RATING REPORT

Damen Support Programme

REPORT DATE:

April 17, 2024

RATING ANALYSTS:
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RATING DETAILS		
	Latest Rating	
Rating Category	Long-term	Short-term
Entity Rating	BBB-	A-3
Rating Date	*April 17, 2024*	
Rating Outlook	*Stable*	
Rating Action	*Initial*	

COMPANY INFORMATION	
Incorporated in 2014	**External auditors:** Yousuf Adil Chartered Accountants
Company limited by guarantee	**Chairperson:** Ms. Naghma Rashid
	Chief Executive Officer: Mr. Musharraf Mahmood Khan

APPLICABLE METHODOLOGY(IES)

VIS Entity Rating Criteria: Non-Bank Financial Companies
https://docs.vis.com.pk/docs/NBFCs202003.pdf

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

RATING RATIONALE

The proposed ratings to Damen Support Programme ('DSP' or the 'Institution') take into account sound performance and strategic management across various aspects of its microfinance operations. The Institution benefits from an experienced board and management team, ensuring stability and informed decision-making in navigating the complex microfinance landscape. The Institution's prudent credit risk mitigation strategies, including diligent lending practices and portfolio consolidation efforts, contribute to maintaining a healthy asset quality and minimizing credit risks. Despite facing challenges such as rising finance cost and operational efficiency, DSP's profitability indicators showcase resilience and potential for growth, supported by its adequate capital adequacy and liquidity profiles. Additionally, the Institution's prudent reserve fund allocations underscore its commitment to financial stability and risk management. Going forward, in line with distressed macroeconomic indicators with ongoing inflation putting a drag on clients' disposable income and repayment capacities, maintenance of asset quality will remain important from ratings perspective. Moreover, ratings will remain contingent upon improving spreads, minimizing exchange rate risk and enhancing liquidity indicators.

About the Company

DSP has its origins in a non-profit organization established in 1992 called Development Action for Mobilization and Emancipation (DAMEN), registered under the Societies Registration Act, XXI of 1860. DAMEN's mission was to foster alternative development at the grassroots level in Pakistan. It comprised a coalition of social scientists, philanthropists, and professionals with extensive experience in developmental initiatives both within and outside Pakistan.

In 1996, DAMEN introduced a microcredit program as part of its social sector initiatives, initially on a modest scale, to stimulate economic activities within communities, particularly focusing on empowering women. In 2015, recognizing the need for a more concentrated effort on financial inclusion, to align with its social sector programs, attract additional donors and investors, and secure increased funding from commercial banks, DAMEN spun off its microfinance operations into an independent legal entity named Damen Support Programme. DSP network comprises 64 operational branches strategically spread across 17 districts of Punjab.

Loan Approval & Collection Process

The Loan Approval and Collection Process at DSP revolves around a structured framework managed by the Field Office. This office comprises key personnel including the Field Manager (FM), Accounts Officer (AO), and Appraisal Officer (APO), alongside up to six Loan Officers (LOs) depending on the client base. The LOs play a crucial role in identifying clients, forming groups, and educating them on microfinance program policies and procedures. They also conduct thorough appraisals of businesses and household information provided by clients in loan applications. Following this, they present their credit reports to the FM for review. The FM, in collaboration with the APO, conducts a repeat appraisal, verifies the provided information, and

OVERVIEW OF INSTITUTION

Damen Support Programme was incorporated in Pakistan on October 10, 2014 as a non-profit organization under section 42 of the Companies Ordinance, 1984 (now Companies Act, 2017). On October 04, 2016 the Company was granted the license to undertake or carry out Investment Finance services as a Non-Banking Micro Finance Company under Non-Banking Finance Companies Establishment and Regulation Rules, 2003.

Profile of Chairperson

Ms. Naghma Rashid holds Post graduate degrees in Public Administration and Educational Planning Management and has over 35 years of experience in the field of education and development. For more than 25 years she served DAMEN & Damen Support Programme as CEO & was involved in overall management and administration of the organization. She took retirement from Damen Support Programme in 2020 and now is on the Board of DSP, serving as chairperson besides *working as the Policy and Risk Advisor to BOD (Gratis).*

Profile of CEO

Mr. Musharraf Mahmood Khan is a business graduate from IUB and a Certified Public Accountant. His expertise are Finance, Micro Finance Banking, Budgeting, Digital Banking, Business, Coaching, Transformation & Project Management. His career span is spread over 18 years of enriched experience in MFIs and MFBs. He remained associated with National Rural Support Programme at region level and NRSP Microfinance Bank in different senior roles.

upon satisfaction, presents the case to the Loan Approving Committee (LAC). This committee, comprising the FM, APO, and AO, approves the loan after due diligence. Subsequently, the approved loan is disbursed to the client. Furthermore, all loan installment recoveries are collected at designated agents of Branchless Banking nominated by DSP or field offices. Ensuring achievement of monthly disbursement targets and 100% recovery lies at the forefront of the Field Office's responsibilities. Moreover, the Field Office is tasked with depositing all collected cash from installments into the respective bank account, while the AO maintains all financial records, prepares periodic statements, and submits them to the region for further analysis and assessment.

Rating Drivers:

Experienced Board and Management Team

DSP's senior management and Board of directors have considerable experience in the field of microfinance and financial services. Presently the Board comprises 8 members including the chairperson, Ms. Naghma Rashid.

Name	Position	Experience
Ms. Naghma Rashid	Chairperson	35 years
Syeda Shehrbano	Independent Director	22 Years
Mr. Waseem Ahsan	Independent Director	40 years
Mr. Shahzaib Sanwal	Director	11 years
Ms. Manal Bakhtiari	Director	14 years
Ms. Sadaf Rehman	Director	20 years
Dr. Nadeem Iqbal	Director	20+ years
Mr. Musharraf Mahmood Khan	CEO	18+ years

The Board maintains oversight with five Board level committees namely Human Resource & Remuneration Committee, Transformation Committee, Audit Committee, Risk & Compliance Committee and IT & Digitalization Steering Committee. Overall, with no key position vacant, the senior management has depicted stability over the years.

Productivity Analysis and Branch Network

PRODUCTIVITY	FY20	FY21	FY22	FY23	1H'FY24
No of loan Officers	346	311	377	357	381
No. of branches	54	64	64	64	64
No of active Borrowers	104,881	116,187	129,617	108,599	103,594
LOs/ Branch	6.4	4.9	5.9	5.6	6.0
Active Borrowers/ LO	303.1	373.6	343.8	304.2	271.9
Active Borrowers/ Branch	1,942.2	1,815.4	2,025.3	1,696.8	1,618.7

Average Loan Size	53,369	57,579	67,445	75,771	78,358

In the past four fiscal years, the total number of LOs employed by DSP has demonstrated, fluctuating trend. By the end of FY23, this figure experienced a 5.3% dip compared to the preceding year, though rising again by 1H'FY24. Despite these trends, the LOs per branch have remained relatively steady over the past years.

Furthermore, there was a significant decrease in the number of active borrowers per LO during FY23 and subsequently, aligning with a deliberate consolidation strategy enacted by the management. This strategy aimed to curtail lending to new clients, thereby preserving the health of the portfolio amidst challenging macroeconomic conditions. The institution has witnessed significant increase in the average loan size since FY20, reflecting also inflationary trends in the economy during this period.

Going forward, management does not plan to increase the number of branches, and the number of LOs will remain in line with the past trend. The primary focus would be to increase the average loan size to grow the Gross Loan Portfolio.

Microcredit Portfolio

Despite a consistent growth trajectory till 2022, the GLP experienced a slight dip to Rs. 4.3b during FY23, (FY22: Rs. 4.4b; FY21: Rs. 3.3b). This decline was aligned with relatively higher aggregate recoveries recorded across various lending programs throughout the financial year amounting to Rs. 7.4b (FY22: Rs. 5.8b; FY21: Rs. 4.6b). Although disbursement activities saw a 5.9% increase compared to FY22, DSP strategically redirected its focus towards portfolio consolidation and diligent repayment collection efforts.

With an anticipation of an improved economic environment by the end of FY24, management is considering disbursing loans amounting to Rs. 8.5b during the period, with an expectation to further increase to Rs. 10.0b in FY25. This targeted expansion seems feasible, especially considering inflationary pressures prompting enhanced average ticket size to better meet borrower requirements. Consequently, the GLP is targeted to reach Rs. 6.0b by the end of FY25. However, it's important to note that DSP operates as a non-deposit taking Microfinance Institution (MFI), thus its growth prospects are reliant upon the availability of funding from external sources in a timely manner.

Microcredit Portfolio Risk Segregations:

DSP's lending methodology primarily relies on group-based lending, which accounted for 93.2% (FY22: 92.3%; FY21: 89.7%) of the GLP during FY23. It remains the preferred approach, as it leverages social guarantee pressure for repayment. Moreover, DSP's lending practices predominantly involve unsecured loans, lacking collateral such as gold or property. This poses increased credit risk, especially amidst economic downturns, where non-repayment instances escalate without collateral backing. Conversely, Equal Monthly Installments (EMI) dominate the repayment structure, offering comfort in term of repayment. The risk wise segregations of the portfolio are presented in the table below:

PORTFOLIO SEGREGATION	FY20	FY21	FY22	FY23
Loan Type				
Trade and Business	24.8%	23.6%	25.0%	26.6%
Tailoring & Clothing	33.6%	37.5%	38.6%	38.1%
Livestock	39.2%	36.9%	34.9%	33.8%
Handicraft and Embroidery	2.5%	2.0%	1.5%	1.6%
Segment wise				
Conventional	93.5%	93.1%	92.3%	91.4%
Shariah	6.4%	6.9%	7.6%	8.6%
Seasonal	0.1%	0.0%	0.1%	0.0%
SECURED VS UNSECURED				
Secured	0.00%	0.00%	0.36%	0.29%
Unsecured	100.00%	100.00%	99.64%	99.71%
GROUP VS INDIVIDUAL				
Group	94.49%	89.68%	92.30%	93.16%
Individual	5.51%	10.32%	7.70%	6.84%
BULLET VS EMI				
EMI	99.93%	99.97%	99.99%	99.88%
Bullet	0.07%	0.03%	0.01%	0.12%
Gross Loans Portfolio (Rs. in billion)	3.0	3.3	4.4	4.3

Moreover, the sectoral breakdown of the GLP indicates that Tailoring & Clothing and Livestock have been the primary focus areas of the Institution, collectively contributing approximately 71% as of Jun'23. Furthermore, there has been a noticeable decrease in the proportion of Livestock loans over the four fiscal years, indicating potential challenges or shifts within the agricultural sector. Additionally, the Institution has predominantly relied on conventional financing, with the majority of loans falling under this category throughout the period under review. Nevertheless, there has been a gradual but steady increase in the proportion of Shariah-compliant financing within the portfolio, albeit remaining a relatively small segment.

Microfinance Loan Portfolio	Jun'20	Jun'21	Jun'22	Jun'23	Dec'23
General Loans	99.9%	100%	80.3%	59.0%	57.7%
Business Investment loans	0.0%	0.0%	3.1%	2.1%	2.1%
Enterprise Loans	0.0%	0.0%	16.5%	34.1%	36.5%
Agriculture Loan	0.1%	0.0%	0.1%	0.2%	0.2%
Gold Loan	0.0%	0.0%	0.0%	0.3%	0.4%
PYMBALS	0.0%	0.0%	0.0%	4.2%	3.1%

Gross Loans Portfolio (Rs. in billion)	3.0	3.3	4.4	4.3	4.4

General loans demonstrated steady growth from Rs. 3.0b as of Jun'20 to Rs. 3.5b as of Jun'22. However, there was a significant decline as of Jun'23, dropping to Rs. 2.6b, followed by relative stability as of Dec'23. In contrast, Enterprise loans took a different trajectory. By Jun'23, it more than doubled, reaching Rs. 1.5b (Jun'22: Rs. 726.8m), and continued to increase to Rs. 1.6b as of Dec'23. Agriculture loans experienced fluctuations over the observed period. Initially, there was a modest increase from Rs. 3.8m as of Jun'20 to Rs. 2.6m by Jun'22. However, there was a significant rise by Jun'23, reaching Rs. 10.8m, with a slight uptick by Dec'23. Gold loans rose to Rs. 17.9m (Jun'23: Rs. 12.5m) by Dec'23, while Prime Minister Youth Business and Agriculture Loans (PYMBALS) decreased slightly to Rs. 139.6m (Jun'23: Rs. 184.1 m) by Dec'23.

Credit Risk Mitigation Strategies

In its efforts to manage credit risk, DSP gradually increases loan amounts with each successive loan cycle as customers develop a repayment history and a satisfactory track record with the programme. For new clients, a more rigorous induction process is in place, and they are initially offered a predetermined minimum amount for each product category. As the relationship matures, financing limits are expanded for repeat loans. Additionally, DSP has branchless banking for its installment collection, streamlining the process for greater efficiency. The following table depicts the breakup of size wise composition of loans at end-FY23:

SIZE-WISE COMPOSITION	No. of Clients	Portfolio (In PKR)
Up to Rs. 25,000	1	4,970
Rs. 25,000-Rs. 50,000	18,207	476,541,056
Rs. 50,001-Rs. 75,000	50,386	1,503,660,063
Rs. 75,001- Rs. 100,000	23,150	1,060,466,066
Rs. 100,000 and Above	16,855	1,298,305,659
Total as of Jun'23	108,599	4,338,977,814

Asset Quality Indicators

Non-Performing Loans (NPLs) witnessed a decline over the timeline, amounting to 165.2m (FY23: Rs. 120.1m; FY22: Rs. 208.5m) by the end of 1H'FY24. This decline in NPLs corresponded with reductions in both gross and net infection rates over the same period, reaching 3.6% (FY23: 2.7%; FY22: 4.7%) and -0.4% (FY23: 0.4%; FY22: 0.2%). Moreover, the improvement in portfolio quality was evidenced by the incremental infection rate, which decreased to 1.0% (FY23: 2.8%; FY22: 3.1%) by the end of 1H'FY24. These trends indicate that the Institution's portfolio is sound, with no significant accumulation of credit risk. However, provisioning coverages, both specific and total, declined during the outgoing year. This decline can be attributed to the write-off of certain fully provided accounts, resulting in a lower average coverage of outstanding NPLs. Also following the implementation of IFRS-9, resulted in only 2.3% of the GLP being categorized under stage-3, resulting in lower provisioning requirements.

DSP's investment strategy primarily revolves around term deposit receipts (TDRs) across various maturities, totaling Rs. 230.7m (FY23: Rs. 89.3m; FY22: Rs. 142.1m). These TDRs yield interest rates ranging from 15.24% to 20% and are securely held with banks having strong financial stability and favorable credit ratings as of the end of Dec'23. Consequently, the credit risk stemming from the investment portfolio is deemed minimal. Furthermore, given the short-term nature of DSP's investments, there is no significant market risk associated with them.

Liquidity and Leverage Profile

The decreasing ratio of liquid assets to outstanding obligations, which stood at 9.2% (FY22: 12.0%, FY21: 17.2%) at the end of Jun'23, points to a decline in liquid reserves held. However, there has been an improvement in liquid assets as of Dec'23 with increase in bank deposits and short-term investments, and a corresponding increase in liquid assets to borrowing ratio to 16.5%, due to accelerated recoveries and a cautious stance to new lending during the first half of the current financial year. Comfort is taken from the fact that short-term loans, which undergo high turnover annually, provide sufficient liquidity protection against liabilities of short-to-medium-term period. Moreover, **s**ince DSP does not accept deposits, there is no risk of cash calls on deposits, ensuring that the current level of liquidity remains adequate for the Institution's operations.

Over time, the Institution's total borrowings have shown an upward trend, reaching Rs. 4.7b (Jun'23: Rs. 4.4b; Jun'22: Rs. 4.3b; FY21: Rs. 3.0b) by the end of Dec'23. Approximately 52.3% of these borrowings are sourced from the Pakistan Microfinance Investment Company Limited (PMICL). Additionally, the Institution has secured two foreign loans, Blue Orchard totaling $4.0m (16.4% of total borrowing) and Symbiotic totaling $0.75m (4.6% of total borrowing), both of which are hedged by a cross-currency swap agreement, securing availability of foreign currency for repayment on due dates, in addition to potential loss from depreciation of PKR. Additionally, there are no short-term borrowings on the Institution's books. As a non-deposit taking Non-Banking Financial Company (NBFC), the Institution's growth objectives are closely tied to funding availability. Therefore, in pursuit of expanding operations and achieving aggressive portfolio growth, the Institution actively seeks new funding arrangements and aims to enhance existing facilities.

Profitability Indictors

DSP's markup-bearing assets consist of advances to customers, financial investments, and bank deposits. Despite a slight decline in the lending portfolio, markup earned on advances increased to Rs. 1.5b (FY22: Rs. 1.2b; FY21: Rs. 0.9b) in FY23, primarily due to a higher yield on advances recorded at 35.4% (FY22: 32.9%; FY21: 30.0%). This increase was a result of higher prevailing benchmark rates. Moreover, the yield on investments and bank deposits also improved to 10.8% (FY22: 7.1%; FY21: 5.9%). Furthermore, the cost of funding rose significantly to 17.0% (FY22: 11.6%; FY21: 9.7%) in FY23 due to an increase in borrowings at higher benchmark rates. In view of the respective movements, DSP reported lower spreads at 16.3% (FY22: 18.3%; FY21: 16.5%) in FY23.

Despite a decrease in spreads, DSP's profitability showed an upward trend in FY23, primarily due to an increase in income from non-financial assets, reaching Rs. 190.2m (FY22: 156.0m; FY21: Rs. 90.0m). Additionally, there was a notable decrease in provisioning expenses, amounting to Rs. 116.8m (FY22: Rs. 300.0m; FY21: Rs. 153.3m) in FY23. However, the Operational Self-Sufficiency (OSS) ratio deteriorated over the timeline, reaching 102.6% (FY22: 101.2%; FY21: 100.8%) in FY23, attributed to an increase in finance costs to Rs. 734m (FY22: Rs. 420.6m; FY21: Rs. 294.0m) and direct operational costs to Rs. 748.6m (FY22: Rs. 632.4m; Rs. 529.7m) and indicative of an interest rate mismatch between assets and liabilities.

The programme faces the risk of exchange rate movements given its foreign currency borrowing. To mitigate these risks, the Institution has engaged in cross-currency swap agreements. These agreements establish fixed exchange rates for principal net repayment and set interest rates for loans acquired, protecting against depreciation of Pak rupee. Given the volatility of PKR/USD exchange rates, this has resulted in net losses in 2023; however expected repayment of these borrowings in the latter part of 2024 will alleviate the potential for loss going forward, barring any new FCY loans acquired.

DSP’s bottom line was recorded higher at Rs. 61.3m (FY22: Rs. 24.9m; FY21: Rs. 9.6). The Institution is approved under section 2 (36) of the Income Tax Ordinance 2001 for getting entitlement of tax credits under section 100C (100% credit of tax liability). Therefore, the Institution has not made any provision for taxation for the year.

In 1H’FY24, the Institution incurred a net loss because it did not revise its fixed markup rate on loans despite an increase in prevailing rates. However, beginning in 2024, the management has decided to index its loan rate with the policy rate, making it variable for new loans issued. As a result, a surplus is projected for the full financial year 2024.

Reserve Funds Adequacy

DSP, as a 'Limited by Guarantee Company', does not have a share capital. However, accounting for internal capital generation, the Institution's total reserve funds remained stable at Rs. 1.1 b (Jun’23: Rs. 1.2b; Jun’22: 1.1b; Jun’21: Rs. 1.1b) by the end of Dec’23. Over the years, to reduce reliance on external funding for its microfinance loan portfolio, the Institution established a loan revolving fund (reserve), where 60% of the surplus for the year is annually transferred. Additionally, a Disaster Relief Fund was established, allocating 0.5% of the net surplus to cover costs arising from unforeseen events or disasters.

Starting from 2017-18, the Institution initiated a Staff Health Reserve to cover medical expenses not covered by staff health insurance or when limits are exceeded. For this, 0.5% of the surplus for the year is set aside. Furthermore, 25% of the surplus is allocated to a Transformation and Expansion Fund. Additionally, to comply with section 32 (3) of the NBFC Regulation, which mandates maintaining a special reserve of at least 5% of profit after tax, the Institution established a Special Reserve fund.

In terms of Capital Adequacy Ratio (CAR), DSP is in a comfortable position, with CAR standing at 22.0% (Jun'23: 23%; Jun'22: 22.0%).

Damen Support Programme Appendix I

FINANCIAL SUMMARY					*(amounts in millions)*
BALANCE SHEET	**Jun'20**	**Jun'21**	**Jun'22**	**Jun'23**	**Dec'23**
Cash and bank balances	609.6	422.0	369.3	314.6	537.3
Short term investments	151.5	89.9	142.1	89.3	230.7
Advances, prepayments and other receivables	58.4	83.3	102.9	118.4	79.6
Microcredit loan portfolio (current)	2,969.5	3,162.1	4,187.8	4,107.8	4,360.6
Property and Equipment	85.8	126.1	128.5	109.4	99.5
Right of use Asset	83.7	83.7	105.1	99.9	99.9
Long-term Advance	61.0	69.9	81.1	91.1	91.1
Microcredit loan portfolio (non-current)	16.0	73.2	84.7	167.3	-
Total Assets	**4,114.4**	**4,132.2**	**5,476.9**	**5,719.2**	**5,929.3**
Long-term borrowings *(Inc. curr. maturity)*	2,981.5	2,466.6	3,704.8	4,392.6	4,663.1
Short-term borrowings	100.0	511.1	552.9	-	-
Trade and other payables	26.6	75.3	117.3	123.4	120.4
Total Liabilities	**3,108.2**	**3,055.2**	**4,375.0**	**4,556.0**	**4,783.5**
Total Equity *(Excl. Revaluation surplus)*	**1,006.2**	**1,015.8**	**1,051.5**	**1,113.2**	**1,095.7**
INCOME STATEMENT	**FY20**	**FY21**	**FY22**	**FY23**	**1HFY23**
Net Mark-up Income	707.41	675.19	847.74	823.87	420.72
Net Provisioning/ (Reversal)	69.5	153.3	300.0	116.8	80.3
Non-Markup Income	161.1	127.9	417.2	627.0	93.3
Exchange Loss	91.6	62.4	236.7	451.2	-
Operating Expenses	550.2	529.7	632.4	748.6	409.7
Surplus for the year	85.9	9.6	24.9	61.3	(17.5)
RATIO ANALYSIS	**Jun'20**	**Jun'21**	**Jun'22**	**Jun'23**	**Dec'23**
NPLs	46.3	290.8	208.5	120.1	165.2
Gross Infection %	1.5%	8.7%	4.7%	2.7%	3.6%
Incremental Infection%	NA	13.4%	3.1%	2.8%	1.0%
Net Infection (%)	-3.5%	5.8%	0.2%	0.4%	-0.4%
Total Provisioning Coverage (%)	327.5%	35.8%	95.3%	85.0%	110.4%
Amount written off during the year	89.9	200.9	205.3	213.4	-
Net NPL's to Tier I Capital	-10.5%	18.4%	0.9%	1.6%	-1.6%
Capital Adequacy Ratio (%)	NA	NA	22.0%	23.0%	22.0%
Markup in earning Assets (%)	NA	26.2%	29.9%	33.3%	36.6%*
Cost of Funds (%)	NA	14.8%	19.5%	18.9%	19.6%*
Spreads (%)	NA	11.4%	10.3%	14.4%	17.0%
OSS (%)	106.8%	100.8%	101.2%	102.6%	97.6%
ROAA (%)	2.1%	0.2%	0.5%	1.1%	-0.6%*
ROAE (%)	8.5%	0.9%	2.3%	5.4%	-3.0%*
Liquid assets to borrowings (%)	24.7%	17.2%	12.0%	9.2%	16.5%

**Annualized*

<table>
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<tr><td>Name of Rated Entity</td><td>Damen Support Programme</td></tr>
<tr><td>Sector</td><td>Microfinance Institution</td></tr>
<tr><td>Type of Relationship</td><td>Solicited</td></tr>
<tr><td>Purpose of Rating</td><td>Entity Rating</td></tr>
<tr><td>Rating History</td><td><table><tr><th>Rating Date</th><th>Medium to Long Term</th><th>Short Term</th><th>Rating Outlook</th><th>Rating Action</th></tr><tr><td colspan="5">RATING TYPE: Entity</td></tr><tr><td>04/17/2024</td><td>BBB-</td><td>A-3</td><td>Stable</td><td>Initial</td></tr></table></td></tr>
<tr><td>Instrument Structure</td><td>N/A</td></tr>
<tr><td>Statement by the Rating Team</td><td>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.</td></tr>
<tr><td>Probability of Default</td><td>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.</td></tr>
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<tr><td>Due Diligence Meetings Conducted</td><td><table><tr><th>Name</th><th>Designation</th><th>Date</th></tr><tr><td>Mr. Wajid Ali Khan</td><td>CFO/Secretary</td><td rowspan="2">04-March-2024</td></tr><tr><td>Ms. Sadia Munir</td><td>Senior Manager Risk</td></tr></table></td></tr>
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