20.7%	23.4%	17.3%	13.8%
Spreads	13.3%	13.3%	17.4%	24.8%
Operating Self Sufficiency (OSS)	107.3%	107.4%	118.5%	133.3%

Profit/(Loss) after taxation (PKR Mn)	66.3	70.7	149.8	184.5
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Total markup income posted a modest increase of 1.5%, reaching PKR 737.5mn in FY25 (FY24: PKR 726.5mn). This growth was primarily supported by the expansion in gross loan portfolio, with average yield on performing advances of 42.3% (FY24: 42.1%). Markup expense declined to PKR 285.8mn (FY24: Rs. 362.7mn), in line with a decrease in the average cost of funds to 17.3% (FY24: 23.4%). With a decline in both the return on markup-bearing assets and the cost of funds, the markup spread increased to 17.4%. Increasingly diversified funding sources has helped lower cost of funds. Non-markup income recorded a slight uptick, rising to Rs. 110.9 mn (FY23: Rs. 106.4 mn), primarily driven by higher loan processing fee income owing to increased processing rate. Total expenditures declined moderately to PKR 403.8mn in FY25 (FY24: PKR 410.1mn), mainly due to lower operational costs. As a result, surplus after tax improved to PKR 149.8mn (FY24: PKR 70.7mn), reflecting a year-on-year growth of approximately 111.9%. Operational Self-Sufficiency (OSS) increased to 118.5% (FY24: 107.4%).

Spread for 1HFY26 increased to 24.8% compared to 13.3% in the corresponding period last year, primarily due to a pronounced decline in markup expense. This improvement was driven by lower policy rates during 1HFY26 as compared to 1HFY25, with the impact being more immediate on the funding side. Non-markup income recorded a moderate increase, mainly attributable to further increase in loan processing fee. Meanwhile, non-markup expenses declined, supported by a reduction in provision made against NPLs. As a result, surplus after tax was higher at PKR 184.5mn (1HFY25: PKR 36.3mn). Operational Self-Sufficiency (OSS) marks uptick at 133.3% (1HFY25: 107.9%). The Institution is expecting to close its profit at ~PKR 326.0mn in FY26, and posting continued exceptional improvement in profitability.

Financial Risk

ASSET QUALITY

PKR Mn	FY23	FY24	FY25	1HFY26
Gross Advances	1,775.4	1,559.1	1,714.1	1,985.1
Specific Provisioning	48.2	30.6	10.3	7.9
General Provisioning	8.6	-	8.5	8.1
Further Provisioning	29.6	9.4	6.1	9.4
Net Advances	1,689.0	1,519.1	1,689.2	1,959.6
NPLs	48.2	30.6	10.3	7.9
NPLs written off	36.6	5.2	6.8	2.3
Gross Infection	2.7%	2.0%	0.6%	0.4%
Net Infection	0.0%	0.0%	0.0%	0.0%
Incremental Infection	0.2%	-0.8%	0.8%	0.0%
Specific Provisioning Coverage	100.0%	100.0%	100.0%	100.0%
General Provisioning Coverage	2.2%	0.6%	0.9%	0.9%

As part of its broader strategy to strengthen the asset quality of its microcredit portfolio, CEIP prioritizes existing client relationships while adopting a selective approach towards new client acquisition, focusing on borrowers with a proven repayment history to mitigate credit risk and minimize non-performance. The quantum of write-offs slightly increased amounting to PKR 6.8mn in FY25 (FY24: PKR 5.2mn), indicating an incremental infection of 0.8% over the period. As of Jun'25, Non-Performing Loans (NPLs) stood at PKR 10.3mn, declining to PKR 7.9mn by end-Dec'25. Accordingly, the gross infection ratio improved to 0.6% in FY25 (FY24: 2.0%) and net infection remained nil, as all NPLs were fully provisioned with a specific provisioning coverage of 100.0% in FY25, while general provisioning coverage increased slightly to 0.9% (FY24: 0.6%). Nevertheless, the general provision remained in compliance with regulatory requirements for Non-Banking Finance Companies (NBFCs), which mandate a minimum general provision of 0.5% on the net outstanding microfinance portfolio. In 1HFY26, the gross infection ratio further improved to 0.4%, with specific and general provisioning coverage reported at 100.0% and 0.9%, respectively. This improvement is primarily attributable to CEIP's prudent client selection and enhanced verification procedures.

INVESTMENT MIX

As of Jun'25, the Institution's total investments stood at PKR 18.1mn (Jun'24: PKR 15.3mn). CEIP's investment portfolio comprises term deposit receipts (TDRs) with maturities ranging from one month to one year, offering markup rates between 17.4% and 19.0% per annum during FY25 (FY24: 17.5% to 20.1%). Additionally, as all investments are short term, exposure to market risk remains insignificant. While some re-pricing risk is evident in a rising rate environment, the portfolio size is limited and will not by itself have a significant effect on earning generation capacity.

LIQUIDITY & LEVERAGE PROFILE

(PKR Mn)	FY23	FY24	FY25	1HFY26
Liquid Assets	257.7	446.2	447.2	464.9
Borrowing	1,560.8	1,544.1	1,620.4	1,818.2
Liquid Assets Borrowings	16.5%	28.9%	27.6%	25.6%

Liquid Assets/TA	73.8%	71.8%	68.6%	66.2%
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CEIP manages liquidity risk by maintaining sufficient liquid assets vis-a-vis repayment requirements on fixed term borrowings and the continued availability of funding through committed credit facilities. A review of current maturities reveals no immediate pressure on repayments, with the liquidity profile further boosted by the significant surplus liquidity maintained. CEIP's liquidity position has slightly worsened over the review period, as indicated by a decrease in liquid assets relative to outstanding obligations, reaching 25.6% at the end of 1HFY26. However, liquid assets in absolute terms increased to PKR 464.9mn by Dec'25. Under current conditions, the Institution's liquidity position appears adequate to support its operational requirements.

Total borrowings stood at PKR 1,818.2mn at the end of Dec'25. A significant portion, approximately 88%, of the Institution's borrowings were sourced from the Pakistan Microfinance Investment Company (PMIC). Additionally, during 1HFY26, CEIP secured an additional loan of PKR 647.0mn from PMIC to support its microfinance operations, bringing the total outstanding borrowings from PMIC to PKR 1,595.0mn. The Institution also has an interest-free loan amounting to PKR 105.8mn from the Pakistan Poverty Alleviation Fund (PPAF). This represents interest free financing obtained from PPAF for on-lending to borrowers under Prime Minister's Interest Free Loan (PIMFL) scheme for a period of four years.

To further scale up its microfinance operations, CEIP obtains financing to bridge funding gaps and expand its reach to underserved areas. CEIP has entered into a crowd-based funding arrangement with Kiva Microfunds (Kmf), a U.S.-based non-public benefit corporation. As of March'26, the outstanding amount stood at PKR 47.0mn, with Kmf managing the hedging risk and retaining the credit risk, with the Institution acting as an intermediary, borrowing funds and extending loans. CEIP has drawn the USD 300,000 financial support from Kmf on a case-by-case basis. These funds are interest-free, with a front-end fee ranging between 5.0% and 6.5%. Repayments begin in the month following the full disbursement of the annual allocation. Moreover, as of April'26, CEIP has secured a PKR 50.0mn credit line from a local Bank, funding its Islamic financing portfolio.

CAPITALIZATION

PKR Mn	FY23	FY24	FY25	1HFY26
Total Fund	450.6	521.2	671.0	855.5
CAR	28.1%	31.7%	34.8%	36.9%

As a company incorporated under the 'Limited by Guarantee' structure, CEIP does not have share capital. Following adjustments for internal capital generation, the Institution's total funds increased to PKR 855.5mn as of Dec'25. The Institution's total funds are expected to cross PKR 1,000.0mn by end-Jun'26. CEIP's capital position remains strong, with a Capital Adequacy Ratio (CAR) of 34.8% as of Dec'25, reflecting adequate headroom for growth and a sufficient capital buffer over the foreseeable horizon. Sustained high CAR signifies resilience of internal capital generation capacity of CEIP.

Financial Summary	(PKR Mn)			
	FY23A	FY24A	FY25A	1HFY26M
Balance Sheet				
Cash and Bank Balances	202.4	430.9	429.1	464.9
Short term investments	55.3	15.3	18.1	-
Service charges receivables	51.7	54.8	39.5	55.5
Net Advances	1,689.0	1,519.1	1,689.2	1,959.6
Fixed and Right of Use Assets	71.3	62.1	108.2	170.5
Total Assets	2,116.1	2,149.2	2,361.1	2,745.9
Long-term borrowings (Inc. lease liabilities & current portion)	1,511.0	1,494.1	1,514.6	1,818.2
Short-term borrowings	49.8	50.0	105.8	-
Total Borrowings	1,560.8	1,544.1	1,620.4	1,818.2
Total Liabilities	1,665.6	1,628.0	1,690.1	1,890.5
Total Equity	450.6	521.2	671.0	855.4
Income Statement	FY23A	FY24A	FY25A	1HFY26M
Net Mark-up Income	355.6	363.8	451.7	325.1
Net Provisioning / (Reversal)	18.3	1.8	23.8	2.2
Non-Markup Income & Other Income	114.2	118.9	125.7	88.6
Total Expenses	760.9	774.8	713.4	348.3
Profit Before Tax	66.3	70.7	149.7	184.5
Profit after tax	66.3	70.7	149.7	184.5
Ratio Analysis	FY23A	FY24A	FY25A	1HFY26M
NPLs	48.2	30.6	10.3	7.9
Gross Infection (%)	2.7%	2.0%	0.6%	0.4%
Incremental Infection (%)	0.2%	-0.8%	0.8%	0.0%
Net Infection (%)	-	-	-	-
Net NPLs to Tier-1 Capital (%)	-	-	-	-
Capital Adequacy Ratio (%)	28.1%	31.7%	34.8%	36.9%
Markup on earning assets (%)	34.0%	36.7%	34.7%	38.7%
Cost of Funds (%)	20.7%	23.4%	17.3%	13.8%
Spreads (%)	13.3%	13.3%	17.4%	24.8%
OSS (%)	107.3%	107.4%	118.5%	133.3%
ROAA (%)	3.0%	3.3%	6.6%	14.9%
ROAE (%)	15.9%	14.5%	25.1%	53.1%
Liquid Assets to deposits & borrowings (%)	16.5%	28.9%	27.6%	25.6%
Specific Provisioning Coverage (%)	100.0%	100.0%	100.0%	100.0%
General Provisioning Coverage (%)	2.2%	0.6%	0.9%	0.9%
A - Actual Accounts				
M - Management Accounts				

REGULATORY DISCLOSURES					Appendix I
Name of Rated Entity	CSC Empowerment and Inclusion Programme				
Sector	NBFC				
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				
	19-May-26	BBB-	A3	Positive	Maintained
	23-Apr-25	BBB-	A3	Stable	Reaffirmed
	22-Feb-24	BBB-	A3	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. Jawad Yusuf	Chief Financial Officer		16 th April, 2026	
	Syeda Nabila Nadeem	Head of Operations			
	Mr. Zeeshan Faridi	Manager Finance			