JCR-ER JCR Eurasia Rating
"JCR-ER, Group of Japan Credit Rating Agency, Ltd."

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**JCR Eurasia Rating,**

affirmed the Long Term National Ratings of the

**consolidated structure** of **Gedik Yatırım Menkul Değerler A.Ş.**

as **'AA (Trk)'** along with a **'Stable'** outlook

and affirmed the Long Term International Foreign Currency Ratings as **'BBB-'** along with a **'Negative'** outlook

in the annual rating review.

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## RATINGS

| | | Long | Short |
|---|---|---|---|
| International | Foreign Currency | BBB- | A-3 |
| | Local Currency | BBB- | A-3 |
| | Outlook | Negative | Negative |
| | | Negative | Negative |
| | Issue Rating | n.a | n.a |
| National | National Rating | AA(Trk) | A-1+(Trk) |
| | Outlook | Stable | Stable |
| | Issue Rating | AA(Trk) | A-1+(Trk) |
| Sponsor Support | | 2 | - |
| Stand Alone | | AB | - |

Sector: Intermediary Institutions
Report Date: 11/04/2019

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# Press Release

## Istanbul – April 11, 2019

In the annual rating review, **JCR Eurasia Rating** evaluated **"Gedik Yatırım Menkul Değerler A.Ş."** in a high-level investment grade category and affirmed the Long-Term National Ratings as **'AA (Trk)',** Short-Term National Ratings as **'A-1+(Trk)'** and outlook as **'Stable'**. In addition, it affirmed the Long Term International Foreign and Local Currency Ratings at the country ceiling level of **'BBB-'**, along with a **'Negative'** outlook.

With an operational track record of 27 years, Gedik Yatırım Menkul Değerler A.Ş., one of the oldest and pioneering companies of the sector, is ranked among the leading non-banking intermediary institutions based on indicators such as its wide branch network, high transaction volumes in the equities, futures and leveraged transactions market along with a high equity level. As a 'Broadly Authorized Intermediary Institution', Gedik Yatırım provides services with its robust, modern and pioneering technological infrastructure in a wide spectrum of fields including intermediation of common stock trading, public offerings, portfolio management, investment consultancy, intermediation of derivative instrument sales, leveraged trading and investment banking. In the field of equity stock transactional volume, when the respective market share of its subsidiary Marbas is included, Gedik Yatırım was ranked third among all intermediary institutions in FY2018.

The Company's net profit indicated a significant rise in comparison to the previous year, stemming from the notable increase in interest income in addition to the rising brokerage commissioning income in FY2018 whilst the return on assets and equity have almost doubled in comparison to the same period. The liquidity level and capital adequacy base which stands at a level that remains above the minimum legal levels required by the regulations whilst its current capitalization level provides it with the capability to grow further without the need for additional capital. Despite the notable increase in the level of non-performing receivables portfolio which has been fully provisioned for, the ratio of the impaired receivables portfolio in relation to total asset and equity size remains relatively low. The Company has diversified its resources via bond issues undertaken with varying maturities since FY2012 and plans to utilize this field effectively in the upcoming period. In line with the profit centered growth strategy, the support provided for the equity level through retention of a large part of profit, emphasis placed on risk management and the maintenance of the improvement in the total income/total expenses ratio were the principle factors underlying the affirmation of the Company's Long Term National Ratings despite the contraction in the market share of the equity stock transactional volume. The current and planned resources through the debt issue are placed within the Company's balance sheet and as such resources have been analyzed within the current credit rating report and no separate issue rating report has been issued. As the bonds to be issued have no differentiation in comparison to the Company's other liabilities from a legal and collateralization perspective, the corporate credit ratings also reflect the Company's issue ratings. However, the issue rating noted do not cover the structured finance instruments. The issue rating notes are assigned to the current and upcoming debt instruments and include assessments until their maturities.

On the other hand, taking into consideration the return on equity and assets, capitalization level, capability to access funding resources, wide branch network, asset size and composition and the possible effects of political and economic risks stemming from global and local factors on the balance sheet, the Company's Long Term International Foreign and Local Currency ratings are assigned at the country ceiling level of **"BBB-"**. The internal equity generation level, profitability indicators, capital adequacy base and liquidity ratios, asset quality, market share and sectoral developments are the principle metrics that will be monitored by JCR-ER in the upcoming period as factors that will be determining changes in the notations and outlook.

Mr. Erhan TOPAÇ directly and indirectly controls 74.72% of the Company's shares and taking into consideration the adequacy of his financial strength, willingness to support and operational support capability, the grade of Gedik Yatırım Menkul Değerler in the 'Sponsor Support' category has been maintained as **(2)** On the other hand, the grade in the 'Stand Alone' category has been affirmed as **(AB)** taking into consideration the ability of the Company to manage the incurred risks based on its own capabilities, internal equity generation capacity, asset quality, capitalization level, business volume and pioneering position in the sector due to its robust market position, corporate structure and robust technological infrastructure. The **(AB)** grade within the Stand-Alone category denotes a **"High"** level in JCR Eurasia Rating's notation scale and signifies the Company's capacity to meet its obligations comfortably regardless of external support, while the Sponsor Support grade of **(2)** indicates a **"Sufficient"** level of external support.

For more information regarding the rating results you may visit our internet site **http://www.jcrer.com.tr** or contact our analyst **Mr. Şevket GÜLEÇ**.

**JCR EURASIA RATING**
**Administrative Board**