

Corporate Credit & Issue Rating

New Update

Sector: Intermediary Institutions
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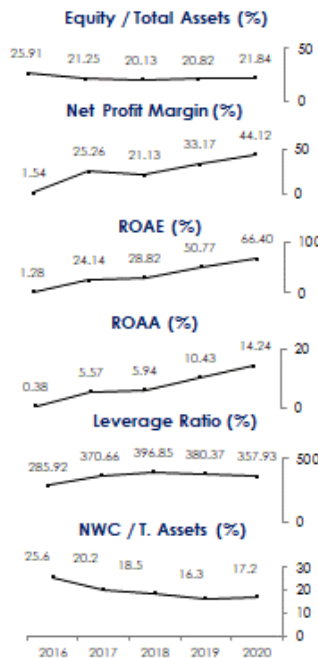
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RATINGS

		Long Term	Short Term	
International	Foreign Currency	BB+	B	
	Local Currency	BB+	B	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
	Issue Rating	-	-	
National	Local Rating	AA-(Trk)	A-1+(Trk)	
	Outlook	Stable	Stable	
	Issue Rating	AA-(Trk)	A-1+(Trk)	
Sponsor Support		1	-	
Stand-Alone		AB	-	
Sovereign*	Foreign Currency	BB+	-	
	Local Currency	BB+	-	
	Outlook	FC	Negative	-
LC		Negative	-	

*Assigned by JCR on April 10, 2020



Oyak Yatırım Menkul Değerler A.Ş.

JCR Eurasia Rating evaluated **Oyak Yatırım Menkul Değerler A.Ş.** and the **Current and Planned Debt Instruments** in an investment grade category in the periodic annual review and upgraded the ratings on the Long and Short-Term National Scales to **“AA- (Trk)”** and **“A-1+ (Trk)”** respectively along with a **‘Stable’** outlook. On the other hand, the Long Term International Foreign and Local Currency Ratings have been determined as **‘BB+/Negative’**.

Oyak Yatırım Menkul Değerler A.Ş. (hereinafter referred to as ‘Oyak Yatırım’ or ‘the Company’) is one of the oldest intermediary institutions in Turkey with its roots dating back to 1982. The Company was founded as a subsidiary of the Armed Forces Pension Fund (Ordu Yardımlaşma Kurumu/OYAK) in order to provide brokerage services in capital markets. The Company offers a wide range of services such as; trading, portfolio management, corporate finance, investment consultancy, leveraged trading transactions via its “broadly authorized intermediary institution” license. As of FYE2020, Oyak Yatırım had TRY 88.33mn paid-in capital, TRY 348.79mn equity, TRY 1,597mn asset size and it announced TRY 144.09mn net profit for the period. The Company preserved its leading position among non-bank owned intermediary institutions in debt issuance volume in FY2020. Currently, Oyak Yatırım carries out its operations through a total network of 4 regional directorates incorporating 13 branches in 11 cities in Turkey. OYAK Group is the qualified shareholder of the Company holding 99.63% of total shares. As of December 31, 2020, the Company employed a staff force of 227.

Strengths

- Continuity of improvement in profitability indicators mainly supported by net commission income generation capacity
- Sound capital structure accordant with the legislative regulations and equity level underpinning potential loss absorption capacity
- Appropriate liquidity management approach in line with the CMB parameters
- Ability to meet a great portion of its financing needs with successive bond issuances
- Being a subsidiary of a reputable and assistive principal shareholder and deep-rooted operating history dating back to 1980s
- Outstanding performance and position in debt securities market

Constraints

- Rising operational expenses restraining profit generation capacity
- Limited contribution of corporate finance income to profitability
- Fierce competition environment and intense concentration in Turkish capital markets
- Vulnerability of risk appetite towards EMs to potential economic and geopolitical risks

Considering the aforementioned points, the Company’s Long-Term National Rating has been assigned as **‘AA- (Trk)’**. The Company’s notable profitability performance in the last two years thanks to its ability to gain from supporting market conditions, net profit well above FY2020 projection and gradually strengthening equity via its retention principle in recent years along with rising operational expenses and intense competition environment in the sector have been evaluated as important indicators for **‘Stable’** outlooks of long and short-term national ratings. In addition to local and global financial conditions and risk appetite, profitability and internal equity generation capacity, liquidity profile, market position and cost management practices are the major issues which will be monitored by JCR Eurasia Rating in the upcoming period.

The sponsor support note of Oyak Yatırım has been affirmed as **(1)** considering the financial strength, capacity and willingness of the qualified shareholder OYAK Group to lend assistance in terms of long-term liquidity and equity when required. We, as JCR Eurasia Rating, believe that Oyak Yatırım has the sufficient experience and facilities to manage the obligations without any assistance from its shareholders, taking into consideration the Company’s internal resources generating capacity, broad experience in intermediary institutions sector, improving equity level, accessing capability to funding sources and risk management practices. In the light of such remarks, the Stand Alone note of Oyak Yatırım has been determined as **(AB)** on JCR Eurasia Rating’s notation scale, denoting a high level of capacity to honour its financial commitments.