VIS
Credit Rating Company Limited

RATING REPORT

TALEEM FINANCE COMPANY LIMITED

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RATING DETAILS				
RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	BBB	A2	BBB	A2
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Initial	
RATING DATE	May 11th, 2026		September 11th, 2024	

Shareholding (5% or More)	Other Information
Gray Ghost Ventures Education Holdings LLC: 63.8%	Incorporated in 2019
Insitor Impact Asia Fund PTE: 30.2%	Public Unlisted Company
Mr. Kamran Azim: 5.6%	Chairman: Mr. Amjad Ali Arbab
	CEO: Mr. Kamran Azim
	External Auditor: Rahman Sarfaraz Rahim Iqbal Rafiq 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

Taleem Finance Company Limited ('TFCL' or 'the MFI') has transitioned from an early-stage NBFC (MFI) into a growing specialized lender with expanding operational scale. The MFI has demonstrated growth in its branch network, loan officers, and active borrower base and well as corresponding increase in business volumes. TFCL benefits from a seasoned management team with strong expertise in microfinance, corporate finance, and advisory services, complemented by a well-defined governance structure. The continued development of in-house digital infrastructure, including the Taleem Tech platform and Taleem Connect App, also supports operational efficiency.

The MFI recorded strong growth in its loan portfolio, driven by expansion in both Educational Institutions and Education Value Chain segments, along with increasing share of Shariah-compliant financing. The gross loan portfolio grew notably during CY25, reflecting sustained disbursement momentum and portfolio diversification. While asset quality remains stable and reflective of strong underwriting standards, continued portfolio growth in higher-ticket and unsecured segments warrants monitoring. Ratings take comfort from the MFI's exposure to educational institutions with stable fee-based cash flows, alongside its conservative provisioning approach and strengthened coverage buffers, which together support a prudent risk profile against emerging credit risks.

TFCL has achieved a turnaround in profitability during CY25, supported by growing business volumes and improved spreads resulting from higher asset yields and a reduction in cost of funds. The MFI reported a return to profitability after previous losses, with operating self-sufficiency exceeding the break-even level, indicating improved operational scale and efficiency. However, profitability remains sensitive to cost pressures and credit risk trends, particularly as the portfolio continues to scale rapidly. With increasing leverage and as a secondary market borrower, the MFI is also vulnerable to funding cost volatility in a reversed interest rate trajectory. Management's ability to sustain margins while managing operating expenses and asset quality will remain key rating considerations.

Equity has increased over prior year, following the reduction in accumulated losses with return to profitability in CY25. On the other hand, leverage levels have continued to rise due to strong balance sheet expansion funded largely through debt. Liquidity also appears strained with current maturities and liquid assets falling around 50% of liabilities due within the year. Strengthening of the capital base through restored core capital and sustained profitability, as well as controlled portfolio quality, will remain important considerations for ratings, going forward.

Company Profile

TFCL was incorporated under the Companies Act 2017 in Mar'19. TFCL is engaged in the provision of Investment Finance Services as a Non-Banking Finance Company (NBFC) under license from Securities and Exchange Commission of Pakistan (SECP) issued in Jun'19 and lastly renewed in Aug'25. The principal line of business of the MFI is lending money to low-income private Education Institutions in Pakistan. Additionally, TFCL offers financial support to other companies, firms, or individuals under terms and conditions deemed appropriate, with or without security, for provision of educational services and related technology to Education Institutions in Pakistan. The registered and regional offices of the MFI are both located in Lahore, Punjab. TFCL operates a total network of six branches across key cities in Punjab inclusive of a one branch in Peshawar, KPK. TFCL currently employs a total workforce of 107 individuals. This includes 8 personnel in management roles, 44 loan officers, and 15 staff members in other supporting functions.

Sponsors Profile

Gray Matters Capital

Gray Matters Capital (GMC), founded in 2006 in Atlanta Georgia, USA transitioned from industrial real estate to microfinance to improve low-income families' lives. Starting from investments in India in 2007, GMC focused on affordable education, expanding to Pakistan and Nigeria. In 2013, GMC adopted a gender lens strategy, and in 2017 launched colabs and edLABS to fill the seed stage funding gap for business models serving women and innovative educational businesses. GMC invests across industries like mobile tech, healthcare, microfinance, energy, and education, balancing social impact with financial returns. They have also initiated ventures like Gray Ghost Ventures and the IDEX Fellowship. Currently GMC has a portfolio in Africa, India, Latin America, U.S.A, and Pakistan. GMC invested a total of USD 125+ mn in 78+ enterprises, impacting 38 mn low-resourced women and girls in the areas of learning, skill upgrade, economic participation and well-being.

Insitor Impact Asia Fund

Insitor, founded in 2009, was the first Impact Fund Manager to set up operations in Cambodia, focused on investing in startups, particularly those in the early stages of emerging industries. The Insitor Seed Pilot was subsequently launched with a USD 15 mn commitment and opened offices in India, Myanmar, Pakistan, and Singapore. In 2015, they launched the Insitor Impact Asia Fund (IIAF I) with USD 33 mn to invest in Cambodia, India, Myanmar, and Pakistan. Later, they also launched the Insitor Impact Asia Fund II (IIAF II) with USD 53 mn to invest in Cambodia, India, and Pakistan. Insitor currently manages 3 funds and is invested in 31 companies with an AUM of $102 mn. Within Pakistan, Insitor has invested in Goldfin Limited Company, Trellis Housing Finance Limited, CreditPer and Ansaar Management Company (AMC).

Governance and Management

BOARD OF DIRECTORS

Table 1: Board of Directors

Name	Position	Experience
Mr. Amjad Ali Arbab	Chairperson	25+ years
Mr. Amjad Pervez	Director	25+ years
Mr. Ali Abbas Sikander	Independent Director	25+ years
Ms. Zainab Saeed	Independent Director	18+ years
Mr. Hammad Umer	Director	15 years

The Board of Directors comprises five members, including two independent, two dependent and a chairperson. The representation of independent members exceeds one-third of the Board. The inclusion of a female director further adds to the Board's diversity. Overall, the composition reflects alignment with recognized corporate governance standards. All the board members are seasoned professionals with extensive experience in banking, microfinance, treasury, digital financial services, and impact investment, backed by strong leadership roles in reputed national and international institutions.

Three Board committees are operating to maintain effective oversight - namely Board Finance and Audit Committee (BFAC), Board Risk Management Committee (BRMC), and Board Operations, IT and HR (BOTHC). BFAC and BOTHC are chaired by an independent director.

CEO & MANAGMENT

The management team is spearheaded by Mr. Kamran Azim (CEO). He also holds 5.6% shareholding in TFCL and has over 27 years of experience in management consultancy, corporate finance, and microfinance operations. The other management team and department heads also comprise highly qualified, experienced, and seasoned professionals with strong expertise in their respective fields.

In order to ensure smooth operations, there are 10 management committees in place namely Management Committee (MC), Disciplinary Committee (DC), Grievance Management Committee (GMC), Customer Complaint Management Committee (CCMC), Whistleblowing Committee (WC), Inquiry Committee (IC), Purchase Committee (PC), PAR Management Committee (PMC), Policy / Project Advisory Body (PAB) and Targets Planning & Advisory Committee (TPAC) with clearly defined Terms of reference (TORs).

The function-based organogram of the MFI is in place which reflects a centralized structure led by the CEO, with key functional heads (Finance, HR/Admin, IT, and Operations) overseeing core support and business functions. It also shows a clear separation of internal audit/compliance and a branch-level hierarchy for field operations, ensuring both control and operational efficiency.

SHARIAH

The MFI has a Shariah control infrastructure in place and in line with directives of the State Bank of Pakistan (SBP), management plans to achieve full Shariah compliance by the end of the third quarter of 2027. The MFI has also shared its conversion plan with the Securities and Exchange Commission of Pakistan (SECP). Furthermore, Al Hamd Shariah Advisory Services (Pvt.) Limited serves as the MFI's advisor and conducted a Shariah audit for CY25, issuing a compliant opinion on the MFI's adherence to Shariah principles and guidelines.

AUDITOR'S OPINION

The financial statements of the MFI for CY25 have been audited by Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants, an 'A' category and QCR-rated audit firm. An unqualified and unmodified audit opinion has been issued.

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 strong growth momentum, supported by increasing financial inclusion, albeit with a continued need to monitor asset quality and funding risks.

PRODUCTIVITY/OPERATIONAL UPDATE

Table 2: Operations

Productivity	CY23	CY24	CY25
No of loan Officers	24	27	44
No. of branches	3	4	6
No of active Borrowers	739	1,216	1,933

Loan Officers Per Branch	8	7	7
Active Borrowers Per Branch	246	304	322
Active Borrowers Per Officer	31	45	44
Portfolio (In Mn.)	430.74	654.6	1,014.9
Portfolio/Officer (In Mn.)	17.95	24.25	23.07

The MFI continued to expand its operational footprint during CY25, supported by branch expansion, increased staffing, and growth in the active borrower base. The branch network increased to 6 branches in CY25 (CY24: 4; CY23: 3), reflecting gradual geographic outreach and scaling of operations. Similarly, the number of loan officers increased significantly to 44 in CY25 (CY24: 27; CY23: 24), indicating continued investment in field capacity to support portfolio growth.

The active borrower base demonstrated strong growth, reaching 1,933 borrowers in CY25 compared to 1,216 in CY24 and 739 in CY23, reflecting enahnced market penetration and lending outreach. Active borrowers per branch remained broadly stable at 322 in CY25 (CY24: 304; CY23: 246), while active borrowers per loan officer remained stable at 44 (CY24: 45), indicating consistent productivity levels despite rapid scaling.

In terms of portfolio productivity, the loan portfolio per officer declined to PKR 23.1mn in CY25 (CY24: PKR 24.2mn; CY23: PKR 17.9mn), reflecting faster growth in staffing relative to portfolio expansion. However, overall portfolio per officer remains at a healthy level.

Going forward, the MFI plans to introduce a cap on the portfolio size at each branch and plans to open smaller service centres under existing branches and transfer specific geographic portfolios from the branches to these centres. Management expects to open two new branches and two service centres during the current year.

IT INFRASTRUCTURE & DIGITIZATION

TFCL maintains a robust MIS/FIS environment supported by in-house developed applications and cloud-based infrastructure. Key systems include Taleem Tech, an Android-based application for credit assessment and field data collection operating in online/offline mode, and the Loan Origination and Management System (LOMS), which enables end-to-end processing of loan applications from mobilization to settlement.

The application suite further comprises Taleem Tech APIs for data integration between database and mobile application, Taleem Tech App for field operations, Credit Assessment Tool (CAT) for credit scoring and evaluation, Loan Management System (LMS – Reporting) for MIS reporting, and Taleem Connect App for digital lending operations.

LOAN PORTFOLIO

Table 3: Segment-Wise

(PKR Mn)	CY23	%	CY24	%	CY25	%
Educational Institutions (EI)	323.36	75%	471.94	72%	757.67	75%
Education Value chain (EVC)	107.38	25%	182.69	28%	257.26	25%
Gross Loan Portfolio	**430.74**	**100%**	**654.63**	**100%**	**1,014.93**	**100%**

The Gross Loan Portfolio (GLP) exhibited strong growth, increasing to PKR 1,014.9mn in CY25 (CY24: PKR 645.6mn; CY23: PKR 430.7mn), reflecting continued expansion in lending operations. The growth trajectory remains robust, supported by product diversification and increased penetration across both core and adjacent segments.

Segment-wise, lending to Educational Institutions (EIs) continues to form the major portion of the portfolio, maintaining a stable share at 75% in CY25 (CY24: 72%; CY23: 75%). Meanwhile, the Education Value Chain (EVC) segment constituted 25% of the portfolio in CY25 (CY24: 28%; CY23: 25%), reflecting continued exposure towards allied education-linked financing segments.

Table 4: Product-Wise

(PKR Mn)	CY23	%	CY24	%	CY25	%
Taleem School Asasah (TSA)	228.59	53%	157.77	24%	93.33	9%
Taleem School Sarmaya (TSS)	94.77	22%	184.51	28%	98.64	10%
Taleem School Sarmaya (TSS) - Islamic	-	0%	111.65	17%	414.54	41%
Taleem Jari Sahulat (TJS)	103.57	24%	190.80	29%	140.10	14%
Taleem Jari Sahulat (TJS) - Islamic	-	0%	-	0%	239.00	24%
Taleem Jari Sahulat - Gold (TJS-G)	-	0%	4.85	1%	0.97	0%
Taleem Jari Sahulat - Gold (TJS-G) - Islamic	-	0%	-	0%	19.64	2%
Taleem Express Sahulat (TES)	-	0%	0.24	0%	0.06	0%
Taleem Dost Sahulat (TDS)	3.55	1%	4.22	1%	4.16	0%
Taleem Dost Sahulat (TDS) - Islamic	-	0%	-	0%	3.34	0%

Taleem Fee Sahulat (TFS)	0.26	0%	0.59	0%	1.15	0%
Taleem Fee Sahulat (TFS) - Islamic	-	0%	-	0%	-	0%
Gross Loan Portfolio	**430.74**	**100%**	**654.63**	**100%**	**1,014.93**	**100%**

Product-wise, the portfolio has undergone notable transformation. The conventional Taleem School Asasah (TSA) product continues to phase out, reducing to 9% of the portfolio in CY25 (CY24: 24%; CY23: 53%). Meanwhile, Taleem School Sarmaya (TSS) – Islamic has emerged as the dominant product, contributing 54% of the portfolio, reflecting the Company's strategic pivot towards Shariah-compliant financing. Overall, Shariah-compliant products now constitute 65% of the portfolio in CY25 (CY24: 15%), marking a significant transition in the product mix. As per the management, the MFI will convert itself to being fully Islamic by the end of 3rd Quarter next year (September 2027) while the conversion plan for the same has already been submitted to SECP.

Taleem Jari Sahulat (TJS) and its Islamic variant remain key contributors, collectively accounting for a sizable share, while gold-backed and other niche products remain at a nascent stage. This diversification supports both risk mitigation and outreach to a broader customer base.

Table 5: Key Portfolio Segregations

	FY23	%	FY24	%	FY25	%
Conventional Loans	430.74	100%	529.19	81%	465.50	46%
Shariah Loans	-	0%	125.44	19%	549.43	54%
Gross Loan Portfolio	**430.74**	**100%**	**654.63**	**100%**	**1,014.93**	**100%**
Secured vs Unsecured						
Secured Loans	322.69	75%	473.55	72%	718.21	71%
Unsecured Loans	108.05	25%	181.08	28%	296.72	29%
EMI vs Bullet						
EMI	430.74	100%	649.78	99%	995.29	98%
Bullet	-	0%	4.85	1%	19.64	2%
Group vs Individual						
Group	-	0%	-	0%	-	0%
Individual	430.74	100%	654.63	100%	1,014.93	100%

Table 6: Size-Wise

Size-wise Loan Break-up (PKR Mn)	CY25	# of Clients	%
Up to PKR 25,000	0.06	3	0.01%
PKR 25,000 - PKR 50,000	-	-	0.00%
PKR 50,000 - PKR 100,000	2.73	63	0.27%
PKR 100,001 - PKR 250,000	95.21	626	9.38%
PKR 250,001 - PKR 500,000	182.65	642	18.00%
PKR 500,001 and above	734.28	599	72.35%
Total	**1,014.93**	**1,933**	**100.00%**

The portfolio composition highlights increasing concentration in higher ticket sizes. As of CY25, loans above PKR 500,000 constitute ~72% of the portfolio, indicating a shift towards larger exposures, while mid-range loans (PKR 100,000–500,000) continue to maintain a meaningful share. The total client base has expanded to 1,933 borrowers, reflecting scaling up of operations.

From a risk perspective, the secured portion of the portfolio remains high at 71% in CY25 (CY24: 72%; CY23: 75%), although showing a gradual decline in line with growth in unsecured EVC lending. Nevertheless, the secured base continues to provide a cushion against credit risk. The repayment structure remains largely stable, with almost the entire portfolio operating under EMI-based repayments, ensuring predictable cash flows. Bullet exposures remain negligible. Additionally, the entire portfolio comprises individual lending, with no group-based exposure. Going forward, management expects GLP to grow at around Rs. 1.9-2.0 by end-Dec'26 amid focus on Shariah-compliant products, expansion in the EVC segment, and selective growth in higher ticket sizes, which is expected to drive portfolio growth while maintaining a balanced risk profile.

PROFITABILITY

Table 7: Profitability

Income Statement Extract (PKR Mn)	CY24	CY25
Return on Markup Bearing Assets	32.7%	37.4%
Cost of Funds	16.7%	12.7%
Spreads	16.0%	24.7%
Operating Self Sufficiency (OSS)	91.2%	110.2%
Profit/(Loss) after taxation	(28)	37

The profitability profile has shown a notable turnaround during CY25, supported by improved spreads and enhanced operational efficiency. The return on markup bearing assets increased to 37.4% in CY25 (CY24: 32.7%), reflecting improved pricing and better asset quality. At the same time, the cost of funds declined to 12.7% (CY24: 16.7%), primarily due to a more favorable funding mix and a policy rate decline during the period, resulting in a significant improvement in spreads to 24.7% (CY24: 16.0%). Wider spreads coupled with volume growth translated into a much improved net markup income at PKR 327m (2024: PKR 199m).

The MFI achieved a key milestone by reporting a profit after tax of PKR 37mn in CY25, compared to a loss of PKR 28mn in CY24. This transition to profitability is underpinned by revenue growth enabling better cost absorption.

Operational efficiency also strengthened, with Operating Self Sufficiency (OSS) improving to 110.2% (CY24: 91.2%), indicating that the Company is now generating sufficient operating income to fully cover its costs. This reflects improved scale and better management of operating expenses.

The MFI is subject to a minimum turnover-based levy of 1.25%. In CY25, accumulated tax losses were utilized to offset taxable income, resulting in a nil tax liability, wherein the MFI continued to pay the turnover levy. As per the management projections, these carried-forward losses will allow continued offsetting through CY26–CY27, with the MFI remaining under the minimum tax regime during this period. Thereafter, the MFI is projected to transition to the normal tax regime, with income taxed at the applicable corporate rate of 29%. Going forward, profitability levels are expected to pick momentum with business growth and largely maintained spreads, while managing credit risk amid continued portfolio growth.

Financial Risk

ASSET QUALITY

Table 8: Asset Quality

(PKR Mn.)	CY23	CY24	CY25
Gross LT Loans	430.7	654.6	1,014.9
Specific/Stage 3 Provisioning	10.5	3.9	3.2
General/Stage 1+2 Provisioning	8.3	4.1	18.6
Net Advances	412.0	646.7	993.1
NPLs	9.8	8.0	9.0
NPLs written off	0	4.8	12.5
Tier 1 Equity	304.6	276.7	313.4
Gross Infection (%)	*2.3%*	*1.2%*	*0.9%*
Net Infection (%)	*-0.2%*	*0.6%*	*0.6%*
Incremental Infection (%)	*NA*	*2.0%*	*0.7%*
Specific Provisioning Coverage (%)	*106.7%*	*48.7%*	*35.7%*
General Provisioning Coverages (%) (Stage 1 + Stage 2)	*2.0%*	*0.6%*	*1.8%*
Net NPLs/Tier 1 Equity (%)	*-0.2%*	*1.5%*	*1.7%*

The asset quality profile of the MFI has remained broadly stable, and reflects streamlined underwriting practices, with gross infection improving to 0.9% in CY25 (CY24: 1.2%; CY23: 2.3%) with only marginal increase in NPLs to PKR 9.0mn (2024: 8.0mn), despite continued portfolio expansion to PKR 1,014.9mn,. Net infection remained stable at 0.6% in CY25 (CY24: 0.6%), indicating controlled credit risk amid portfolio scaling.

From a provisioning standpoint, Stage 3 (specific) provisions declined to PKR 3.2mn, with specific provisioning coverage declining to 35.7% in CY25 (CY24: 48.7%, CY23: 106.7%), while Stage 1 & 2 provisions increased to PKR 18.6mn, causing general coverage improving to 1.8%

(CY24: 0.6%). The higher general coverage ratio indicates a more conservative provisioning stance and strengthened buffer against potential credit losses, whears lower specific provisions may be accounted for by the largely secured nature of lending.

Overall, asset quality remains sound, with continued emphasis required on maintaining underwriting discipline in the prevailing growth stage.

LIQUIDITY & LEVERAGE PROFILE

Table 9: Liquidity & Leverage

(PKR Mn)	CY23	CY24	CY25
Short term investments	-	-	-
Cash and bank balances	215.9	186.8	151.4
Liquid Assets	**215.9**	**186.8**	**151.4**
LT Borrowings	306.4	517.3	720.7
ST Borrowings	-	-	100.0
Total Borrowing	**306.4**	**517.3**	**820.7**
Liquid Assets to Borrowing (%)	*70.5%*	*36.1%*	*18.5%*
Advances to Borrowings (%)	*141%*	*123%*	*115%*
Liquid Assets/ TA (%)	*31.4%*	*20.5%*	*11.5%*

The MFI's liquidity profile reflects the impact from strong portfolio expansion and increasing reliance on borrowings. Total liquid assets declined to PKR 151.4mn in CY25 (CY24: PKR 186.8mn; CY23: PKR 215.9mn), primarily driven by lower cash and bank balances as funds were deployed toward loan portfolio growth.

Liabilities maturing within one year stood at PKR 838mn against liquid assets of PKR 424mn, including current maturities, accrued markups, cash, deposits, and prepayments, resulting in coverage of around 51%. This indicates a constrained liquidity position and reliance on external support to meet short-term obligations.

On the funding side, total borrowings increased notably to PKR 820.7mn in CY25 (CY24: PKR 517.3mn; CY23: PKR 306.4mn), within which long-term borrowings continued to dominate, while short-term borrowings of PKR 100mn were onboarded in CY25.

CAPITALIZATION

Table 10: Capitalization

Capitalization (PKR Mn)	FY23	FY24	FY25
Issued ordinary share capital	338.0	338.0	338.0
Share premium	29.7	29.7	29.7
Accumulated loses	(209.4)	(237.3)	(200.6)
Issued preference share capital	146.3	146.3	146.3
Equity (Tier 1)	**304.6**	**276.7**	**313.4**
Equity component of convertible loan	32.9	51.5	51.5
Total Equity	**338**	**328**	**365**
Leverage (x)	*1.1*	*2.1*	*3.0*

The MFI's capitalization profile reflects a gradual improvement in equity base in CY25, supported by the turnaround in profitability. Total equity increased to PKR 365mn in CY25 (CY24: PKR 328mn; CY23: PKR 338mn). The capital structure continues to be supported by an equity component of convertible loan (PKR 51.5mn), reflecting continued reliance on quasi-equity instrument.

Despite improvement in absolute equity, the leverage ratio has continued to increase, reaching 3.0x in CY25 (CY24: 2.1x; CY23: 1.1x), driven by strong asset growth funded largely through borrowings. This indicates rising pressure on the capital base as the MFI scales its lending operations. The MFI's debt-to-equity ratio increased to 2.25x as of end-Dec'25 (Dec'24: 1.58x). The Board has set a maximum limit of 4.0x for the same.

Overall, while CY25 reflects a positive shift in retained earnings and equity restoration, capitalization remains moderately stretched due to rapid balance sheet expansion and increasing leverage. Sustaining profitability and strengthening internal capital generation will be key to supporting future growth without further stressing the capital structure.

Financial Summary (PKR Mn.)			Annexure I
Balance Sheet	CY23A	CY24A	CY25A
Net Advances	412.0	646.7	993.1
Short term investments	-	-	-
Operating assets	36.2	36.3	97.9
Cash and bank balances	215.9	186.8	151.4
Total Assets	687.0	910.7	1,319.0
Long term borrowings	306.4	517.3	820.7
Total Liabilities	349.4	582.5	954.1
Ordinary Share Capital	338.0	338.0	338.0
Preference Share Capital	146.3	146.3	146.3
Equity (excl. pref. shares)	304.6	276.7	313.4
Total Equity	337.5	328.2	364.9
Income Statement	CY23A	CY24A	CY25A
Income from long term loans	106.0	213.0	406.7
Operational expenditure	(4.8)	(13.5)	(79.8)
Administrative expenses	(145.4)	(198.9)	(250.3)
Other income	30.4	50.5	70.5
Finance cost	(23.8)	(50.8)	(51.8)
Profit/(Loss) before levies & taxation	(28.1)	45.8	132.1
Profit/(Loss) after taxation	(56.6)	(28.0)	36.7
Ratio Analysis	CY23A	CY24A	CY25A
Gross Infection (%)	2.3%	1.2%	0.9%
Incremental Infection (%)	NA	2.0%	0.7%
Provisioning Coverage - Total (%)	191.0%	100.0%	241.5%
Provisioning Coverage - Specific (%)	106.7%	48.7%	35.7%
Net Infection (%)	-0.2%	0.6%	0.6%
Net NPLs to Tier-1 Capital (%)	-0.2%	1.5%	1.7%
Markup on earning assets (%)	NA	32.4%	36.0%
Cost of Funds (%)	NA	16.7%	12.7%
Markup Spreads (%)	NA	15.7%	23.3%
OSS (%)	71.2%	91.2%	110.2%
ROAA (%)	NA	-3.5%	3.3%
ROAE (%)	NA	-9.6%	12.4%
Advances to Borrowings Ratio	140.6%	126.6%	123.7%
Liquid Assets to borrowings	70.5%	36.1%	18.5%
A - Actual Accounts			
P - Projected Accounts			

REGULATORY DISCLOSURES — Appendix I

Name of Rated Entity	Taleem Finance Company Limited
Sector	Non-Banking Finance Company
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				
11-May-26	BBB	A2	Stable	Reaffirmed
31-Oct-25	-	-	-	Suspended
11-Sep-24	BBB	A2	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.
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2026 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.

Due Diligence Meeting Conducted

Name	Designation	Date
Mr. Kamran Azim	CEO	17th April, 2026
Mr. Asif Shamsi	Head of Operations	
Mr. Hassan Adeel	Head of Finance & Company Secretary	
Mr. Hammad Rashid	Senior Manager Risk & Compliance	
Mr. Nabeel Ahmad	Senior Manager Finance & Compliance	