

BROKER FIDUCIARY RATING REPORT

Foundation Securities (Private) Limited

REPORT DATE:

October 09, 2026

RATING ANALYSTS:

Azeem Khan

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RATING DETAILS

Broker Fiduciary Rating**BFR3++***Good Fiduciary Standards***Rating Rationale**

The rating signifies adequate business & financial sustainability supported by a sound ownership and governance framework. Management and client servicing are considered strong. Internal controls and regulatory compliance of the company are sound.

Rating Date

October 09, 2026

COMPANY INFORMATION

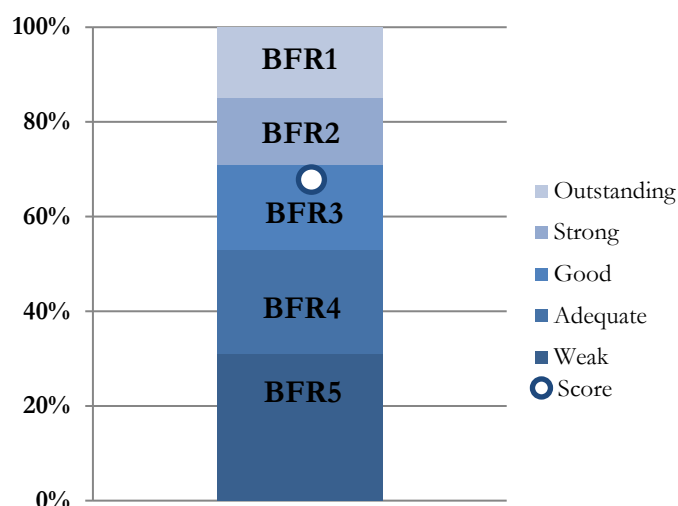
Incorporated in 2005**External auditors:** Grant Thornton Anjum Rahman**Private Limited Company****Chief Executive Officer:** Mr. Faran Rizvi**Key Shareholders (with stake 5% or more):****Chairman of the Board:** Mr. Aziz Ikram*Askari Bank Limited ~ 51.0 %**Fanji Foundation Pakistan ~ 49.0%*

APPLICABLE METHODOLOGY

Applicable Rating Criteria: Broker Fiduciary Ratings<https://docs.vis.com.pk/docs/VISRatingScales.pdf>**VIS Issue/Issuer Rating Scale:**<https://docs.vis.com.pk/Methodologies-2025/BrokerFiduciaryRating-Nov25.pdf>

Foundation Securities (Private) Limited
CORPORATE PROFILE

Incorporated in 2005, Foundation Securities Private Limited (FSL) is a subsidiary of Askari Bank Limited. Fauji Foundation, a co-sponsor of the Company, has strategic investments in various sectors including fertilizer, power, cement, infrastructure, banking, financial services, consumer goods, oil & gas and others. FSL is primarily engaged in retail and institutional equity brokerage services with marginal presence in commodity segment. FSL has a strategic relationship with Macquarie Capital Securities Limited; an affiliate of global financial institution Macquarie Group. The partnering arrangement focuses on in-bound and out-bound equity markets transactions. Presently, the Company runs its operations through its head office based in Karachi along with branches in Pakistan Stock Exchange Karachi, Lahore, Islamabad and Rawalpindi.

OVERALL GRADING


The Company holds a Trading Right Entitlement (TRE) certificate issued by the Pakistan Stock Exchange Limited (PSX), holding a Trading & Self- Clearing license and license of Pakistan Commodity Exchange (PMEX). External auditors are Grant Thornton Anjum Rahman Chartered Accountants. External auditors are on the approved list of auditors in category 'A', published by the State Bank of Pakistan (SBP). During the year 2023, the Company changed its accounting period to January–December to align with its holding company's fiscal year.

Business and Financial Sustainability Indicators

	6MCY26*	CY25	CY24
Size of Net Worth (Rs. In Millions)	1304.5	1254.4	1,016.7
Gearing x (Total interest-bearing debt/ Total equity)	0.38x	0.40x	0.07x
Leverage x (Total liabilities/ Total equity)	2.04x	2.51x	3.09x
Liquid Assets/ Total Liabilities (x)	1.24x	1.20x	1.12x
Short term Investments/ Total Equity (%)	5.50%	5.01%	3.66%

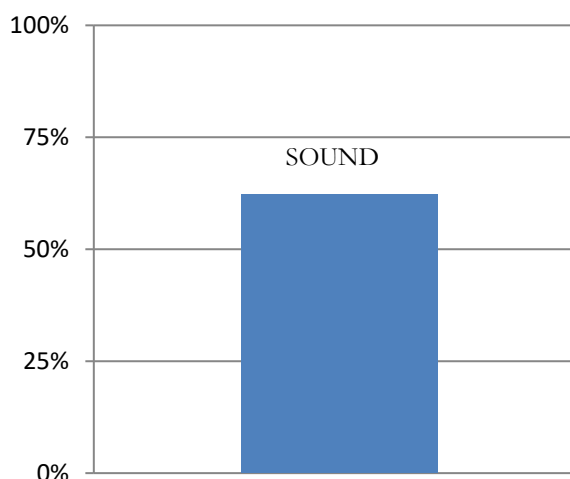
*Unaudited Accounts

Foundation Securities (Private) Limited

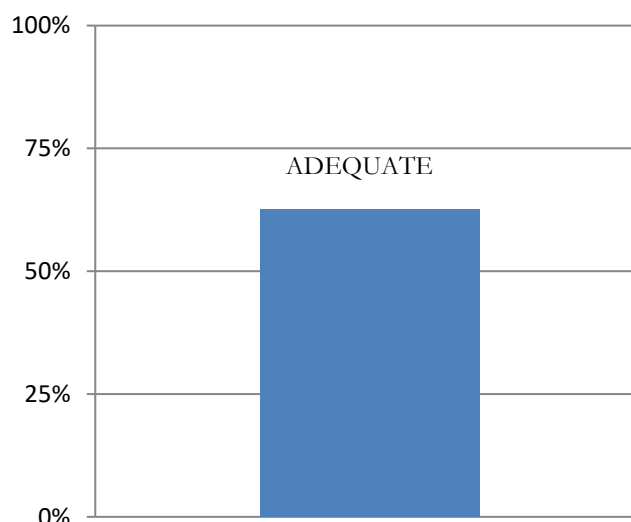
Rating Indicators

Ownership & Governance

- The Company's rating continues to benefit from the strong profile of its sponsors.
- The Board of Directors consists of five members, with no independent directors. The Board is supported by two committees, namely the Audit Committee and the HR Committee.
- Induction of independent and certified directors, together with an expansion in the Board committee structure, may further strengthen the Company's governance framework.
- Disclosure levels of the Company are considered sound.

Ownership & Governance**Business & Financial Sustainability**

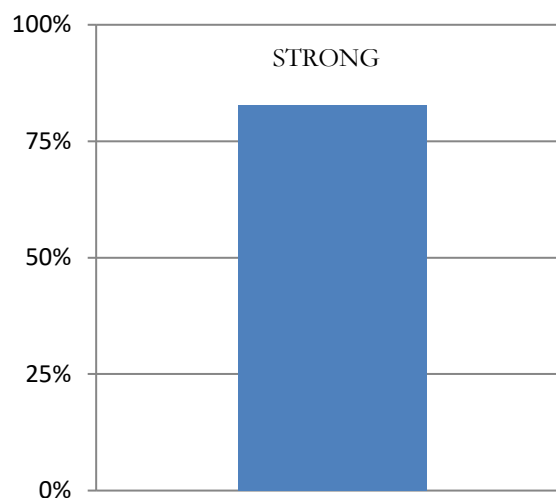
- During CY25 and 6MCY26, brokerage revenue grew in line with the broader industry trend, remaining the predominant contributor to total revenue.
- Cost-to-income ratio of the Company was recorded at ~62.06% in 6MCY26 (CY25: ~56.74%, CY24: ~57.31%).
- Market risk is considered low in the absence of proprietary trading
- The liquidity profile is considered satisfactory, with liquid assets coverage against total liabilities at 1.24x as at Jun'26 (Dec'25: 1.20x; Dec'24: 1.12x).
- Gearing decreased to 0.38x as at Jun'26 (Dec'25: 0.40x; Dec'24: 0.07x), while leverage moderated to 2.04x at Jun'26 from 2.51x at Dec'25 and 3.09x at Dec'24, reflecting a decline in payables, which primarily comprise customer assets held with banks.
- Going forward, revenue diversification, alongside strengthening of efficiency, liquidity and capitalization profile, will be important for the rating.

Business & Financial Sustainability

Management & Client Services

- Overall, management and client servicing remain robust, underpinned by comprehensive customer facilitation tools and established online trading platforms.
- Investor grievance procedures may be further strengthened through enhanced visibility, accessibility and disclosure on the Company's website.
- Broader utilization of promotion and customer undertakings may support enhanced customer outreach and market presence.
- The Company has established contingency measures, including offsite backups maintained internally as well as through a third-party warehouse, providing additional support for data recovery and business continuity.

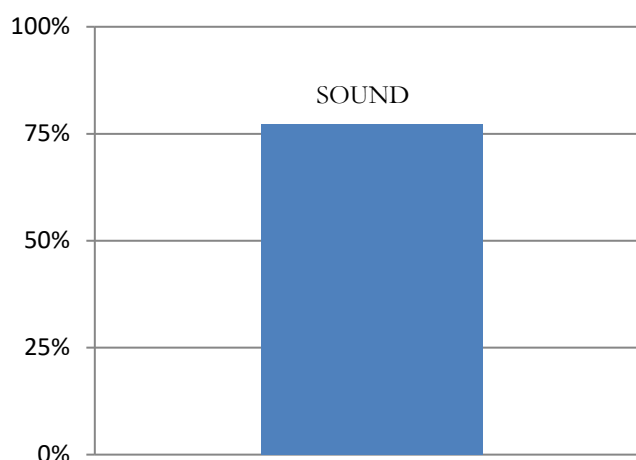
Management & Client Services



Internal Controls & Regulatory Compliance

- The Company has established internal policies; however, further enhancement in their scope may strengthen the overall internal control framework.
- Non-compliance highlighted by PSX and the penalty imposed thereon, have been duly noted. Going forward, adherence to all applicable regulations will remain important for the rating.

Internal Controls & Regulatory Compliance



Broker Fiduciary Rating Explained

In Securities Broker Fiduciary Rating (SBF), the strength of fiduciary role of the securities brokers is captured through the relative financial strength of the securities broker firm and its sponsors along with depth of internal control and governance framework, which are key rating ingredients. Responsiveness of the risk and internal control structure, quality of HR and soundness of the business infrastructure determine the strength of management and level of service quality of a stock broker. VIS Credit Rating Co. Ltd. (VIS) has developed a rating system that evaluates brokerage firms on the basis of such practices and the systems instituted to safeguard investor interests are at the forefront.

Foundation Securities (Private) Limited

REGULATORY DISCLOSURES				Appendix I
Name of Rated Entity	Foundation Securities (Private) Limited			
Sector	Brokerage			
Type of Relationship	Solicited			
Purpose of Rating	Broker Fiduciary Rating (BFR)			
Rating History	Rating Date	Rating	Rating Outlook	Rating Action
	RATING TYPE: BFR			
	10/09/2026	BFR3++	Stable	Reaffirmed
	09/22/2025	BFR3++	Stable	Reaffirmed
	10/17/2024	BFR3++	Stable	Reaffirmed
	09/13/2023	BFR3++	Stable	Upgrade
Instrument Structure	N/A			
Statement by the Rating Team	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.			
Probability of Default	N/A			
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