

Corporate Credit & Issue Rating

New Update

Sector: Intermediary Institutions
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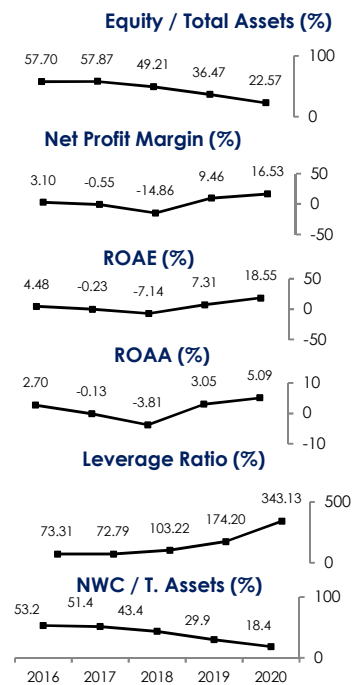
Chief Analyst

Bora Pakyürek
 +90 212 352 56 73
bora.pakyurek@jcrer.com.tr

RATINGS

		Long Term	Short Term
National	Local Rating	BBB (Trk)	A-3 (Trk)
	Outlook	Stable	Stable
	Issue Rating	BBB (Trk)	A-3 (Trk)
International	Foreign Currency	BB	B
	Local Currency	BB	B
	Outlook	FC Stable LC Stable	Stable Stable
Sovereign*	Sponsor Support	2	-
	Stand-Alone	B	-
	Foreign Currency	BB	-
Sovereign*	Local Currency	BB	-
	Outlook	FC Stable LC Stable	- -

*Assigned by JCR on May 31, 2021



Invest-AZ Yatırım Menkul Değerler A.Ş.

JCR Eurasia Rating evaluated **Invest-AZ Yatırım Menkul Değerler A.Ş.** and the **Current and Planned Debt Instruments** in an investment grade category in the periodic annual review and determined the ratings on the Long and Short-Term National Scales as **“BBB (Trk)”** and **“A-3 (Trk)”** respectively along with **“Stable”** outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been determined as **‘BB/Stable’**.

Invest-AZ Yatırım Menkul Değerler A.Ş. (herein referred to as ‘Invest-AZ’ or ‘the Company’), incorporated under the Capital Market Law and licensed to provide services as an intermediary institution, commenced activities in 2012. Licensed as a “broadly authorized intermediary institution” in accordance with the decision taken at the meeting on 28 December 2015 by the Capital Market Board (CMB), the Company offers services in equity trading, public offering intermediation, portfolio management, investment consultancy, repo-reverse repo transactions, margin trading-short selling, leveraged FX, derivatives trading and limited custody services. The Company ranked 9th amongst non-bank affiliated brokerage houses in equity volume as of FYE2020.

Company headquarters are located in the financial district of Esentepe-Şişli in Istanbul. Invest-AZ has opened a liaison office in Adana as of first quarter of 2019 and also in Ankara as of first quarter of 2020. Invest-AZ offers a wide range of products in several markets including FX, futures, funds, commodities, stocks. The utmost shareholder is the chairman of the Board of Directors since the foundation of Invest-AZ. As of December 31, 2020, Invest-AZ employed a staff force of 62 (FYE2019: 53).

Strengths

- Reasonable increase in commission income and profitability in FY2020 and as first half of FY2021
- Wide range of services as a broadly authorized intermediary institution
- Satisfactory capital adequacy base and liquidity level, in line with CMB regulations, promising further growth and providing a buffer against incidental losses
- High asset quality, healthy receivables portfolio backed by collaterals
- Diversified funding base through successive bond issuance

Constraints

- Competitive pressures inherent in the sector dominated by bank-affiliated companies
- Operational expenses exerting pressure on profitability
- Relatively low level of market share in the intermediary sector
- Vulnerability of risk appetite towards emerging markets
- Fines applied by CMB, due to violation in regulations
- Need for further improvements in the area of risk management, auditing and monitoring activities
- 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 Long-Term National Rating has been assigned as **“BBB (Trk)”**. The Company’s notable profitability performance in the last year thanks to its ability to gain from supporting market conditions along with intense competition environment in the sector have been evaluated as important indicators for **“Stable”** outlooks of long and short-term national ratings. In case of potential negative effects of CMB denunciations regarding to the former general manager and the employee and ongoing other legal processes and high administrative fines imposed by the CMB, these issues will have a decisive impact on the rating and outlook of the Company. In addition to aforementioned legal issues, 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.

It is considered that the shareholders have the willingness and capability to ensure long term liquidity and equity. In this regard, **Invest-AZ Yatırım’s** Sponsor Support grade has been determined as **(2)** in **JCR Eurasia Rating’s** notation scale. Additionally, we, as **JCR Eurasia Rating**, believe that **Invest-AZ Yatırım** has the sufficient experience and facilities to manage the obligations without any assistance from its shareholders, taking into consideration the Company’s asset size and quality, equity level, efficient risk management practices and experienced senior management team and provided that it maintains its efficiency in the market. In the light of such circumstances, the Stand-Alone Grade of **Invest-AZ Yatırım** has been determined as **(B)** on **JCR Eurasia Rating’s** notation scale.