

Corporate Credit & Issue Rating

New Update

Sector: Intermediary Inst.
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RATINGS

		Long	Short	
International	Foreign Currency	B-	C	
	Local Currency	B-	C	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
Issue Rating	-	-		
National	Local Rating	BBB (trk)	A-3 (trk)	
	Outlook	Stable	Stable	
	Issue Rating	BBB (trk)	A-3 (trk)	
Sovereign*	Foreign Currency	BB+	-	
	Local Currency	BB+	-	
	Outlook	FC	Negative	-
LC		Negative	-	

*Assigned by JCR on April 10, 2020

Invest-AZ Yatırım Menkul Değerler A.Ş.
Company Overview

Financial Data	1Q2020	2019*	2018*	2017*	2016*	2015*
Total Assets (000 USD)	10,080	13,351	10,510	13,295	13,724	14,861
Total Assets (000 TRY)	66,224	79,306	55,289	50,149	48,298	43,210
Equity (000 TRY)	30,754	28,922	27,207	29,023	27,868	27,254
Net Profit (000 TRY)	1,776	1,978	-1,984	-81	604	881
Net Profit Margin (%)	37.76	9.46	-14.86	-0.55	3.10	6.68
ROAA (%)	n.a	3.05	-3.81	-0.13	2.70	3.30
ROAE (%)	n.a	7.31	-7.14	-0.23	4.48	5.42
Equity / T. Assets (%)	46.44	36.47	49.21	57.87	57.70	63.07
T. Debt/Capital Ad. Base(%)	n.a	2.61	1.31	0.97	0.79	0.64
Leverage Ratio (%)	115.33	174.20	103.22	72.79	73.31	58.55
Asset Growth Rate (%)	-16.50	43.44	10.25	3.83	11.77	80.04

*End of Year

Invest-AZ Yatırım Menkul Değerler A.Ş. (herein referred to as 'Invest-AZ' or 'the Company'), incorporated under the Capital Market Law and licensed to provide services as an intermediary institution, commenced activities in 2012. Licensed as a "broadly authorized intermediary institution" in accordance with the decision taken at the meeting on 28 December 2015 by the Capital Market Board, 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 12th amongst non-bank affiliated brokerage houses in equity volume as of FYE2019.

Company headquarters are located in the financial district of Esentepe-Şişli in Istanbul. Invest-AZ has opened a liaison office in Adana as of first quarter of 2019 and also in Ankara as of first quarter of 2020. Invest-AZ offers a wide range of products in several markets including FX, futures, funds, commodities, stocks. The utmost shareholder is the chairman of the Board of Directors since the foundation of Invest-AZ. As of December 31, 2019, Invest-AZ employed a staff force of 53 (FYE2018: 45). Invest-AZ's Long Term National Grade has been affirmed as "BBB (Trk)", which denotes an investment grade.

Strengths

- Notable increase in commission income and profitability throughout FY2019 supported with product diversity
- Collateralization of receivables portfolio and negligible impaired receivables strengthening asset quality
- Wide range of services as a broadly authorized intermediary institution with a proven sector expertise
- Compliance of capital adequacy base and liquidity metrics with CMB regulations
- Strong shareholding structure with its relatively high paid-in capital
- Established track record in the domestic capital markets in equity trading and leveraged FX products
- High level of financial literacy within the Company and well-experienced management team

Constraints

- Ongoing uncertainties arising from the global Covid-19 pandemic, pressuring the global economic outlook
- Sizeable fine applied by CMB, due to violation in regulation
- Need for further improvements in the area of audit and corporate governance
- High level of competition in the Turkish intermediary sector and pressures to continuously squeeze costs
- Operational expenses exerting pressure on profitability
- Underdeveloped domestic capital markets in comparison to the size of GDP along with static investor base
- Relatively low level of market share in the intermediary sector
- Persistent political and economic stresses hosting uncertainties and exerting downward pressure on risk appetite of investors

