

**Corporate Credit Rating**

**Intermediary Institutions**

TERA Menkul		Long Term	Short Term	
International	Foreign currency	BBB-	A-3	
	Local currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
National	Local Rating	BBB+(Trk)	A-3(Trk)	
	Outlook	Positive	Stable	
Sponsor Support		3	-	
Stand Alone		B	-	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

\*Assigned by Japan Credit Rating Agency, JCR on July 11, 2014

Senior Analyst: Şevket GÜLEÇ

+90 212 352 56 73 [sevket.gulec@jcrer.com.tr](mailto:sevket.gulec@jcrer.com.tr)

TERA MENKUL DEĞERLER A.Ş.						
Financial Data	3Q2014**	2013*	2012*	2011*	2010*	2009*
Total Assets (000 USD)	33,910	33,910	31,812	14,668	16,996	10,188
Total Assets (000 TRY)	76,445	72,243	56,550	27,706	26,132	15,153
Equity (000 TRY)	18,091	14,664	11,986	10,429	5,367	3,813
Principal Activity Revenues (000 TRY)	12,375	18,720	10,605	9,340	10,030	5,436
Net Profit (000 TRY)	3,445	2,704	201	587	1,563	185
Net Profit Margin (%)	27.84	14.45	1.89	6.28	15.58	3.41
ROAA (%)	n.a	5.78	0.63	2.71	8.74	2.01
ROAE (%)	n.a	27.94	2.37	9.22	39.32	6.21
Equity / T. Assets (%)	23.66	20.3	21.2	37.64	20.54	25.16
Net Working Capital / T. Assets (%)	21.99	18.51	19.40	33.50	18.26	22.76
Leverage Ratio (%)	322.56	392.64	371.79	165.65	386.87	297.44
Asset Growth Rate (%)	5.82	27.75	104.11	6.02	72.46	93.62

\*End of the Year \*\* Unaudited Financials

**Overview**

Tera Menkul Değerler A.Ş. (hereinafter referred to as Tera Menkul or the Company) was established under the name Stok Menkul Değerler A.Ş. in 1990 in İstanbul to operate in the capital markets. In 2005 the Company changed its name to Tera Menkul Değerler A.Ş following the alteration in the shareholder structure. The Company, as a broadly authorized intermediary institution by the Capital Markets Board, offers services in securities trading, corporate finance, public offering, leveraged FX trading, derivatives and margin trading, securities lending and short selling.

Tera Menkul is one of the leading companies in the sector and was ranked 11<sup>th</sup> amongst all intermediary institutions regarding equity trading volume with a 2.71% market share and 17<sup>th</sup> in leveraged FX trading volume with a market share of 1.82% as of June 2014. Those ratios were 3.29% and 2.02%, respectively, at the end of FY2013.

To comply with the new regulations regarding the capital requirement of intermediary institutions, the general assembly of the Company decided to increase its paid in capital of TRY 8.28mn to 25.00mn in the extraordinary meeting dated 3 November 2014. In this scope, TRY 5.68mn cash equity was injected into the Company, thus the paid in capital increased to TRY 13.96mn.

Oğuz Tezmen is the qualified shareholder of the Company and the Tezman family currently holds a 76.72% stake in the Company. Tera Menkul employed, on average, 82 people in 2013 (FY2012: 83).

**Constraints**

- High volatility in net profit figures and profitability ratios
- Enduring regional tensions hosting uncertainties and exerting downward pressure on risk appetite of investors along with weak recovery in the global economy and deflationary pressures in the Eurozone possibly resulting in the diversion of investors to more secure and fixed income instruments
- Enhancement needed in risk management implementations accompanied with the establishment of functional and separate risk management department
- Need for improvement in the level of compliance with Corporate Governance Practices
- Intensity of competition throughout the sector

**Strengths**

- Progress in profitability indicators recently and consistent profit over the reviewed period
- Continuous increase in equity base resulting principally from retention of profit and cash equity injection
- Adequate capital adequacy base and liquidity level
- Asset size based sturdy growth performance, 3.48 times that of the sector in last five year period
- High market perception confirmed by the market rank as the 3rd amongst non-bank owned intermediary institutions concerning equity trading volume
- Healthy receivables portfolio and high asset quality
- Experienced and visionary management team
- Efforts to diversify product portfolios and income stream through issue of asset backed securities and sukuk
- Offering wide range of services as broadly authorized intermediary institution

