

Corporate Credit & Issue Rating

New Update

Sector: Intermediary Institutions

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R A T I N G S		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	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	A (tr) (Stable)	J1 (tr) (Stable)
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

Şeker Yatırım Menkul Değerler A.Ş.

JCR Eurasia Rating has evaluated "Şeker Yatırım Menkul Değerler A.Ş." in the investment grade category with high credit quality 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. When the global and national scale rating matching published by JCR Eurasia Rating is considered, the Company's Long-Term International Issuer Credit Ratings were assigned as 'BB/Stable' in line with the sovereign ratings and outlooks of the 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 Ankara and İzmir. As of the second quarter of 2024, Şeker Yatırım ranked 25th in terms of volume in equity transactions and ranked 10th in terms of number of branches.

In FY2023, a total of 52.50mn shares with a nominal value of TRY 52.50mn were offered to the public, including 35mn shares with a nominal value of TRY 35mn issued due to the increase in the Company's issued capital from TRY 120mn to TRY 155mn and 17.50mn shares with a nominal value of TRY 17.50mn within the scope of the sale of existing (Şekerbank T.A.Ş.) shares. The size of the public offering was TRY 367.50mn. The shares of the Company have been traded on Borsa Istanbul since December, 2023, and 33.87% of the shares are publicly traded and Company's ultimate shareholder is Şekerbank T.A.Ş. with 65.39% share as of 3Q2024. As of September 30, 2024, Şeker Yatırım employed a staff force of 109 (FYE2023: 103).

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

Strengths

- Remarkable operating profit generation in FY2023 and improvement in 3Q2024 compared to the same period of the previous year,
- Strong capital adequacy base above legal requirements,
- Level of collaterals of common stocks supporting receivables portfolio,
- Diversified funding structure supporting financial flexibility,
- Wide range of services as a broadly authorized intermediary institution,
- Compatibility with the Corporate Governance Practices as a Publicly Traded Company,
- Benefits of being a bank subsidiary company and nationwide geographical outreach through its owner Şekerbank's branch network.

Constraints

- Net monetary loss and net financial expenses pressurizing bottom line in FY2023 and leading to a net loss in 3Q2024,
- Relatively low level of market share in the intermediary sector according to trading volumes,
- Intensity of competition in Turkish capital markets,
- Vulnerable nature of risk appetite and capital flows in emerging markets,
- 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 at 'A (tr)'. The Company's satisfactory profitability performance as well as the intense competition environment in the sector have been evaluated as important indicators for 'Stable' outlook of the Long and Short-Term National Issuer Credit Ratings. The Company's profitability performance, internal equity generation capacity, market position, declining bottom-line profitability as of 3Q2024 and local and global financial conditions 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.

