

Press Release

VIS Reaffirms Broker Management Rating of KTrade Securities Limited

Karachi, September 6, 2022: VIS Credit Rating Company has reaffirmed Broker Management Rating of KTRADE Securities at 'BMR2'. Outlook assigned on the rating is 'Stable' Previous rating action was announced on July 16, 2021.

The rating signifies strong internal control framework, sound risk management, external controls and compliance levels, HR, IT, and customer services, while financial management, governance framework and supervisory framework are adequate.

Assigned rating takes into account strong internal control policies along with sound external control framework. The same may be further enhanced through increase in disclosure levels. The Company also has sound relationships with customers. Client servicing tools and procedures remain intact while core focus on customer understanding through availability of market research is maintained. Overall, compliance and risk management of the Company remains sound. Regulatory and supervisory framework is adequate given the limited Board size. Inclusion of certified members along enhancement in independent representation on the board may improve overall governance framework. Rating also takes into account acquisition of underwriting and advisory licenses; contribution of which towards augmentation of revenues remains important for rating.

Assessment of financial profile depicts improvement in profitability levels with major earnings driven by higher brokerage commissions. Overall leverage and efficiency levels have improved. However, operational efficiency still remains a challenge for the Company. Market risk remains low as the Company has not actively participated in proprietary trading. In addition to this, gearing ratio and leverage ratio have improved on account of increased equity base. While market performance remains subdued, growth in revenues, improvement in efficiency levels and maintenance of gearing and leverage indicators will remain key from rating perspective.

For further information on this rating announcement, please contact Ms. Sara Ahmed (Ext: 207) at (021) 35311861 or email at info@vis.com.pk.

Sara Ahmed

Director

Applicable Rating Criteria: Broker Management Ratings 2020

<https://docs.vis.com.pk/docs/BMR202007.pdf>

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