

Corporate Credit & Issue Rating

New Update

Sector: Intermediary Institutions
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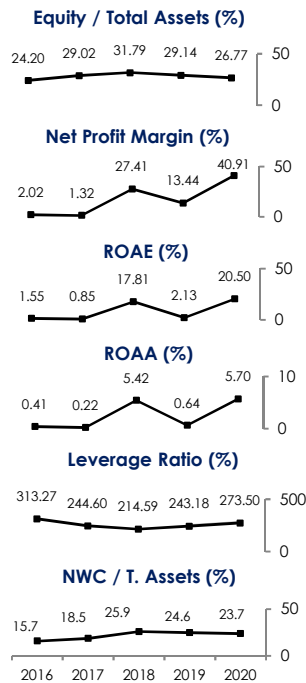
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RATINGS

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

*Assigned by JCR on May 31, 2021



Tera Yatırım Menkul Değerler A.Ş. and Its Subsidiary

JCR Eurasia Rating has evaluated Tera Yatırım Menkul Değerler A.Ş. (Tera Yatırım) and the Current and Planned Debt Instruments in a high-level 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 and assigned the Long-Term National Outlook of the Company as “Positive”. On the other hand, the Long Term International Foreign and Local Currency Ratings have been affirmed as ‘BB/Stable’.

Established in 1990 under the name of Stok Menkul Değerler, Tera Yatırım adopted its current trade name in 2005 following the change in its shareholder structure and continued its operations as a “Broadly Authorised Intermediary Institution” from January, 2015 onwards.

The Company actively provides services in the fields of execution of orders, reception & transmission of orders, dealing on own account, intermediation for public offering (underwriting and best effort), limited custody services and derivatives trading. Tera Yatırım conducts its operations via its headquarters in Istanbul and two liaison offices in Antalya and Akasya/İstanbul, having adopted a branchless business model focused on efficiency.

Strengths

- Notable improvement in net profit and core profitability indicators in FY2020
- 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 FX risk
- Efficient business model in comparison to sectoral peers with no branches and well controlled OPEX
- Continued ability to raise funds from the capital markets and diversify the financing structure

Constraints

- Competitive pressures inherent in the sector dominated by bank-affiliated companies
- Relatively low level of market share in the intermediary sector
- Vulnerability of risk appetite towards emerging markets
- 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 affirmed as ‘A- (Trk)’. The Company’s adequate liquidity levels, notable improvement in net profit and core profitability indicators and expected income streams from corporate finance activities have been evaluated as important indicators for ‘Positive’ outlook of the Long-Term National Rating. 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.

Considering the Company’s long operating track record and the support for the equity level through retention of generated internal resources, it was reached that the qualified shareholders have the willingness to supply long term liquidity and equity to Tera Yatırım should the need arise. Within this scope, the Sponsor Support Grade of the Company has been determined as (2) on JCR Eurasia Rating’s notation scale, indicating an adequate level.

In addition, irrespective of the support provided at the shareholder level, taking into account the business model focused on operating efficiency, growth strategies, rising turn-over and established customer base, successful completion of bill issuances, risk management practices along with the presence of a skilled management team, the Company is thought to have reached the necessary experience and infrastructure to manage the incurred risks on its balance sheet. Within this regard, the Stand-Alone Grade of Tera Yatırım has been affirmed as (B) on JCR Eurasia Rating’s notation scale, indicating an adequate level.