

Corporate Credit Rating

New Update

Sector: Intermediary Institutions
Publishing Date: 21/06/2022

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Stable	Stable
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 31, 2021

HALK YATIRIM MENKUL DEĞERLER A.Ş.

JCR Eurasia Rating, has evaluated **Halk Yatırım Menkul Değerler A.Ş.** in investment-level category and affirmed the Long-Term National Issuer Credit Rating at '**AAA (tr)**' and the Short-Term National Issuer Credit Rating at '**J1+ (tr)**' with '**Stable**' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as '**BB/Stable**'.

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. As a "Broadly Authorized Intermediary Institution" Halk Yatırım offers services in Portfolio Management, Investment Consultancy, Execution of Orders, Proprietary Trading, Full Fledge Services Regarding Initial 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 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 21,7bn in the market at FYE2021. Halkbank, one of the largest state-owned banks in Turkey, holds a 100% share of the Company. Halk Yatırım employed a staff force of 157 (FYE2020: 138) and carried out its operations with a total network of 7 branches at FYE2021.

Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Continuity of improvement in net profit during the reviewed periods
- Solid capital structure accordant with the legislative regulations providing satisfactory shield against potential losses
- Comfortable level of liquidity compared to the CMB parameters
- Being one of the leading companies among all intermediary institutions in the issuance of debt instruments and Sukuk
- 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 level of compliance with corporate governance principles

Constraints

- Notable increase in doubtful trade receivables
- Intensity of competition throughout the sector
- Vulnerable nature of risk appetite and capital flows towards emerging markets depending upon potential macroeconomic and geopolitical risks

Considering the aforementioned points together with synergy generated within Halkbank, the Company's Long-Term National Issuer Credit Rating has been affirmed at '**AAA (tr)**'. The Company's sound profitability indicators, satisfactory capitalization level, internal resource generation power, adequate liquidity level, diversified funding mix, proven track record and market power as well as global interest rate hiking cycle have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as '**Stable**'. The Company's growth strategy, profitability indicators, financial leverage and asset quality will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

