PRESS RELEASE

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JCR Eurasia Rating

has downgraded the credit ratings of

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

in the annual rating review to **'AA- (Trk)'** from **'AA (Trk)'** on the Long Term National Scale and affirmed a **'Stable'** outlook. The Long Term International Local and Foreign Currency ratings have been affirmed as **"BBB-"** along with a **"Stable"** outlook.

JCR Eurasia Rating has evaluated **"Gedik Yatırım Menkul Değerler A.Ş."** in a high level investment category in the annual rating review and downgraded the Long Term National Ratings to **'AA- (Trk)'** from **'AA (Trk)'** and affirmed its outlook as **'Stable'**. On the other hand, the Long Term International Foreign and Local Currency ratings have been affirmed as **'BBB-'** along with a '**Stable'** outlook. Other notes and details of the ratings are given in the table below:

Long Term International Foreign Currency	:	**BBB- / (Stable Outlook)**
Long Term International Local Currency	:	**BBB / (Stable Outlook)**
Long Term National Local Rating	:	**AA- (Trk) / (Stable Outlook)**
Long Term Issue Rating	:	**AA -(Trk)**
Short Term International Foreign Currency	:	**A-3 / (Stable Outlook)**
Short Term International Local Currency	:	**A-3 / (Stable Outlook)**
Short Term National Local Rating	:	**A-1 +(Trk)/ (Stable Outlook)**
Short Term Issue Rating	:	**A-1+ (Trk)**
Sponsor Support	:	**2**
Stand Alone	:	**AB**

Gedik Yatırım Menkul Değerler A.Ş., with 25 years of operating experience, is among the leading intermediary institutions in the sector and is currently ranked as one of the foremost non-bank affiliated intermediary institutions with its large branch network, high transactional volume and equity and asset size. The Company enlarged its branch network and inaugurated 11 new branches in 2016 as a "Broadly Authorized Intermediary Institution" offering a wide spectrum of services including intermediation of common stock trading, public offerings, portfolio management, investment consultancy, intermediation of derivative instrument sales, leveraged trading and investment banking. By emphasizing fast and reliable services through updated technological investments, the Company maintained its first ranking among all intermediary institutions based on equity stock transactional volume when including the equity transactional volume of its subsidiary, **Marbaş A.Ş**.

Despite a significant increase in the intermediary service revenues compared to the previous year, increasing OPEX and substantial FX losses resulted in considerable loss and a subsequent contraction in equity base. Despite an incurred loss, in the Company's preservation of its income generation power is reflected in increases in intermediary service revenues. The liquidity level and capital adequacy base stand above the minimum legal requirements and maintain the capability for further growth with its current capitalization level without additional capital injection. The Company has a high level of asset quality and thanks to collection from non-performing receivables portfolio the nonperforming receivables portfolio contracted in comparison to the previous year. Moreover, it remains insignificant in relation to its asset and equity size. The Company has diversified its funding structure through realized bond issuance since 2012.

The major reasons underlying the downgrades in the Company's Long Term National Rating include significant deterioration in profitability indicators due to incurred loss, contraction in equity level, persistent decrease in the coverage of total income to total expense and short FX positon, despite maintenance of a high market share and rise in the intermediary service revenues.

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. On the other hand, the Company's long term international foreign and local currency ratings have been placed at the country ceiling level of "BBB-". Accordingly, the Company's internal resources generation capacity, profitability level, capital adequacy base, liquidity ratio, asset quality, market share and sectoral developments will be closely monitored by JCR Eurasia Rating as determining factors of the alteration of the notes and their outlooks.

Gedik Yatırım's 'Sponsor Support' grade has been assigned as **(2)** taking into account the financial strength driven from their qualified ownership and willingness of the controlling shareholders of **Mr. Hakkı GEDİK** and **Mr. Erhan TOPAÇ** to support the Company. On the other hand, the 'Stand Alone Grade' has been assigned as **(AB)**, considering the Company's ability to manage the risks through its own means, internal resource generation capacity, asset quality, capitalization level, business volume, strong market position and pioneer position in the sector, corporate structure and technological improvements. 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**.

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