



The Pakistan Credit Rating Agency Limited

Rating Report

UBL Financial Services (Pvt.) Limited - BFR

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Rating History

Dissemination Date	Rating	Outlook	Action	Rating Watch
01-Oct-2025	BFR 2	Stable	Initial	-

Rating Rationale

Factor	Comment
Ownership	UBL Financial Services Limited (UFSL) is a wholly-owned subsidiary of UBL Fund Managers Limited, which is part of the United Bank Limited (UBL) group. UBL, one of Pakistan's largest banks by market capitalization, provides UFSL with strong financial backing and ownership.
Governance	The Board of UBL Financial Services (Pvt.) Limited comprises four members, including Mr. Ahmad Khashe Lodhi (Executive Director & CEO), Mr. Mohammad Gohar (Nominee Director), Ms. Fatima Shahzad (Nominee Director), and Mr. Kashif Aziz Khwaja (Independent Director).
Management and Client Services	UFSL is building a client-focused framework supported by its parent's expertise. It is enhancing services with digital platforms ("UBL Invest" and a website) to complement branch onboarding.
Internal Controls and Regulatory Compliance	UFSL's compliance framework adheres to SECP rules, with AML/CFT and KYC/CDD procedures for clients. A Board Risk Committee oversees key market, credit, and operational risks.
Business Sustainability	The report revenue of ~PKR 145mln and profit of ~PKR 61mln are from legacy distribution operations. The rating anticipates future brokerage income will be adequate, based on financial projections.
Financial Sustainability	The financial sustainability of UFSL is anchored by the explicit and binding undertakings of its direct parent, UBL Fund Managers Limited (equity: PKR ~5.2bln as of June 2025). A formal Letter of Comfort provides a definitive capital commitment, ensuring comprehensive support for loss absorption, liquidity maintenance, and strategic initiatives.

Key Rating Drivers

The rating is supported by the UBL Group's substantial financial capacity and strategic alignment with UFSL. The brokerage will achieve significant operational synergies by leveraging the parent's well-established protocols in IT, Internal Audit, and Secretarial functions, ensuring strong governance and control. This deeply integrated support structure, combined with UFSL's advanced digital infrastructure, underpins its operational resilience. The rating's trajectory is contingent upon the successful materialization of the standalone brokerage revenue model and sustained adherence to elevated fiduciary standards.

Disclosure

Name of Rated Entity	UBL Financial Services (Pvt.) Limited - BFR
Type of Relationship	Solicited
Purpose of the Rating	Broker Fiduciary Rating (BFR)
Applicable Criteria	Assessment Framework Broker Fiduciary Rating(Jan-25),Methodology Rating Modifiers(Apr-25)
Related Research	Sector Study Brokerage Firms(Feb-25)
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Profile

Background UBL Financial Services (Pvt.) Limited (formerly AL Ameen Financial Services (Pvt.) Limited) ("UFSL" or the "Company") was incorporated on 27th February 2014 to provide financial services, including distribution of financial products, CIS, and VPS. In June 2025, AFSL was renamed as UBL Financial Services Limited to offer brokerage services to its customers. On September 25, 2025, the Company secured its TREC certificate (No. 556), establishing itself as Pakistan's first brokerage house owned by a Fund Manager.

Operations The Company aims to serve domestic institutions, high net worth clients, and foreign investors. Its offerings include trading in shares, commodities, fixed income securities, advisory services, and in-house research publications.

Ownership

Ownership Structure UBL Financial Services Limited (UFSL) is a wholly owned subsidiary of UBL Fund Managers Limited, which in turn operates under the umbrella of United Bank Limited (UBL). This ownership structure provides UFSL with a strong financial and operational backing from its parent institutions.

Stability UBL Financial Services Limited (UFSL) is owned by UBL Fund Managers, a prominent asset management company. This entity, in turn, is part of the United Bank Limited (UBL) group, with UBL standing as the ultimate owner and primary source of financial strength and stability for the entire organization.

Business Acumen The management team of UFSL possesses the necessary expertise and industry knowledge to drive the Company's business forward. Leveraging UBL's strong franchise and established client relationships, the team is well-positioned to capture market opportunities, diversify revenue streams, and deliver sustainable growth.

Financial Strength UFSL benefits from a solid financial foundation, supported by its parent company, UBL Fund Managers, and the wider UBL Group. The Company has access to a strong equity base, and a formal letter of comfort ensures that additional capital will be injected if required. This backing, combined with UFSL's ability to generate earnings from its operations, provides financial resilience and supports its long-term sustainability.

Governance

Board Structure The Board of UBL Financial Services (Pvt.) Limited comprises four members, including Mr. Ahmad Khashe Lodhi (Executive Director & CEO), Mr. Mohammad Gohar (Nominee Director), Ms. Fatima Shahzad (Nominee Director), and Mr. Kashif Aziz Khwaja (Independent Director). The Board members bring a blend of experience and expertise.

Members' Profile The Board of UFSL consists of seasoned professionals, including Mr. Ahmed Kashe Lodhi, who brings extensive investment management and leadership experience from UBL Fund Managers, HBL, PICIC, and PKIC; Mr. Muhammad Gohar, with over 20 years of operational expertise at UBL Fund Managers and BIPL Securities; Ms. Fatima Shahzad, serving as Senior Credit Officer at UBL with strong credit evaluation skills; and Mr. Kashif Aziz Khwaja, CEO of Servis Retail, with a distinguished career in corporate leadership across Service Industries, Speed (Pvt.) Ltd., and British American Tobacco.

Board Effectiveness The Board comprises experienced and professionally accomplished individuals who bring valuable industry and corporate expertise. The Board provides strategic guidance to the Company while ensuring governance standards are upheld. An Audit Committee is in place to oversee financial reporting, regulatory compliance, and internal controls.

Financial The Company ensures financial transparency through external audits conducted by EY Ford Rhodes, an 'A' category audit firm listed on the SBP panel.

Management And Client Services

Organizational Structure The Company has instituted a well-defined organizational structure, anchored by an active Board and its core committees for Audit, Risk, and HR & Remuneration. Executive management oversees key functions including Compliance, Finance, Sales, and Settlement, supported by dedicated committees for Management, IT Steering, and Investments. A critical priority for completing this framework is the establishment of a dedicated, independent research function. Once this capability is integrated alongside the existing shared support services, the structure will be fully equipped to deliver sophisticated fiduciary oversight and support sustained growth.

Management Team The managerial framework is being strategically developed, with core functions Finance, Compliance, Sales, and Settlements already established and supported by dedicated Management, IT Steering, and Investment committees. Critical teams for Research, Equity, Operations, Finance, and Compliance are being progressively onboarded to ensure independent capability, while IT, HR, Marketing, Administration, and Audit functions are strategically leveraged from the parent. A disciplined plan for the phased addition of specialized roles is being executed to cement a comprehensive operating model.

Client Servicing The Company currently facilitates account opening through its branch, ensuring direct client engagement. To enhance accessibility, a mobile application "UBL Invest" and an official website are under development. These digital platforms will enable seamless onboarding and improved client servicing.

Complaint Management The Company facilitates complaint handling through email, phone, walk-in submissions, and SECP's complaint portal, while its website and mobile application are planned to include complaint lodging features once operational. All complaints are acknowledged within two business days, logged in a central register by the Compliance Officer, and resolved within 15 business days where possible.

Extent Of Automation / Integration The Company's operations are primarily manual, with reliance on conventional processes for client onboarding, trade execution, and record maintenance. However, development of a website and mobile application is underway, which is expected to improve digital accessibility, streamline client servicing, and enhance overall operational efficiency once implemented.

Continuity Of Operations The Company maintains a structured backup and disaster recovery framework, with daily to real-time backups of critical systems and secure on-site/off-site storage. Regular testing and annual recovery drills ensure data integrity and business resilience. Data is retained as per defined timelines and securely destroyed after expiry.

Internal Controls And Regulatory Compliance

Risk Management Framework The Company has a Board-level Risk Committee that oversees market, credit, liquidity, operational, and regulatory risks under its ERM framework. Regular monitoring, stress testing, and compliance reviews ensure exposures remain within limits, supported by contingency and continuity planning.

Regulatory Compliance The Company operates under a comprehensive compliance framework aligned with SECP AML/CFT Regulations, the Anti-Money Laundering Act, Companies Act, Securities Act, PSX Rule Book, and FATF recommendations. Client onboarding and trading activities follow strict KYC/CDD protocols, with enhanced due diligence for high-risk clients, regular monitoring, and periodic updates.

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 FY25, 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 For the half year ended June 30, 2025, UBL Financial Services Limited (UFSL) reported total revenue of ~PKR 145mln, primarily driven by distribution commission income of ~PKR 135mln (93%) and dividend income of ~PKR 13mln (9%). Other income reflected a net impact of a ~PKR 4mln loss and a ~PKR 0.3mln gain. On the bottom line, the Company reported a profit of approximately ~PKR 61mln.

Strategy The Company's strategy is centered on establishing itself as a full-service brokerage firm, serving a wide spectrum of clients including domestic institutions, high-net-worth individuals, and foreign investors. To support this objective, the Company plans to expand its Board composition, enhancing governance and strategic oversight. On the client front, digital enablement remains a key focus, with the launch of the "UBL Invest" app and a new website underway to provide efficient account opening and seamless access to investment services.

Financial Sustainability

Credit Risk The Company manages credit risk through margin financing, governed by SECP regulations, PSX rules, and internal guidelines. Exposure is controlled via per-party limits, collateral requirements, and daily monitoring. Strict KYC/CDD procedures and financing against approved securities further ensure a contained risk profile.

Market Risk The Company's exposure to market risk is limited, as its primary revenue source will stem from brokerage services catering to a diversified client base, including mutual funds, domestic institutions, family offices, retail investors, and foreign investors. This wide market outreach reduces concentration risk and insulates earnings from overdependence on a single segment.

Liquidity Risk As of June 2025, the Company's liquidity profile appears comfortable, with current assets standing at ~PKR 300mln against current liabilities of ~PKR 52mln. This sizable cushion indicates strong short-term solvency and the ability to meet obligations in a timely manner.

Capitalization As of June 30, 2025, the UBL Group reflects a sound capitalization profile, UBL Fund Managers Limited at ~PKR 5,320mln (Parent Company), and UBL Financial Services Limited at ~PKR 247mln.

THE PAKISTAN CREDIT RATING AGENCY

UBL Financial Services
PRIVATE LIMITED
FINANCIAL SUMMARY

FS PRINT MODE DISABLED

Jun-25 CY25 6M Management	Dec-24 CY24 12M Audited	Dec-23 CY23 12M Audited	Dec-22 CY22 12M Audited
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BALANCE SHEET

1 FINANCES	-	-	-	-
2 INVESTMENTS	238.80	167.42	81.40	35.17
3 OTHER EARNING ASSETS	-	-	-	-
4 NON-EARNING ASSETS	61.85	66.65	23.19	27.50
5 NON-PERFORMING FINANCES-net	0.05	0.05	0.07	0.13
TOTAL ASSETS	300.65	234.06	104.59	62.66
6 FUNDING	-	-	-	-
7 OTHER LIABILITIES (NON-INTEREST BEARING)	52.80	55.54	21.09	17.16
TOTAL LIABILITIES	52.80	55.54	21.09	17.16
TOTAL EQUITY	247.85	186.38	83.50	40.55

INCOME STATEMENT INCOME

1 FEE BASED INCOME	135.80	227.47	128.93	112.55
2 OPERATING EXPENSES	(44.70)	(106.20)	(81.91)	(77.61)
3 NON-FEE BASED INCOME	9.34	18.02	9.08	3.01
TOTAL OPERATING INCOME (LOSS)	100.44	139.29	56.09	37.95
4 FINANCIAL CHARGES	(0.03)	(0.07)	(0.75)	(1.33)
PRE-TAX PROFIT	100.41	139.21	58.37	36.62
5 TAXES	(38.94)	(39.37)	(16.71)	(13.88)
PROFIT AFTER TAX	61.47	99.85	41.66	22.74

RATIOS BUSINESS SUSTAINABILITY

1 PRE-TAX MARGIN	0.74	0.61	0.45	0.33
2 EBITDA MARGIN	0.74	0.61	0.46	0.34
3 EBIT RETURN ON ASSETS	0.67	0.82	0.71	0.61

FINANCIAL SUSTAINABILITY

1 TOTAL INVESTMENTS / EQUITY	0.96	0.90	0.97	0.87
2 LIQUID CAPITAL BALANCE (LCB) / EQUITY	N/A	N/A	N/A	N/A
3 (CASH, CASH EQUIVALENTS & GOVERNMENT SECURITIES) / TOTAL ASSETS	0.80	0.74	0.84	0.59
4 TOTAL DEBT / TOTAL ASSETS	-	-	-	-

Broker Fiduciary Rating Scale & Definitions

An independent opinion on a broker's quality of management and client services and 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 services and a high likelihood of sustaining operations.
BFR 3++ BFR 3+ BFR 3	Good. Good quality of management and client services and an above average likelihood of sustaining operations.
BFR 4++ BFR 4+ BFR 4	Adequate. Adequate quality of management and client services and an average likelihood of sustaining operations.
BFR 5	Weak. Weak quality of management and client services and a weak likelihood of sustaining operations.

<p>Outlook (Stable, Positive, Negative, Developing)</p> <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>Rating Watch 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 foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.</p>	<p>Suspension It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.</p>	<p>Withdrawn A rating is withdrawn on a) termination of rating mandate, b) cessation of underlying entity, c) the rating remains suspended for six months, or/and d) PACRA finds it impractical to surveil the opinion due to lack of requisite information.</p>	<p>Harmonization A change in rating due to revision in applicable methodology or underlying scale.</p>
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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.

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(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 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)

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- (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)

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- (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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