

## Corporate Credit & Issue Rating

New  Update

Sector: Intermediary Institutions

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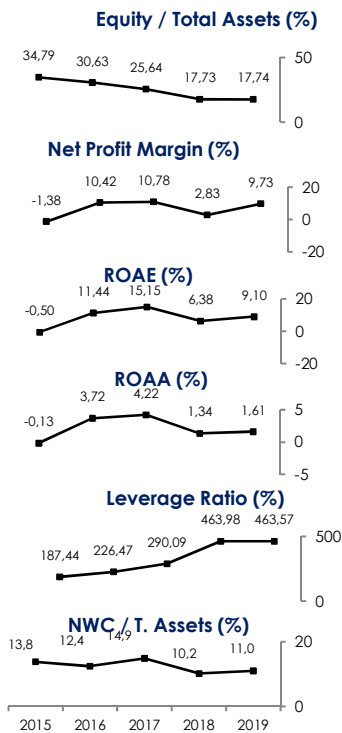
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### RATINGS

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

\*Assigned by JCR on April 10, 2020



## Şeker Yatırım Menkul Değerler A.Ş.

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

Şeker Yatırım, incorporated in 1997 under the Capital Market Law as a subsidiary of Şekerbank T.A.Ş., continues its activities with its extensive sales and distribution network, widespread customer portfolio, research services and sector expertise. The Company was authorized as a “Broadly Authorized Intermediary Institution” in a decision taken by the Capital Market Board at a meeting on 4 December 2015 and actively provides services to corporate and individual customers in equity trading, public offering intermediation, portfolio management, investment consultancy, repo-reverse repo transactions, securities lending, leveraged FX and derivatives trading. In addition to the nationwide network of Şekerbank branches, the Company has 2 branches in 2 cities in Turkey. The Company also reaches its clients through alternative channels such as online trading and mobile platforms. As of the third quarter of 2020, Şeker Yatırım ranked 23th in terms of volume in equity transactions and ranked 10th in terms of number of branches.

### Strengths

- Notable increase in profitability performance throughout 3Q2020 supported by rising commission income
- Sustainable commission flow with product diversity and proven earning power
- 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 along with lack of non-performing receivables
- Wide range of services as a broadly authorized intermediary institution with a proven track record and sector expertise
- Benefits of being a bank subsidiary company and nationwide geographical outreach through its owner Şekerbank’s branch network contributing to sustainable revenue generation
- Established track record in the domestic capital markets through successive bill issuances

### Constraints

- Ongoing uncertainties arising from the global Covid-19 pandemic, pressuring the local and global economic outlook
- High level of competition in the Turkish intermediary sector
- Despite the increasing investor base, the need for further development of domestic capital markets compared to GDP size
- Operational expenses exerting pressure on profitability despite improvement
- Relatively low level of market share in the intermediary sector although it is on an upward trend in 2020
- Persistent geopolitical risks hosting uncertainties and exerting downward pressure on risk appetite of investors

Considering the aforementioned points, the Company’s Long-Term National Rating has been affirmed as “A-(Trk)”. The improvement in the internal equity generation capacity and trends in the indicators of return on equity and assets in comparison to the sector average, the share of equity in the balance sheet composition, the impact of changes in the global risk appetite subject to political/economic developments on the Turkish Capital Markets, the level of financing expenses, the effect of the recovery in economic growth on transaction volumes in the capital markets, trend in equity levels and their adequacy comprise the major issues that will be monitored in the upcoming period. No separate rating report has been compiled for the issued bills as the resources obtained from the bill issue are carried in the Company’s balance sheet and were subject to analysis in the corporate credit rating report. The bills issued carries no difference in comparison to the Company’s other liabilities with regards to the legal and collateralisation perspective and as such the corporate ratings also reflect the issue rating.

It is considered that the major controlling entity, Şekerbank, has the willingness and capability to ensure long term liquidity and equity to the Company when required. Considering that Şekerbank is in the partnership structure in addition to Şeker Yatırım’s sufficient capital, Şeker Yatırım’s Sponsor Support note has been determined as (2) in JCR Eurasia Rating’s notation scale, denoting an adequate level.

We, as JCR Eurasia Rating, believe that Şeker 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, 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 note of Şeker Yatırım has been determined as (B) on JCR Eurasia Rating’s notation scale, denoting an adequate level.