

Corporate Credit & Issue Rating

New Update

Sector: Intermediary Institutions

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

* Assigned by JCR on Aug 18, 2022

Şeker Yatırım Menkul Değerler A.Ş.

JCR Eurasia Rating, has evaluated the "Şeker Yatırım Menkul Değerler A.Ş." in the high investment level category and affirmed the Long-Term National Issuer Credit Rating at 'A (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/Negative', as parallel to international ratings and outlooks of Republic of Türkiye.

Şeker Yatırım Menkul Değerler A.Ş. ('Şeker Yatırım' or 'the Company') 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 second quarter of 2022, Şeker Yatırım ranked 24th in terms of volume in equity transactions and ranked 10th in terms of number of branches.

As of September 30, 2022, Şeker Yatırım employed a staff force of 91 (FYE2021: 89).

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

Strengths

- Improvement in profit generation capacity in 3Q2022 compared to same period of the previous year
- Satisfactory capital adequacy base above legal requirements
- Healthy receivables portfolio backed by collaterals of common stocks along with lack of non-performing receivables
- Wide range of services as a broadly authorized intermediary institution
- Funding diversity through effective utilization of bond issuances
- Benefits of being a bank subsidiary company and nationwide geographical outreach through its owner Şekerbank's branch network contributing to sustainable revenue generation

Constraints

- Increase in financial expenses exerting pressure on profitability in FY2021
- Intensity of competition throughout the sector
- Relatively low level of market share in the intermediary sector
- Vulnerability of risk appetite towards EMs to potential economic and geopolitical risks
- 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 the Long-Term National Issuer Credit Rating has been affirmed as 'A (tr)'. The Company's profitability performance along with intense competition environment in the sector 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 revenue and profitability performance, internal equity generation capacity, liquidity profile, market position, local and global financial conditions and risk appetite 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.

