

## Corporate Credit & Issue Rating

New  Update

Sector: Intermediary Institutions  
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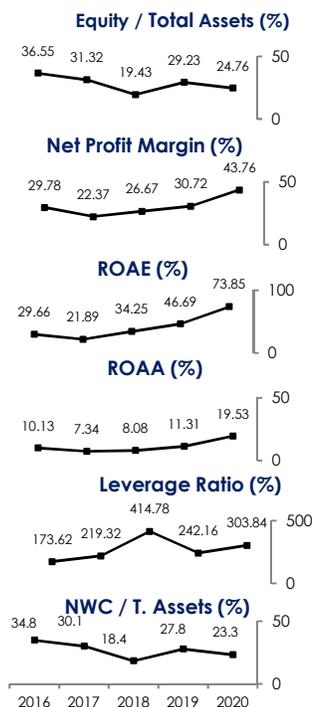
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## RATINGS

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

\*Assigned by JCR on May 31, 2021



## QNB Finans Yatırım Menkul Değerler A.Ş. and its Subsidiary

JCR Eurasia Rating evaluated **QNB Finans Yatırım Menkul Değerler A.Ş.** and the **Planned Debt Instruments** in an investment grade category in the periodic annual review and affirmed its credit rating as **'AAA (Trk)'** on the Long-Term National Scale along with a **'Stable'** outlook.

**QNB Finans Yatırım Menkul Değerler A.Ş.** (hereinafter referred to as QNB Finans Yatırım or the Company), incorporated under the Capital Market Law and licensed to provide services as an intermediary institution, commenced activities in 1996 as a subsidiary of QNB Finansbank. 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, securities lending, leveraged FX and derivatives trading. **QNB Finans Yatırım** operates in the Equity, Debt Securities and Derivatives Markets on the BIST. The Company also enjoys a leading position in the Turkish corporate finance market, particularly in the fields of Public Offerings (IPOs/SPOs), mergers and acquisitions (M&A), and debt issuance. The Company ranked 6<sup>th</sup> amongst intermediary institutions in equity volume as of 31 December, 2020.

**QNB Finansbank** is the qualified shareholder of the Company and currently holds a 99.8% stake. **QNB Finansbank** is the part of the **QNB Group**, a leading financial institution in the MENA region with regards to brand value and market capitalization. As of June 30, 2021, **QNB Finans Yatırım** employed a staff force of 174 including the subsidiaries (FYE2020: 176).

### Strengths

- Notable improvement in profitability indicators in FY2020 and as first half of FY2021
- Sustainable commission flow with product diversity and significant revenue growth mainly derived from Retail, ICM, Corporate Finance and Treasury departments
- Solid liquidity and capitalization level providing comfort to the management and provision of sound buffer against any potential losses
- Extensive services as a broadly authorized intermediary institution as well as nationwide geographical outreach through its owner QNB Finansbank's branch network
- Strong shareholding structure and benefits of being a bank subsidiary company and QNB Group
- Prominent position in the corporate finance market

### Constraints

- Vulnerable nature of risk appetite and capital flows towards emerging markets depending upon potential economic and geopolitical risks
- Intensity of competition throughout financial services industry
- Underdeveloped domestic capital markets in comparison to the size of GDP despite increasing investor base
- 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 **'AAA (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 major controlling entity, **QNB Finansbank**, has the willingness and capability to ensure long term liquidity and equity to the Company when required. In addition to **QNB Finans Yatırım's** strong equity, the major controlling shareholder **QNB Finansbank** engenders investor confidence. In this regard, the Company's Sponsor Support grade has been determined as **(1)** on JCR Eurasia Rating's notation scale, denoting the highest external support possibility.

Additionally, we, as **JCR Eurasia Rating**, believe that **QNB Finans 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-debt level, long operational track record, and experienced senior management team, provided that it maintains its efficiency in the market. Within this context, the Stand Alone note of **QNB Finans Yatırım** has been determined as **(A)** in the **JCR Eurasia Rating** notation system, indicating the highest level.