

## Corporate Credit & Issue Rating

New  Update

Sector: Intermediary Institutions  
 Publishing Date: 26/10/2020

### Chief Analyst

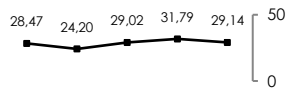
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### RATINGS

		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	A-(Trk)	A-1 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	A-(Trk)	A-1 (Trk)	
Sponsor Support	2	-		
Stand-Alone	B	-		
Sovereign*	Foreign Currency	BB+	-	
	Local Currency	BB+	-	
	Outlook	FC	Negative	-
		LC	Negative	-

\*Assigned by JCR on April 10, 2020

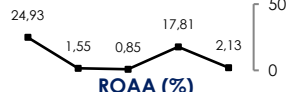
#### Equity / Total Assets (%)



#### Net Profit Margin (%)



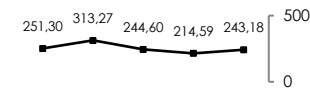
#### ROAE (%)



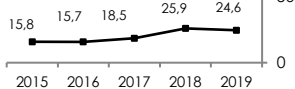
#### ROAA (%)



#### Leverage Ratio (%)



#### NWC / T. Assets (%)



## Tera Yatırım Menkul Değerler A.Ş.

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

Established in 1990 under the name of Stok Menkul Değerler, Tera Yatırım adopted its current trade name in 2005 following the change in its shareholder structure and continued its operations as a “Broadly Authorised Intermediary Institution” from January, 2015 onwards. The Company actively provides services in the fields of 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 conducts its operations via its headquarters in Istanbul and liaison office in Antalya, having adopted a branchless business model focused on efficiency.

#### Strengths

- Notable increase in profitability performance throughout 1H2020 supported by rising commission income
- Sound equity level in comparison to non-bank affiliated peers strengthened by paid-capital increase and retention policies
- High asset quality, healthy receivables portfolio backed by collaterals along with lack of non-performing receivables and FX risk
- Satisfactory capital adequacy base and liquidity level, in line with CMB regulations, promising further growth and providing a buffer against incidental losses-sky
- Efficient business model in comparison to sectoral peers with no branches and well controlled opex
- Established track record in the domestic capital markets through successive bill issuances

#### Constraints

- Competitive pressures inherent in the sector exhibiting high market concentration dominated by bank-affiliated companies
- Underdeveloped domestic capital markets in comparison to the size of GDP despite increasing investor base
- Relatively high operational risk levels due to the nature of the intermediary institutions sector
- Further need for progress in compliance level with Corporate Governance Practices
- Ongoing uncertainties arising from the global Covid-19 pandemic and USA’s presidency elections, pressuring the global economic outlook

Considering the aforementioned points, the Company’s Long-Term National Rating has been affirmed as “A- (Trk)”. The improvement in the internal equity generation capacity and trends in the indicators of return on equity and assets in comparison to the sector average, the share of equity in the balance sheet composition, the impact of changes in the global risk appetite subject to political/economic developments on the Turkish Capital Markets, the level of financing expenses within the context of falling borrowing costs, the effect of the recovery in economic growth on transaction volumes in the capital markets, trend in equity levels and their adequacy, developments regarding CMB penalties and the progress in the level of compliance with Corporate Governance Practices comprise the major issues that will be monitored in the upcoming period. No separate rating report has been compiled for the issued bills as the resources obtained from the bill issue are carried in the Company’s balance sheet and were subject to analysis in the corporate credit rating report. The bills issued carries no difference in comparison to the Company’s other liabilities with regards to the legal and collateralisation perspective and as such the corporate ratings also reflect the issue rating.

Considering the Company’s position in the financial intermediary institutions sector among non-bank affiliated players long operating track record and the support for the equity level through retention of generated internal resources, it was reached that the qualified shareholders have the willingness to supply long term liquidity and equity to Tera Yatırım should the need arise. Within this scope, the **Sponsor Support Grade** of the Company has been determined as (2) on JCR Eurasia Rating’s notation scale, indicating an adequate level.

In addition, irrespective of the support provided at the shareholder level, taking into account the business model focused on operating efficiency, growth strategies, rising turn-over and capability to successfully compensate for the reduction FX income as a result of regulation, established customer base, successful completion of bill issuances, risk management practices along with the presence of a skilled management team, the Company is thought to have reached the necessary experience and infrastructure to manage the incurred risks on its balance sheet. Within this regard, the **Stand-Alone Grade** of Tera Yatırım has been affirmed as (B) on JCR Eurasia Rating’s notation scale, indicating an adequate level.

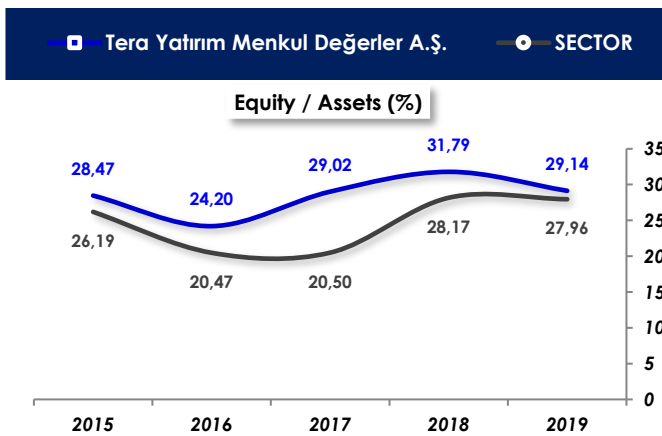
## 1. Rating Rationale

### Notable Increase in Profitability Performance Supported by Rising Commission Income throughout 1H2020

At FYE2019, the company generated a net profit of TRY 2.12mn, thanks to the sustainable commission flow with product diversity. Company profitability is considered to be closely related with the expansion of its activities and maintaining its profit margin. As of 1H2020, Tera Yatırım attained a net profit of TRY 6.34mn, much prospering than the net loss of TRY 2.44mn at 1H2019. The profitability in 1H2020 mainly derived from credit operations and commission revenues of equity brokerage activities.

### Strong Equity Levels in Relation to Other Independent Players supported by Paid-in Capital Increase and Retention Policies

The Company did not undertake any dividend distribution throughout FY2019 whilst the equity to total assets ratio attained a value of 29.14% at FYE2019, higher than the sector average of 27.96%. The reduction in the equity to assets ratio (23.3%) in the 1H2020 largely stemmed from the notable expansion in asset size throughout the 1H2020 due to the increasing customer activities. The higher share of equity in relation to the sector is a factor that provides potential for expansion.



### High Assets Quality Underpinned by the Balance Sheet Structure and Healthy Receivables Book

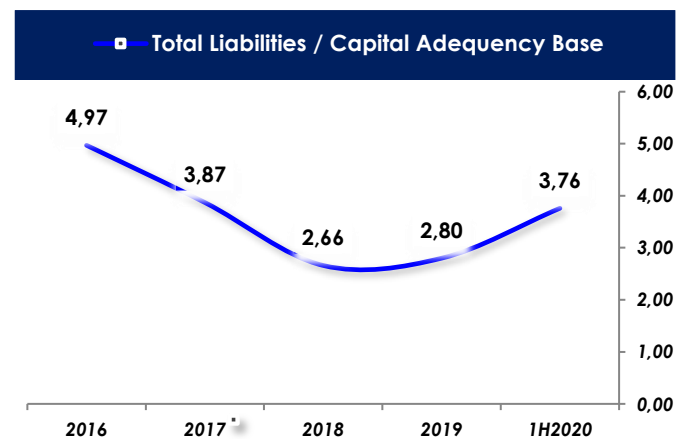
Credit risk exposure arises principally from trade receivables, which were generally collateralized with treasury bills, bonds, funds, and publicly traded shares. This profile significantly decreases the credit risk while contributing to assets quality. In FYE2019, there were no

non-performing receivables. Therefore, both high performing receivables and the balance sheet composition contributed to the Company's asset quality. As the company works with a large number of customers, credit risk is relatively dispersed with no major concentration risk. It must be noted that the Company had no FX denominated assets or liabilities and as such remains resilient to fluctuations in exchange rates in the current context of market volatility.

### Satisfactory Capital Adequacy Above Legal Requirements

The current level of the Company's equity was well beyond the legal requirement for broadly authorized brokerage firms, promising further growth and borrowing while providing a solid buffer against potential losses. As of 1H2020, Tera Yatırım's Capital Adequacy Base and Surplus Capital Adequacy Base were TRY 49.4mn and 23.6mn, respectively, specifying an adequate equity base pursuant to CMB regulations. Equity indicators, pursuant to CMB regulations, promise room for borrowing and growth while providing a strong buffer against potential losses derived from the firm's main activities. In addition, Tera Yatırım was ranked 23<sup>th</sup> amongst all intermediary institutions regarding paid-up capitals as of June 30, 2020.

Tera Yatırım's total liabilities to capital adequacy base ratio was 2.8x as of FYE2019, well below the stipulated ratio of 15x, and fully complies with the CMB regulations, signifying large room for further borrowing. As of 30 June, 2020, this ratio increased to 3.76x. Consequently, the current level of capitalization has the high capacity to absorb potential losses derived from the firm's main activities.



### **Continued Ability to Raise Funds from the Capital Markets and Diversify the Financing Structure**

Tera Yatırım increasingly benefits from opportunities to reduce funding costs through utilizing capital market instruments. The Company achieves its funding needs mainly through financial liabilities, trade payables, and bond issuances. Through its access to capital markets, Tera Yatırım has provided alternative funding resources to support its growth. Recently, as of 4 August 2020, the Company issued a discounted bond of TRY 40mn with a maturity of 29 January 2021, classified under short term financial liabilities. For the ongoing year, the Company plans to regularly undertake TRY based bond issuances. The presence of available bank lines from different financial institutions and bond issuances is a factor that has diversified resource composition, reducing risk levels.

### **Intensity of Competition throughout the Sector with a Notable Degree of Concentration**

According to CMB data, the financial brokerage sector contained 75 licensed companies indicating a hard competition. In addition, the market exhibited a highly concentrated structure with the share of the top 10 players with respect to the different metrics of assets, turnover, net profitability and equity. The larger players are mainly drawn from bank-affiliated companies which enjoy the economies of scale given their size, country-wide branch network and capability to use their parent's marketing channels along with diversified service offering and comprehensive risk management systems. Independent operators comprise the majority of the smaller players (those with equity less than TRY 40mn) and have lower profitability in comparison to bank affiliated players.

### **Weaker Growth Outlook Exerting Pressure on Investor Sentiment via Covid-19 Pandemic**

Recent uncertainty created by the global Covid-19 pandemic, which started in China in January 2020 and subsequently influenced whole world, caused a sharp drop in expectations of global growth. According to IMF, the world has been put in a Great Lockdown. As a result of the pandemic, the global economy was projected to contract sharply by 3% in 2020 by IMF. This makes the Great Lockdown the worst recession since the Great Depression, and for worse than the Global Financial Crisis of 2008. Although the significant actions of large central banks include monetary stimulus and liquidity facilities to reduce systemic stress, weaker economic outlook may spoil the risk appetite of investors. So even though economic growth will soon start to pick up again in step with the

reopening of the economies, it may take a time before the risk appetite of investors are healed. Additionally, the increase in tensions between China and the US and the re-emergence of trade-wars also increase risks in the global economy. On the other hand, brokerage commission income can be positively affected due to the volatile market caused by the global risks.

### **Need for Further Progress in Compliance Level with Corporate Governance Practices**

Despite being subject to high levels of regulation and supervision by the CMB, Tera Yatırım could further improve transparency and corporate governance as a financial intermediary with a regular undertaking of issuances in the local bond markets. The Board composition could be strengthened and enriched through the inclusion of independent members, establishment of sub-committees, abolition of voting privileges. In this regard, it is considered that there is considerable room for improvement in the corporate governance field. Progress in this field will enable the Company to differentiate positively from other independent operators in the sector, enhancing sustainability.

Based on the above-stated factors, JCR Eurasia Rating has affirmed Tera Yatırım's Long and Short-Term National Local Ratings as **"A-(Trk)"** and **"A-1(Trk)"** respectively, which denote investment grades. The Company's Long Term International Foreign and Currency ratings have been affirmed as **'BB'**, in line with the matching of the national and global ratings.

## **2. Projections & Debt Instruments**

Concerning the income statement, the Company predicts a net profit of TRY 14.3mn in FY2020 and TRY 23.3mn in FY2021 respectively, which is quite impressive compared to the previous year's net profit of 2.1mn. The underlying assumptions are in accordance with positive market expectations and the Company's previous track record, provided that the domestic and global economic outlook indicators are maintained within the estimated boundaries.

As of 7 January 2020, the Company paid a bond with a value of 30mn, classified under short term financial liabilities. Recently, as of 4 August 2020, the Company issued a discounted bond of TRY 40mn with a maturity of 29 January 2021, classified under short term financial liabilities. To diversify funding resources and reduce borrowing from financial institutions, the Company may continue to issue TRY denominated bond issuances within a one-year horizon. Cash flows generated via activities are deemed sufficient to cover the principal and coupon requirements of the bills.

Issue Date	Amount (000 TRY)	Maturity	Status
12.07.2019	30,000	07.01.2020	paid
07.01.2020	35,000	03.07.2020	paid
03.07.2020	6,985	28.12.2020	Active
04.08.2020	40,000	29.01.2021	Active

Given the budget estimations and the previous track record of the Company, all interests payments are expected to be realized without financial tension through generated internal sources. Considering the Company's previous growth performance, recorded levels of profitability, and sound capital adequacy base, we, as JCR Eurasia Rating, consider that the Company is highly likely to fulfill its obligations in a timely manner depending on the maintenance of its customer portfolio, income streams and realization of its projection.

As there are no additional legal and/or financial collateral guarantees provided separately for the repayment of the planned bonds issued by the Company, the rating assigned for the TRY dominated bond issuance has been assigned as the same as the Company's Long and Short Term National Local Ratings.

### 3. Rating Outlook

JCR Eurasia Rating has assigned a **"Stable"** outlook on the long-term national rating perspective of Tera Yatırım, considering the Company's adequate liquidity levels, strengthened equity composition through a paid-in capital increase, profitability ratios and recent uncertainty created by global Covid-19 pandemic and sector market conditions. In addition, the Company has been assigned a **"Negative"** outlook on the short and long-term international ratings regarding the current outlook of Turkey's sovereign ratings and growth prospects in the Turkish economy.

Fundamental concerns which would hamper the ratings and outlooks are: (i) weakening in asset quality and profitability ratios, (ii) severe contraction in economic activities and decrease in risk appetites of investors along with a shift of investments preferences, (iii) changes in the sovereign rating level of Turkey, (iv) complications in accessing external fund resources, (v) increasing tension in international politics, (vi) disruption of political stability, and (vii) deterioration in capital adequacy and liquidity levels.

On the other hand, (i) sizable cash equity injection, (ii) improvement in the domestic and global financial climate, (iii) progress in the ratios of profitability of liquidity and capital adequacy, (iv) upgrades in Turkey's country ceiling

ratings, and (v) the ability to manage additional risks combined with the growth of the Company are driving factors that can contribute to any future positive changes in ratings and outlook status

### 4. Sponsor Support and Stand-Alone Assessment

Sponsor Support grades and their risk estimations reflect the financial and non-financial state and expected support of the controlling main shareholders. It is considered that the qualified shareholders have the willingness to supply liquidity and equity when financial needs arise in the short or long-term perspective and have the sufficient experience to provide operational support to the Company when required stemming from the recent completed rise in paid-in capital, retention of past profits, geographic diversification of activities in recent years along with their experience in the financial sector and Company's established track record in the financial intermediation sector. Within the consideration of these assessments, the Sponsor Support grade of Tera Yatırım has been assigned as **(2)**, denoting an adequate level of external support.

On the other hand, considering the capability of the operating profit to cover financing expenses, branchless business model limiting opex, broad activity fields, financial resource composition backed by bills, available bank lines, synergies with international operations, established track record along with senior management's skill and experience, the Stand Alone grade which takes into account the Company's ability to manage the incurred risks on its balance sheet regardless of shareholder support has been affirmed as **(B)** in JCR Eurasia Rating's notation scale, subject to no significant deterioration in market circumstances.

### 5. Company Profile & Industry

#### Company Profile

Established under the name of Stok Menkul Değerler A.Ş. in 1990, the Company changed its partnership structure and subsequently its name to Tera Menkul Değerler A.Ş. in 2005. The Company is engaged in capital market activities in accordance with the provisions of the Capital Markets Law and related legislation. The Company is under the authority of the Capital Markets Board (CMB). The Company has been authorized as a "Broadly Authorized Brokerage Firm" by the CMB, allowing the Company to provide services in the fields of execution of orders, reception & transmission of orders, dealing on own account, intermediation for public offering (underwriting and best effort) and limited custody services.

The Company was organized along functional lines and comprised of the departments of transaction intermediation, marketing & corporate finance, portfolio intermediation, limited custody services, fiscal and administrative affairs, information technology and human resources, the heads of whom report to the general manager. The departments of internal control and audit are free of executive control and report directly to the Board.

Headquartered in Istanbul with a liaison office in Antalya, the Company employed 24 personnel as of FYE2019. There was no significant change in the shareholder structure of the Company, with 2.75% of Company shares belonging to Myra Arac Kiralama A.S. were acquired Mr. Emre TEZMEN whilst the paid-in capital was increased to TRY 37,5mn as of FYE2019. Overall, the share of the TEZMEN Family stood at 87.58%. There were no consolidated subsidiaries or affiliates as of the reporting date.

Shareholders (%)	2020/6	2019	2018
Oğuz TEzmen	45,84	45,84	45,84
Emre Tezmen	41,74	41,74	38,99
Gül Ayşe Çolak	12,42	12,42	12,42
Myra Eğitim	-	-	2,75
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

## Industry

Intermediary institutions operating in the Turkish Capital Markets are subject to regulations of the CMB, a supervisory and regulatory body. In order to provide financial services in Turkey, all brokerage firms are required to be authorized and licensed in accordance with the Capital Markets Law and registered as members of the Borsa Istanbul (BIST).

Banks and brokerage firms operating in Turkey are referred to as "Intermediary Institutions" under capital markets legislation. In line with their authorizations, brokerage firms are licensed to trade stocks, warrants, bonds & bills, derivatives and other leveraged instruments while banks are permitted to trade bonds & bills (except for share based instruments) and derivatives only. In addition, brokerage firms carry out corporate finance services associated with investment banking, portfolio management and credit transactions. Banks and brokerage firms serving in the capital markets are organized under the Turkish Capital Markets Association (TCMA).

The Capital Markets Board defines 3 categories of intermediary institutions depending on the scope of their operations: brokers, execution brokers and market makers whilst the minimum capital requirements of these institutions are TRY 2mn, TRY 10mn and TRY 25mn, respectively. For the ongoing year, those figures have been revised as TRY 2.295mn, 11.477mn and 28.693mn respectively. According to CMB bulletin, the number of companies holding brokerage licenses amounted to 74, 69 of which were active.

### TURKISH INTERMEDIARY INSTITUTIONS SECTOR

	2014	2015	2016	2017	2018	2019
Total Assets (bn USD)	6.5	5.3	6.0	6.1	4.2	4.6
Total Assets (bn TRY)	15.1	15.3	21.2	23.1	21.9	27.2
Equity (bn TRY)	3.7	4.0	4.3	4.7	6.2	7.6
Net Profit (mn TRY)	372.0	432.9	483.3	799.1	1,343	1,728
ROAA (%)	3.1	3.5	3.3	4.4	7.5	7.1
ROAE (%)	13.0	13.9	14.4	21.6	31.1	25.1
Equity/Assets (%)	24.2	26.2	20.5	20.5	28.2	28
Asset Growth Rate (%)	8.2	1.2	38.3	8.87	-5.11	24.3

Brokerage firms serve their clients in the issuance of capital market instruments, public offerings and trading instruments in secondary markets and selling/buying option contracts separately or as a whole based upon economic and financial indicators, capital markets instruments, commodities, foreign currencies and precious metals. Additionally, brokerage firms can provide repo/reverse repo agreements of capital market instruments, investment consultancy and portfolio management services, provided that the necessary license from the CMB has been obtained.

Banks are allowed to provide intermediary services for the trading of previously issued capital market instruments in the over-the-counter (OTC) market and trading of capital market instruments excluding equities in the stock market. In other words, banks may intermediate the trading of government securities of treasury bills and bonds but not private sector securities of shares in the stock market. On the other hand, they may also intermediate in repo and reverse repo agreements.

Non-deposit banks may additionally undertake intermediary services on the issuance of capital market instruments and public offerings, investment consultancy and portfolio management. The emergence of intermediary institutions in Turkey is broadly based on the establishment of the BIST (formerly Istanbul Stock Exchange), the organized secondary market of stocks and securities.

## 6. Financial Policy & Risk

### Risk Management Organization & its Function – General Information

Tera Yatırım is exposed predominantly to credit, liquidity, market, and operational risks derived from its operating activities and use of financial instruments. Defining, monitoring, mitigating and managing the risks are vital integral parts of the Company’s everyday operations. Therefore, risk management constitutes an integral part of the decision-making process of Tera Yatırım. Strict risk management is also a challenge for the sector as a whole

The Company Board has the overall responsibility for conducting risk management activities. As required by CMB regulations, intermediary institutions are under an obligation to establish internal control, internal audit and risk management divisions. The units of internal control and audit report directly to the relevant Board members whilst the unit for risk management reports to the general manager. The working principles and lines of responsibility belonging to the mentioned units have been outlined in written form and is approved by the Board and senior management. It must be noted that there are no sub-committees present under the Board in the fields of risk, audit and corporate governance, however the committees of credit, asset & liability management and disciplinary matters are present with the participation of senior executives.

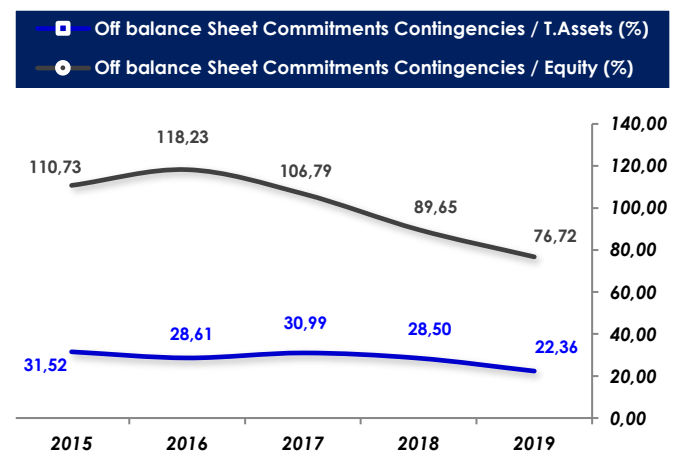
### Credit Risk

As a matter of fact, credit risk of a company is emanated from the possibility of delinquency of receivables or delay in collection. Tera Yatırım’s credit risk results principally from short term trade receivables. Total credit risk exposure of the Company was TRY 80.5mn in FYE2019, an increase from TRY 48.5mn in FYE2018. Credit risk arising from trade receivables, which were mainly derived from loans to given to its customers, accounted for 46.3% of assets (FY2018: 41.3%). This exposure increased to 190.9mn due to the increasing trade receivables from customers as of 1H2020. Risk appetite of the customers gave rose to this increase.

Although the Company does not have a comprehensive risk grading system or risk implementations, the management executes its credit risk by assessing the credit worthiness of each customer considering their ability to repay, collateral and economic conditions, and various other factors. The Company’s trade receivables were

almost collateralized with treasury bills, bonds, funds and publicly traded shares, which dims the credit risk.

The off-balance sheet commitments and contingencies principally consisted of letters of guarantee obtained from numerous banks and given to the Capital Markets Board and Borsa Istanbul Money Markets related with the limit increase procedure. As of the FYE2019, the total monetary value of off-balance sheet items amounted to TRY 38.9mn, equating to 22.4% of total assets and 76.7% of equity, roughly in line with the FYE2018 figures of 33,4mn. There was no change in the level of off-balance sheet commitments and contingencies as of 1H2020. The current level of commitment & contingences is considered manageable.



Subsequently, the high equity base, securities portfolio derived from treasury bills and bonds, and high performing receivables provide a buffer against probable losses from credit risk. Thus, the generated credit risk level and any potential losses had a limited effect on the Company’s equity and assets base.

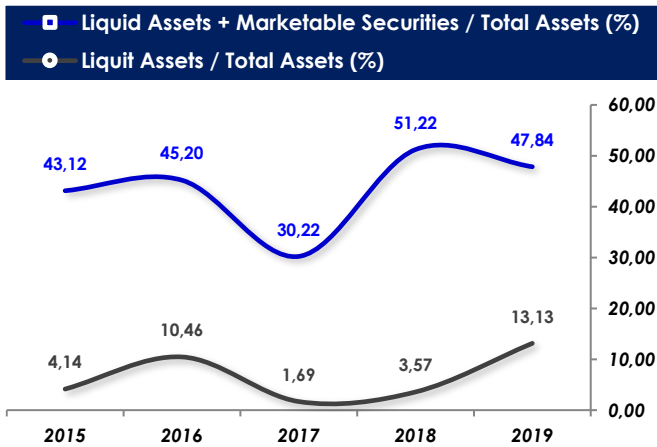
### Liquidity Risk

Liquidity risk comprises the risk of a company becoming unable to fund its payment requirements. It arises in the general funding of the Company’s activities and in the management of positions. Tera Yatırım executes its liquidity risk by matching contractual maturities and amounts of liabilities and assets through monitoring cash flows as well as maintaining the adequate liquid assets.

As of FYE2019, the Company has not faced any liquidity gap or violation. Its high equity base and high available credit lines provide conformity to liquidity management. The current CMB regulations embrace the provision that the liquidity requirement ratio for the current assets of brokerage houses should be at least equal to current liabilities. The regulations state that the necessary

calculations are carried out taking into consideration the current value of the current assets. However, it must be noted that balance sheet items deducted for the calculation of the capital adequacy base and items that carry position or 100% counterparty risks shall not be treated as current assets. In this scope, as of FYE2019, the current asset size of the Company was approximately 1.3 times that of its current liabilities and was above the legal requirement.

As of FYE2019, the liquid assets plus marketable securities to total assets ratio decreased to 47.84% from 51.22% in FYE2018. The current level of liquid assets stands at adequate levels, easing the liquidity management.



**Market Risk**

Market risk refers to fluctuations in the value of interest rates, securities and other financial contracts that could negatively impact the Company. The Company undertakes valuation of its securities portfolio using up-to-date prices and monitors market and share position risk on a daily basis. On the other hand, the Company determines appropriate strategies and limits for portfolio management. These policies are subject to change based on market circumstances with the minimization of risk at times of high uncertainty. Considering FYE2019 figures, interest rate, foreign currency and stock price risk exposure had a limited effect on the Company’s assets and generated profit level.

**Operational, Legal, Regulatory & Other Risks**

Operational risk is the risk of direct or indirect loss arising from a wide variety of external causes associated with the Company’s processes, personnel, technology, and infrastructure. In the event that necessary precautions are not taken in time, these risks cause a loss and may dampen the brand value of the institutions. The Company’s objective is to manage operational risk so as to balance the

avoidance of financial losses and damage to the Company’s reputation. Operational risk management activities are carried out by the related unit managers and internal audit department provides the necessary coordination and supports. It should be noted that in-house practices and the functionality of those units have been left out of JCR Eurasia Rating’s assessment.

To minimize operational risk and its potential impact, Tera Yatirim continues its efforts to implement human resources and quality polices as well as risk management applications. In addition, there is a detailed internal directive relating to emergency action plans and business flow procedures and the responsibility for back-up systems are outlined in written form and disclosed on the website. On the other hand, the Company was notified with an order of payment by the regulatory and supervisory authority, the CMB, amounting to total TRY 232k in 9 July 2020 and 1,59m in 13 July 2020, respectively. A growing fine applied by CMB, due to violation in regulation, required the increase compliance level of the Company.

Tera Yatırım Menkul Değerler A.Ş. BALANCE SHEET - ASSET TRY	(Year end) 2019 USD (Converted)	(Year end) 2019 TRY (Original)	(Year end) 2019 TRY (Average)	(Year end) 2018 TRY (Original)	(Year end) 2018 TRY (Average)	(Year end) 2017 TRY (Original)	(Year end) 2017 TRY (Average)	(Year end) 2016 TRY (Original)	As % of 2019 Assets (Original)	As % of 2018 Assets (Original)	As % of 2017 Assets (Original)
<b>I. CURRENT ASSETS</b>	<b>27.597.037</b>	<b>163.931.921</b>	<b>136.891.081</b>	<b>109.850.240</b>	<b>104.762.511</b>	<b>99.674.782</b>	<b>110.508.271</b>	<b>121.341.760</b>	<b>94,21</b>	<b>93,73</b>	<b>89,13</b>
<b>A. Liquid Assets</b>	<b>3.846.699</b>	<b>22.850.164</b>	<b>13.518.127</b>	<b>4.186.090</b>	<b>3.036.132</b>	<b>1.886.173</b>	<b>7.911.895</b>	<b>13.937.616</b>	<b>13,13</b>	<b>3,57</b>	<b>1,69</b>
<b>B. Marketable Securities</b>	<b>10.166.638</b>	<b>60.391.862</b>	<b>58.118.267</b>	<b>55.844.671</b>	<b>43.875.443</b>	<b>31.906.215</b>	<b>39.103.001</b>	<b>46.299.786</b>	<b>34,71</b>	<b>47,65</b>	<b>28,53</b>
1.Bonds, Notes & Bills	10.166.638	60.391.862	58.118.267	55.844.671	43.875.443	31.906.215	39.103.001	46.299.786	34,71	47,65	28,53
2.Common Stocks	0	0	0	0	0	0	0	0	n.a	n.a	n.a
3.Other	0	0	0	0	0	0	0	0	n.a	n.a	n.a
4.Provision for Dec.in Value of Financial Assets (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a
<b>C. Trade Receivables &amp; Leasing</b>	<b>12.155.415</b>	<b>72.205.597</b>	<b>55.119.940</b>	<b>38.034.282</b>	<b>48.097.804</b>	<b>58.161.326</b>	<b>48.512.930</b>	<b>38.864.534</b>	<b>41,50</b>	<b>32,45</b>	<b>52,01</b>
1.Customers & Notes Receivables	12.155.415	72.205.597	55.119.940	38.034.282	47.581.313	57.128.343	47.996.439	38.864.534	41,50	32,45	51,08
2.Other Receivables	0	0	0	0	560.000	1.120.000	560.000	0	n.a	n.a	1,00
3.Doubtful Trade Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a
4.Provision for Doubtful Trade Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a
5.Rediscount on Notes Receivables (-)	0	0	0	0	-43.509	-87.017	-43.509	0	n.a	n.a	-0,08
<b>D. Due From Related Parties (Net)</b>	<b>315.557</b>	<b>1.874.470</b>	<b>3.762.477</b>	<b>5.650.484</b>	<b>4.437.014</b>	<b>3.223.544</b>	<b>1.799.860</b>	<b>376.176</b>	<b>1,08</b>	<b>4,82</b>	<b>2,88</b>
<b>E. Other Receivables</b>	<b>1.042.315</b>	<b>6.191.560</b>	<b>5.362.174</b>	<b>4.532.788</b>	<b>4.420.237</b>	<b>4.307.686</b>	<b>12.507.773</b>	<b>20.707.859</b>	<b>3,56</b>	<b>3,87</b>	<b>3,85</b>
1.Other Receivables	1.042.315	6.191.560	5.362.174	4.532.788	4.420.237	4.307.686	12.507.773	20.707.859	3,56	3,87	3,85
2.Other Doubtful Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a
3.Rediscunts on Other Notes Receivable (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a
4.Provision for Other Doubtful Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a
<b>F. Live Assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>
<b>G. Inventories (Net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>
<b>H. Contract Progress Income (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>
<b>I. Deferred tax Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>
<b>J. Other Current Assets</b>	<b>70.413</b>	<b>418.268</b>	<b>1.010.097</b>	<b>1.601.925</b>	<b>895.882</b>	<b>189.838</b>	<b>672.814</b>	<b>1.155.789</b>	<b>0,24</b>	<b>1,37</b>	<b>0,17</b>
1.Other Current Assets	70.413	418.268	1.010.097	1.601.925	895.882	189.838	672.814	1.155.789	0,24	1,37	0,17
2.Provision for Other Current Assets (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a
<b>II. NON-CURRENT ASSETS</b>	<b>1.695.706</b>	<b>10.072.832</b>	<b>8.712.901</b>	<b>7.352.969</b>	<b>9.755.077</b>	<b>12.157.184</b>	<b>12.043.680</b>	<b>11.930.176</b>	<b>5,79</b>	<b>6,27</b>	<b>10,87</b>
<b>A. Trade Receivables &amp; Leasing</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>
1. Customers & Notes Receivables & Leasing	0	0	0	0	0	0	0	0	n.a	n.a	n.a
2. Other Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a
3. Doubtful Trade Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a
4. Provision for Doubtful Trade Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a
5. Rediscount on Notes Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a
<b>B. Due From Related Parties (Net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>
<b>C. Other Receivables</b>	<b>37.537</b>	<b>222.975</b>	<b>219.358</b>	<b>215.741</b>	<b>2.341.681</b>	<b>4.467.620</b>	<b>2.308.107</b>	<b>148.593</b>	<b>0,13</b>	<b>0,18</b>	<b>3,99</b>
1.Other Receivables	37.537	222.975	219.358	215.741	2.341.681	4.467.620	2.308.107	148.593	0,13	0,18	3,99
2.Other Doubtful Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a
3.Rediscunts on Other Notes Receivable (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a
4.Provision for Other Doubtful Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a
<b>D. Financial Fixed Assets (net)</b>	<b>6.481</b>	<b>38.498</b>	<b>38.499</b>	<b>38.499</b>	<b>38.499</b>	<b>38.499</b>	<b>198.210</b>	<b>357.921</b>	<b>0,02</b>	<b>0,03</b>	<b>0,03</b>
1. Long Term Securities (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a
2. Affiliates (NET)	0	0	0	0	0	0	0	0	n.a	n.a	n.a
3. Subsidiaries (NET)	0	0	0	0	0	0	0	0	n.a	n.a	n.a
4.Other Financial Fixed Assets (NET)	6.481	38.498	38.499	38.499	38.499	38.499	198.210	357.921	0,02	0,03	0,03
<b>E. Tangible Assets</b>	<b>1.052.423</b>	<b>6.251.601</b>	<b>6.545.334</b>	<b>6.839.067</b>	<b>7.108.010</b>	<b>7.376.953</b>	<b>9.400.308</b>	<b>11.423.662</b>	<b>3,59</b>	<b>5,84</b>	<b>6,60</b>
<b>F. Other Fixed Assets</b>	<b>599.266</b>	<b>3.559.758</b>	<b>1.909.710</b>	<b>259.662</b>	<b>266.887</b>	<b>274.112</b>	<b>137.056</b>	<b>0</b>	<b>2,05</b>	<b>0,22</b>	<b>0,25</b>
<b>TOTAL ASSETS</b>	<b>29.292.743</b>	<b>174.004.753</b>	<b>145.603.981</b>	<b>117.203.209</b>	<b>114.517.588</b>	<b>111.831.966</b>	<b>122.551.951</b>	<b>133.271.936</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>



Tera Yatırım Menkul Değerler A.Ş. BALANCE SHEET-LIABILITIES+EQUITY TRY	(Year end) 2019 USD (Converted)	(Year end) 2019 TRY (Original)	(Year end) 2019 TRY (Average)	(Year end) 2018 TRY (Original)	(Year end) 2018 TRY (Average)	(Year end) 2017 TRY (Original)	(Year end) 2017 TRY (Average)	(Year end) 2016 TRY (Original)	As % of 2019 Assets (Original)	As % of 2018 Assets (Original)	As % of 2017 Assets (Original)
<b>I. SHORT TERM LIABILITIES</b>	<b>20.401.148</b>	<b>121.186.899</b>	<b>100.349.831</b>	<b>79.512.763</b>	<b>79.243.139</b>	<b>78.973.514</b>	<b>89.699.398</b>	<b>100.425.282</b>	<b>69,65</b>	<b>67,84</b>	<b>70,62</b>
A. Financial Liabilities	12.330.464	73.245.422	72.913.932	72.582.441	69.334.578	66.086.715	74.121.010	82.155.305	42,09	61,93	59,09
B. Trade Payables	6.860.404	40.752.171	22.419.883	4.087.595	8.278.675	12.469.754	14.306.440	16.143.125	23,42	3,49	11,15
C. Due to Related Parties	1.087.828	6.461.918	3.694.583	927.248	481.268	35.287	148.866	262.444	3,71	0,79	0,03
D. Other Financial Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a
E. Advances Received	0	0	0	0	0	0	0	0	n.a	n.a	n.a
F. Contract Progress Ongoing Cons. Contracts (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a
G. Deferred Tax Liabilities	0	0	685.825	1.371.649	730.259	88.868	112.367	135.865	n.a	1,17	0,08
H. Provisions for Liabilities	40	238	28.114	55.989	27.995	0	30.586	61.171	0,00	0,05	n.a
I Other Liabilities	122.412	727.150	607.496	487.841	390.366	292.890	980.131	1.667.372	0,42	0,42	0,26
<b>II. LONG TERM LIABILITIES</b>	<b>355.841</b>	<b>2.113.769</b>	<b>1.274.385</b>	<b>435.000</b>	<b>420.385</b>	<b>405.769</b>	<b>501.997</b>	<b>598.225</b>	<b>1,21</b>	<b>0,37</b>	<b>0,36</b>
A. Financial Liabilities	279.925	1.662.809	831.405	0	0	0	3.875	7.750	0,96	n.a	n.a
B. Trade Payables	0	0	0	0	0	0	0	0	n.a	n.a	n.a
C. Due to Related Parties	0	0	0	0	0	0	0	0	n.a	n.a	n.a
D. Other Financial Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a
E. Advances Received	0	0	0	0	0	0	0	0	n.a	n.a	n.a
F. Contract Progress Ongoing Cons. Contracts (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a
G. Deferred Tax Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a
H. Provisions for Liabilities	75.917	450.960	442.980	435.000	420.385	405.769	498.122	590.475	0,26	0,37	0,36
I Other Liabilities (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a
<b>TOTAL LIABILITIES</b>	<b>20.756.989</b>	<b>123.300.668</b>	<b>101.624.216</b>	<b>79.947.763</b>	<b>79.663.523</b>	<b>79.379.283</b>	<b>90.201.395</b>	<b>101.023.507</b>	<b>70,86</b>	<b>68,21</b>	<b>70,98</b>
<b>F- EQUITY</b>	<b>8.535.754</b>	<b>50.704.085</b>	<b>43.979.766</b>	<b>37.255.446</b>	<b>34.854.065</b>	<b>32.452.683</b>	<b>32.350.556</b>	<b>32.248.429</b>	<b>29,14</b>	<b>31,79</b>	<b>29,02</b>
a) Prior year's equity	6.271.749	37.255.446	34.854.065	32.452.683	32.350.556	32.248.429	32.139.440	32.030.451	21,41	27,69	28,84
b) Equity (Added from internal & external resources at this year)	1.906.837	11.326.991	5.652.215	-22.562	3.218	28.998	-71.847	-172.691	6,51	-0,02	0,03
c) Minority Interest	0	0	0	0	0	0	0	0	n.a	n.a	n.a
h) Profit & Loss	357.168	2.121.648	3.473.487	4.825.325	2.500.291	175.256	282.963	390.669	1,22	4,12	0,16
<b>TOTAL LIABILITY</b>	<b>29.292.743</b>	<b>174.004.753</b>	<b>145.603.981</b>	<b>117.203.209</b>	<b>114.517.588</b>	<b>111.831.966</b>	<b>122.551.951</b>	<b>133.271.936</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>
<b>USD Rates 1=TRY</b>		<b>5,9402</b>		<b>5,2609</b>		<b>3,7719</b>		<b>3,5192</b>			

Tera Yatırım Menkul Değerler A.Ş. INCOME STATEMENT TRY	2019	2018	2017	2016
<b>I. Principal Activity Revenues</b>	<b>15.790.528</b>	<b>17.607.457</b>	<b>13.304.534</b>	<b>19.328.199</b>
<b>A. Sales Revenues (Net)</b>	<b>2.689.273</b>	<b>1.159.182</b>	<b>1.018.520</b>	<b>-1.046.184</b>
1.Equity & Share Income	-157.262	-3.773	-56.910	-1.613.090
2.Incomes From Bond & Bills	2.846.535	1.162.955	1.075.430	561.875
3.Mutual Funds Income	0	0	0	0
4.Other Sales Income	0	0	0	5.031
<b>B. Commission Income (net)</b>	<b>3.262.398</b>	<b>10.481.350</b>	<b>6.903.092</b>	<b>15.744.384</b>
5.Trading&Brokerage Incomes	3.842.578	3.950.075	3.932.623	4.989.999
6.Forex Transactions Income	-1.379.045	3.609.317	1.886.592	10.483.199
7.Income From Other Activities	921.711	3.190.809	1.972.285	2.008.018
8.Deductions From Service Income (-)	-122.846	-268.851	-888.408	-1.736.832
<b>C. Interest &amp; Derivative Income from Operating Activities (Net) (+/-)</b>	<b>9.838.857</b>	<b>5.966.925</b>	<b>5.382.922</b>	<b>4.629.999</b>
<b>D. Other Revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GROS PROFIT &amp; LOSS FROM PRINCIPAL ACTIVITIES</b>	<b>15.790.528</b>	<b>17.607.457</b>	<b>13.304.534</b>	<b>19.328.199</b>
Activities Expenses (-)	-8.406.172	-7.676.196	-10.008.183	-17.814.998
Provision Expenses (-)	0	0	0	0
<b>NET PROFIT &amp; LOSS FROM PRINCIPAL ACTIVITIES</b>	<b>7.384.356</b>	<b>9.931.261</b>	<b>3.296.351</b>	<b>1.513.201</b>
Income & Profit From Other Activities	592.146	421.041	2.390.343	21.589
Expenses & Losses From Other Activities (-)	-2.099.860	-208.392	-291.043	-264.549
Financing Income	16.365.782	10.336.605	5.948.371	8.885.713
Financing Expenses (-)	-21.306.182	-14.274.631	-11.069.753	-9.657.507
<b>OPERATING PROFIT &amp; LOSS</b>	<b>936.242</b>	<b>6.205.884</b>	<b>274.269</b>	<b>498.447</b>
Net Monetary Position Profit & Loss (+/-)	0	0	0	0
<b>PRETAX PROFIT &amp; LOSS</b>	<b>936.242</b>	<b>6.205.884</b>	<b>274.269</b>	<b>498.447</b>
Taxes (-/+)	<b>1.185.406</b>	<b>-1.380.559</b>	<b>-99.013</b>	<b>-107.778</b>
<b>NET PROFIT FOR THE PERIOD</b>	<b>2.121.648</b>	<b>4.825.325</b>	<b>175.256</b>	<b>390.669</b>
<b>Total Income</b>	<b>32.748.456</b>	<b>28.365.103</b>	<b>21.643.248</b>	<b>28.235.501</b>
<b>Total Expense</b>	<b>-31.812.214</b>	<b>-22.159.219</b>	<b>-21.368.979</b>	<b>-27.737.054</b>
<b>INCOMES OR EXPENSES FOR THE PERIOD</b>	<b>936.242</b>	<b>6.205.884</b>	<b>274.269</b>	<b>498.447</b>

Tera Yatırım Menkul Değerler A.Ş. FINANCIAL RATIOS %	FY 2019	FY 2018	FY 2017
<b>I. PROFITABILITY</b>			
<b>Relationship Between Capital and Profit</b>			
ROAE - Pre-tax Profit / Equity (avg.)	2,13	17,81	0,85
ROAA - Pre-tax Profit / Total Assets (avg.)	0,64	5,42	0,22
Total Income / Equity (avg.)	64,59	76,14	66,69
Total Income / Total Asset (avg.)	22,49	24,77	17,66
Economic Rentability ((Financing Expenses + Pre-tax Profit)/ (Total Liabilities) (avg.)	15,28	17,88	9,26
Net Profit & Loss from Principal Activities / Total Assets (avg.)	10,84	15,38	10,86
Financial Expenses / Inventories Ratio (avg.)	21,85	19,35	17,44
Return on Avg. Long Term Sources	4,69	13,68	0,53
<b>Relationship Between Sales and Profit</b>			
Gross Profit Margin = Principal Activities Income / Net Sales Income	5,93	35,25	2,06
Operating Margin = Net Profit & Loss from Principal Activities / Net Sales Income	46,76	56,40	24,78
Net Profit Margin = Net Profit / Net Sales Income	13,44	27,41	1,32
Cost of Sales / Net sales Income	102,94	128,01	101,28
Activities Expenses / Net Sales Income	53,24	43,60	75,22
Financing Expenses / Net Sales Income	134,93	81,07	83,20
(Pre-Tax Profit + Financing Expenses) / Net Sales Income	140,86	116,32	85,26
<b>II. LIQUIDITY</b>			
(Liquid Assets + Marketable Securities) / T. Assets	47,84	51,22	30,22
(Liquid Assets +Marketable Securities) / T. Liabilities	67,51	75,09	42,57
Liquid Assets / Equity	164,17	161,13	104,13
Current Ratio	135,27	138,15	126,21
Acid Test Ratio	134,93	136,14	125,97
Cash Ratio	68,69	75,50	42,79
Short Term Receivables / Total Current Assets	48,97	43,89	65,91
Short Term Receivables / Total Assets	46,13	41,14	58,74
<b>III. CAPITAL and FUNDUNG</b>			
Equity / Total Assets	29,14	31,79	29,02
Equity / Total Liabilities	41,12	46,60	40,88
Net Working Capital/T. Assets	24,57	25,88	18,51
Equity generation/prior year's equity	30,40	-0,07	0,09
Internal equity generation/prior year's equity	5,69	14,87	0,54
Tangible Assets/Total Asset	3,59	5,84	6,60
Financial Fixed Assets/Equity	0,08	0,10	0,12
Minority Interest/Equity	0,00	0,00	0,00
<b>IV. EFFICIENCY</b>			
Net Sales Growth	-10,32	32,34	-31,17
Equity Growth	36,10	14,80	0,63
Asset Growth	48,46	4,80	-16,09
<b>V. ASSET QUALITY</b>			
Non-Performing Receivables / Total Receivables	0,00	0,00	0,00
Non-Performing Asset / Total Assets	3,61	5,87	6,63
Financial Fixed Assets / Non-Current Assets	0,38	0,52	0,32
<b>VI. SENSITIVITY OF FOREIGN CURRENCY</b>			
Total Foreign Currencies Position/Asset	0,00	0,00	0,00
Total Foreign Currencies Position/Equity	0,00	0,00	0,00
<b>VII. INDEBTEDNESS</b>			
Leverage Ratio	243,18	214,59	244,60
Short Term Liabilities/Total Asset	69,65	67,84	70,62
Long Term Liabilities/Total Asset	1,21	0,37	0,36
Long Term Liabilities/ (Equity+ Long term Liabilities)	4,00	1,15	1,23
Fixed Asset/Total Liabilities	8,17	9,20	15,32
Fixed Asset/ (Long Term Liabilities +Equity)	19,07	19,51	37,00
Short Term Liabilities/ Total Liabilities	98,29	99,46	99,49
Short Term Financial Liabilities/Short Term Liabilities	60,44	91,28	83,68
Tangible Assets/Total Assets	3,59	5,84	6,60
Financial Liabilities/Total Liabilities	60,75	90,79	83,25
Off Balance Liabilities/ (Assets +Off Balance Liabilities)	18,27	22,18	23,66
Off Balance Liabilities/ (Equity +Off Balance Liabilities)	43,41	47,27	51,64

# Rating Info

Rated Company:	Tera Yatırım Menkul Değerler A.Ş. Eski Büyükdere cad. No:9 İz Plaza Giz Kat:11 34398 Maslak   İstanbul TEL: +90 212 365 1000
Rating Report Preparation Period:	01.10.2020-26.10.2020
Rating Publishing Date:	26.10.2020
Rating Expiration Date:	1 full year after publishing date, unless otherwise stated
Audited Financial Statements:	30.06.2020 – 31.12.2017 / Consolidated
Previous Rating Results:	December 18, 2019 / Long Term National Scale / 'A-' Other rating results for the Company are available at <a href="http://www.jcrrer.com.tr">www.jcrrer.com.tr</a>

## Disclaimer

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The Company's balance sheet composition, asset quality, risk management practices, business profile, liquidity management, history in the sector, profitability figures, revenues, debt structure, growth rates, off-balance sheet commitments, and the financial and non-financial positions of the main shareholders were taken into consideration while determining the risk assessment of the long-term international local currency and foreign currency ratings as well as national ratings.

Considering the fact that there are no additional legal or financial collateral guarantees provided separately for the repayment of the bonds issued, the note assigned for the TRY dominated bond issuance is assigned as the same as the Company's Long and Short Term National Local Ratings, unless otherwise stated.

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