

Corporate Credit & Issue Rating

New Update

Sector: Intermediary Institutions
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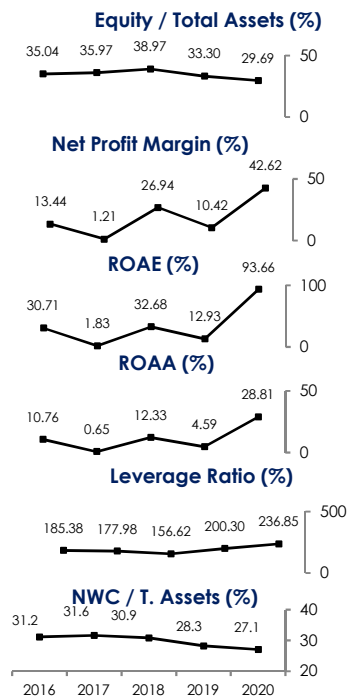
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RATINGS

		Long Term	Short Term
National	Local Rating	A (Trk)	A-1 (Trk)
	Outlook	Stable	Stable
	Issue Rating	A (Trk)	A-1 (Trk)
International	Foreign Currency	BB+	B
	Local Currency	BB+	B
	Outlook	FC Negative LC Negative	Negative Negative
Sovereign*	Sponsor Support	2	-
	Stand-Alone	AB	-
	Foreign Currency	BB+	-
	Local Currency	BB+	-
	Outlook	FC Negative LC Negative	- -

*Assigned by JCR on April 10, 2020



A1 Capital Yatırım Menkul Değerler A.Ş.

JCR Eurasia Rating evaluated **A1 Capital Yatırım Menkul Değerler A.Ş.** and the **Current and Planned Debt Instruments** in an investment grade category in the periodic annual review and upgraded the ratings on the Long and Short-Term National Scales to **“A (Trk)”** and **“A-1 (Trk)”** respectively along with a **‘Stable’** outlook. On the other hand, the Long Term International Foreign and Local Currency Ratings have been determined as **‘BB+/Negative’**.

A1 Capital Yatırım Menkul Değerler A.Ş. (hereinafter referred to as A1 Capital Yatırım or the Company) was founded in 1990 under the name of ‘Form Menkul Değerler A.Ş.’. After the acquisition of the Company by its current shareholders in 2012, the Company’s title has been changed to A1 Capital Menkul Değerler A.Ş. on 10 May 2013 and finally has been renamed into A1 Capital Yatırım Menkul Değerler A.Ş. as of 21 May, 2015. Licensed as a “broadly authorized intermediary institution” in accordance with the approval by the Capital Market Board on 26 January 2016, the Company offers services in equity trading, public offering intermediation, portfolio management, investment consultancy, repo-reverse repo transactions, margin trading-short selling, leveraged FX, derivatives trading and limited custody services. The Company ranked 10th amongst intermediary institutions in equity volume as of FYE2020.

Company headquarters are located in the financial district of Maslak-Sarıyer in Istanbul. The Company operates through its headquarters in Maslak (Istanbul) and seventeen branches. A1 Capital Yatırım also stands out with its relatively high paid-in capital of TRY 50mn in the market. As of December 31, 2020, A1 Capital Yatırım employed a staff force of 162 (FYE2019: 102).

Strengths

- Notable increase in profitability throughout FY2020 supported with rising commission income and treasury activities related with equities
- Wide range of services as a broadly authorized intermediary institution
- Satisfactory capital adequacy base and liquidity level, in line with CMB regulations, promising further growth and providing a buffer against incidental losses
- High asset quality, healthy receivables portfolio backed by collaterals
- Sound equity level in comparison to non-bank affiliated peers strengthened by paid-capital increase and retention policies
- Diversified funding base through successive bond issuance

Constraints

- Competitive pressures inherent in the sector exhibiting high market concentration dominated by bank-affiliated companies
- Operational expenses exerting pressure on profitability
- Underdeveloped domestic capital markets in comparison to the size of GDP despite increasing investor base
- Vulnerability of risk appetite towards emerging markets
- Uncertainty due to the nature of the investment processes and intricate and structured products increasing the risk levels and operational risks

Considering the aforementioned points, the Company’s Long-Term National Rating has been assigned as **‘A (Trk)’**. The Company’s notable profitability performance in the last two years thanks to its ability to gain from supporting market conditions, net profit well above FY2020 projection and gradually strengthening equity via its retention principle in recent years along with rising operational expenses and intense competition environment in the sector have been evaluated as important indicators for **‘Stable’** outlooks of long and short-term national ratings. In addition to local and global financial conditions and risk appetite, profitability and internal equity generation capacity, liquidity profile, market position and cost management practices are the major issues which will be monitored by JCR Eurasia Rating in the upcoming period.

It is considered that the shareholders have the willingness and capability to ensure long term liquidity and equity when taking into consideration the previous year’s paid-in capital increase. In this regard, **A1 Capital Yatırım’s** Sponsor Support grade has been determined as **(2)** in **JCR Eurasia Rating’s** notation scale. Additionally, we, as **JCR Eurasia Rating**, believe that **A1 Capital Yatırım** has the sufficient experience and facilities to manage the obligations without any assistance from its shareholders, taking into consideration the Company’s asset size and quality, equity level, efficient risk management practices and experienced senior management team and provided that it maintains its efficiency in the market. In the light of such circumstances, the Stand-Alone Grade of **A1 Capital Yatırım** has been determined as **(AB)** on **JCR Eurasia Rating’s** notation scale.