

PRESS RELEASE
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JCR Eurasia Rating

has assessed the ratings of the consolidated structure of **Şeker Yatırım Menkul Değerler A.Ş.** as **'BBB (Trk)'/ Stable** on the Long Term National Scale and **'BBB-'/Stable** on the Long Term International Foreign and Local Currency Scales

JCR Eurasia Rating has assessed the credit rating of the consolidated structure of **Şeker Yatırım Menkul Değerler A.Ş.** as **'BBB (Trk)'** on the Long Term National scale, which denotes a high investment grade, and as **'A-3 (Trk)'** on the Short Term National Scale along with **'Stable'** outlooks. The Long Term International Local and Foreign Currency ratings have been assessed as **'BBB-'**. Other notes and details of the ratings are given in the table below.

Long Term International Foreign Currency	:	BBB-/(Stable Outlook)
Long Term International Local Currency	:	BBB-/(Stable Outlook)
Long Term National Local Rating	:	BBB (Trk)/(Stable Outlook)
Long Term Issue Rating	:	A-3 (Trk)
Short Term International Foreign Currency	:	A-3/(Stable Outlook)
Short Term International Local Currency	:	A-3/(Stable Outlook)
Short Term National Local Rating	:	A-3 (Trk)/(Stable Outlook)
Short Term Issue Rating	:	A-3 (Trk)
Sponsor Support	:	2
Stand Alone	:	B

Şeker Yatırım, incorporated under the Capital Market Law as a subsidiary of **Şekerbank T.A.Ş.**, commenced activities in 1997. The Company actively provides services in equity trading, public offering intermediation, portfolio management, investment consultancy, repo-reverse repo transactions, securities lending, leveraged FX and derivatives trading. Authorized as a **"Broadly Authorized Intermediary Institution"** in accordance with the decision taken at the meeting at 4 December 2016 by the Capital Market Board, the Company stands in a prestigious position in terms of organization, research services, risk management and corporate governance with 20 years of activity. In addition to a total network of 2 branches in 2 cities in Turkey, the Company also reaches its clients through the alternative channels such as online trading and mobile platforms and the consolidated subsidiary **Şeker Portföy**.

Intense competition in the intermediary institutions sector and fluctuations in the risk appetite and transaction volume depending upon the economic environment may pressure sector profitability. Bank-affiliated brokerage firms continue to dominate the sector due to the advantages concerning equity, the procurement and retention of clients and activities expenses compared with non-bank affiliated brokerage firms, which continue to fall below bank-affiliated brokerage firms with respect to market share. Among the non-bank brokerage firms, **Şeker Yatırım** stands out with its capital adequacy, strong shareholder structure and organization.

Capital adequacy and liquidity level exceeding the legal regulation limits, high asset quality, respectable market perception based on long operational track in the sector, widespread customer base and efforts to diversify external resources via bond issuance contribute positively to **Şeker Yatırım's** short and long term grade formation. On the other hand, the Company has encountered challenges in obtaining principal activity profitability in the recent period due to competition in the intermediary institutions sector. As of the third quarter of 2016, the Company has been successful to increase its profitability due to the income streams created by corporate finance and leveraged FX and derivatives trading. To conclude, the Company's relatively low market share, pressure on the sector's profitability deriving from the intensity of competition and the persistent political and economic stress in the region exerting uncertainties on the risk appetite have become prominent limiting drivers on the grade formation. JCR Eurasia Rating has assessed **Şeker Yatırım's** Long Term National Rating as **'BBB (Trk)'** with a **"Stable"** outlook taking into consideration the Company's shareholder structure, equity and liquidity and the market conditions of the sector in which the Company operates whilst the International Foreign and Local Currency Ratings have been restricted at **BBB-/(Stable)**, which represents the sovereign ceiling. On the other hand, new income streams created by corporate finance and intermediacy activities in the sector and difficulties in obtaining principal activity profitability together with the funding structure will be monitored closely in the following periods.

Taking into account the Company's balance sheet composition, scale attained in the intermediary sector, presence of an experienced management team, reputable shareholding structure expanding and facilitating funding opportunities and future projections, it is anticipated that the Company will meet the financial liabilities arising from its planned bond issue. No separate issue rating report has been prepared as the resources obtained via the debt issue will be carried in the Company's balance sheet and issue rating analysis has been carried out in the credit rating report. The issue has no difference in comparison to the Company's other liabilities with respect to legal status and collateralization structure as such the Company's corporate credit ratings also reflect the issue rating.

It is considered that the major controlling entity, **Şekerbank**, has the willingness and capability to ensure long term liquidity and equity to the Company when required. In addition to **Şeker Yatırım's** strong equity, the major controlling shareholder **Şekerbank** engenders investor confidence. In this regard, **Şeker Yatırım's** Sponsor Support note has been determined as **(2)** on **JCR Eurasia Rating's** notation scale, denoting an adequate level.

We, as **JCR Eurasia Rating**, believe that **Şeker Yatırım** has the sufficient experience and facilities to manage the obligations without any assistance from its shareholders, taking into consideration the Company's asset size and quality, equity level, efficient risk management practices and experienced senior management team provided that it maintains its efficiency in the market. In the light of such circumstances, the Stand Alone note of **Şeker Yatırım** has been determined as **(B)** on **JCR Eurasia Rating's** notation scale, denoting an adequate level.

For more information related to the rating results you may visit our internet site <http://www.jcrer.com.tr> or contact our analyst **Mr.Bora Pakyürek**.

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Administrative Board