



The Pakistan Credit Rating Agency Limited

## Rating Report

### WE Financial Services Limited

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#### Rating History

Dissemination Date	Rating	Outlook	Action	Rating Watch
12-Feb-2026	BFR 3	Positive	Initial	-

Rating Rationale	Factor	Comment
	Ownership	WE Financial Services Limited ("WE FSL" or "The Company") is primarily owned by the Javed family, with Humayun, Asad, and Raheel Javed each holding 31.84% shares, and Nuzhat Javed owning 4.49%.
	Governance	The Board of WE FSL comprises three members, including the CEO, all representing key shareholders, ensuring effective governance alignment. It is composed of experienced professionals.
	Management and Client Services	WE FSL has a centralized organizational structure with experienced management overseeing key departments, ensuring strategic alignment and operational efficiency. Reliable systems, strong client servicing, and disaster recovery measures support seamless operations and service quality.
	Internal Controls and Regulatory Compliance	WE FSL has a Board level Audit Committee reporting to the Board, ensuring oversight of financial reporting, internal controls, and compliance. The internal audit function is outsourced to the former Head of Internal Audit of the Company.
	Business Sustainability	WE FSL topline is primarily driven by equity brokerage, generating PKR 58.8 million in brokerage revenue during FY25 (FY24: PKR 42 mln). The company posted a net profit of PKR 5.4 million (FY24: PKR 5.6million).
	Financial Sustainability	WE FSL maintains a conservative, equity based capital structure with no reliance on external debt. As of FY25, equity rose to PKR 95 million (FY24: PKR 89 million), reflecting improved capitalization and reduced financial risk.

### Key Rating Drivers

WE FSL BFR rating reflects its conservative capital structure and focused operational model, anchored in equity brokerage. The company's financial stability is underpinned by its debt free capital structure and effective cost management. Its centralized organizational setup, supported by an experienced management team and board level audit oversight, contributes to effective governance and operational resilience. Fully integrated systems and a disaster recovery framework further strengthen its infrastructure. However, limited business diversification and relatively modest scale of operations constrain upward rating momentum. Sustained internal compliance and proactive engagement with regulatory bodies remain essential to its fiduciary profile. Moving forward, diversified revenue streams, strengthening market positioning, and enhancing profitability will be key. It will also be critical to maintain sound internal controls, ensure management continuity, and effectively navigate industry challenges.

#### Disclosure

Name of Rated Entity	WE Financial Services Limited
Type of Relationship	Solicited
Purpose of the Rating	Broker Fiduciary Rating (BFR)
Applicable Criteria	Assessment Framework   Broker Fiduciary Rating(Jan-26)
Related Research	Sector Study   Brokerage Firms(Feb-25)
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### Profile

**Background** WE Financial Services Limited ("WE FSL" or "The Company"), incorporated in 1993, is a public unlisted company registered with the Securities and Exchange Commission of Pakistan (SECP). The company holds a Trading Right Entitlement Certificate (TREC), allowing it to operate as a licensed brokerage firm, offering a focused range of brokerage services. WE FSL has plans to expand its offerings into corporate finance and equity research. Historically, the company pursued strategic partnerships with both international and domestic institutions, including Smith New Court (SNC) and Crescent Investment Bank of Pakistan. However, these alliances were not sustained. Currently, WE FSL operates as a fully self-governed and independent entity, maintaining high standards of professionalism and ethics within Pakistan's financial sector.

**Operations** WE FSL operates primarily as a licensed brokerage firm, offering equity trading services. The company provides a limited range of brokerage services to a diverse client base, including individual, corporate, institutional, retail, Roshan Digital Account (RDA), and foreign clients. Its operations are centralized and managed through a single branch located in Karachi, allowing for streamlined execution and focused client servicing. WE FSL is also planning to expand its operational scope by introducing corporate finance advisory and equity research services to diversify its offerings within the financial sector.

### Ownership

**Ownership Structure** The ownership structure of the company is primarily held by members of the Javaid family, with Raheel Javaid, Asad Javaid, and Humayun Javaid each owning an equal stake of 31.84% in the company. Additionally, Nuzhat Javaid holds a smaller share of 4.49%. This concentrated ownership reflects a closely held family-controlled business.

**Stability** WE FSL benefits from a family-owned structure, with key sponsors holding a majority stake and demonstrating a strong commitment to the business.

**Business Acumen** The key sponsors of the company are foreign-qualified professionals, bringing with them international exposure, strategic insight, and a deep understanding of global financial practices. Their expertise is reflected in the company's long-term vision, effective decision-making, and adaptability to evolving market dynamics. This background has significantly contributed to the company's sustainable growth, market credibility, and ability to navigate complex financial environments effectively.

**Financial Strength** WE FSL is backed by financially strong sponsors who have actively supported the company during periods of distress. Their timely assistance has helped maintain liquidity, ensure operational continuity, and uphold investor confidence.

### Governance

**Board Structure** The board of the company consists of three members, all of whom are from the Javaid family: Humayun Javaid, Asad Javaid, and Raheel Javaid, with Humayun Javaid also serving as the CEO. Inclusion of diverse perspectives, particularly through the appointment of independent and female directors, would further enhance the board's effectiveness, governance standards, and strategic decision-making.

**Members' Profile** Mr. Humayun Javaid, the CEO, holds a BBA (Hons.) from Western Michigan University and has over 27 years of experience in financial services, including senior roles at Deutsche Bank AG and The Takaful Company. Mr. Asad Javaid, with a Bachelor's in Business Administration from the same university, has over 25 years of experience in equity brokerage and fund management, and has previously served as CEO of WE Investment Management. Mr. Raheel Javaid, an MBA graduate from Western Michigan University, brings over 21 years of expertise in business development, risk, and online trading, having led the development of the company's online trading platform and customer service enhancements.

**Board Effectiveness** The Board comprises experienced professionals who actively guide the company's strategic direction and governance. It meets quarterly and on a need basis, with well-documented and maintained meeting minutes. An Audit Committee supports the Board by ensuring financial transparency, regulatory compliance, and internal controls. It reviews financial statements, oversees risk management, and coordinates with external auditors to uphold strong accountability and governance standards.

**Financial** The Company ensures financial transparency through external audits conducted by Nasir Javaid Maqsood Imran Chartered Accountants, a 'B' category firm on the SBP panel. In addition, WEFSL has established an internal audit function through outsourcing to Mr. Ahmer Shahid, FCCA, former Head of Internal Audit at WEFSL and currently Co-founder & CEO of ASN.

## Management And Client Services

**Organizational Structure** The organizational structure of the Company comprises key departments including (i) Broking, (ii) Compliance, (iii) Finance, (iv) IT, (v) Research, (vi) Administration, and (vii) Customer Service. All departmental heads report directly to the CEO. This centralized reporting structure ensures streamlined communication, effective coordination, and alignment with the Company's strategic objectives. The Company has also formally established a dedicated Research Department, with qualified resources onboarded and research report preparation underway. While the function has not yet begun contributing to revenue, it is expected to support future income streams and strengthen the Company's value proposition over time.

**Management Team** The management team has been associated with the company for over two decades, combining strong academic credentials with extensive industry experience. With expertise in equity sales, portfolio management, customer service, risk, operations, and research, the team's deep knowledge and educational background provide a solid analytical and strategic foundation, supporting consistent growth and effective decision-making.

**Client Servicing** The Company offers multiple account opening channels, including a user-friendly online trading terminal and in-person services through its physical branch. A dedicated and responsive customer support team assists clients throughout the onboarding process and provides guidance for seamless online trading, ensuring a smooth and efficient client experience.

**Complaint Management** The company has a well-structured and accessible complaint management system, overseen by the Customer Service Department, offering clients multiple channels to register their concerns including email, phone, the official website, and a physical complaint box. The team is committed to addressing customer concerns as promptly as possible, reflecting the company's dedication to service excellence, timely resolution, and safeguarding client interests.

**Extent Of Automation / Integration** The company's front-end and back-end systems are fully integrated, enabling operational reliability, regulatory compliance, and timely, accurate reporting. Strong primary and secondary security protocols safeguard data integrity and protect against potential threats. The IT department actively manages and enhances system automation, ensuring efficient and secure operations.

**Continuity Of Operations** The Company has established a comprehensive and well-tested disaster recovery plan to ensure seamless business continuity in the event of unforeseen disruptions. The plan includes clearly defined protocols for rapid recovery and minimal operational downtime. It is supported by daily data backups to maintain data integrity and enable swift restoration of systems. The disaster recovery framework has also been successfully beta tested, reinforcing its effectiveness and readiness under real-world conditions.

## Internal Controls And Regulatory Compliance

**Risk Management Framework** The Compliance Department oversees the company's risk management framework, including client risk assessments, operational monitoring, and regulatory compliance. While no formal board-level risk committee is in place as of now, the department ensures close monitoring of key areas such as trading, settlement, and the online platform to identify and mitigate risks, safeguarding client interests and maintaining organizational stability.

**Regulatory Compliance** The Compliance Department is responsible for the ongoing monitoring of controls and systems, ensuring that all operational functions adhere to established policies and procedures. This proactive oversight helps to identify and address potential issues promptly, maintaining compliance and safeguarding the organization's operations.

## 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** WE-FSL has demonstrated significant improvement in business performance over the past three years, underscoring its operational resilience and strategic execution. Brokerage revenue increased by 30%, reaching PKR 58.8 million in FY25, compared to PKR 45 million in FY24 and a modest PKR 14 million in FY23. This growth was primarily driven by a substantial rise in stock market activity on the PSX and successful client acquisition efforts. Operating expenses rose to PKR 61 million, reflecting the impact of inflation and ongoing business expansion. Despite the increase in costs, the company returned to profitability, reporting a net profit of PKR 5.4 million in FY25 (SPLY: PKR 5.6mln). The surge in market performance directly contributed to the boost in brokerage income, reinforcing the company's improved financial trajectory.

**Strategy** Going forward, the Company is focused on expanding its presence in the retail sector by strengthening its digital outreach to attract a wider customer base. It is also enhancing client servicing capabilities to improve customer experience and retention. Additionally, the Company plans to introduce corporate finance services, further diversifying its offerings and positioning itself for long-term growth.

## Financial Sustainability

**Credit Risk** In addition to Know Your Customer (KYC) procedures, the Company has implemented Customer Due Diligence (CDD) processes governed by board-approved policies to thoroughly assess client creditworthiness. These procedures are comprehensive and well-documented, particularly during account opening and risk assessment phases. The information gathered supports the identification of suspicious activities, enforcement of anti-money laundering (AML) measures, and management of irregular transactions. The Company has also adopted policies for leveraged products, with clearly defined limits that are actively monitored. Trade debts remain at a low and manageable level, with no significant aging concerns.

**Market Risk** The Company has adopted a conservative investment strategy, allocating approximately 73% of its portfolio to money market mutual funds. This allocation provides stability and serves as an effective hedge against market volatility, significantly mitigating overall market risk. The remaining 27% exposure to listed equity securities is strategically managed, with continuous monitoring and risk assessment to ensure it remains within acceptable and controlled limits. This balanced approach enables the Company to preserve capital while maintaining flexibility to capture market opportunities within a well-defined risk management framework.

**Liquidity Risk** WE FSL faces moderate liquidity risk, mainly due to an increase in current liabilities to PKR 42 million in FY25 from PKR 37 million in FY24. Nevertheless, the company's current assets have grown substantially, reaching PKR 106 million from PKR 93 million, bolstering its capacity to meet these obligations. The current ratio remains comfortably above 1, while the bulk of liabilities are trade payables, which are routine and carry relatively lower liquidity risk. Additionally, the liquid capital balance (LCB) to equity ratio stands at a healthy 23%, further underpinning the company's strong liquidity profile.

**Capitalization** WE FSL maintains a conservative capital structure, primarily financed through equity, with total equity standing at PKR 95 million as of FY25, up from PKR 89 million in FY24. The company does not rely on external debt, which limits its financial leverage and associated risks. The increase in assets and equity also indicates strengthened capitalization, contributing positively to the firm's credit profile and operational resilience.

### 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	<b>Very Strong.</b> Very Strong quality of management and client services, and a very high likelihood of sustaining operations.
BFR 2++	
BFR 2+	<b>Strong.</b> Strong quality of management and client service, and a high likelihood of sustaining operations
BFR 2	
BFR 3++	
BFR 3+	<b>Good.</b> Good quality of management and client service, and average likelihood of sustaining operations.
BFR 3	
BFR 4++	
BFR 4+	<b>Adequate.</b> Adequate quality of management and client service, and average likelihood of sustaining operations.
BFR 4	
BFR 5	<b>Weak.</b> 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
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'.	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.	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.	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.	A change in rating due to a revision in the applicable methodology or underlying scale.

<b>Surveillance.</b> 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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## Regulatory and Supplementary Disclosure

(Credit Rating Companies Regulations,2016)

### 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

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- (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 principle 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)

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(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](http://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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