

Corporate Credit Rating  
Update

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	A-(Trk)	A-1(Trk)	
	Outlook	Stable	Stable	
Sponsor Support		3	-	
Stand Alone		B	-	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

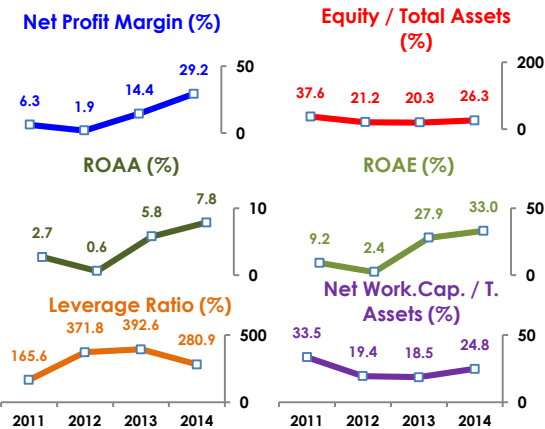
\*Assigned by Japan Credit Rating Agency, JCR on August 28, 2015

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**Strengths**

- Satisfactory capital adequacy base and liquidity level promising further growth and providing a tough shield against any probable losses
- Sound asset base growth performance outperforming the sector average
- Significant improvement in profitability indicators following 2013, principally in return on asset and equity, outstripping the sector average
- High market perception confirmed by the market rank of 3<sup>rd</sup> amongst non-bank owned intermediary institutions concerning equity trading volume in FY2014
- Diversified funding structure through bond issuance
- Healthy and collateralized receivables portfolio supporting the continuity of high asset quality
- Experienced and visionary management team
- Determinations to broaden product portfolios and income streams
- Wide range of services as a broadly authorized intermediary institution

**Constraints**

- Increases to risk level due to volatility in foreign exchange rates and depreciation of the TRY reducing household disposable income and the debt service capacity of real sector firms that invest in private sector's bonds
- Required improvements in Corporate Governance practices
- Intensity of competition throughout the sector
- Persisting geopolitical risks and economic worries along with increasing regional tensions hosting uncertainties and pressurizing business prospects
- Long foreign currency position, although currently manageable

TERA MENKUL DEĞERLER A.Ş.						
Financial Data	3Q2015**	2014*	2013*	2012*	2011*	2010*
Total Assets (000 USD)	39,789	42,649	33,910	31,812	14,668	16,996
Total Assets (000 TRY)	121,091	98,899	72,243	56,550	27,706	26,132
Equity (000 TRY)	31,781	25,968	14,664	11,986	10,429	5,367
Principal Activity Revenues (000 TRY)	20,243	19,304	18,720	10,605	9,340	10,030
Net Profit (000 TRY)	5,873	5,642	2,704	201	587	1,563
Net Profit Margin (%)	29.01	29.23	14.45	1.89	6.28	15.58
ROAA (%)	7.39	7.84	5.78	0.63	2.71	8.74
ROAE (%)	29.29	33.04	27.94	2.37	9.22	39.32
Equity / T. Assets (%)	26.25	26.26	20.30	21.20	37.64	20.54
Net Working Capital / T. Assets (%)	14.43	24.75	18.51	19.40	33.50	18.26
Debt Ratio (%)	281.02	280.85	392.64	371.79	165.65	386.87
Asset Growth Rate (%)	22.44	36.90	27.75	104.11	6.02	72.46

\*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 Istanbul to operate in the capital markets. In 2005 the brokerage firm was taken over by its current shareholders and its name changed to Tera Menkul. Licensed as a "broadly authorized intermediary institution" by the Capital Markets Board, the Company offers services in securities trading, public offering intermediation, portfolio management, leveraged FX trading, derivatives and margin trading and limited custody services.

Tera Menkul is a well-known company in the sector and was ranked 12th (2015/06: 16th) amongst all intermediary institutions regarding equity trading volume with a 2.44% market share and 20th (2015/06: 22th) in leveraged FX trading volume with a market share of 1.84% as of December 2014. Those ratios stood at 3.29% and 2.02%, respectively, at the end of FY2013.

Improvement in profitability ratios, continuity of asset quality, strengthened equity base through retention of generated profit, diversifying funding sources via bond issuance, outperformance of the sector in average asset base growth performance and expansions of activities are the main determining factors supporting the upgrade of the Long and Short Term National Local Rating Notes to "A- (Trk)" from "BBB+ (Trk)" and to "A-1(Trk)" from "A-3 (Trk)", respectively.

Oğuz Tezmen is the qualified shareholder of the Company and the Tezmen family currently holds a 78.26% stake in the Company. Tera Menkul and its subsidiaries employed, on average, 100 employees during the first 9 months of 2015 (FY2014: 84).