

Press Release

VIS Upgrades Entity Ratings of Damen Support Programme

Karachi, February 12, 2026: VIS Credit Rating Company Limited (VIS) has upgraded entity ratings of Damen Support Programme ('DSP' or the 'Institution') from 'BBB-/A3' (Triple B Minus/A Three) to 'BBB/A3' (Triple B/A Three). Medium to long term rating of 'BBB' indicates adequate credit quality; protection factors are reasonable and sufficient. Risk factors are considered variable if changes occur in the economy. Short term rating of 'A3' indicates fair likelihood of timely repayment of short-term obligations with satisfactory liquidity factors. Outlook on the assigned ratings remains 'Stable.' Previous rating action was announced on May 23, 2025.

Damen Support Programme is a spin-off of microcredit operations from its host non-profit organization - Development Action for Mobilization and Emancipation (DAMEN), registered under the Societies Registration Act, XXI of 1860, and set up to foster development at the grassroots level in Pakistan in 1992. DSP commenced operations as an independent microcredit entity in 2015, and spans a network of 64 operational branches, spread across 17 districts of Punjab.

The assigned ratings reflect DSP stable credit profile, supported by a clear social mandate, experienced management, and a structured governance framework with active board oversight. The Institution's loan portfolio is diversified across sectors such as craftsmanship, trade and livestock, with a focus on group lending to mitigate credit risk, through social guarantees. While the portfolio is predominantly unsecured, DSP's emphasis is on repeat borrowers with proven repayment histories. Business risk profile is supported by steady portfolio expansion, a diversified borrower base, and improving economic conditions that have aided repayment behavior. Asset quality indicators have strengthened, supported by enhanced credit assessment, close portfolio monitoring, and targeted client engagement measures, resulting in contained credit risk and adequate provisioning buffers.

Profitability has improved on the back of stable lending activity, a favorable funding cost environment, and improved operating self-sufficiency, despite elevated operating and administrative expenses associated with growth and inflationary pressures. Financial risk profile is assessed as sound, supported by a strong capital base built through internal surplus generation, prudent reserve allocations, and compliance with regulatory capital requirements.

Liquidity profile has improved, reflecting higher on-balance sheet liquidity and a manageable maturity profile of borrowings. While reliance on borrowed funds remains a structural feature, leverage remains within prudent limits, and foreign currency exposures are mitigated through hedging arrangements. Overall, the ratings incorporate the institution's stable operating profile and adequate financial flexibility.

Going forward, DSP's ratings will depend on its ability to maintain strong asset quality through continued stringent portfolio monitoring and proactive client engagement. Enhancing profitability via sustainable yield management and cost optimization will also be essential. Moreover, taking proactive measures to mitigate any adverse impact of foreign exchange risk and strengthening capital buffers will be critical to supporting the ratings.

For further information on this rating announcement, please contact at 021-35311861-64 or email at info@vis.com.pk.

Applicable Rating Criteria: Non-Bank Financial Companies

<https://docs.vis.com.pk/Methodologies-2025/NBFC-Nov-2025.pdf>

VIS Issue/Issuer Rating Scale

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>