

Corporate Credit 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	-	-
	International FC ISR	-	-
Sovereign *	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

ÜNLÜ MENKUL DEĞERLER A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "ÜNLÜ 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 the Short-Term National Issuer Credit Rating from 'J1 (tr)' to 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as 'BB / Negative' as parallel to the international ratings and outlooks of Republic of Türkiye.

ÜNLÜ Menkul Değerler A.Ş. (hereinafter referred to as "ÜNLÜ Menkul", "the Group" or "the Company") was established in 1990 under the name "Işıklar Menkul Kıymetler A.Ş." to engage in activities related to the capital market in accordance with the provisions of the Capital Market Law and relevant legislation. Over the years, the name of the Group underwent several changes, including "Dundas Ünlü Menkul Değerler A.Ş.", "Standard Ünlü Menkul Değerler A.Ş." and ultimately on November 15, 2012 "Ünlü Menkul Değerler A.Ş.". The Company received authorization as a "Broadly Authorized Intermediary Institution" from the Capital Market Board (CMB) on August 4, 2015.

ÜNLÜ Menkul actively provides services such as equity trading, warrants trading through market making activity, public offering intermediation, portfolio management, investment consultancy, repo-reverse repo transactions, margin trading-short selling, leveraged FX, derivatives trading, and limited custody services. Additionally, the CMB granted the Company authorization to carry out transaction intermediation and leveraged trading activities abroad on March 10, 2016. ÜNLÜ Menkul Değerler A.Ş. is headquartered in İstanbul, and has branches in four cities (İstanbul, İzmir, Ankara and Antalya) in Türkiye. As of 3Q2023, the Group employed a staff force of 158 (FYE2022: 158), including personnel from its 100% owned subsidiaries ÜNLÜ Securities Inc. and ÜNLÜ Securities UK Ltd.

As of the reporting date, ÜNLÜ Menkul Değerler A.Ş. is fully owned by **ÜNLÜ Yatırım Holding A.Ş.** (hereinafter referred to as 'the Holding' or 'Ünlü & Co'). Ünlü & Co, through its nine consolidated subsidiaries and two investments valued by the equity method, offers a range of financial services. These services include corporate finance (M&A, ECM, DCM), institutional sales, trading, and research (covering ECM, DCM, and block trades), investment advisory and portfolio management, NPLs servicing, treasury, and alternative investments. These services cater to both local and international qualified individual and institutional investors.

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

Strengths

- Improvement in profit generation capacity in FY2022 and 3Q2023 compared to same period of the previous years,
- Satisfactory capital adequacy base above legal requirements as well as paid-in capital increases through cash injection in FY2022,
- Diversified funding structure through debt security issuances, providing financial flexibility,
- 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 supported by digitalization practices,
- Reputable brand name with a proven track record, financial and operational strength of ÜNLÜ Yatırım Holding A.Ş. and the synergy created.

Constraints

- Relatively low level of market share in the intermediary sector due to intense competition,
- Short-term borrowing profile in line with the 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 Group's Long-Term National Issuer Credit Rating has been revised from 'A (tr)' to 'A+ (tr)'. The Group's upward trend of revenue and net profit figures, strengthening equity via capital increases in FY2022, asset quality and strong shareholder structure as well as high competition in the market, global interest rate hiking cycle and the existing risks in the markets and the business environment 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 Group's attainability of the indebtedness indicators, cash flow metrics, profitability margins and sustainability of demand in the market will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

Equity / Total Assets (%)



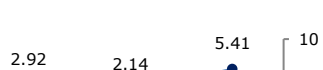
Net Profit Margin (%)



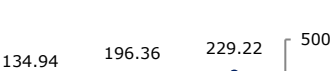
ROAE (%)



ROAA (%)



Leverage Ratio (%)



NWC / Total Assets (%)

