

Corporate Credit & Issue Rating

New Update

Sector: Intermediary Institutions

Publishing Date: 31/10/2024

Team Leader

Deniz Ustabaş

+90 212 352 56 73

deniz.ustabas@jcrer.com.tr

Assistant Analyst

Aleyna Kenar

+90 212 352 56 73

aleyna.kenar@jcrer.com.tr

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

* Assigned by JCR on May 10, 2024

Tera Yatırım Menkul Değerler A.Ş.

JCR Eurasia Rating has evaluated "Tera 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.

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.' The Company offers a wide range of services, such as 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, via its "Broadly Authorized Intermediary Institution" license. Furthermore, the Company has been permitted to act as an intermediary for order transmission since January 2015. The Company is headquartered in İstanbul with six liaison offices in Antalya, Ankara, İzmir, Bodrum/Muğla, Üsküdar/İstanbul, and Kadıköy/İstanbul. As of December 31, 2023, Tera Yatırım employed a staff force of 78 (FYE2022: 45).

In December 2022, 16,500,000 Group B shares with a total nominal value of TRY 16.50mn were offered to the public and the Company's issued capital was increased from TRY 37.50mn to TRY 52.50mn. The size of the public offering was TRY 165.00mn. The shares of the Company have been traded on Borsa İstanbul since December 22, 2022, and 31.43% of the shares are publicly traded as of FY2023. The Company's other shareholders are Oğuz Tezmen with 31.43% share, Emre Tezmen with 28.62% share and Gül Ayşe Çolak with 8.52% share as of FY2023. Furthermore, in October 2024, the Board of Directors decided to increase the capital to TRY 157.50mn, which was all paid-in. Tera Yatırım led and successfully completed 10 IPOs from 2021 to the analyzed period, and as of 1H2024, the Company is the 6th company with the highest number of public offerings among all intermediary institutions.

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

Strengths

- Improvement in profitability indicators in FY2023 compared to previous period,
- Sufficient capital adequacy base above legal requirements as well as paid-in capital increase on Oct, 2024,
- Funding diversity through effective utilization of bond issuances,
- Level of collaterals of common stocks supporting receivables portfolio,
- A comprehensive arrangement of services offered by a widely authorized intermediary entity,
- Compatibility with the corporate governance practices as a publicly traded company.

Constraints

- Net financing expenses pressurizing bottom line in FY2023,
- Particularly net monetary loss and remarkable increase in financial expenses leads to notable decline in net profit as of 1H2024,
- Intensity of competition in Turkish capital markets,
- Relatively low level of market share in the intermediary sector according to trading volumes,
- 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 operating profit generation, capital level, recovering bottom-line profitability in FY2023, declining net profit as of 1H2024 and shareholder structure along with asset quality, competition environment, sectoral position, local and global macroeconomic conditions have been evaluated as important indicators for the 'Stable' outlooks for the Short and Long-Term National Issuer Credit Ratings. The Company's sales growth, profitability indicators, liquidity metrics, market position, and risk appetite will be closely monitored by JCR Eurasia Rating in the 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.

