

## Corporate Credit Rating

## Financing Institutions

Şeker Finans		Long Term	Short Term	
International	Foreign currency	BBB-	A-3	
	Local currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
National	Local Rating	A(Trk)	A-1 (Trk)	
	Outlook	Stable	Positive	
Sponsor Support		2	-	
Stand Alone		B	-	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

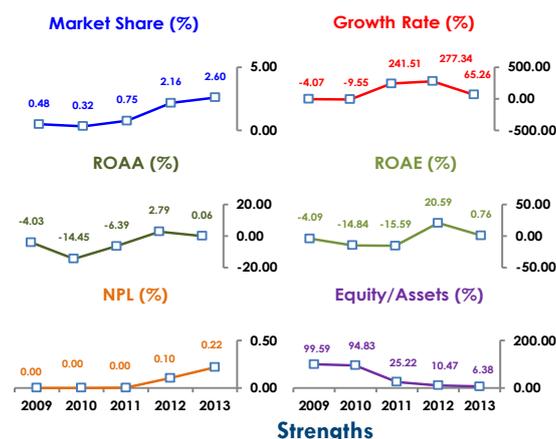
\* Assigned by Japan Credit Rating Agency, JCR on May 23, 2013

Analysts: Zeki M ÇOKTAN/ +90 212 352 56 73

zekic@jcrer.com.tr

Merve BÖLÜKÇÜ / +90 212 352 56 73

merveb@jcrer.com.tr



### Strengths

- Above sector asset growth rates for the last three years contributing market share growth,
- Affluent operating channels thanks to the main shareholder's wide branch network and banking services,
- Low NPL levels despite a sharp asset growth rate and above sector average collateral levels, contributing to asset quality,
- Experienced and reliable management team and efficiently organized risk management infrastructure as well as high level of regulatory compliance along with well-defined work flow,
- Long term borrowing structure easing the liquidity management,
- Adequate compliance with corporate governance practices,
- Successfully uses of hedging techniques in reducing the FX risk,

ŞEKER MORTGAGE FINANSMAN A.Ş.					
Financial Data	2013*	2012*	2011*	2010*	2009*
Total Assets (000 USD)	195,216	141,567	35,306	12,700	14,516
Total Assets (000 TRY)	415,888	251,650	66,690	19,528	21,590
Equity (000 TRY)	26,521	26,348	16,822	18,519	21,502
Net Profit (000 TRY)	159	3,526	-1,697	-2,983	-435
Market Share (%)	2.60	2.16	0.75	0.32	0.48
ROAA (%)	0.06	2.79	-6.39	-14.45	-4.03
ROAE (%)	0.76	20.59	-15.59	-14.84	-4.09
Equity/Assets (%)	6.38	10.47	25.22	94.83	99.59
NPL (%)	0.22	0.10	0.00	0.00	0.00
Growth Rate (%)	65.26	277.34	241.51	-9.55	-4.07

\*End of year

### Overview

**Şeker Mortgage Finansman A.Ş.** (hereinafter referred to as 'Şeker Finance' or 'the Company'), established under the name of Istanbul Finansman A.Ş. on January 2008, changed its trade name to 'Şeker Mortgage Finansman A.Ş.' in October 2010. One of the major players in Turkey's is the first mortgage company that provides long term loans on housing finance. The activities of the Company are regulated and supervised by the Banking Regulation and Supervision Agency (BRSA).

Following the transfer of the majority of shares from the Luxembourg-centered founding company "İpotek Financing S.A.," to "Şekerbank A.Ş." in 2010, **Şekerbank A.Ş.** (rated by JCR Eurasia Rating on July 1, 2013 as **AA-(Trk)** on the Long Term National Scale with a Stable outlook) became the main shareholder of the Company.

Since April 2011, marketing, sales, finance and credit activities have been carried out through Şekerbank T.A.Ş.' branches and alternative distribution channels mainly in Anatolia, 71 provinces and 101 off-center districts. Company activities focus on housing finance.

### Constraints

- Limited profitability ratios arising from sector's nature structure,
- Notable deterioration in below sector average main profitability ratios, especially in ROAA and ROAE that low profitability detrimentally affecting internal equity generation capacity,
- High level of risk of reprising and early repayment pressuring the sector's profitability and liquidity management,
- Downturn in equity level below the sector average due to fully external financing of funding needs,
- Vulnerable global market conditions, political instability of economic influences and suppressed risk appetite of investors, leading to economic slowdown and sector-wide potential of diminishing profit margin,
- High interest rates and FX movements pressuring customers demand,
- Confined product diversity drives to a restriction in profitability,

Publication Date: May 27, 2013

"Global Knowledge supported by Local Experience"