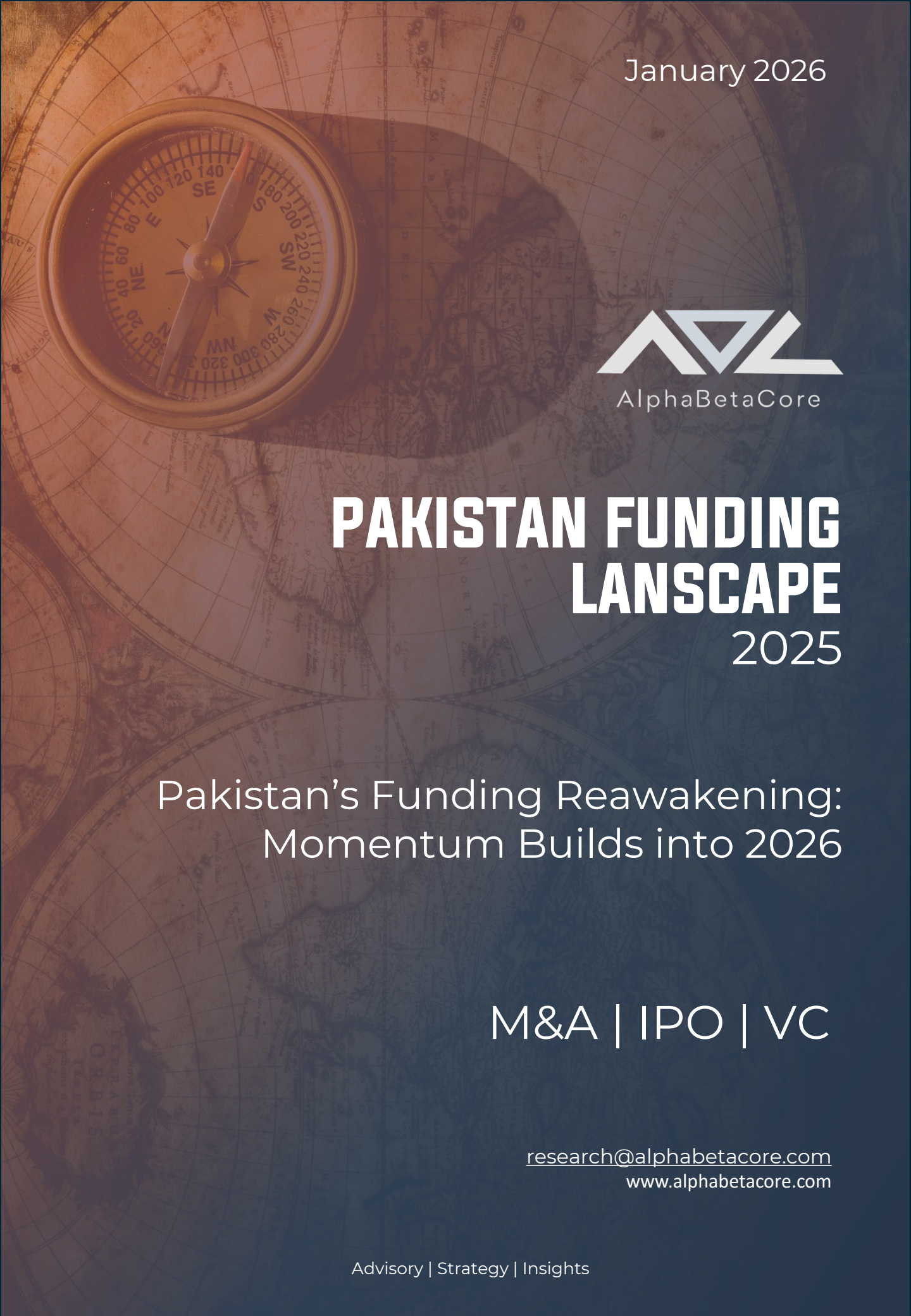
January 2026



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# PAKISTAN FUNDING LANSCAPE 2025

## Pakistan's Funding Reawakening: Momentum Builds into 2026

M&A | IPO | VC

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# PAKISTAN FUNDING LANSCAPE 2025

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## Overview

*Macroeconomic stability reshaping Pakistan's investment landscape*

**73%**

Foreign investors recommend Pakistan for FDI

**10.5%**

Interest Rate

**5.6%**

Inflation

Policy rates normalized from a 22% peak, inflation moderated

**USD 21 BN**

FX Reserves Rebuilt

**B-/STABLE**

Sovereign Rating Upgraded

Lower external risk, easing rates, and stable sovereign rating are boosting investor confidence and risk appetite

Global Support Anchors

**IMF PROGRAM ON TRACK**

USD 1.2 Bn instalment approved Dec'25

Capital Markets Gained Momentum

**PKR 2 TR**

Record-Scale Government Sukuk successfully absorbed

**PKR 4.3 BN**

Raised via IPO, oversubscribed

Deep domestic liquidity, strong investor participation across capital markets

**Deepened Economic ties with US, China, Saudi Arabia**

Investment Commitments, CPEC Phase II, Lowering of Reciprocal Trade Tariffs, Mutual Defence Agreement

**Sources: OICCI, SBP, Ministry of Finance*

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IPO Market

## 7 IPOs
## USD 15.3 MN

Oversubscription across all IPOs

Peak at **16.25X**

KSE-100 Index

## 174,000+ POINTS

Amongst the Top Performing Markets in ASIA

Outperformed Key Asset Classes

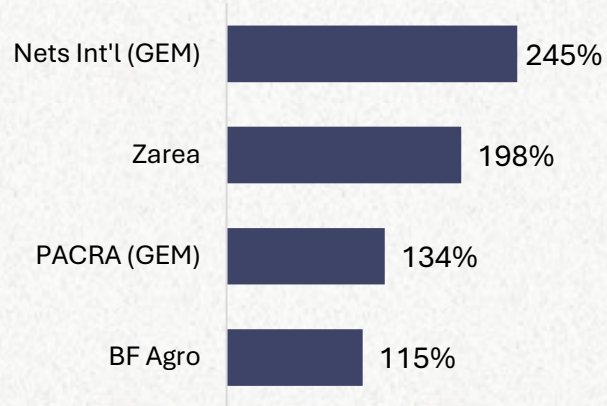
**51%**
Increase YoY

### Large-Cap Base Strengthened

**18** USD 1 Bn+ Companies
vs 11 in 2024

### Notable IPOs

Performance since Listing




**Key Highlights**

- KSE-100 Index delivered 51% return in 2025, with total market capitalization up 39%, reaching USD 71bn+
- Retail and institutional appetite for new listings were strong, **oversubscription** across all IPOs
- SBP's move to cut rates to 10.5% helped lift risk appetite and support capital-raising activity
- Momentum to gain strength in 2026, with a pipeline of 16 IPOs

**Sources: PSX*

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# PAKISTAN FUNDING LANSCAPE 2025

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M&A Deal Value Crossed

## USD 1 BN+

Total disclosed value of select deals

**PRIVATIZATIONS**
**STRATEGIC CONTROL**
**CROSS-BORDER CAPITAL**

**Turning point for Pakistan's Privatization Drive**

**2** Landmark Deals

Arif Habib Consortium ▶ PIA
**USD 482 MN**

IHC UAE ▶ First Women Bank
**USD 14.6 MN**

## Top M&A Activity

Deodar (Jazz) — Acquisition — by Engro

Silkbank — Merger — with UBL

Lotte Chemical — Acquisition — by PTA UAE

TRAX — Merger — with SLGL

**Key Highlights**

- Deal activity tilted toward strategic control transactions reflecting longer-term positioning by both domestic and foreign buyers
- Deeper cross-border participation from global and regional investors, supporting valuations and adding depth to the buyer universe
- Pipeline strength carried into year-end, with several large transactions advancing through regulatory milestones, positioning M&A momentum to extend into 2026

## Other Notable Deals In Process

PTCL →Telenor

IIL →Novartis

Maple Leaf →Pioneer Cement

Bank Makramah → Global Haly

Systems → Confiz

CCL → Mitchells

Nishat →Rafhan Maize

*Sources: CCP, Mettis Global, ABCore Analytics*

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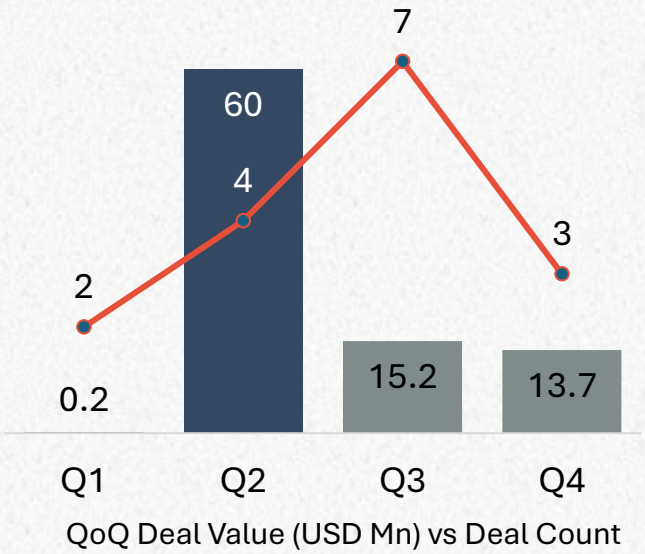
Venture Capital

## USD 89 MN+

**2x** Higher than 2024

**16 DEALS**




QoQ Deal Value (USD Mn) vs Deal Count

**Key Highlights**

- 110% YoY growth in VC funding, a clear rebound in activity
- Renewed investor confidence driven by macro stabilization
- Rising use of debt, equity, and hybrid structures such as Haball and Qist Bazaar underscored flexible funding approaches.
- Strategic collaborations, such as the Bank Alfalah–Qist Bazaar illustrated deeper integration opportunities between startups and incumbents

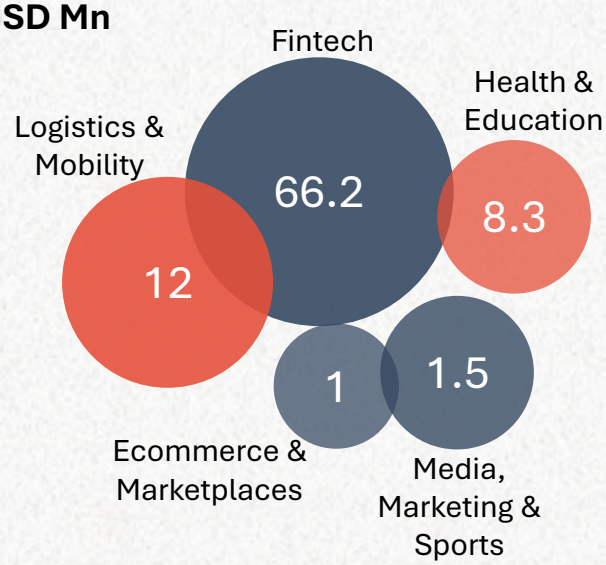
Average Deal Value

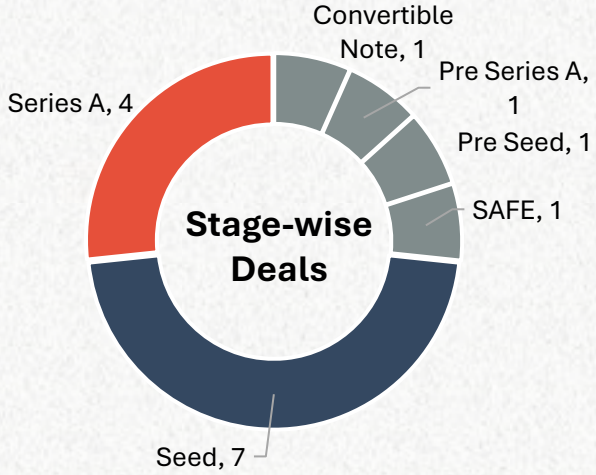
## USD 7.4 MN

vs **USD 4.7 MN**

**Continued participation from global investors** such as Tim Draper, Andreessen Horowitz, ADB Ventures and Yango Ventures, reinforcing international visibility

**Sector-Wise Contribution**
**USD Mn**




*Sources: ABCore Analytics*

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# PAKISTAN FUNDING LANSCAPE 2025

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## OUTLOOK 2026 - POSITIVE

Entering 2026, Pakistan combines improving macro stability, active capital markets, structural reforms, and targeted innovation support to strengthen its investment and funding ecosystem

### Strategic Partnerships

Economic ties with China, US, Saudi Arabia are translating into tangible momentum, through CPEC Phase II investments, renewed US engagement in energy and minerals, and Saudi Arabia's USD 25 Bn commitment; supporting capital inflows and external stability.

### Structural Reforms

Reform traction is improving, with progress on SOE privatization, DISCOs restructuring, alongside continued efforts to contain circular debt across the power and gas sectors.

### Macro Stabilization

The macro backdrop has stabilized, marked by a positive current account position, easing inflation, lower policy rates, stronger FX reserves, and continued IMF engagement.

### Digital Enablement

Regulatory groundwork for digital finance is taking shape, with PVARA providing long-awaited clarity around virtual assets and opening new avenues for fintech-led capital formation.

### Capital Markets Momentum

Capital markets are better positioned, supported by equity-market strength, steady domestic participation, and a visible IPO pipeline of up to 16 listings.

### Startup & Innovation Support

Support for startups and innovation is broadening, through government initiatives such as the Pakistan Startup Fund, Prime Minister's Cloud Program, and National AI Policy 2025, alongside growing private participation such as Yango Ventures' USD 20m fund for the region.

# PAKISTAN FUNDING LANSCAPE 2025

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## KEY THEMES 2026

FINTECH

ECOMMERCE

POWER

MANUFACTURING

AI

PHARMA

TEXTILES

ENERGY

HEALTHTECH

ISLAMIC FINANCE

CONSUMER

AUTOS

MINING

AGRICULTURE

TOKENIZATION

TELECOM

IT

DIGITAL BANKING

VIRTUAL ASSETS

RENEWABLES

LOGISTICS

EDTECH

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