



The Pakistan Credit Rating Agency Limited

Rating Report

Habib Metropolitan Financial Services Limited | BFR

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Rating History

Dissemination Date	Rating	Outlook	Action	Rating Watch
15-May-2026	BFR 3+	Stable	Maintain	-
16-May-2025	BFR 3+	Stable	Maintain	-
17-May-2024	BFR 3+	Stable	Maintain	-
17-May-2023	BFR 3+	Stable	Maintain	-
13-Jun-2022	BFR 3+	Stable	Initial	-

Rating Rationale

Factor	Comment
Ownership	Habib Metropolitan Bank Limited is the majority owner with 99.99% stake in the Company. The ownership factor is considered strong.
Governance	The Board of HMFSL consists of three non-executive directors and the CEO. All members of the Board represent Habib Metropolitan Bank Limited, and the Board does not currently include an independent director. The presence of an independent director on the Board would further enhance the governance framework.
Management and Client Services	HMFSL has an experienced management team overseeing its operations, supported by a well-defined organizational structure. The company also maintains an institutional sales and business development department, led by a dedicated Head of Institutional Sales and Business Development, along with an online department to enhance client services.
Internal Controls and Regulatory Compliance	An effective internal control framework is supported by an in-house internal audit function. The Company has also established requisite policies and procedures to maintain a strong control environment and ensure compliance.
Business Sustainability	HMFSL's topline is primarily driven by equity brokerage, generating PKR 121mln in brokerage revenue as at Dec '25 (SPLY: PKR 79mln). The company reported a net income of PKR 6.7mln (SPLY: net loss of PKR 3.6mln).
Financial Sustainability	HMFSL had an equity base of PKR 370mln at the end-Dec '25 (SPLY: PKR 333mln). HMFSL had an LCB standing at ~PKR 236mln at the end-Dec '25.

Key Rating Drivers

Fiduciary practices across client servicing, compliance, and risk oversight remain central to Habib Metropolitan Financial Services Limited ('HMFS' or 'the Company') control framework, supporting its rating. The Company continues to strengthen its institutional and HNWI franchise while expanding its retail footprint through digital channels, reflecting a balanced growth approach. However, the extent to which these initiatives translate into consistent, scalable revenue remains a key consideration, alongside the need to sustain competitive positioning in core brokerage operations. Going forward, maintaining strong risk controls, reinforcing underwriting discipline, ensuring management stability, enhancing client protection mechanisms, and strengthening internal governance practices will be critical to sustaining and improving HMFS's fiduciary standards and overall control environment.

Disclosure

Name of Rated Entity	Habib Metropolitan Financial Services Limited BFR
Type of Relationship	Solicited
Purpose of the Rating	Broker Fiduciary Rating (BFR)
Applicable Criteria	Methodology Rating Modifiers(Apr-25),Assessment Framework Broker Fiduciary Rating(Jan-26)
Related Research	Sector Study Brokerage Firms(Feb-26)
Rating Analysts	Usama Ali usama.ali@pacra.com +92-42-35869504

Profile

Background Metropolitan Financial Services Limited (HMFS or the Company) was incorporated on September 28, 2007, as a public limited company and commenced operations on March 6, 2008. HMFS is a wholly owned subsidiary of Habib Metropolitan Bank Limited (HMBL), with its ultimate holding entity, Habib Bank AG Zurich, headquartered in Switzerland. The Company holds a Trading Rights Entitlement (TRE) Certificate from the Pakistan Stock Exchange Limited (PSX), authorizing it to operate in the capital markets.

Operations HMFS offers a comprehensive array of equity brokerage services, including dealing in securities on both Ready and Futures counters. The Company's clientele is categorized into: 1) Institutions 2) Corporates 3) HNWI and 4) Retail. Leveraging the robust infrastructure and reputation of its parent company, HMFS maintains high standards of repute, trust, and service, ensuring that clients receive superior equity brokerage services.

Ownership

Ownership Structure Habib Metropolitan Financial Services Limited (HMFSL) is a wholly owned subsidiary of Habib Metropolitan Bank Limited (HMBL). The company was incorporated in 2007 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017) and commenced operations in 2008.

Stability HMFSL benefits from the financial and operational strength of its parent entity, Habib Metropolitan Bank Limited (HMBL), which has been in commercial banking since 1992. Following its merger with Habib Bank AG Zurich's Pakistan operations in 2006, HMBL now operates through an extensive branch network of 562 branches across 229 cities in Pakistan (as of Dec 2025), providing a stable foundation for HMFSL's business.

Business Acumen HMFSL maintains a close institutional relationship with Habib Metropolitan Bank Limited, which is owned and managed by the Habib family. With over 75 years of experience in banking, the group is recognized as one of the pioneers in Pakistan's financial sector, bringing deep industry expertise and a strong reputation to HMFSL's operations.

Financial Strength HMFSL's sponsors possess substantial financial strength, with Habib Metropolitan Bank Limited's equity standing at PKR 127.8bln as at December 2025. HMBL holds a AA+ credit rating, assigned by PACRA, reflecting its strong financial position. Given its sizeable net worth and growing operations, HMBL is well-positioned to provide financial support to HMFSL as its business expands.

Governance

Board Structure HMFSL's Board comprises three directors, all representing Habib Metropolitan Bank Limited (HMBL). The inclusion of independent directors can be seen as a step toward enhancing governance practices, strengthening oversight, and bringing diverse strategic insights, which will positively impact the ratings perspective.

Members' Profile The board possess the necessary skills and experience required for capital markets. The board members, on-average, possess more than ~30 years of experience in the field of finance and capital markets.

Board Effectiveness During CY25, four (4) board meetings were conducted and attended by all of the board members. The board is always provided with MIS pack prior to the meeting and the meeting discussions are properly documented in the form of minutes. However, due to the size of the board, board-level committees have not been formed as per the industry best practice.

Financial The financial statements of the Company for the CY25 has been audited by KPMG Taseer Hadi and Company; 'A' category and a satisfactory QCR rated firm. The auditors have issued an unqualified opinion on the financial statements.

Management And Client Services

Organizational Structure The Company has a lean organizational structure to manage its operations and appropriate policies to protect the clients interest. The Company operates through the Head Office located in Karachi. All of the Departmental Heads reports to the CEO . However, the internal auditor reports directly to the Board.

Management Team The management of HMFSL possess necessary experience and qualifications to manage the Company's operations efficiently. Mr. Ather Husain Medina, the CEO, is a qualified professional with extensive work experience of over 33 years in the financial sector among reputed Financial Institutions. Moreover, HMFSL has appointed a new Head of Online Sales Department.

Client Servicing HMFSL regularly publishes reports on market strategy, economy, daily news and market updates. HMFSL has provided direct links to relevant institutions and departments on their website. Moreover, various channels, including a mobile app and online trading platforms, are available to execute and monitor the transactions.

Complaint Management HMFSL has established Customer Complaint Policy to provide guidance to both customers and staff on the manner in which HMFSL receives and manages complaint. Customers can lodge complaint via call, email or by speaking directly to Manager Operations.

Extent Of Automation / Integration HMFSL has comprehensive and effective IT arrangement to deal with dynamic technological environment prevailing in the capital markets arena. HMFSL has a dedicated online platform for its customers.

Continuity Of Operations HMFSL has established a recovery plan for all essential infrastructure elements, systems, networks, and key business activities. The business continuity plan provides a framework for business departments if a major incident occurs, causing disruption to pre-defined critical services.

Internal Controls And Regulatory Compliance

Risk Management Framework The Company has an in-house internal audit department, which monitors implementation of the policies and procedures of HMFSL. Presence of an Audit Committee would have been helpful for an effective control environment and compliance with reporting standards.

Regulatory Compliance Compliance Department ensures regular monitoring of controls and systems, which ensures all functions are in-line with the applicable policies and procedures. Research analyst policy has also been formulated. The Head of Compliance, Mr. Usman Shakeel has over 12 years of experience in the financial industry.

Business Sustainability

Operating Environment Pakistan's brokerage sector is expanding, supported by digital adoption, regulatory reforms, and growing investor participation. The PSX hosts over 400 licensed brokers, serving around 300,000 active retail clients and nearly 1,900 foreign institutional investors. While retail participation averages just 5-10% weekly, significant growth potential remains, reinforced by the rise of online platforms and digital-only brokers. In CY25, the PSX delivered returns above 30%, ranking among the best-performing frontier markets, driven by improving macroeconomic conditions, falling interest rates, and a shift from fixed income to equities. Nonetheless, the market remains vulnerable to external shocks, with both risks and positive triggers capable of sparking rapid swings.

Performance The top line concentration of HMFS mainly consist of brokerage revenue. During CY25, HMFSL earned a brokerage revenue of ~PKR 121mln as compared to SPLY: ~PKR 79mln.

Strategy Going forward, the strategic planning of the Company is to focus on institutional and knowledgeable HMFSLs clients and further diversify into the retail/ online segment.

Financial Sustainability

Credit Risk For the assessment of client's creditworthiness, the Company has formulated detailed KYC/CDD policies. Limits have been defined, which are strictly monitored. The exposure limits as a whole and on individual basis are monitored and any shortfalls are immediately reported to senior management for prompt action.

Market Risk HMFSL does not operate any proprietary book hence, it has protected itself from the risk arising from volatility in the equity markets. The Company does not plan to trade proprietary book in the near future.

Liquidity Risk The liquidity profile of HMFS is adequate. The Company has reported current assets of ~PKR 785mln in CY25 (SPLY: ~PKR 540mln) as compared to current liabilities of ~PKR 503mln in CY25 (SPLY: ~PKR 267mln).

Capitalization At end-Dec '25, the Liquid Capital Balance (LCB) of the Company stood at ~PKR 236mln. The Company has an equity base of ~PKR 370mln at end Dec '25 as compared to the equity of ~PKR 333mln in Dec '24.

THE PAKISTAN CREDIT RATING AGENCY

Habib Metropolitan Financial Services Limited
PRIVATE LIMITED
FINANCIAL SUMMARY

FS PRINT MODE DISABLED

Dec-25 CY25 12M Audited	Dec-24 CY24 12M Audited	Dec-23 CY23 12M Audited
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BALANCE SHEET

1 FINANCES	-	-	-
2 INVESTMENTS	174.27	142.43	111.71
3 OTHER EARNING ASSETS	35.66	0.67	1.50
4 NON-EARNING ASSETS	664.41	460.21	392.70
5 NON-PERFORMING FINANCES-net	-	-	-
TOTAL ASSETS	874.34	603.30	505.91
6 FUNDING	1.05	60.52	5.35
7 OTHER LIABILITIES (NON-INTEREST BEARING)	502.45	208.91	192.06
TOTAL LIABILITIES	503.50	269.44	197.41
TOTAL EQUITY	370.84	333.87	308.51

INCOME STATEMENT

INCOME

1 FEE BASED INCOME	121.57	79.27	33.95
2 OPERATING EXPENSES	(130.58)	(116.40)	(96.51)
3 NON-FEE BASED INCOME	28.04	41.39	46.93
TOTAL OPERATING INCOME (LOSS)	19.03	4.26	(15.63)
4 FINANCIAL CHARGES	(2.40)	(0.79)	(0.73)
PRE-TAX PROFIT	16.63	3.47	(16.35)
5 TAXES	(9.86)	(7.08)	(3.93)
PROFIT AFTER TAX	6.76	(3.61)	(20.29)

RATIOS

BUSINESS SUSTAINABILITY

1 PRE-TAX MARGIN	13.68%	4.37%	-48.17%
2 EBITDA MARGIN	21.73%	14.57%	-38.46%
3 EBIT RETURN ON ASSETS	2.58%	0.77%	-3.15%

FINANCIAL SUSTAINABILITY

1 TOTAL INVESTMENTS / EQUITY	46.99%	42.66%	36.21%
2 LIQUID CAPITAL BALANCE (LCB) / EQUITY	63.75%	61.30%	62.31%
3 (CASH, CASH EQUIVALENTS & GOVERNMENT SECURITIES) / TOTAL AS	33.90%	32.13%	46.61%
4 TOTAL DEBT / TOTAL ASSETS	0.12%	10.03%	1.06%

Broker Fiduciary Rating Scale & Definitions

An independent opinion on a broker's quality of management and client services, and the sustainability of operations

Scale	Definition
BFR 1	Very Strong. Very Strong quality of management and client services, and a very high likelihood of sustaining operations.
BFR 2++ BFR 2+ BFR 2	Strong. Strong quality of management and client service, and a high likelihood of sustaining operations
BFR 3++ BFR 3+ BFR 3	Good. Good quality of management and client service, and average likelihood of sustaining operations.
BFR 4++ BFR 4+ BFR 4	Adequate. Adequate quality of management and client service, and average likelihood of sustaining operations.
BFR 5	Weak. Weak quality of management and client service, and a weak likelihood of sustaining operations.

Rating Modifiers | Rating Actions

Outlook (Stable, Positive, Negative, Developing)	Rating Watch	Suspension	Withdrawn	Harmonization
<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>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 the foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany the rating outlook of the respective opinion.</p>	<p>It is not possible to update an opinion due to a lack of requisite information. Opinion should be resumed in the foreseeable future. However, if this does not happen within six (6) months, the rating should be considered 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>A change in rating due to a revision in the applicable methodology or underlying scale.</p>

Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening. Rating actions may include "maintain", "upgrade", or "downgrade".

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Rating Team Statements

(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

Restrictions

(3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)

(4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)

(5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

Conduct of Business

(6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)

(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).

(8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)

(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)

(10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)

(11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

Independence & Conflict of interest

(12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA's opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity

(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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