JCR Eurasia Rating
"Global Knowledge Supported by Local Experience"

TURKEY

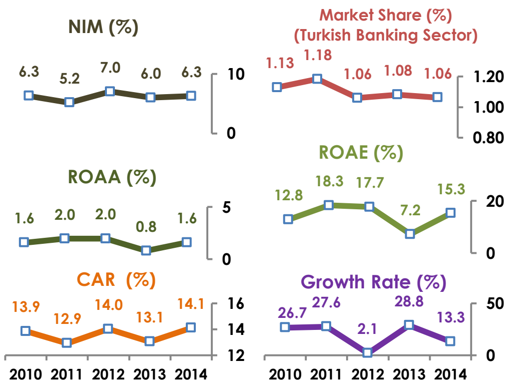
Corporate Credit Rating *(Update)*

Banking

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

* Assigned by Japan Credit Rating Agency, JCR on July 11, 2014

Senior Analyst: Şevket **GÜLEÇ**/ +90 212 352 56 73
sevketg@jcrer.com.tr



Şekerbank T.A.Ş.					
Financial Data	**2014***	**2013***	**2012***	**2011***	**2010***
Total Assets (000,000 USD)	9,470	9,099	8,468	7,807	7,516
Total Assets (000,000 TRY)	21,959	19,384	15,052	14,746	11,556
Total Deposit (000,000 TRY)	13,620	12,730	10,238	9,193	7,771
Total Net Loans (000,000 TRY)	15,396	14,082	10,512	9,039	7,639
Equity (000,000 TRY)	2,349	1,963	1,833	1,478	1,330
Net Profit (000,000 TRY)	274	108	234	204	135
Market Share (%) **	1.06	1.08	1.06	1.18	1.13
ROAA (%)	1.60	0.80	1.97	1.96	1.58
ROAE (%)	15.32	7.25	17.71	18.83	12.83
Equity/Assets (%)	10.70	10.13	12.17	10.02	11.51
Capital Adequacy Ratio (%)	14.11	13.05	14.02	12.93	13.85
Asset Growth Rate (Annual) (%)	13.28	28.78	2.08	27.61	26.65

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

Overview

Şekerbank T.A.Ş. (hereinafter Şekerbank or the Bank) was established in 1953 in Eskişehir under the name of Pancar Kooperatifleri Bankası A.Ş. with the small savings of thousands of Anatolian sugarbeet cooperative farmers with the aim of supporting production and trade for agricultural industry. In 1956, the Bank's head office moved to Ankara and the Bank was renamed Şekerbank T.A.Ş.. 15% of the Bank's total shares were initially offered to the public in 1997 and as of FYE2014, 33.76% are traded on the Borsa Istanbul (BIST). Şekerbank has been operating in Istanbul since 2004.

An integrated financial institution, Şekerbank 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, finance, insurance and brokerage services through its subsidiaries. According to the Banks Association of Turkey, Şekerbank was the fifteenth largest banking institution among 47 banks in Turkey in terms of asset size.

In parallel with the Sector's capital adequacy ratio increase, the Bank's CAR ratio increased to 14.11% from 13.05% FYE2013 thanks to retention of generated profit and a cash equity injection of TRY 87mn in FY2014. Paid in Capital, and thus equity increase, was maintained with a cash injection amounting to nearly TRY 71mn in FY2015. As of 1Q2015, the Bank's total assets reached to TRY 21,549mn, for a growth of 1.71%.

Strengths

- Continuous profit throughout the reviewed period despite fluctuations
- Broad and stable deposit customer base with high roll-over rate providing conformity to liquidity management
- Retention profit and equity injection contributing to the adequate and above requirement capital adequacy level
- High level of compliance with corporate governance best practices and continuity
- Capabilities to attract international funding to micro segment enterprises through established market position in the SME segment
- Competence in accessing fund resources in overseas markets through providing funds in the form of syndication, subordinated and bond issuance, which is the first bank issued asset covered bonds secured by SME loans
- Long lasting operational track record spanning over 60 years

Constraints

- Increase in the above sector average NPL ratios in the last two consecutive years coupled with lower loan loss coverage deteriorating the assets quality
- Highly volatile profitability levels with below sector average profitability indicators
- Probable stress of upside risks via weakened and fluctuated TRY along with downside risks to growth in economic activities on profit margins due to deteriorating asset quality through weakened debt-servicing capabilities of the real sector
- Sectorial influences of regulatory changes and commission rebates continuing to pressure margins
- Sector-wide structural maturity mismatches and short maturity profile of deposits
- The impact of current shareholding structure on decision making mechanism

Publication Date: July 27, 2015 *"Global Knowledge supported by Local Experience"*