

Corporate Credit & Issue Rating

New Update

Sector: Intermediary Institutions
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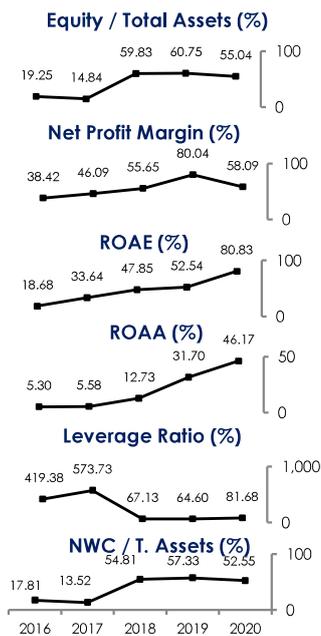
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RATINGS

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

*Assigned by JCR on May 31, 2021



Halk Yatırım Menkul Değerler A.Ş.

JCR Eurasia Rating, in its periodic review, has evaluated Halk Yatırım Menkul Değerler A.Ş. at highest investment-level category on the national scales, and affirmed the Long Term National Scale as **'AAA (Trk)'** and the Short Term National Scale as **'A-1+ (Trk)'** with **'Stable'** outlooks. The Company's Long Term International Local and Foreign Currency Ratings are assigned as **'BB'**, the same as that of the sovereign ratings of the Republic of Turkey.

Halk Yatırım Menkul Değerler A.Ş. (hereinafter referred to as Halk Yatırım or the Company) was incorporated in 1997 to operate in the Turkish capital markets. Halkbank, one of the largest state-owned banks in Turkey, holds a 100% share of the Company. As a "Broadly Authorized Intermediary Institution" Halk Yatırım offers services in Portfolio Management, Investment Consultancy, Execution of Orders, Dealing on Own Account, Intermediation for Public Offering (through underwriting/best efforts) and Limited Custody activities. The Company extended its services through execution of orders in overseas markets to include equities, other securities, derivative instruments based on equities, derivative instruments based on equity indices and other derivatives following approval by the CMB in February 2019. Halk Yatırım is among the leading intermediary institutions in the Turkish corporate finance market, particularly in the fields of debt and Sukuk issuance with a volume of TRY 19.1bn in the market at FYE2020. Halk Yatırım employed a staff force of 138 (FYE2019: 134) and carried out its operations with a total network of 7 branches at FYE2020.

Strengths

- Remarkable growth in net profit and sound profitability indicators that markedly outperformed the sector averages
- Diversified income streams
- Sustained leading position among all intermediary institutions in the issuance of debt instruments and Sukuk
- Solid liquidity and well capitalization level providing comfort to the management and provision of sound buffer against any potential losses
- Highly reputable shareholding structure and benefits of being a bank subsidiary company
- Extensive services as a broadly authorized intermediary institution as well as a nationwide geographical outreach through its parent Bank's branch network
- High asset quality evidenced by immaterial NPLs and healthy receivables portfolio
- High level of compliance with corporate governance principles

Constraints

- Intensity of competition throughout the sector
- Pressure on both the Financial and Non-Financial Sectors due to Macro Uncertainties and Global Recession Concerns
- Uncertainty due to the nature of the investment processes

Considering the aforementioned points, the Company's Long-Term National Rating has been affirmed as **'AAA (Trk)'**. The Company's notable increasing profitability performance in the last three consecutive years, supporting market conditions, net profit well-above FY2020 projection, strengthening equity via share capital increase in the current period and continuing sufficient liquidity level and sound capital structure 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.

The sponsor support note of Halk Yatırım has been affirmed as **(1)** considering the financial strength, capacity and willingness of the shareholders to lend assistance in terms of long-term liquidity and equity when required. We, as JCR Eurasia Rating, believe that Halk Yatırım has the sufficient experience and facilities to manage the obligations without any assistance from its shareholders, taking into consideration the Company's internal resources generating capacity, broad experience in intermediary institutions sector, improving equity level, accessing capability to funding sources and risk management practices. In the light of such remarks, the Stand Alone note of Halk Yatırım has been determined as **(A)** on JCR Eurasia Rating's notation scale, denoting a high level of capacity to honour its financial commitments.