

6 October 2020

Credit Rating

**Long-term (National):
(TR) AAA**

**Outlook:
Stable**

**Short-term (National):
(TR) A1+**

**Outlook:
Stable**

Ak Yatırım Menkul Değerler A.Ş.
Sabancı Center, Kule 2,
4 Levent, 34330, Istanbul
Tel: +90 (212) 334 94 94
<http://www.akyatirim.com.tr>

Rating Summary

Ak Yatırım Menkul Değerler A.Ş. ("the Company" or "Ak Yatırım") was established on December 11th, 1996 to conduct capital markets activities in accordance with the Capital Markets Law and relevant legislation provisions.

The Company's core business is to provide brokerage services. Ak Yatırım, a fully owned subsidiary of Akbank T.A.Ş., has been authorized by the Capital Markets Board of Turkey as of 15th October 2015 as an "Intermediary Institution with Extended Authority".

Following our comparative analysis of the sector and examination of financial/operational risks carried by the Company, as well as its domestic market position, Ak Yatırım's long term rating has been revised as **(TR) AAA** and its short term rating of **(TR) A1+** has been reconfirmed.

Previous Rating (October 4, 2019):

Long Term (TR) AA+

Short Term (TR) A1+

Outlook

Founded in 1996, Ak Yatırım is a subsidiary of Akbank T.A.Ş. Making use of the advantages of being a bank affiliate, Ak Yatırım has strengthened and is maintaining its position in the sector thanks to its scale advantage in reaching customers, promotional activities and operating expenses.

The Company increased its brokerage services and derivative transactions revenue as of the end of 2019. Its gross profit was recorded as TL 396 millions, an increase of 36% compared to last year (TL 292 millions). The increase in operating expenses is at a reasonable

level. Its net profit in 2019 reached TL 127 millions, an increase of 13% compared to the previous year's TL 113 millions.

While many sectors were negatively affected by the pandemic, intermediary institutions were positively differentiated. According to the mid-2020 results, it is being observed that the net profit of Ak Yatırım reached TL 123 millions, already very close to the 2019 total annual figure.

In addition to all these factors, the Company's outlook has been determined as "**Stable**", taking into account Ak Yatırım's product/service diversity that distribute risks in the current environment, its ability to access finance and its strong ownership structure.

Methodology

SAHA's credit rating methodology is composed of quantitative and qualitative sections contributing to the final grade with specific weights. The quantitative analysis components consist of the Company's performance compared to industry peers, analysis of the financial risks, and the assessment of cash flow projections. Comparative performance analysis determines the relative position of the Company as compared with industry peers' financial performances and industry averages. The financial risk analysis of our methodology covers the evaluation of the Company's financial ratios on the basis of objective criteria. Liquidity, leverage, asset quality, profitability, volatility and concentration are treated as sub-headings in this analysis. Finally, scenario analysis evaluates the Company's performance with respect to its capability to fulfill its obligations under the future projections of a base and a stress scenario.

The qualitative analysis covers operational issues such as industry and company risks as well as administrative risks in the context of corporate governance practices. The industry analysis evaluates factors like the nature and rate of growth of the industry, its competitive structure, structural analysis of customers and creditors, and sensitivity of the sector to risks at home and abroad. The company analysis evaluates market share and efficiency, trends and volatilities in key performance indicators, cost structure, service quality, organizational stability, access to domestic and foreign funding sources, off-balance sheet liabilities, accounting practices, and parent / subsidiary company relationships if any.

Corporate governance plays an important role in our methodology. The importance of corporate governance and transparency is once again revealed in the current global financial crisis we witness. Our methodology consist of four main sections; shareholders, public disclosure and transparency, stakeholders, and board of directors. The corporate governance methodology of SAHA can be accessed at www.saharating.com.

Rating Definitions

Our long term credit ratings reflects our present opinion regarding the mid to long term period of one year and above; Our short term credit ratings reflects our opinion regarding a period of one year. Our long term credit rating results start from AAA showing the highest quality grade and continue downward to the lowest rating of D (default). Plus (+) and minus (-) signs are used to make a more detailed distinction within categories AA to CCC.

Companies and securities rated with long-term AAA, AA, A, BBB and short-term A1 +, A1, A2, A3 categories should be considered “investment worthy” by the market.

Short Term	Long Term	Rating Definitions
(TR) A1+	(TR) AAA (TR) AA+ (TR) AA (TR) AA-	The highest credit quality. Indicates that ability to meet financial obligations is extremely high. For securities, it is an indication of no more than a slight additional risk as compared to risk-free government bonds.
(TR) A1	(TR) A+ (TR) A	Credit quality is very high. Very high ability to fulfill financial obligations. Sudden changes at the company level and/or economic and financial conditions may increase investment risk, but not significantly.
(TR) A2	(TR) A- (TR) BBB+	High ability to fulfill financial obligations, but may be affected by adverse economic conditions and changes.
(TR) A3	(TR) BBB (TR) BBB-	Sufficient financial ability to fulfill its obligations, but carries more risk in adverse economic conditions and changes. If securities; has adequate protection parameters, but issuer’s capacity to fulfill its obligations may weaken in face of adverse economic conditions and changes.

Companies and securities rated with long-term BB, B, CCC, and short-term B1, B2, C categories should be considered “speculative” by the market.

(TR) B1	(TR) BB+ (TR) BB (TR) BB-	Carries minimum level of speculative features. Not in danger in the short term, but faces negative financial and economic conditions. If securities; below investment level, but on-time payments prevail, or under less danger than other speculative securities. However, if the issuer’s capacity to fulfill its obligations weakens, serious uncertainties may unfold.
(TR) B2	(TR) B+ (TR) B (TR) B-	Currently has the capacity to fulfill financial obligations, but highly sensitive to adverse economic and financial conditions. If securities; there is a risk in due payment. Financial protection factors can show high fluctuations depending on the conditions of the economy, the sector, and the issuer.
(TR) C	(TR) CCC+ (TR) CCC (TR) CCC-	Well below investment grade. In considerable danger of default. Fulfillment of its financial obligations depends on the positive performance of economic, sectoral and financial conditions. If securities; there are serious uncertainties about the timely payment of principal and interest.
(TR) D	(TR) D	Event of default. The company cannot meet its financial obligations or cannot pay the principal and/or interest of the relevant securities.

Disclaimer

This Credit Rating Report has been prepared by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA Corporate Governance and Credit Rating Services, Inc.) in collaboration with Ak Yatırım Menkul Değerler A.Ş. and is based on information disclosed to the public by Ak Yatırım Menkul Değerler A.Ş..

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Contacts:

S.Suhan Seçkin
suhan@saharating.com

S.Mehmet İnhan
minhan@saharating.com

Serhat Karakuş
skarakuş@saharating.com

Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş

Valikonağı Cad., Hacı Mansur Sok., Konak Apt. 3/1, Nişantaşı, İstanbul

Tel: (0212) 291 97 91, Fax: (0212) 291 97 92 • info@saharating.com • www.saharating.com