

Corporate Credit Rating

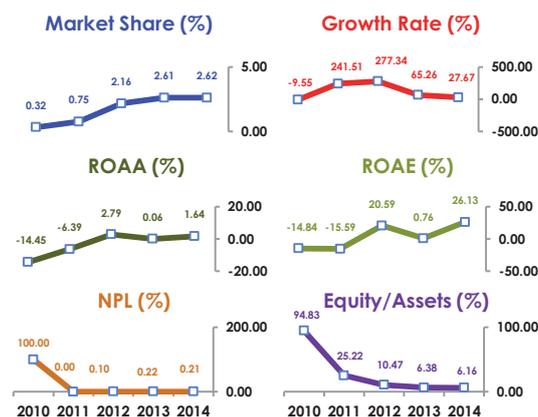
Financing Institution

Şeker Finans		Long Term	Short Term
International	Foreign currency	BBB-	A-3
	Local currency	BBB-	A-3
	Outlook	FC: Stable LC: Stable	Stable
National	Local Rating	A(Trk)	A-1 (Trk)
	Outlook	Positive	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

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Strengths

- Increasing market share due to three periods of above average sector growth
- Sound asset quality with a below sector figure and decreasing NPL ratios
- Notably increased profitability ratios, ROAA and ROAE thanks to skyrocketing net interest income
- Diversified funding opportunities through OPIC loans contributing to long term borrowing structure and reliving liquidity management
- Advantages of the partnership with Şekerbank through expanding branch network, banking services, operating channels and reputation
- Above sector internal equity generation capacity promising further growth
- Status as one of the few financing companies in Turkey providing long term housing financing loans
- Successful risk management approach and implementations along with conscious asset and loan growth strategy thanks to qualified, reliable and experienced management team through integrated organization and high level of collateral approach
- Good practices of corporate governance principals
- Opportunities for growth and market expansion regarding housing demand provided by population growth, urbanization, young demographic and rises in per capita income

Constraints

- Below sector average decreasing equity level due to the reliance on external funding in order to finance the growth in operational volume despite exceeding the minimum legal requirement which contributing to capital adequacy
- Risks arising from mortgage refinancing or early repayment, accelerating the profitability and deteriorating predictability of balance sheet composition
- Increased but still restricted profitability ratios derived from the sector's natural structure
- Considerably affected customer demand due to high interest rates
- Restriction in the profit margin due to the limited product portfolio despite increased product range through personal financing loans
- High but controlled exposure to FX risk resulting from the foreign currency dominated long term borrowing structure
- High level of off-balance sheet commitments and contingencies in comparison to equity and assets, contributing to risk level
- Persistent political and economic stresses along with regional tensions hosting uncertainties along with volatile currency and interest rates incurring potential limits on growth by suppressing the risk appetite of investors

ŞEKER MORTGAGE FİNANSMAN A.Ş.					
Financial Data	2014*	2013*	2012*	2011*	2010*
Total Assets (000 USD)	228,976	195,216	141,567	35,306	12,700
Total Assets (000 TRY)	530,973	415,888	251,650	66,690	19,528
Equity (000 TRY)	32,734	26,521	26,348	16,822	18,519
Net Profit (000 TRY)	6,202	159	3,526	-1,697	-2,983
Market Share (%)	2.62	2.61	2.16	0.75	0.32
ROAA (%)	1.64	0.06	2.79	-6.39	-14.45
ROAE (%)	26.13	0.76	20.59	-15.59	-14.84
Equity/Assets (%)	6.16	6.38	10.47	25.22	94.83
NPL (%)	0.21	0.22	0.10	0.00	100.00
Growth Rate (%)	27.67	65.26	277.34	241.51	-9.55

*End of year

Overview

Şeker Mortgage Finansman A.Ş. (hereinafter referred to as 'Şeker Finans', 'Şeker Mortgage' or 'the Company') was established under the trade name 'İstanbul Finansman A.Ş.' in November 2007 with approval from the Banking Regulation and Supervision Authority (BRSA) to operate in the field of housing finance. The Company commenced activities on January 9, 2008 under the new name 'İstanbul Finansman Mortgage A.Ş.' before acquiring its current name of in 2010. One of the major players in Turkey's mortgage sector, Şeker Mortgage was the first company to provide long term housing finance loans in Turkey. The activities of the Company have been regulated and supervised by the BRSA since foundation.

The Luxemburg based 'İpotek Financing S.A.' held the majority of shares of Şeker Mortgage Finansman A.Ş. until their transfer to Şekerbank A.Ş. in 2010. Şekerbank A.Ş. (rated by JCR Eurasia Rating on June 27, 2014 as AA-(Trk) on the Long Term National Scale with a Stable outlook) is 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.