

Corporate Credit Rating
(Update)

Banking

Şekerbank		Long-Term	Short-Term	
International	Foreign currency	BBB-	A-3	
	Local currency	BBB-	A-3	
	Outlook	Stable	Stable	
National	Local Rating	AA- (Trk)	A-1+ (Trk)	
	Outlook	Stable	Stable	
Sponsor Support		2	-	
Stand Alone		AB	-	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

Şekerbank T.A.Ş.					
Financial Data	2013*	2012*	2011*	2010*	2009*
Total Assets (000,000 USD)	9,099	8,468	7,807	7,516	6,135
Total Assets (000,000 TRY)	19,384	15,052	14,746	11,556	9,124
Total Deposit (000,000 TRY)	12,730	10,238	9,193	7,771	6,712
Total Net Loans (000,000 TRY)	14,082	10,512	9,039	7,639	5,508
Equity (000,000 TRY)	1,963	1,833	1,478	1,330	1,212
Net Profit (000,000 TRY)	108	234	204	135	155
Market Share (%) **	1.08	1.06	1.18	1.13	1.07
ROAA (%)	0.80	1.97	1.96	1.58	2.16
ROAE (%)	7.25	17.71	18.83	12.83	17.40
Equity/Assets (%)	10.13	12.17	10.02	11.51	13.28
CAR - Capital Adequacy Ratio (%)	13.05	14.02	12.93	13.85	16.08
Asset Growth Rate (Annual) (%)	28.78	2.08	27.61	26.65	10.82

* End of year ** On solo basis among the Turkish Banking Sector

Overview

Formerly named Pancar Kooperatifleri Bankası A.Ş., Şekerbank T.A.Ş. (hereinafter Şekerbank or the Bank), was incorporated in 1953 in Eskişehir. The Bank's head office was moved to Ankara and the Bank was renamed Şekerbank T.A.Ş. in 1956. 15% of the Bank's total shares were initially offered to the public in 1997 and currently 32.24% of Bank shares are traded on the Borsa İstanbul (BIST). Şekerbank has been operating in İstanbul since 2004.

Şekerbank, an integrated financial institution, provides services in the corporate, commercial, SME and retail banking fields through its nationwide network of 312 branches in 71 cities in Turkey along with services in leasing, factoring and brokerage through its subsidiaries. According to the Banks Association of Turkey, Şekerbank was the fourteenth largest banking institution among 45 banks in Turkey in terms of asset size.

Şekerbank preserves its founding objective which is reflected in the Bank's vision statement as supporting small and medium enterprises, craftsmen and helping to achieve sustainable development. In line with these objectives, the Bank developed various product which encourage energy-efficient and environment friendly growth. Furthermore, Şekerbank raised funds from several international bodies to be allocated to SMEs, agricultural sector and female entrepreneurs. Additionally, focusing on local development and supporting production mission, Şekerbank created a groundbreaking platform for more than 1.5 million tradesmen in Turkey during its 60th anniversary year.

Constraints

- Highly volatile profitability levels with below sector average profitability indicators
- Above the sector average NPL ratios over the reviewed period displayed noteworthy increase in 2013
- Decline in net interest revenues and profits, despite of robust loan growth
- Lingering political tension and upcoming presidential elections, accompanied by decreasing risk appetite of investors and risk of limited growth, tightening profit margins and forcing higher NPL ratios through hindered debt repayment capacity of the real sector
- Weakening coverage of total income to total expenses
- Structural maturity mismatches across the sector putting pressure on liquidity management
- The impact of current shareholding structure on decision making mechanism

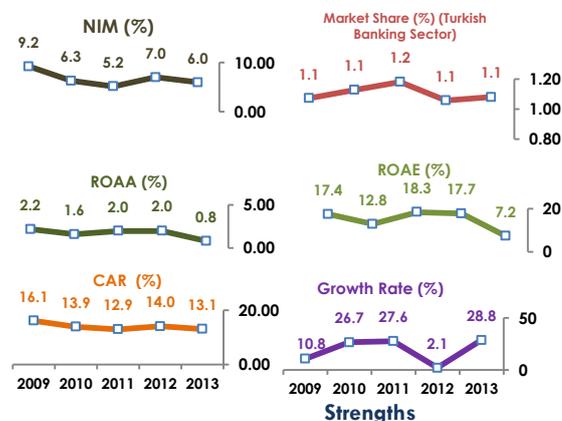
* Assigned by Japan Credit Rating Agency, JCR on May 23, 2013

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Strengths

- Strong asset growth supported by resilient expansion in loans
- Satisfactory capital adequacy level, which is well above legal requirements, provides buffering against incidental losses
- Commitment to internalizing corporate governance best practices
- Expertise in the SME segment and ability to channel international funds to micro segment enterprises, helping foster growth in Anatolia
- Access to international financial markets and ongoing efforts to facilitate alternative funding facilities such as Asset Covered Bonds and overseas financing
- An established banking institution with over 60 years of experience having a proven track record
- Profit retention policy contributes to the equity level along with realization of planned cash equity injection in 2014

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