RATING REPORT

HBL Microfinance Bank Limited

REPORT DATE:
April 30, 2025

RATING ANALYSTS:
Musaddeq Ahmed
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RATING DETAILS

Rating Category	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
Entity	A+	A1	A+	A1
Rating Watch/ Outlook	Stable		Stable	
Rating Action	Reaffirmed		Reaffirmed	
Rating Date	*April 30th ,'25*		*April 30th, '24*	

COMPANY INFORMATION

Incorporated in 2001	**External auditors:** KPMG Taseer Hadi & Co. Chartered Accountants Islamabad
Public Limited Unlisted Company	**Chairman of the Board**: Ms. Maya Inayat Ismail **President & CEO**: Mr. Muhammad Amir Khan
Key Shareholders (with stake 5% or more) at end-December'2024:	
Habib Bank Limited (HBL): 89.4%	
Aga Khan Agency for Microfinance (AKAM): 6.4%	

APPLICABLE METHODOLOGY(IES)

VIS Entity Rating Criteria: Micro Finance Banks
https://docs.vis.com.pk/docs/MicroFinance-Oct-2023.pdf

VIS Rating Scale
https://docs.vis.com.pk/docs/VISRatingScales.pdf

HBL Microfinance Bank Limited

OVERVIEW OF THE INSTITUTION

HBL Microfinance Bank Ltd. (HBL MfB), was established in 2002 as a nationwide microfinance bank, licensed by the State Bank of Pakistan. Currently, HBL has a majority shareholding of 89.4% in HBL MfB. The Bank operates through a network of 225 business locations at end Dec'24.

Profile of Chairman

Ms. Maya Inayat Ismail has over 25 years of experience in the financial services sector. She is currently the Chief of Staff (Corporate Office) at HBL, a Director at Healthwire, on the Board of Aga Khan Ismailia Charitable Trust, as well as a Trustee of HBL Foundation. She holds a Bachelor *of Arts (Economics and International Relations) from Smith College, Northampton (USA), and is an Accredited Mediator from the Centre for Effective Dispute Resolution, UK.*

RATING RATIONALE

Ratings assigned to HBL Microfinance Bank Limited ('HBL MfB' or the 'Bank') reflect its strong sponsor profile, given the majority ownership of Habib Bank Limited and its continued support, evident also in the recent capital injections in 2024 and 2025.

The Bank's strategic shift toward a secured loan portfolio, along with increased investment in government securities, supports risk mitigation efforts amid a challenging macroeconomic and credit environment. The Bank has undertaken deliberate measures to de-risk its portfolio, including reducing exposure to bullet and group-based lending, while focusing on high-ticket, secured lending such as housing finance. Nevertheless, asset quality indicators mark deterioration over 2024, with a sharp rise in non-performing loans and provisioning costs, triggered mostly by losses in the agriculture segment. A cautious approach in the segment is taken since then will likely mitigate pressures going forward.

Liquidity has remained satisfactory, with notable improvement in the liquid asset reserves. On the funding side, while deposits contracted slightly due to a deliberate reduction in institutional savings accounts, efforts to enhance current deposit mobilization and branchless banking channels are beginning to materialize. Despite support from higher investment income, profitability took a significant hit during 2024 due to higher funding cost amid high policy rate environment and particularly due to provisioning expenses amid the initial implementation of IFRS-9 and agriculture portfolio delinquencies, stemming mainly from industry level issues and 2024 wheat crises. Nevertheless, capitalization levels remained intact following an equity injection and Tier-II capital issuance, boosted further by a fresh injection in March this year, to bolster future growth. The Bank plans to further optimize its deposit mix, expand the strengthened recovery mechanisms, and diversify income through a more balanced portfolio. The transition to an Islamic banking model, in line with regulatory timelines, is also in progress. The ratings will be contingent on improving asset quality profile and financial metrics through ongoing strategic realignment.

Sector Update

The microfinance sector in Pakistan experienced expansion during 2024, underpinned by a 38.5% increase in total assets, reaching PKR 1.07 trillion. This growth was largely reflected in a sharp rise in investments, which surged by 136.9%, and a relatively weak 10.9% uptick in net advances, with the latter being significantly below inflation. Deposits grew by 22.8%, however, borrowings more than tripled, leveraging opportunities available for enhanced spreads in the interbank market.

On the asset quality front, non-performing loans (NPLs) rose substantially by 64.9%, with the gross infection ratio climbing from 6.68% as of Dec'23 to 9.68% as of Dec'24. The risk profile of the portfolio deteriorated, as reflected by a 47.9% increase in loss category, 161.1% rise in doubtful loans and a 130.5% increase in substandard loans. Total provisioning increased by 53.6% with the sector wide implementation of IFRS-9.

During CY24, profitability remained under pressure despite stronger markup income (↑24.5%) and a higher net interest margin (↑170bps). Operating self-sufficiency (OSS) dipped slightly to 75.2% from 78.8% in CY23, while net losses doubled to PKR 16.2 billion after tax, driven by rising provisioning costs and elevated interest expenses.

With minimal credit offtake, substantial surplus liquidity remained available with liquid assets to funding (deposits, borrowings, bills payable) rising to an average 49.6% as of Dec'24 from 35.0% as of Dec'23. Capitalization levels weakened, despite a 39.9% increase in paid-up capital, total equity remained flat, reflecting losses. The sector's overall Capital Adequacy Ratio (CAR) dropped sharply to 2.6% as of Dec'24 from 7.6% as of Dec'23, with Tier 1 CAR also declining to a concerning 0.1%, indicating severe strain on core capital and an urgent need for further recapitalization.

Profile of CEO

Mr. Muhammad Amir Khan brings over 30 years of extensive experience in consumer and commercial banking. He has also served as the CEO of Mobilink Microfinance Bank where he played an instrumental role in setting up the new microfinance bank.

In terms of outreach, the total number of clients grew by an impressive 64% to over 9.28 million, mainly led by nano lending and wallet base growth, with female clients surging by 149.5%, reaching over 3 million, reflecting enhanced financial inclusion efforts and gender-focused strategies. Though male clients still dominate in term of proportion at 67.3% as of Dec'24 down from 78.5% as of Dec'23. Individual lending rose by 15.5% to PKR 455.41 billion, while group lending declined by 35.8%, indicating a structural shift toward personalized credit products.

Despite the strong asset growth and client outreach, the sector faces challenges stemming from elevated credit risks and rising provisioning needs. Weak profitability has adversely impacted the capitalization levels of the sector. Looking ahead, the sector's resilience will depend on tighter credit screening, digitization of lending processes, enhanced recovery mechanisms, and sustained regulatory support to manage the rising credit risk while continuing to promote inclusive finance.

About the Company:

HBL Microfinance Bank Ltd. ('HBL MfB' or the 'Bank') was incorporated in November 2001 as a public limited company under the Companies Ordinance, 1984 (Repealed: Company Act 2017). HBL MfB started business in February 2002 after receiving certificate of commencement of business as a nation-wide microfinance bank, licensed by the State Bank of Pakistan (SBP). The Bank was created through a structured transformation of the credit and savings section of the Aga Khan Rural Support Programme (AKRSP) with the mission to respond to poverty and contribute to the social and economic well-being of the society by providing opportunities to under-privileged households, to improve their quality of life.

HBL MfB operates through 225 (Dec'23: 225) business locations, including branches and permanent booths. Currently, Habib Bank Limited (HBL) holds a majority shareholding in HBL MfB. In CY24, HBL MfB issued 600,000,000 right shares at the rate of PKR 10 per share, resulting in an increase of HBL's shareholding to 89.38% (Dec'23: 79.92%). Along with 6.37% held by Aga Khan Agency for Microfinance and 2.36% held by Aga Khan Rural Support Programme, and through HBL, the strategic interest of the Aga Khan Development Network is evident.

Auditor's Opinion

KPMG Taseer Hadi & Co. Chartered Accountants has provided an unqualified and unmodified opinion, affirming that the Company's financial statements comply with accounting standards and accurately portray the Company's financial position as of December 2024.

Business Update

Board of Directors & Governance

The Board of Directors (BoD) of HBL Microfinance Bank comprises eight members, including the Chairman and the President/CEO. Since the previous year, there have been three changes to the board's composition. Ms. Maya Inayat Ismail has been appointed as the Chairperson of the Board, replacing Mr. Rayomond H. Kotwal in January 2025, becoming the first woman to chair an institute in AKDN Network worldwide. Additionally, a new Independent Director, Ms. Katherine Patricia, has joined the Board. Based in the United Kingdom, she brings 20 years of experience and is currently serving as an Investment Director at British International Investment. The local directors have an average experience of over 25 years, while the two internationally based directors each have over 20 years of professional experience. The current composition of the Board of Directors is presented in the table below:

<table>
<tr><th>Name of Directors</th><th>Position</th></tr>
<tr><td>Ms. Maya Inayat Ismail</td><td>Chairman</td></tr>
<tr><td>Mr. Abrar Ahmed Mir</td><td rowspan="4">Director</td></tr>
<tr><td>Ms. Sobia Chughtai</td></tr>
<tr><td>Mr. Tsuyoshi Hara</td></tr>
<tr><td>Mr. Zahir Riaz</td></tr>
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Ms. Rashna Minwalla	Independent Director
Ms. Katherine Patricia Perkins	
Mr. Muhammad Amir Khan	President/CEO

Productivity Analysis

Productivity	CY22	CY23	CY24
No of loan Officers	1,826	1,747	2,033
No. of branches and PBs	217	225	225
No of active Borrowers	512,544	475,161	355,681
LOs/ Branch	8	8	9
Active Borrowers/ LO	281	272	175
Active Borrowers/ Branch	2,362	2,112	1,581
Average Loan Size (PKR)	171,404	208,162	253,911

Over the past three years, HBL MfB has experienced decline in the number of active borrowers. In contrast, the number of loan officers (LOs) has increased, leading to a decrease in the ratio of active borrowers per LO. The reduction in active borrowers is primarily attributed to a decline in loan demand, driven by reduced repayment capacity among individuals and the Bank's strategic decision to scale down its bullet portfolio, while strategically shifting to higher ticket size MSME portfolio.

Moreover, the Bank shifted its focus toward lending to fewer but more creditworthy borrowers, resulting in a significant increase in the average loan size. The increase in the number of LOs by year-end reflects the Bank's intent to strengthen recovery efforts during the on-going year and to support a strategy of issuing small-sized loans in high volumes to drive growth in the Gross Loan Portfolio (GLP) moving forward.

Financial Analysis

Microcredit Portfolio and Risk Segregations

Sector wise (PKR. in m)	Dec'22	%	Dec'23	%	Dec'24	%
Livestock	29,823	33.9%	36,303	36.7%	34,896	38.6%
Agriculture	15,152	17.2%	17,523	17.7%	15,012	16.6%
Microenterprise	13,721	15.6%	11,938	12.1%	8,617	9.5%
Housing	28,381	32.3%	32,953	33.3%	31,619	35.0%
General purpose/Others	775	0.9%	193	0.2%	169	0.2%
Gross Loan Portfolio	**87,852**	**100%**	**98,910**	**100%**	**90,312**	**100%**

During CY24, HBLMFB's overall microcredit portfolio witnessed a contraction in absolute terms, indicative of a more cautious lending stance in livestock and agriculture portfolio amid elevated credit risks. While the Livestock and Agriculture segments continued to dominate the sectoral composition, their trends diverged slightly — Agriculture's share declined to 16.6% (CY23: 17.7%), whereas Livestock's share inched up to 38.6% (CY23: 36.7%), reflecting continued reliance on livestock financing to serve rural borrowers. In line with this, the Roshanzar Plus and Premium products — typically associated with higher ticket sizes and often lent for activities related to agri/livestock segment — exhibited sustained growth. Furthermore, the Housing segment's share rose to 35.0% (CY23: 33.3%), underscoring the Bank's strategic focus on more secured, targeted lending evidenced in the steadily rising proportion of secured lending.

Secured Vs Unsecured (PKR in m)	CY22	%	CY23	%	CY24	%
Secured Loans	38,006	43.3%	49,467	50.0%	51,252	56.75%

Unsecured Loans	49,846	56.7%	49,443	50.0%	39,060	43.25%
Total	**87,852**		**98,910**		**90,312**	

EMI Vs Bullet (PKR in m)	CY22	%	CY23	%	CY24	%
EMI	62,554	71.2%	74,197	75.0%	68,108	75.4%
Bullet	**25,298**	**28.8%**	**24,713**	**25.0%**	**22,204**	**24.6%**
Total	**87,852**		**98,910**		**90,312**	

The share of Equal Monthly Installment (EMI) loans has remained stable. This aligns with the management's strategy to limit the bullet loan portfolio, due to the higher risk associated with such loans and their significant contribution to the Bank's NPLs. Strategies to address this included both write-offs and recovery efforts. Management plans to reduce the bullet loan portfolio below 10% in the long-term horizon.

Conventional vs Shariah (PKR in m)	Dec'22	%	Dec'23	%	Dec'24	%
Conventional Loans	87,852	100.0%	98,910	100.0%	90,312	100.0%
Shariah Loans	-	0.0%	-	0.0%	-	0.0%
Gross Loan Portfolio	**87,852**	**100%**	**98,910**	**100%**	**90,312**	**100%**

As per the SBP's directive to transition to a fully Islamic banking model by 2028, all microfinance banks are required to prepare comprehensive documentation and a roadmap, which must be ready for submission by the end of the year. Currently, HBL Microfinance Bank operates solely on a conventional lending model, with no Shariah-compliant loans in its portfolio. In response to the SBP's directive, the Bank began working on its conversion plans in 2024. As part of this transition, HBL MFB intends to establish dedicated Islamic branches and has engaged a consultant to support and guide the process.

Size-Wise Composition (PKR in m)	CY22	%	CY23	%	CY24	%
Upto PKR 25,000	132	0.1%	51	0.1%	4	0.0%
PKR 25,000 - PKR 50,000	1,904	2.2%	1,102	1.1%	350	0.4%
PKR 50,001-PKR 75,000	4,334	4.9%	2,512	2.5%	2,961	3.3%
PKR 75,001-PKR 100,000	9,337	10.6%	6,103	6.2%		
PKR 100,000 and above	72,145	82.1%	89,142	90.1%	86,997	96.3%
Total as of Dec'24	**87,852**		**98,910**		**90,312**	

As observed, loans exceeding PKR 100,000 accounted for 96.3% (CY23: 90.3%) of the portfolio. This increase is primarily attributed to the management's focus on higher ticket-size lending in CY24, as lower ticket-size borrowers were more adversely affected by high inflation during the last three years and became more selective in seeking better rates. Additionally, the rise in larger loans aligns with the Bank's increased emphasis on MSME and housing finance. However, during the current year, the Bank plans to shift its focus toward smaller-sized loans to replace the bullet portfolio, particularly in the South Punjab region. New partnerships—such as the 50% risk-sharing agreement signed with the International Finance Corporation (IFC) amounting to USD 80 million is a significant step towards de-risking the portfolio.

Asset Quality Indicators

	CY22	CY23	CY24
Gross Advances	87,851	98,910	90,311
Specific Provisioning	915	1,335	-
General Provisioning - Mandatory	852	972	-
General Provisioning - Incremental	707	1,101	-

General Provisioning - Total	1,559	2,073	-
Stage 1 – Provisioning	-	-	1,962
Stage 2 – Provisioning	-	-	708
Stage 3 - Provisioning	-	-	4,763
Net Advances	85,377	95,502	82,878
NPLs/Stage 3	2,142	2,743	7,249
NPLs written off	2,692	1,848	4,387
Tier 1 Equity	11,254	11,636	10,943
Gross Infection/Stage 3	2.4%	2.8%	8.0%
Net Infection/Stage 3	1.4%	1.4%	2.9%
Incremental Infection/Stage 3	3.4%	2.8%	9.5%
Specific Provisioning Coverage/Stage 3	42.7%	48.7%	65.7%
Provisioning Coverage	115.5%	124.3%	102.5%
Net NPLs/Tier 1 Equity	10.9%	12.1%	22.7%

In terms of asset quality, the Bank experienced a decline in gross advances, while NPLs increased. The primary reason for the reduction in gross advances in CY24, was strategic reduction of portfolio to manage risk weighted assets along with reduced offtake of credit in difficult economic conditions and focus on recoveries amounting to PKR 42,133m, exceeding disbursements of PKR 37,961m. This was also driven in part by the Bank's strategic decision to de-recognize, recover, and write off bullet-structured loans in an effort to reduce its exposure to this high-risk portfolio. The decline in gross advances was exacerbated by a slowdown in economic activity, elevated interest rates, and the wheat crisis in Punjab which also contributed to rise in non-performance.

The rise in NPLs in CY24 was reflected in PKR 9,286m being transferred to Stage 3 from Stage 1 and Stage 2, while approximately PKR 4,368m was written off. This increase in NPLs translated into the sharp rise in the Stage 3 gross infection ratio to 8.0% (CY23: 2.8%), and an increase in the Stage 3 incremental infection[1] ratio to 9.5% (CY23: 2.7%). In response to the growing NPLs and the implementation of IFRS-9, the Bank has strengthened its provisioning, with specific provisioning coverage/stage 3 rising to 65.7% (CY23: 48.7%) and general provisioning coverage[2] reaching 3.2% (CY23: 2.2%). The Bank is undertaking several initiatives, including the implementation of measures to reduce credit risk elements within its loan portfolio.

Investment mix

The Bank's investment portfolio increased significantly to PKR 72,722m (CY23: PKR 27,553m) in CY24. The entire portfolio consists of Federal Government Securities, with approximately PKR 34,152m invested in Treasury Bills (T-Bills) and PKR 38,570m in Pakistan Investment Bonds (PIBs). This growth was driven by the rising interest rate environment in Pakistan, which prompted the Bank to increase its holdings in long-term floating rate instruments to capitalize on higher returns. However, in the second half of CY24, as interest rates began to decline, the Bank rebalanced its portfolio—shifting toward a greater share of long-term fixed rate instruments to benefit from mark-to-market (MTM) gains and secure higher yields in a falling rate environment.

Liquidity and Leverage Profile

(PKR in Mn)	CY22	CY23	CY24
Liquid Assets	44,791	45,673	87,783
Investment given as collateral	-	-	30,000
Deposits	116,063	128,234	122,641
Borrowing	6,571	6,516	40,770
Sub-Ordinated Debt	2,000	2,825	3,500
Liquid Assets to Deposits and Borrowings (LADB)	35.9%	33.2%	52.6%
Advances to Deposits (ADR)	75.7%	77.1%	73.6%

[1] *Incremental Infection ratio: (∆NPLs + NPLs Written Off)/ (Avg. Net Advances + NPLs Written Off)*

[2] *General provisioning coverage: (Stage-1 ECL + Stage-2 ECL)/ (Gross Advances – NPLs)*

CA (%)	6.5%	6.3%	13.2%
CASA (%)	59.3%	61.0%	56.3%
Liquid Assets/ TA	31.4%	28.7%	45.6%
**Adjusted for collateral*			

The LADB ratio improved as of Dec'24, largely due to a significant increase in liquid assets compared to the funding. The funding sources were increased by additional, collateralized institutional borrowings amounting to PKR 30,000m in CY24 at a lower cost.

(PKR in Mn)	Dec'22	Dec'23	Dec'24
Fixed Deposits	47,241	50,000	53,645
Saving Deposits	61,249	70,167	52,850
Current Deposits	7,573	8,066	16,145
Total Deposits	**116,063**	**128,234**	**122,641**
FD/TD	40.7%	39.0%	43.7%
SD/TD	52.8%	54.7%	43.1%
CD/TD	6.5%	6.3%	13.2%

The Bank's deposit base has declined, with the majority of the reduction stemming from a decrease in savings deposits, which were primarily held by institutional depositors. This decline was part of the Bank's deliberate strategy to lower the overall cost of deposits. Looking ahead, the Bank plans to maintain a comfortable liquidity position while continuing to reduce high-cost deposits. To support this approach, the Bank has shifted its focus toward increasing low-cost current deposits. This shift was evident in the growing share of individual depositors, which rose to 41% (CY23: 27.7%), as well as the significant increase in deposits through branchless banking, with the value rising to PKR 6,338m (CY23: PKR 323m) in the previous year. To manage any funding gaps the Bank relies on reliable access to liquidity and strong sponsor support.

Profitability Indictors

The Bank reported markup income of PKR 34,365m in CY24 (CY23: PKR 33,228m), reflecting marginal increase. However, the return on markup-bearing assets declined to 24.1% from 27% in the previous year. This was primarily due to the rising share of investments in total earning assets which coupled with the lower yield profile of these instruments and particularly following a reduction in the policy rate during the period, contributed to the contraction in overall yield. Cost of funds at 16.6% (CY23: 17.3%) also marks a relative decline and resulted in narrowing of the Bank's spread to 7.5%, down from 9.7% in CY23.

Compounded with lower non-markup income—falling to PKR 2,051m (CY23: PKR 2,321m) and a rise in non-markup expenses to PKR 11,693m (CY23: PKR 9,637m), resulted in a loss before credit loss allowance of PKR 566m (CY23: profit of PKR 3,215m). Operational expenses comprised the majority of non-markup expenses, driven mainly by compensation costs, which rose to PKR 5,998 million (CY23: PKR 4,790m), accounting for over half of total expenses.

The losses were further exacerbated by the implementation of IFRS-9, which required higher credit loss allowances on advances. Consequently, HBL MFB reported a loss after tax of PKR 3,730m in CY24 (CY23: PKR 405m PAT). On a quarterly basis, the Bank recorded a cumulative loss after tax of PKR 4,039m during 9MCY24; however, it posted a profit after tax of PKR 308m in the last quarter of 2024, primarily driven by higher net markup income and marking a turnaround in operational profitability, which is expected to continue going forward in the current year. HBL MFB aims to manage its cost of deposits while enhancing operational efficiency, which was evident in 1QCY25, as the Bank reported a profit after tax of PKR 203m.

Capitalization

The Capital Adequacy Ratio (CAR) of the Bank increased to 17.1% in CY24, up from 15.3% in CY23. Despite incurring a loss in CY24, which led to a reduction in Tier 1 equity, the Bank took proactive measures to strengthen its capital base. These included an equity injection of PKR 6,000m from sponsors and the issuance of Tier-2 supplementary capital amounting to PKR 1,500m. Furthermore, in 1QCY25, HBL provided an equity injection of PKR 2,000m to further strengthen the capital base.

It is also important to note that the State Bank of Pakistan (SBP) allowed the Bank to adopt a transitional approach in phasing in the initial impact of Expected Credit Losses (ECL) for Stage 1 and Stage 2 assets. Without this regulatory relief, the Bank's CAR would have been lower by 365 basis points. Looking ahead, the Bank plans to build on a secured portfolio thereby achieving growth at lower cost of capital, and supporting CAR in the medium term.

HBL Microfinance Bank Limited (HBL MfB) Appendix I

FINANCIAL SUMMARY	(amounts in PKR millions)		
BALANCE SHEET	Dec 31, 2022	Dec 31, 2023	Dec 31, 2024
Cash and Bank Balances with SBP and NBP	13,161	13,461	14,126
Balances with other Banks and/NBFIs/MFBs	1,235	4,659	935
Net Investments	30,395	27,553	72,723
Net Advances	85,377	95,502	82,878
Other Assets	7,039	12,545	12,609
Total Assets	142,526	159,375	192,624
Total Deposits	116,063	128,234	122,641
Borrowings	6,571	6,516	40,770
Subordinated Debt	2,000	2,825	3,500
Other Liabilities	4,665	7,586	10,261
Paid Up Capital	5,731	6,731	12,731
Tier-1 Equity	11,254	11,636	10,943
Net Worth	13,226	14,215	15,452
INCOME STATEMENT	CY 2022	CY 2023	CY 2024
Net Mark-up Income	10,419	10,531	9,075
Net Provisioning / (Reversal)	2,581	2,556	5,407
Non-Markup Income	2,109	2,322	2,052
Operating Expenses	8,145	9,624	11,694
Profit Before Tax	1,802	673	-5,974
Profit after tax	1,225	405	-3,730
RATIO ANALYSIS	CY 2022	CY 2023	CY 2024
Market share (Advances)	24%	24%	20%
Market Share (Deposit)	23%	21%	17%
Gross Infection (%)	2%	3%	8%
Incremental Infection (%)	3%	3%	9%
Provisioning Coverage – General (%)	2%	2%	3%
Provisioning Coverage – Specific (%) / stage3	35%	49%	66%
Net Infection (%)	1%	1%	3%
Net NPLs to Tier-1 Capital (%)	11%	12%	23%
Capital Adequacy Ratio (%)	16%	15%	17%
Markup on earning assets (%)	23%	27%	24%
Cost of Funds (%)	12%	17%	17%
Markup Spreads (%)	10%	10%	8%
OSS (%)	107%	101%	85%
ROAA (%)	1%	0.2%	-2%
ROAE (%)	12%	4%	-33%
Advances to Deposit Ratio (%)	76%	77%	74%
Liquid Assets to deposits & borrowings (%)	36%	33%	53%

REGULATORY DISCLOSURES — Annexure II

Name of Rated Entity	HBL Microfinance Bank Limited – HBL MfB
Sector	Microfinance Bank (MfB)
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Watch/ Outlook	Rating Action
RATING TYPE: ENTITY				
30/04/2025	A+	A1	Stable	Reaffirmed
30/04/2024	A+	A1	Stable	Reaffirmed
28/04/2023	A+	A1	Stable	Reaffirmed
30/04/2022	A+	A1	Stable	Maintained
30/04/2021	A+	A1	Rating Watch-Developing	Reaffirmed
30/04/2020	A+	A1	Rating Watch-Developing	Maintained
25/03/2019	A+	A1	Stable	Reaffirmed
30/04/2018	A+	A1	Stable	Reaffirmed
31/10/2017	A+	A1	Stable	Reaffirmed
28/04/2017	A+	A1	Stable	Reaffirmed
28/04/2016	A+	A1	Stable	Upgrade

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/s Conducted

Name	Designation	Date
Mr. Rizwan Maqsood	Chief Financial Officer	10th April 2025
Mr. Junaed Rayaz	Chief Risk Officer	