



The Pakistan Credit Rating Agency Limited

Rating Report

CSC Empowerment & Inclusion Programme

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Rating History table with columns: Dissemination Date, Rating, Outlook, Action, Rating Watch. Rows for 15-May-2026 and 16-May-2025.

Rating Rationale table with columns: Factor, Comment. Rows for Ownership/Members, Governance, Management, Social Impact, Business Sustainability, Financial Sustainability.

Key Rating Drivers: The CSC Empowerment & Inclusion Programme maintains strong alignment with its developmental mandate by delivering microfinance services to underserved households in Pakistan...

Disclosure table with rows: Name of Rated Entity, Type of Relationship, Purpose of the Rating, Applicable Criteria, Related Research, Rating Analysts.

Ownership/Members

Structure CEIP is incorporated as a not-for-profit company limited by guarantee under Section 42 of the Companies Act, 2017. The organization operates without share capital and is governed by three founding members who have provided guarantee of up to PKR 100,000 each in the case of winding up.

Acumen CEIP's governance benefits from a board with cross-sector expertise spanning development finance, nonprofit management, and banking. The Chairperson, Ms. Amna Sharif, brings extensive financial oversight from her treasury leadership role at Telenor, while the CEO and senior directors contribute deep operational knowledge of microfinance and grassroots development.

Financial Strength The institution is primarily reliant on funding from PMIC, internal surplus and donordriven grants to sustain operations. While members have played an enabling role in establishing partnerships and accessing concessional funding, they do not serve as a financial backstop. As CEIP looks to expand its footprint and deepen impact delivery, strengthening its resource mobilization strategy, particularly through mission-aligned capital and multi-year, multi-donor commitments, will be integral to supporting long-term sustainability.

Governance

Board Structure CEIP is governed by a five-member Board comprising two independent and three nonexecutive directors. The Board is chaired by Ms. Amna Sharif, a senior treasury executive at Telenor, who brings strong financial oversight capabilities. The Board's composition is compliant with applicable regulatory requirements and reflects a lean governance framework. Key subcommittees, namely the Audit Committee, Risk Management Committee, and the Human Resources & Remuneration Committee, provide a degree of institutional check and balance.

Board Profile Board members bring diverse experience across development finance, telecommunications, banking, and nonprofit management. The Chairperson, Ms. Amna Sharif, serves in a senior treasury role at Telenor, bringing capital markets expertise to the boardroom. Other members include professionals with backgrounds in medicine, social enterprise, and community development. This multidimensional profile supports the institution's broad-based operational needs.

Board Effectiveness During 9MFY26, the Board met 3 times, reflecting a frequency consistent with similar mid-sized microfinance institutions. Committees are active, with attention focused on audit and human capital matters.

Transparency The Company has appointed M/s Munif, Ziauddin and Company Chartered Accountants as the external auditors. The firm is in the A Category of SBP's panel of auditors.

Management

Organizational Structure CEIP maintains a well-developed organizational structure with clear reporting lines between field staff, branch managers, and senior management. The institution operates through a network of 16 branches spread across seven districts in Punjab. This configuration facilitates close supervision of field operations and enables responsiveness to localized client needs, which is critical in ensuring mission alignment and service quality in a socially sensitive environment. Key departments within CEIP include Risk & Compliance, Operations, Finance, Internal Audit, IT, Communication and Research, Human Resources, and Administration.

Management Team The management team is led by CEO Ms. Shaista Jan, whose extensive tenure contributes to leadership stability and institutional knowledge. Supporting her are heads of operations, finance, audit, and human resources who collectively bring diverse expertise essential for managing CEIP's multifaceted microfinance and social initiatives.

Management Effectiveness CEIP's management effectiveness is demonstrated through sustained portfolio growth, disciplined risk controls, and consistent client engagement. The existence of a documented succession plan, nominating Head of Operations Ms. Nabila Nadeem as successor in line to CEO, reflects proactive risk mitigation and leadership continuity planning.

Risk Management Framework CEIP employs a multi-layered risk framework covering credit, operational, and compliance risks, overseen by a three-member Risk Management Committee. Credit risk is managed via the Poverty Scorecard, income verification, and household assessments, while portfolio risk is monitored through recovery and delinquency trends, supported by group lending. Internal audits and field reports feed into risk controls.

Technology Infrastructure CEIP's digitization aligns with industry standards, with loan disbursements and repayments via mobile wallets like JazzCash and EasyPaisa, improving efficiency and access for underserved female clients. Its MIS, developed by Generic Solutions, enables real-time monitoring, audit trails, and secure backups. As CEIP scales, deeper use of technology for client-level analytics and social outcome tracking could further strengthen its impact framework.

Social Impact

Social Performance Management System CEIP has a clear mission of financial inclusion and women's empowerment in semi-urban and rural Punjab, reflected in its operations and culture. However, its Social Performance Management System is still evolving, with a greater focus on processes than measurable outcomes. While client data is regularly collected, integration of structured social indicators remains limited. Management plans to pilot impact tracking tools, and further steps, such as a board-level Social Performance Committee; would strengthen oversight and alignment with its social mandate.

Client Protection & Social Responsibility CEIP incorporates client protection through household orientation, informed consent, and credit life insurance covering loan waivers and funeral support. While grievance mechanisms are in place, stronger board-level escalation and use of feedback for learning could enhance responsiveness. Staff conduct protocols and a zero-tolerance stance on fraud further reinforce internal accountability and trust.

Outreach As of Mar '26, CEIP serves over 34,000 borrowers across 16 branches in seven districts of Punjab, with 99.5% women and strong rural outreach. Client mobilization blends local cable, door-to-door efforts, and group sensitization. While expansion remains within Punjab, CEIP focuses on deepening presence in underserved areas, enabling strong client familiarity, portfolio performance, and loyalty.

Quality Of Services CEIP offers diversified loan products, including microenterprise, Murabaha (Shariah-compliant), and clean energy loans under PRIME, with progressive sizing and accessible repayment terms. Strong field engagement supports client relationships, though formal service quality measures are still evolving. Introducing structured feedback tools would further align service delivery with its social mission and enhance impact tracking.

Business Sustainability

Operating Environment Pakistan's microfinance sector witnessed moderate growth in 9MFY26, supported by continued expansion in borrower outreach and gross loan portfolios, notwithstanding a challenging macroeconomic backdrop. Lending activity remained concentrated in micro-enterprises, livestock, and agriculture, with consumer financing gaining incremental traction. The sector benefited from a declining interest rate environment during the year, which supported borrowing costs and aided portfolio expansion. However, asset quality remained a key concern, with non-performing loans rising across microfinance banks, reflecting repayment pressures among low-income borrower segments. Deposit mobilization grew at a measured pace amid constrained household liquidity. Regulatory focus on financial inclusion and digital financial services continued to shape the operating landscape, with institutions progressively investing in technology-led delivery channels. Overall, the sector maintained its developmental mandate while navigating elevated credit risk and evolving borrower dynamics.

Sustainability CEIP's financial sustainability is supported by a conservative capital structure. The recent monetary easing presents an opportunity for repricing as other market players start reducing rates, optimize funding costs, and improve liquidity buffers. Therefore, with a modest scale and limited external financing, the institution's ability to sustain growth will depend on expanding its funding & client base, competitive pricing, and strengthening its market presence over time.

Strategy CEIP's strategic direction centers on expanding its outreach and enhancing service quality, particularly for underserved women in Punjab. The institution plans to leverage technology to improve operational efficiency and client engagement. While cautious about rapid geographic expansion, CEIP aims to strengthen its product offerings and deepen its social impact.

Financial Sustainability

Asset Quality As of March 2026, CEIP's liabilities stood at approximately PKR 2.042bln, while total assets amounted to around PKR 2.970bln, indicating a strong asset base to cover its obligations. This reflects a comfortable solvency position and adequate capacity to meet liabilities as they fall due.

Liquidity & Funding As of March 2026, CEIP's current assets stood at PKR 2.711bln against current liabilities of PKR 1.296bln, translating into a current ratio of 2.09x, reflecting a strong liquidity position. This provides sufficient coverage of short-term obligations and supports ongoing operational stability.

Capitalization As of March 2026, CEIP's equity base stood at PKR 927mln, with a capital adequacy ratio of 15%, reflecting adequate capital buffers relative to portfolio risk. This provides sufficient shock absorption for current operations.

THE PAKISTAN CREDIT RATING AGENCY
FINANCIAL SUMMARY
NBMFC
NON-PROFIT ORGANIZATION/SECTION 42

	Mar-26 FY26 9M Management	PKR MLN Jun-25 FY25 12M Audited	Jun-24 FY24 12M Audited	Jun-23 FY23 12M Audited
BALANCE SHEET				
A ASSETS				
1 MICROCREDIT - NET LOAN PORTFOLIO	2,067	1,701	1,521	1,689
2 INVESTMENTS	-	-	132	151
3 CASH	543	450	434	205
4 NON-CURRENT ASSETS	212	108	29	27
5 OTHER ASSETS	148	113	33	45
SUM OF ASSETS	2,970	2,373	2,149	2,116
B LIABILITIES				
1 DEPOSITS	-	-	-	-
2 BORROWINGS	1,970	1,626	1,494	1,511
3 OTHER LIABILITIES	72	64	134	155
SUM OF LIABILITIES	2,043	1,690	1,628	1,666
C EQUITY/FUNDS				
	927	671	521	451
INCOME STATEMENT				
D INCOME				
1 MARK UP EARNED	563	699	685	671
2 MARK UP EXPENSED	(179)	(286)	-	-
FINANCIAL RETURNS	384	413	685	671
3 OTHER OPERATING INCOME	193	165	160	156
4 NON-OPERATING INCOME	46	-	-	-
TOTAL INCOME	623	577	845	827
E EXPENSE				
1 OPERATING EXPENSE	(362)	(404)	(773)	(743)
2 PROVISIONS	(5)	(24)	(2)	(18)
TOTAL EXPENSE	(367)	(428)	(775)	(761)
F PROFIT/SURPLUS				
1 PRE-TAX PROFIT/SURPLUS	256	150	71	66
2 TAX	-	-	-	-
PROFIT/SURPLUS	256	150	71	66
RATIOS				
G SOCIO-ECONOMIC STATISTICS				
1 Female Borrowers	97.3%	96.4%	99.5%	99.7%
2 Rural Borrowers	58.1%	57.9%	56.0%	54.2%
3 Client Retention Rate	80.4%	82.6%	68.2%	81.9%
H PERFORMANCE				
1 Operational Self Sufficiency (OSS)	138.5%	121.0%	109.1%	108.7%
2 Cost per Borrower	13,492	11,566	20,245	19,052
3 Portfolio Yield	45.1%	49.2%	42.7%	39.7%
4 Minimum Lending Rate	38.3%	42.8%	48.2%	44.0%
5 Return on Equity	28%	22%	14%	15%
I ASSET QUALITY				
1 PAR 30 Ratio	0.2%	0.14%	0.64%	4.7%
2 Risk Coverage Ratio (PAR 30)	N/A	0.0	N/A	N/A
3 Write Off Ratio	1.7%	1.5%	1.9%	4.0%
J LIQUIDITY & FUNDING				
1 Liquid Assets as a Percentage of Deposits & Short-term Borrowings	26.6%	26.4%	29.2%	13.6%
2 Demand Deposit Coverage Ratio	N/A	N/A	N/A	N/A
3 Loan-to-Deposit Ratio	N/A	N/A	N/A	N/A
K CAPITALIZATION				
1 Capital Adequacy Ratio (CAR)	37.3%	34.83%	31.71%	28.06%
2 Debt to Equity	2.2	2.5	3.1	3.7

SOCIAL IMPACT AND PERFORMANCE RATING (SIP)

An independent opinion on the ability of an entity to create intended social impact and achieve sustainable performance.

Scale	Long-Term Rating
SIP1	Very Strong. Very strong ability to create intended social impact and very high likelihood of sustaining performance.
SIP2++ SIP2+ SIP2	Strong. Strong ability to create intended social impact and high likelihood of sustaining performance.
SIP3++ SIP3+ SIP3	Adequate. Adequate ability to create intended social impact and adequate likelihood of sustaining performance.
SIP4++ SIP4+ SIP4	Inadequate. Inadequate ability to create intended social impact and low likelihood of sustaining performance.
SIP5	Weak. Weak ability to create intended social impact and very low likelihood of sustaining performance.

Rating Modifiers | Rating Actions

<p>Outlook (Stable, Positive, Negative, Developing)</p> <p>Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business / financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.</p>	<p>Rating Watch</p> <p>Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.</p>	<p>Suspension</p> <p>It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.</p>	<p>Withdrawn</p> <p>A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) PACRA finds it impractical to surveil the opinion due to lack of requisite information.</p>	<p>Harmonization</p> <p>A change in rating due to revision in applicable methodology or underlying scale.</p>
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(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

2) Conflict of Interest

- i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)
- ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)
- iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

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Conduct of Business

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- (7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).
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- (9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)
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- (13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)
- (14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)
- (15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)
- (16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)
- (17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

Monitoring and review

- (18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 17-(a)
- (19) PACRA reviews all the outstanding ratings periodically, on annual basis; Provided that public dissemination of annual review and, in an instance of change in rating will be made; | Chapter III | 17-(b)
- (20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 17-(c)
- (21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument; | Chapter III | 17-(d)

Probability of Default

(22) PACRA's Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability). PACRA's transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA's Transition Study available at our website. (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past; | Chapter III | 14-3(f)(vii)

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