

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	Positive	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
	National ISR	A (tr)	J1 (tr)
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

Tera Yatırım Menkul Değerler A.Ş.

JCR Eurasia Rating, has evaluated the "Tera Yatırım Menkul Değerler A.Ş." in the high investment level category and revised the Long-Term National Issuer Credit Rating from 'A-(tr)' to 'A (tr)' and assigned the Short-Term National Issuer Credit Rating at 'J1 (tr)' whereas the Long-Term National Issuer Credit Rating Outlook of the Company revised from "Stable" to "Positive". 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.

Tera Yatırım Menkul Değerler A.Ş. ('Tera Yatırım' or 'the Company') was founded in 1990. After the acquisition of the Company by its current shareholders in 2005, the Company's title has been changed to 'Tera Yatırım Menkul Değerler A.Ş.'. (formerly; 'Stok Menkul Değerler A.Ş.'). Licensed as a "broadly authorized intermediary institution" in accordance with the approval by the Capital Market Board on 02 January 2015, the Company offers 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 three liaison offices in Antalya, Ankara and Akasya/İstanbul. As of December 31, 2021, Tera Yatırım employed a staff force of 41 (FYE2020: 26). The Company's shareholders are Oğuz Tezmen with 45.84% share, Emre Tezmen with 41.74% share and Gül Ayşe Çolak with 12.42% share as of the report date.

Tera Yatırım acquired "BGC Partners Menkul Değerler A.Ş." in September 2022. With this acquisition, the Company aims to gain market share from both domestic and foreign institutional investors. In addition, Tera Yatırım has targets to expand its branch networks by keeping risk management a priority.

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

Strengths

- Improvement in profit generation capacity supported with rising corporate financing incomes in FY2021 and 1H2022
- Satisfactory capital adequacy base above legal requirements
- Healthy receivables portfolio backed by collaterals of common stocks
- Wide range of services as a broadly authorized intermediary institution
- Funding diversity through effective utilization of bond issuances
- Expected revenue streams from the Company's planned IPO

Constraints

- 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 revised as 'A (tr)'. The Company's adequate liquidity levels and notable improvement in net profit and core profitability indicators in FY2021 and 1H2022 have been evaluated as important indicators for 'Positive' outlook of the Long-Term National Issuer Credit Rating. 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.

