

Corporate Credit & Issue Rating

☐ New ☒ Update

Sector: Intermediary Institutions

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Positive	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	A (tr) (Positive)	J1 (tr) (Stable)
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

Tera Yatırım Menkul Değerler A.Ş.

JCR Eurasia Rating has evaluated "Tera Yatırım Menkul Değerler A.Ş." in the investment grade category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'A (tr)' with 'Positive' outlook and the Short-Term National Issuer Credit Rating at 'J1 (tr)' with 'Stable' outlook. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Negative', as parallel to international ratings and outlooks of Republic of Türkiye.

Tera Yatırım Menkul Değerler A.Ş. ('Tera Yatırım' or 'the Company') was founded in 1990. After the acquisition of the Company by its current shareholders in 2005, the Company's title has been changed to 'Tera Yatırım Menkul Değerler A.Ş.'. (formerly; 'Stok Menkul Değerler A.Ş.'). Licensed as a "broadly authorized intermediary institution" in accordance with the approval by the Capital Market Board on 02 January 2015, the Company offers services in the fields of execution of orders, reception & transmission of orders, dealing on own account, intermediation for public offering (underwriting and best effort), limited custody services and derivatives trading.

Tera Yatırım conducts its operations via its headquarters in Istanbul and five liaison offices in Antalya, Ankara, Bodrum/Muğla, Üsküdar/İstanbul and Kadıköy/İstanbul. In addition, Tera Yatırım has targets to expand its branch networks by keeping risk management a priority. As of December 31, 2022, Tera Yatırım employed a staff force of 45 (FYE2021: 41).

In December 2022, 16,500,000 Group B shares with a total nominal value of TRY 16.50mn were offered to the public and the Company's issued capital was increased from TRY 37.50mn to TRY 52.50mn. The size of the public offering was TRY 165.00mn. The shares of the Company have been traded on Borsa İstanbul since December 22, 2022, and 31.43% of the shares are publicly traded. The Company's other shareholders are Oğuz Tezmen with 31.43% share, Emre Tezmen with 28.62% share and Gül Ayşe Çolak with 8.52% share as of the report date.

Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Satisfactory profit generation capacity supported with corporate financing incomes
- Sufficient capital adequacy base above legal requirements
- Healthy receivables portfolio backed largely by collaterals of common stocks
- Wide range of services as a broadly authorized intermediary institution
- Diversified funding structure through debt security issuances, providing financial flexibility

Constraints

- Low level of market share in the intermediary sector according to trading volumes as of 1H2023
- Pressure of high financing expenses on bottom-line in 1H2023
- Intensity of competition throughout the sector
- Vulnerability of risk appetite towards EMs to potential economic and geopolitical risks
- 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 the Long-Term National Issuer Credit Rating has been affirmed at 'A (tr)'. The Company's adequate liquidity levels, satisfactory profitability performance, diversified funding structure through debt security issuances, income diversity created through "Tera Portföy", the subsidiary of the Company, successful completion of large-scale IPOs in 2023 and expected revenue streams have been evaluated as important indicators for 'Positive' outlook of the Long-Term National Issuer Credit Rating. The Company's revenue and profitability performance, internal equity generation capacity, liquidity profile, market position, cost management practices and local and global financial conditions will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

Equity / Total Assets (%)

26.77 28.41 27.93

Net Profit Margin (%)

40.91 67.93 62.58

ROAE (%)

20.50 53.58 36.31

ROAA (%)

5.70 14.87 10.18

Leverage Ratio (%)

273.50 251.95 258.06

NWC / T. Assets (%)

23.7 23.9 25.3

2020 2021 2022

1. Rating Rationale

Satisfactory Profit Generation Capacity Supported with Corporate Financing Incomes

In FY2022, the Company generated a net sales income of TRY 105.88mn denoting an increase of 119.89% compared to the previous year (FY2021: TRY 48.15mn). The Company's interest incomes increased by 185.32% annually. Moreover, commission revenues (including corporate financing income) also contributed operational performance with 73.11% annual increase to TRY 69.28mn level.

The breakdown of net sales income is provided in the table below;

(TRY 000)	2022	2021	2020
Securities & Equity Trading (net)	12,003	-490	-2,629
Commission Income (net) (*)	69,279	40,020	13,342
Interest Income (net)	24,600	8,622	10,182
Total Net Sales Income	105,882	48,152	20,895

(*) Including corporate financing income

Tera Yatırım led and successfully completed 3 IPOs in the first eight months of 2023 with a total size of TRY 2.28bn. Tera Yatırım led and completed a total of 6 IPOs in 2021 and 2022. The total size of public offerings intermediated by Tera Yatırım in 2022 exceeded TRY 19.1bn (including IPOs intermediated as a consortium member).

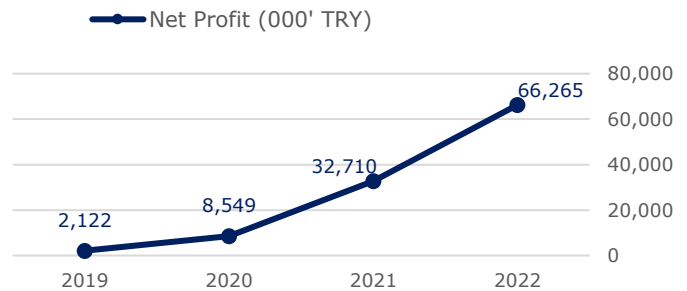
Corporate finance incomes from public offerings are as follows by periods;

(TRY 000)	2022	2021	2020
Corporate Financing Income	19,995	24,116	-

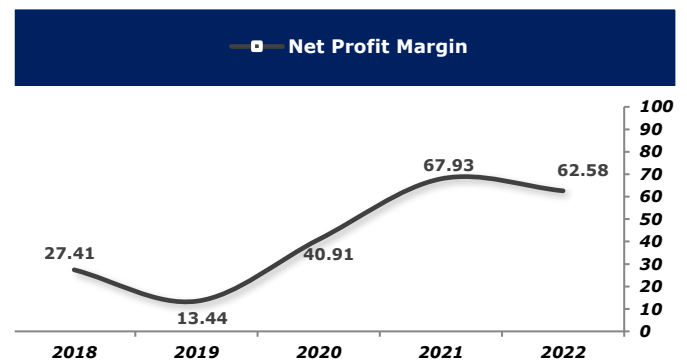
In addition, in 1H2023, the Company generated a net sales income of TRY 146.58mn denoting an increase of 243.32% compared to the same period of the previous year (1H2022: TRY 42.69mn).

(TRY 000)	1H2023	1H2022
Securities & Equity Trading (net)	63,483	4,768
Commission Income (net)	52,902	27,436
Interest Income (net)	30,194	10,490
Total Net Sales Income	146,579	42,694

In FY2022, the Company generated a net profit of TRY 66.26mn denoting an increase of 102.58% compared to the previous year (FY2021: TRY 32.71mn). In addition, in 1H2023, the Company generated a net profit of TRY 41.39mn denoting an increase of 11.36% compared to the same period of the previous year (1H2022: TRY 37.17mn).



Net profit margins of the Company are as follows;



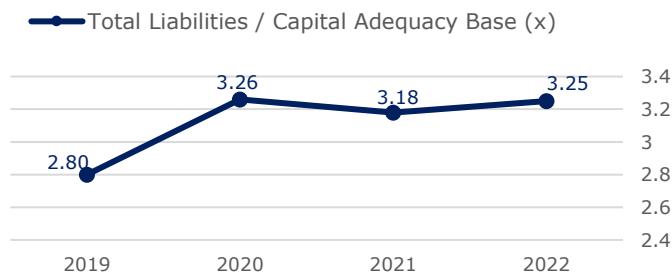
Sufficient Capital Adequacy Base Above Legal Requirements

Minimum capital requirement for broadly authorized brokerage firms defined by the CMB was TRY 31.33mn at FY2022. In the same period, Tera Yatırım's level of the equity was well above the legal requirement.

Tera Yatırım's capital adequacy base and capital adequacy surplus were TRY 243.12mn and TRY 131.32mn respectively, indicating a sufficient equity base pursuant to CMB regulations at FYE2022. (FYE2021: TRY 69.95mn and TRY44.03mn). 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. As a broadly authorized intermediary institution, the Company has established a sustainable revenue generation capacity.

In addition, Tera Yatırım was ranked 32nd amongst 64 intermediary institutions regarding paid-up capitals as of June 30, 2023.

Regulations state that a company's ratio of total liabilities to its capital adequacy base, which specifies the strength of a Company or its borrowing capacity, should not exceed 15 times that of the capital adequacy base. The Company's ratio was 3.25x as of FYE2022, completely pursuant to the CMB regulations (FYE2021: 3.18x). Consequently, the current level of capitalization has the high capacity to absorb potential losses derived from the Company's main activities.



Healthy Receivables Portfolio Backed Largely by Collaterals of Common Stocks

As of FYE 2022, the Company's main assets were distributed as 34.88% liquid assets (including marketable securities) and 57.21% trade receivables. As of FYE2022, the Company's total trade receivables were TRY 628.12mn (FYE2021: TRY 148.05mn) and TRY 109.10mn of total trade receivables consists of receivables from credit customers (FYE2021: TRY 35.01mn). Credit risk exposure arises principally from trade receivables, which were generally collateralized with publicly traded shares. This profile significantly decreases the credit risk while contributing to assets quality. Therefore, both high performing receivables and the balance sheet composition contributed to the Company's asset quality.

Wide Range of Services as a Broadly Authorized Intermediary Institution

Licensed as a "broadly authorized intermediary institution" in accordance with the approval by the Capital Market Board on 02 January 2015, the Company offers services in the fields of execution of orders, reception & transmission of orders, dealing on own account, intermediation for public offering (underwriting and best effort), limited custody services and derivatives trading.

Tera Yatırım conducts its operations via its headquarters in Istanbul and five liaison offices in Antalya, Ankara, Bodrum/Muğla, Üsküdar/İstanbul and Kadıköy/İstanbul. In addition, Tera Yatırım has targets to expand its branch networks by keeping risk management a priority.

Diversified Funding Structure Through Debt Security Issuances, Providing Financial Flexibility

As of analyzed periods, external funding sources of the Company were mainly short-term trade payables, and financial liabilities.

Total financial liabilities of Tera Yatırım amounted TRY 248.59mn and faced 102.37% increase at FYE2022 when compared to the previous year. 32.18% of total financial liabilities originated from issued bonds as of FYE2022 (FYE2021: 26.13%). Total financial liabilities increased to TRY 496.20mn as of 1H2023 with 99.61% increase compared to FYE2022. 52.92% of total financial liabilities originated from issued bonds as of 1H2023.

Financial Liabilities

	000' TRY	2023/06	2022	2021
Bank Loans		240,545	172,716	90,200
Bonds		262,600	80,000	32,100
Premium reserves of marketable securities		-12,210	-7,257	-278
Other		5,267	3,128	814
Total		496,202	248,587	122,836

As of the report date, the size of the Company's outstanding issuances is TRY 405.00mn in total. For the ongoing year, the Company plans to regularly undertake TRY based bond issuances.

Following table gives the outstanding issuances of the Company.

Issue Date	Maturity	Principal Amount (000' TRY)
8.11.2022	7.11.2023	15,000
11.11.2022	10.11.2023	20,000
16.05.2023	13.11.2023	30,000
1.09.2023	4.12.2023	169,250
12.09.2023	10.01.2024	90,000
25.09.2023	23.01.2024	80,750
Total		405,000

Low Level of Market Share in the Intermediary Sector According to Trading Volumes as of 1H2023

The market share of the Company by equity trading volume is below 1% over the years. The share was 0.30% as of 1H2023 and Tera Yatırım was ranked 32nd amongst 64 intermediary institutions regarding equity trading volume.

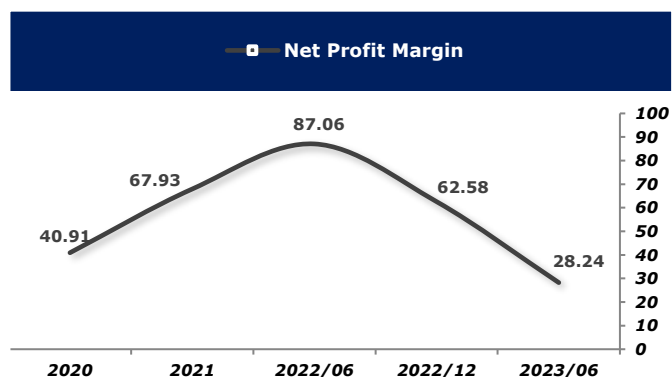
Equity Trading Volume (mn TRY)				
	Sector	Tera	Share (%)	Rank
2020/12	13,109,491	55,586	0.42	32
2021/12	14,934,489	57,373	0.38	30
2022/12	35,261,757	115,897	0.33	31
2023/06	22,803,635	68,417	0.30	32

Pressure of High Financing Expenses on Bottom-Line in 1H2023

In 1H2023, the Company generated a net sales income of TRY 146.58mn denoting an increase of 243.32% compared to the same period of the previous year (1H2022: TRY 42.69mn). In addition, in 1H2023, the Company generated a net profit of TRY 41.39mn denoting an increase of 11.36% compared to the same period of the previous year (1H2022: TRY 37.17mn).

The Company's net sales income increased by 243.32% compared to the same period of the previous period, while net profit increased by only 11.36% in 1H2023. It is observed that mainly financing expenses suppress net profitability in 1H2023. In the first 6 months of 2023, financing expenses amounted to TRY 134.92mn, an increase of 454.68% compared to TRY 24.32mn in 1H2022.

Net profit margins of the Company are as follows;



Intensity of Competition Throughout the Sector

According to the latest monthly bulletin of the CMB, the financial brokerage sector contained 71 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. To exemplify the concentration intensity, as of FYE2022, top 5 intermediary institutions realized 46.84% of total equity transaction volume and top 10 generated 66.59% of it. Moreover, the share of the top 10 players with respect to the different metrics of assets, turnover, net profitability and equity also proves the highly concentrated structure of the market.

Vulnerability of Risk Appetite Towards Ems to Potential Economic and Geopolitical Risks

While most of the industries were badly affected in terms of both revenues and profitability during FY2020 due to Covid-19 pandemic, brokerage houses enjoyed increasing investor interest and risk appetite and outperformed when compared to many other sectors. As of FYE2020, total assets of the sector increased 52.05% when compared to FYE2019 and net profit of intermediary institutions faced 156.03% increase. As of FYE2022, total assets of the sector increased 148.33% when compared to FYE2021 and net profit of intermediary institutions faced 150.47% increase.

Major central banks' expansionary monetary policies to combat with pandemic's effects contributed investors' tendency to emerging markets but it should be noted that risk appetite towards EMs is always sensitive and susceptible to both local and foreign based economic conditions and geopolitical tensions. So, a decrease in the risk appetite of both local and foreign investors and deterioration in expectations may pressure trading volume of equities, bond issues, and public offerings and thus profitability of brokerage houses.

Uncertainty Due to the Nature of the Investment Processes and Intricate and Structured Products Increasing the Risk Levels and Operational 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 most important risk group undertaken by the intermediary institutions in their activities is the operational risk group. Risks arising from people and the system, which can be exemplified as late or incorrect transmission of customer orders to the system, and failure to transmit them at all due to system errors, fall into this group.

The Company was notified with an order of payment by the regulatory and supervisory authority, the CMB, amounting to total TRY 2.59mn in December 2, 2022 and TRY 209k in June 8, 2023, respectively. Fines applied by CMB, due to violation in regulation, required the increase compliance level of the Company. According to data provided by the Company management, the contents regarding these fines were examined and actions were taken regarding system corrections by the Company.

With respect to the factors mentioned above, JCR Eurasia Rating has affirmed the Long-Term National Issuer Credit Rating of the Company at '**A (tr)**' and the Short-Term National Issuer Credit Rating at '**J1 (tr)**' in JCR Eurasia Rating's notation system which denote investment grade category with high credit quality.

When the global and national scale rating matching published by JCR Eurasia Rating is considered, the Company's Long-Term International Issuer Credit Rating is assigned at '**BB**'.

2. Rating Outlook

JCR Eurasia Rating has assigned a "**Positive**" outlook on the National Long-Term Issuer Credit Rating perspectives of the Company, taking into consideration the Company's adequate liquidity levels, satisfactory profitability performance, diversified funding structure through debt security issuances, income diversity created through "Tera Portföy", the subsidiary of the Company, successful completion of large-scale IPOs in 2023 and expected revenue streams.

Additionally, the outlook on the International Long-Term Issuer Credit Rating perspective of the Company has been assigned as "**Negative**" in line with the sovereign rating outlooks of the Republic of Türkiye.

Factors that Could Lead to an Upgrade

- »Further increases in the Company's profitability and maintenance of retention principle leading to a much more amplified equity structure
- »Supportive local and global financial climate and increasing investor risk appetite
- »Significant improvement in liquidity indicators
- »Sizeable cash equity injections
- »Upgrades in sovereign ratings and economic growth prospects of Türkiye

Factors that Could Lead to a Downgrade

- »Notable deterioration in one or several of listed items of the Company such as asset quality, capital adequacy, liquidity and profitability indicators
- »Long standing adverse financial and economic conditions both locally and worldwide
- »Challenges while accessing external financing sources
- »Severe retreatment in investor risk appetite
- »Downgrades in sovereign ratings and economic growth prospects of the Republic of Türkiye

JCR Eurasia Rating will monitor the Company's revenue and profitability performance, internal equity generation capacity, liquidity profile, market position, cost management practices and local and global financial conditions.

3. Debt Instruments

Tera Yatırım diversifies its own borrowings and adjusts its financial needs via bond issuances. Cash flows generated via activities are deemed sufficient to cover the principal and coupon requirements of the bills.

Following table gives the outstanding issuances of the Company.

Issue Date	Maturity	Principal Amount (000' TRY)
8.11.2022	7.11.2023	15,000
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25.09.2023	23.01.2024	80,750
Total		405,000

Tera Yatırım plans to continue bond issuances in the following periods, as so long as the market conditions do not deteriorate.

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 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 bond issued by Tera Yatırım, the Long and Short-Term National Issue Specific Rating assigned for the TRY dominated bond issuance has been affirmed as the same as the Company's Long and Short-Term National Issuer Credit Rating which are '**A (tr)**' and '**J1 (tr)**'.

4. Company Profile & Industry

a. History and Activities

Tera Yatırım was founded in 1990. After the acquisition of the Company by its current shareholders in 2005, the Company's title has been changed to 'Tera Yatırım Menkul Değerler A.Ş.'. (formerly; 'Stok Menkul Değerler A.Ş.'). Licensed as a "broadly authorized intermediary institution" in accordance with the approval by the Capital Market Board on 02 January 2015, the Company offers services in the fields of execution of orders, reception & transmission of orders, dealing on own account, intermediation for public offering (underwriting and best effort), limited custody services and derivatives trading.

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b. Shareholders & Subsidiaries

In December 2022, 16,500,000 Group B shares with a total nominal value of TRY 16.50mn were offered to the public and the Company's issued capital was increased from TRY 37.50mn to TRY 52.50mn. The size of the public offering was TRY 165.00mn. The shares of the Company have been traded on Borsa Istanbul since December 22, 2022, and 31.43% of the shares are publicly traded. The Company's other shareholders are Oğuz Tezmen with 31.43% share, Emre Tezmen with 28.62% share and Gül Ayşe Çolak with 8.52% share as of the report date.

The Company's shareholder structure is shown below.

Shareholders

(000 TRY)	2022/12	%	2021/12	%
Oğuz TEZMEN	16,503	31.43	17,189	45.84
Emre TEZMEN	15,026	28.62	15,653	41.74
Gül Ayşe ÇOLAK	4,471	8.52	4,657	12.42
Publicly Traded	16,500	31.43	-	-
Paid-in Capital	52,500	100	37,500	100

The Company's current BoD is listed below in the chart:

Board of Directors	Duty
Emre TEZMEN	Chairman
Gül Ayşe ÇOLAK	Vice-Chairman
Emir Münir SARPENER	Board Member/General Manager
Ali ALTINTAŞ	Independent Board Member
Kadir BOY	Independent Board Member

Consolidated subsidiaries of the Company included in the consolidation are listed below in the chart:

	FYE2022	FYE2021
	%	%
Tera Portföy Yönetimi AŞ	100	100
Vesta Menkul Değerler A.Ş. (*)	100	-

(*) The Company acquired 100% of the shares of Vesta Menkul Değerler A.Ş. (former title: BGC Partners Menkul Değerler A.Ş.) on September 5, 2022.

c. Industry Assessment

Intermediary Institutions

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. As of 2023, the minimum capital requirement that these institutions must have TRY 10mn, 40mn and 80mn, respectively (FY2022: TRY 2.507mn, 12.533mn and 31.332mn respectively). According to data published by the Turkish Capital Markets Association, there are 71 intermediary institutions, as of May, 2023. As of FY2022, total employee headcount of the intermediary sector was 6,771(FYE2021: 6,179).

Key Financial Indicators of Intermediary Institutions

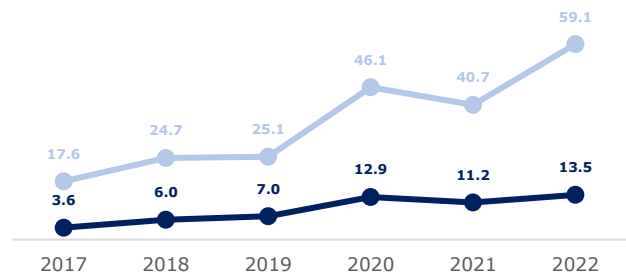
	2022	2021	2020	2019
Total Assets (bn USD)	8.2	4.7	5.6	4.6
Total Assets (bn TRY)	152.4	61.4	41.3	27.2
Total Equity (bn TRY)	32.1	16.8	11.6	7.6
Net Profit (bn TRY)	14.5	5.8	4.4	1.7
ROAA (%)	13.5	11.2	12.9	7
ROAE (%)	59.1	40.7	46.1	25.1
Equity / Assets (%)	21.1	27.3	28	28
Asset Growth (%)	148.3	48.5	52	24.3

Source: Turkish Capital Market Association (TCMA)

As a result of the declining deposit rates and the stable exchange rate parity after the monetary easing policies that started at the end of 2021, investors looking for alternative returns turned to the stock market as a positive development for brokerage houses. As of FY 2022, the sector's revenues increased by 25.5% compared to the same period of the previous year. Parallel to this, net profit for the period increased by 150.5% and reached TRY 14.5bn in FY2022

In addition, the sector's asset size, increased by 148.3% compared to FY2021 and reached TRY 152.4bn. As seen in the below chart, in line with the robust profit growth supported by increase in commission income which is major activity revenues of intermediary institutions, ROAA and ROAE exhibited strong performance and realized as 11.2% and 40.7% at FY2021. As of FY2022, ROAA and ROAE margin increased to 13.5% and 59.1%, respectively.

Return on Average Equity (in percentage)
Return on Average Asset (in percentage)



Source: TCMA

It is however essential to note that the equity return metrics do not account for the inflation adjustment. We note that inflated to current prices, as opposed to historical transaction prices as the current accounting practice, intermediary institutions would face notable inflation-accounting related expenses and the current-price-inflated equity base would give a much more realistic and modest return metric.

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.

The trading volumes of the brokerage firms are presented in the below table.

Trading Volumes (Billion TRY)					
	2023/4	2022	2021	2020	2019
IPO Size	17,463	18,803	21,561	1,124	263
Equity	7,809	17,679	7,463	6,544	2,130
Fixed Income	831	1,536	691	715	706
Repo/Reverse Repo	8,555	16,236	18,239	22,412	16,476
Swap	364	999	2,478	2,010	1,528
Futures	3,222	7,857	4,458	2,868	1,435
Options	15	31	23	15	22

Source: Turkish Capital Market Association (TCMA)

In asset management services, the total portfolio size held by brokerage firms increased to TRY 10.9bn as of in FY2022 from TRY 4.4bn at FY2021. The total portfolio size held by portfolio management firms increased to TRY 1,747.9bn as of 03/2022 from TRY 1,569.0bn at FY2022.

Asset Management					
by Portfolio Management Firms					
	2023/3	2022	2021	2020	2019
Portfolio Size (Million TRY)	1,747,893	1,569,005	653,077	364,616	284,326
Number of Investors	14,659	18,092	5,464	4,179	3,400
by Brokerage Firms					
	-	2022	2021	2020	2019
Portfolio Size (Million TRY)	-	10,851	4,361	3,234	3,780
Number of Investors	-	3220	2,629	3,048	4,930

Source: Turkish Capital Market Association (TCMA)

5. Additional Rating Assessments

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.

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.

As of 31.12.2022, the Company did not have any financial receivables which were subject to restructuring and expected credit loss provisions were TRY 2.75mn. (FYE2021: TRY 2.75mn) Furthermore, obtained collateral amount from margin trading customers were TRY 156.95mn. (FYE2021: TRY 156.95mn).

To mention the total exposure; total credit risk exposure of Tera Yatırım was TRY 840.12mn in FYE2022, indicating 305.64% increase from TRY 207.11mn in FYE2021. Excepting receivables from the regulated financial market and reciprocal transactions, credit risk arises from trade receivables accounted for 57.21% of assets (FYE2020: 45.73%).

Market Risk

Market risk refers to fluctuations of interest rates, prices of securities and other financial contracts that could negatively impact the Company along with the currency risk. A company may be exposed to interest rate risk due to possessing interest bearing assets and liabilities. While financial instruments with fixed interest rates create fair value risk, floating rated financial instruments cause cash flow interest rate risks.

Foreign exchange risk

The carrying values of foreign currency denominated financials are as follows:

(TRY 000)	2022	2021
Assets	81,249	28,353
Liabilities	-	-
Net FX position	81,249	28,353

Interest rate risk

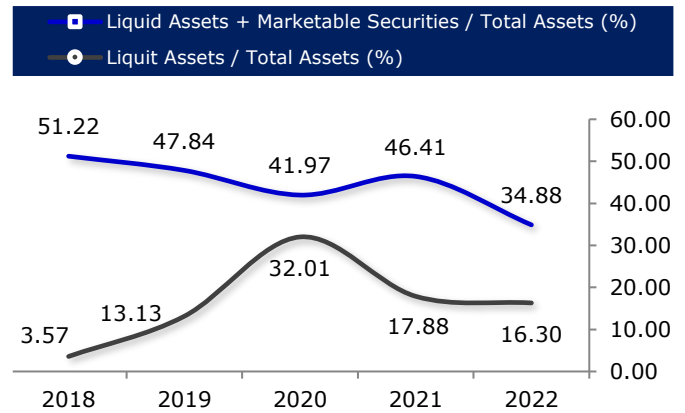
The Company's interest-sensitive financial instruments as follows:

(TRY 000)	2022	2021
<i>Fixed Interest Rate</i>		
Financial Assets	437,525	26,384
Financial Liabilities	245,462	122,265

Liquidity Risk

A company's risk of becoming unable to fulfill its payment requirements on time is defined as liquidity risk. An efficient liquidity risk management requires sustaining adequate liquid sources to meet all of the obligations on time and in a sound manner. Tera Yatirim 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 FYE2022, the liquid assets plus marketable securities to total assets ratio was 34.88% (FYE2021: 46.41%). The current level of liquid assets stands at adequate levels, easing the liquidity management.



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. 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 2.59mn in December 2, 2022 and TRY 209k in June 8, 2023, respectively. Fines applied by CMB, due to violation in regulation, required the increase compliance level of the Company. According to data provided by the Company management, the contents regarding these fines were examined and actions were taken regarding system corrections by the Company.

TERA YATIRIM MENKUL DEĞERLER A.Ş. (Consolidated Financials) BALANCE SHEET - ASSET TRY	2023-06	2022-12	2021-12	2020-12
I. CURRENT ASSETS	1,428,796,520	1,065,864,006	307,401,129	213,200,097
A. Liquid Assets	436,898,462	179,001,680	57,875,057	70,839,850
B. Marketable Securities	124,736,459	203,977,226	92,389,317	22,036,630
1. Bonds, Notes & Bills	10,034,762	37,206,085	27,146,392	16,083,614
2. Common Stocks	48,412,319	112,711,175	64,456	0
3. Other	66,289,378	54,059,966	65,844,834	5,953,016
4. Provision for Decrease in Value of Financial Assets (-)	0	0	-666,365	0
C. Trade Receivables & Leasing	648,244,541	628,120,590	148,049,134	105,133,943
1. Customers & Notes Receivables	648,244,541	628,120,590	148,049,134	105,133,943
2. Other Receivables	0	0	0	0
3. Doubtful Trade Receivables	2,602,196	2,752,196	2,752,196	2,238,801
4. Provision for Doubtful Trade Receivables (-)	-2,602,196	-2,752,196	-2,752,196	-2,238,801
5. Rediscount on Notes Receivables (-)	0	0	0	0
D. Due From Related Parties (Net)	73,126,949	17,794,587	735,847	250,944
E. Other Receivables	112,075,256	15,201,402	6,012,727	12,785,613
1. Other Receivables	112,075,256	15,201,402	6,012,727	12,785,613
2. Other Doubtful Receivables	0	0	0	0
3. Rediscounts on Other Notes Receivable (-)	0	0	0	0
4. Provision for Other Doubtful Receivables (-)	0	0	0	0
F. Live Assets (net)	0	0	0	0
G. Inventories (Net)	0	0	0	0
H. Contract Progress Income (net)	0	0	0	0
I. Deferred tax Assets	0	0	0	0
J. Other Current Assets	33,714,853	21,768,521	2,339,047	2,153,117
1. Other Current Assets	33,714,853	21,768,521	2,339,047	2,153,117
2. Provision for Other Current Assets (-)	0	0	0	0
II. NON-CURRENT ASSETS	35,886,911	32,053,600	16,366,011	8,114,139
A. Trade Receivables & Leasing	0	0	0	0
1. Customers & Notes Receivables & Leasing	0	0	0	0
2. Other Receivables	0	0	0	0
3. Doubtful Trade Receivables	0	0	0	0
4. Provision for Doubtful Trade Receivables (-)	0	0	0	0
5. Rediscount on Notes Receivables (-)	0	0	0	0
B. Due From Related Parties (Net)	0	0	0	0
C. Other Receivables	1,558,191	933,878	233,114	222,975
1. Other Receivables	1,558,191	933,878	233,114	222,975
2. Other Doubtful Receivables	0	0	0	0
3. Rediscounts on Other Notes Receivable (-)	0	0	0	0
4. Provision for Other Doubtful Receivables (-)	0	0	0	0
D. Financial Fixed Assets (net)	1,598,518	1,598,518	38,499	38,498
1. Long Term Securities (net)	0	0	0	0
2. Affiliates (NET)	0	0	0	0
3. Subsidiaries (NET)	0	0	0	0
4. Other Financial Fixed Assets (NET)	1,598,518	1,598,518	38,499	38,498
E. Tangible Assets	15,196,073	14,681,993	12,148,987	6,175,203
F. Other Fixed Assets	17,534,129	14,839,211	3,945,411	1,677,463
TOTAL ASSETS	1,464,683,431	1,097,917,606	323,767,140	221,314,236

- Including JCR Eurasia Rating's adjustments where applicable,

TERA YATIRIM MENKUL DEĞERLER A.Ş. (Consolidated Financials) BALANCE SHEET-LIABILITIES+EQUITY TRY	2023-06	2022-12	2021-12	2020-12
I. SHORT TERM LIABILITIES	1,113,528,958	788,106,771	230,034,026	160,788,354
A. Financial Liabilities	493,845,577	246,255,243	122,575,962	72,280,870
B. Trade Payables	268,780,032	237,764,938	95,461,023	61,658,801
C. Due to Related Parties	326,243,454	288,874,065	3,325,124	23,753,841
D. Other Financial Liabilities	13,555	3,251	242,853	0
E. Advances Received	0	0	0	0
F. Contract Progress Ongoing Construction Contracts (net)	0	0	0	0
G. Deferred Tax Liabilities	7,147,542	6,303,915	6,663,243	1,634,689
H. Provisions for Liabilities	1,391,646	673,083	182,087	217,906
I Other Liabilities	16,107,152	8,232,276	1,583,734	1,242,247
II. LONG TERM LIABILITIES	3,188,907	3,180,625	1,739,549	1,271,479
A. Financial Liabilities	2,343,535	2,332,152	260,141	888,277
B. Trade Payables	0	0	0	0
C. Due to Related Parties	0	0	0	0
D. Other Financial Liabilities	0	0	0	0
E. Advances Received	0	0	0	0
F. Contract Progress Ongoing Construction Contracts (net)	0	0	0	0
G. Deferred Tax Liabilities	0	0	0	0
H. Provisions for Liabilities	845,372	848,473	460,979	383,202
I Other Liabilities (net)	0	0	1,018,429	0
TOTAL LIABILITIES	1,116,717,865	791,287,396	231,773,575	162,059,833
III. EQUITY	347,965,566	306,630,210	91,993,565	59,254,403
a) Prior year's equity	306,630,210	91,993,565	59,254,403	50,704,085
b) Equity (Added from internal & external resources at this year)	-57,180	148,371,574	28,761	1,596
c) Minority Interest	0	0	0	0
d) Profit & Loss	41,392,536	66,265,071	32,710,401	8,548,722
TOTAL LIABILITY	1,464,683,431	1,097,917,606	323,767,140	221,314,236

- Including JCR Eurasia Rating's adjustments where applicable,

TERA YATIRIM MENKUL DEĞERLER A.Ş. (Consolidated Financials) INCOME STATEMENT TRY	2023-06	2022-06	2022-12	2021-12	2020-12
I. Principal Activity Revenues	146,579,718	42,694,582	105,882,334	48,152,404	20,895,536
A. Sales Revenues (Net)	63,483,320	4,768,478	12,002,751	-489,974	-2,628,651
1.Equity & Share Income	62,056,463	288,604	12,421,185	2,044,502	8,453
2.Incomes From Bond & Bills	-2,291,191	1,808,111	-418,434	-2,540,473	-2,637,104
3.Mutual Funds Income	3,718,048	0	0	0	0
4.Other Sales Income	0	2,671,763	0	5,997	0
B. Commission Income (net)	52,902,217	27,436,522	69,279,290	40,020,348	13,341,844
5.Trading&Brokerage Incomes	24,491,659	6,922,646	33,489,784	11,634,763	9,218,950
6.Corporate Finance Revenues	20,800,804	19,977,487	19,994,507	24,115,653	0
7.Assets Management Revenues	0	0	0	0	0
8.Forex Transactions Income	4,078,528	285,296	5,211,504	-2,849,465	2,574,654
9.Income From Other Activities	3,710,527	1,037,554	13,130,091	7,757,966	1,912,919
10.Deductions From Service Income (-)	-179,301	-786,461	-2,546,596	-638,569	-364,679
C. Interest & Derivative Income from Operating Activities (Net) (+/-)	30,194,181	10,489,582	24,600,293	8,622,030	10,182,343
D. Other Revenues	0	0	0	0	0
GROSS PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	146,579,718	42,694,582	105,882,334	48,152,404	20,895,536
Activities Expenses (-)	-78,225,084	-24,042,759	-94,728,546	-21,794,449	-11,484,153
Provision Expenses (-)	0	0	0	0	0
NET PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	68,354,634	18,651,823	11,153,788	26,357,955	9,411,383
Income & Profit From Other Activities	77,749,209	15,701,449	52,692,504	23,359,312	13,103,546
Expenses & Losses From Other Activities (-)	-1,364,838	-9,992,675	-26,288,497	-14,842,004	-11,181,205
Financing Income	38,752,057	39,908,483	84,950,230	30,286,525	15,954,253
Financing Expenses (-)	-134,923,049	-24,324,267	-50,145,281	-24,641,168	-16,016,121
OPERATING PROFIT & LOSS	48,568,013	39,944,813	72,362,744	40,520,620	11,271,856
Net Monetary Position Profit & Loss (+/-)	0	0	0	0	0
PRETAX PROFIT & LOSS	48,568,013	39,944,813	72,362,744	40,520,620	11,271,856
Taxes (-/+)	-7,175,477	-2,774,635	-6,097,673	-7,810,219	-2,723,134
NET PROFIT FOR THE PERIOD	41,392,536	37,170,178	66,265,071	32,710,401	8,548,722
Total Income	263,080,984	98,304,514	243,525,068	101,798,241	49,953,335
Total Expense	-214,512,971	-58,359,701	-171,162,324	-61,277,621	-38,681,479
INCOMES OR EXPENSES FOR THE PERIOD	48,568,013	39,944,813	72,362,744	40,520,620	11,271,856

- Including JCR Eurasia Rating's adjustments where applicable,

TERA YATIRIM MENKUL DEĞERLER A.Ş. (Consolidated Financials) FINANCIAL RATIOS %	FY 2022	FY 2021	FY 2020
I. PROFITABILITY			
ROAE - Pre-tax Profit / Equity	36.31	53.58	20.50
ROAA - Pre-tax Profit / Total Assets (av.)	10.18	14.87	5.70
Gross Profit / Total Assets (av.)	14.90	17.67	10.57
Net Profit Margin = Net Profit / Net Sales Income	62.58	67.93	40.91
II. LIQUIDITY			
(Liquid Assets + Marketable Securities) / T. Assets	34.88	46.41	41.97
(Liquid Assets + Marketable Securities) / T. Liabilities	48.40	64.83	57.31
Liquid Assets / Equity	124.90	163.34	156.74
Current Ratio	135.24	133.63	132.60
III. CAPITAL and FUNDUNG			
Equity / Total Assets	27.93	28.41	26.77
Equity / Total Liabilities	38.75	39.69	36.56
Net Working Capital/T. Assets	25.30	23.90	23.68
Equity generation/prior year's equity	161.28	0.05	0.00
Internal equity generation/prior year's equity	72.03	55.20	16.86
IV. EFFICIENCY			
Net Sales Growth	119.89	130.44	32.33
Equity Growth	233.32	55.25	16.86
Asset Growth	239.11	46.29	27.19
V. ASSET QUALITY			
Non-Performing Receivables / Total Receivables	0.43	1.75	1.86
Non-Performing Asset / Total Assets	1.48	3.76	2.81
Financial Fixed Assets / Non-Current Assets	4.99	0.24	0.47
VI. INDEBTEDNESS			
Leverage Ratio	258.06	251.95	273.50
Short Term Liabilities/Total Asset	71.78	71.05	72.65
Long Term Liabilities/Total Asset	0.29	0.54	0.57
Short Term Liabilities/ Total Liabilities	99.60	99.25	99.22
Short Term Financial Liabilities/Short Term Liabilities	31.25	53.39	44.95
Tangible Assets/Total Assets	1.34	3.75	2.79
Financial Liabilities/Total Liabilities	31.42	53.00	45.15
Off Balance Liabilities/(Assets + Off Balance Liabilities)	6.54	11.58	14.95
Off Balance Liabilities/(Equity + Off Balance Liabilities)	20.02	31.55	39.63

- Including JCR Eurasia Rating's adjustments where applicable,

Rating Info

Rated Company:	Tera Yatırım Menkul Değerler A.Ş. Eski Büyükdere cad. No:9 İz Plaza Giz Kat:11 34398 Maslak İstanbul Telephone: +90 (212) 365 1000
Rating Report Preparation Period:	02.10.2023-27.10.2023
Rating Publishing Date:	31.10.2023
Rating Expiration Date:	1 full year after publishing date, unless otherwise stated
Audited Financial Statements:	FYE2022-FYE2021-FYE2020 Consolidated, FYE2019-FYE2018 Solo 2Q2023-2Q2022 Consolidated
Previous Rating Results:	October 31, 2022 / Long Term National Scale / A (tr)
Rating Committee Members:	Ş. Güleş (<i>Executive Vice President</i>), B. Pakyürek (<i>Manager</i>), K. F. Özüdoğru (<i>Manager</i>)

Disclaimer

The ratings affirmed by JCR Eurasia Rating are a reflection of the Company's independent audit reports prepared in conformity with Turkish Financial Reporting Standards (TFRS) and International Financial Reporting Standards (IFRS), on and off-balance sheet figures, general market conditions in its fields of activity, unaudited financial statements, information and clarifications provided by the Company, and non-financial figures. Certain financial figures of the Company for previous years have been adjusted in line with the JCR Eurasia Rating's criteria.

The Company's balance sheet composition, asset quality, risk management practices, business profile, liquidity management, history in the sector, profitability figures, revenues, debt structure e, 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.

Previous rating results and other relevant information can be accessed on www.jcrer.com.tr

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This rating report has been composed within the methodologies registered with and certified by the SPK (CMB-Capital Markets Board of Türkiye), BDDK (BRSA-Banking Regulation and Supervision Agency) and internationally accepted rating principles and guidelines but is not covered by NRSRO regulations.

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