

Corporate Credit Rating Update
Intermediary Institutions

TERA Yatırım		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Issue Rating	n.a.	n.a.		
National	Local Rating	A- (Trk)	A-1 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	A- (Trk)	A-1 (Trk)	
Sovereign*	Sponsor Support		3	
	Stand Alone		B	
	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

*Assigned by Japan Credit Rating Agency, JCR on October 7, 2016

Group Head: Şevket GÜLEÇ

+90 212 352 56 73 sevket.gulec@jcrer.com.tr

TERA YATIRIM MENKUL DEĞERLER A.Ş.						
Financial Data	1H2016	2015*	2014*	2013*	2012*	2011*
Total Assets (000 USD)	46,620	38,700	42,649	33,848	31,812	14,668
Total Assets (000 TRY)	134,901	112,524	98,899	72,243	56,550	27,706
Equity (000 TRY)	30,914	32,030	25,968	14,664	11,986	10,429
Principal A. Revenues (000 TRY)	11,258	26,087	19,400	18,720	10,605	9,340
Net Profit (000 TRY)	-962	5,925	5,642	2,704	201	587
Net Profit Margin (%)	-8.55	22.71	29.08	14.45	1.89	6.28
ROAA (%)	-0.87	6.84	7.84	5.78	0.63	2.71
ROAE (%)	-3.26	24.93	33.04	27.94	2.37	9.22
Equity / T. Assets (%)	22.92	28.47	26.26	20.30	21.20	37.64
Net Working Capital / T. Assets (%)	12.04	15.85	24.75	18.51	19.40	33.50
Debt Ratio (%)	336.38	251.30	280.85	392.64	371.79	165.65
Asset Growth Rate (%)	19.89	13.78	36.90	27.75	104.11	6.02

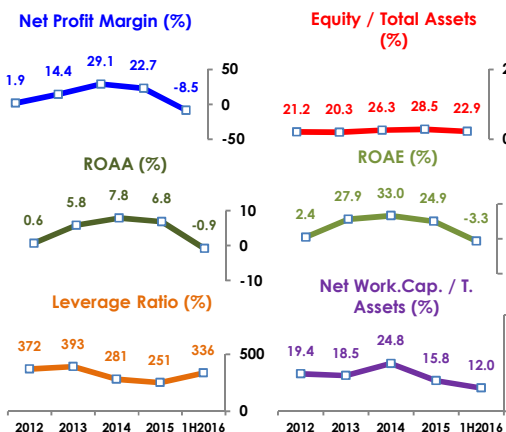
*End of the Year

Overview

Tera Yatırım Menkul Değerler A.Ş. (hereinafter referred to as Tera Yatırım or the Company) was established under the name of 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 was initially changed to Tera Menkul and recently adopted the name of Tera Yatırım. The Company, as a broadly authorized intermediary institution, offers services in Execution of Orders, Reception & Transmission of Orders, Dealing on Own Account, Intermediation for Public Offering (Underwriting and Best Effort) and Limited Custody Services. Tera Yatırım operates in the Equity, Debt Securities and Derivatives (Future & Option) Markets on the Borsa Istanbul A.Ş.

Mr. Oğuz TEZMEN is the qualified shareholder of the Company and the TEZMEN Family currently holds a 78.26% stake in the Company. Tera Yatırım and its subsidiaries employed, on average, 98 employees during the 1H2016 (FY2015: 100).

Continuity of the profit retention policy & asset quality, satisfactory equity base, adequate liquidity level, diversifying funding sources through bond issuance, internal resource generation capability, implementation of cost reducing facilities, asset base growth performance and future income projections are the main supporting factors underlying the affirmation of all ratings and their outlooks.


Strengths

- Satisfactory capital adequacy base and liquidity level, in line with the regulations of the CMB, promising further growth and providing a buffer against incidental losses
- Continuity of solid asset based growth performance, approximately three times that of the sector's average growth between 1H2016 and FY2010
- Return on asset and equity ratios outperformed the sector average in FY2013, FY2014 and FY2015
- Diversified funding structure through bond issuance
- Healthy and collateralized trade receivables portfolio supporting the continuity of high asset quality
- Existence of qualified and visionary management team
- Wide range of services as a broadly authorized intermediary institution

Constraints

- Declining market efficiency through contracting market shares in volumes of equity and FX leverage trading, which are the principal income components
- Deterioration in profitability indicators particularly during FY2016
- Rises in risk level due to volatility in foreign exchange rates and depreciation of the TRY reducing the debt service capacity of real sector, thus firms that invest in private sector's bonds
- Further improvements needed in compliance level with corporate governance principles
- Intensity of competition throughout the sector
- Tenacity of high geopolitical risks in the nearby region, the failed coup attempt of 2016 and subsequent developments and increasing terrorist activities harboring worries and pressurizing business prospects

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