

Corporate Credit Rating

New Update

Sector: Intermediary Institutions

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RATINGS

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
ISRs (Issue Specific Rating Profile)	National ISR	AA+ (tr)	J1+ (tr)
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 31, 2021

Gedik Yatırım Menkul Değerler A.Ş.

JCR Eurasia Rating has evaluated **Gedik Yatırım Menkul Değerler A.Ş.** in an investment level category and affirmed the Long Term National Issuer Credit Rating from '**AA+ (tr)**' and the Short-Term National Issuer Credit Rating at '**J1+ (tr)**' with '**Stable**' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as '**BB/Stable**' as parallel to international ratings and outlooks of Republic of Turkey.

Gedik Yatırım Menkul Değerler A.Ş. ('the Company' or 'Gedik Yatırım') was established in 1991 to operate in the capital markets. Gedik Yatırım underwent an IPO on 29 July 2010 and is currently trading on the Borsa Istanbul (BIST) main market under the ticker "GEDIK". As a "broadly authorized intermediary institution", Gedik Yatırım offers services in Asset Management, Investment Consultancy, Execution of Orders, Dealing on Own Account, Intermediation for Public Offerings (underwriting and best effort) and Limited Custody activities. Gedik Yatırım operates in the Equity, Debt Securities and Derivatives (VIOP) Markets in the BIST. As of FYE2021, when the publicly traded and non-public shares are considered together, Inveo Yatırım Holding A.Ş., Mr. Erhan TOPAÇ and Mr. Hakkı GEDİK hold 43.04%, 21.82% and 20.13% of shares, respectively. The remaining 15.01% is listed. Mr. Erhan TOPAÇ holds 81.52% shares of Inveo Yatırım Holding A.Ş. and controls 56.91% of the Company as of FYE2021. Gedik Yatırım is at the forefront in the market among non-bank owned intermediary institutions with respect to customer numbers, branch network and equity trading volumes.

The Company ranked 1st amongst non-bank owned intermediary institutions and 4th among all intermediary institutions regarding equity trading volume with a 5.94% (FYE2019: 6.12%) market share (together with the share of its subsidiary Marbaş) as of Q3 FYE2021. Gedik Yatırım and its subsidiaries employed a staff force of 553 (FYE2020: 447) and carried out its operations with a total network of 53 branches (including 9 branches of Marbaş) at FYE2021.

Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Continuity of improvement in net profit during the review period
- Sound capital structure accordant with the legislative regulations providing solid buffer against incidental losses
- Appropriate liquidity management approach in line with the CMB parameters
- New investment initiatives in various areas
- Largest branch network among non-bank owned intermediary firms and significant emphasis on technological innovation
- Funding diversity through effective utilization of bond issuances

Constraints

- Intensity of competition throughout the sector
- Vulnerable nature of risk appetite and capital flows towards emerging markets depending upon potential macroeconomic and geopolitical risks

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Ratings has been affirmed as '**AA+ (tr)**'. The Company's upward trend of revenue and net profit figures, improving profitability indicators during the review period, strengthening equity via capital increases in the current period and continuing sufficient liquidity level and sound capital structure have been evaluated as important indicators for the stability of the ratings and outlooks for Long and Short-Term National Issuer Credit Ratings '**Stable**'. The Company's revenue and profitability performance, internal equity generation capacity, borrowing structure, liquidity profile, market position, and local and global financial conditions and risk appetite will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

