

Credit & Issue Rating

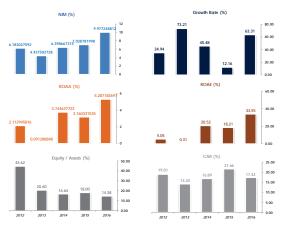
Banking

Updated

[Financial Institutions]

nurolbank			Long Term	Short Term	
International	Foreign Currency		BBB-	A-3	
	Local Currency		ВВВ	A-3	
	Outlook	FC	Stable	Stable	
		LC	Stable	Stable	
	Issue Rating		n.a.	n.a.	
National	Local Rating		AA(Trk)	A-1(Trk)	
	Outlook		Stable	Stable	
	Issue Rating		AA(Trk)	A-1(Trk)	
Sponsor Support			1	-	
Stand Alone			AB	-	
Sovereign*	Foreign Currency		BBB-	-	
	Local Currency		BBB-	-	
	Outlook	FC	Stable	-	
		LC	Stable	-	

*Affirmed by Japan Credit Rating Agency on October 7,2016 Chief Analyst: Orkun İNAN +90 212 352 56 73 <u>orkun.inan@jcrer.com.tr</u>



Nurol Yatırım Bankası A.Ş.								
Financial Data	2016*	2015*	2014*	2013*	2012*			
Total Assets (000 USD)	390,384	246,300	275,358	206,021	142,552			
Total Assets (000 TRY)	1,169,551	716,141	638,527	438,907	253,401			
Total Net Loans (000 TRY)	742,918	431,711	356,456	241,190	150,576			
Equity (000 TRY)	168,218	128,936	106,222	90,422	113,057			
Net Profit (00 TRY)	41,083	16,381	1 <i>5</i> ,867	0,516	3,872			
Market Share (%) **	0.043	0.0305	0.0318	0.0250	0.0181			
ROAA (%)	5.29	3.16	3.74	0.09	2.11			
ROAE (%)	33.55	18.21	20.52	0.31	5.05			
Equity/T. Assets (%)	14.38	18.00	16.64	20.60	44.62			
CAR - Capital Adequacy Ratio (%)	17.34	21.66	16.89	14.20	19.01			
Asset Growth Rate (Annual) (%)	63.31	12.16	45.48	73.21	34.94			

^{*} End of Year - Based on IFRS Financials ** On Solo Basis Among the Turkish Banking Sector <u>Overview</u>

Nurol Yatırım Bankası A.Ş. (hereinafter "Nurol Bank" or the "Bank"), was incorporated in August, 1998 and started its operations in May, 1999. The Bank carries out operations in the fields of financial consulting, structured finance, private equity, leasing, factoring and cash loans- guarantees through a workforce of 44 as of December 31,2016.

Nurol is a small-sized Investment Bank in Turkish Development and Investment Banking Sector, accounting for 0.82% of total assets as of December 31,2016. The Bank ranked 35th (FYE2015:37th) in terms of assets size among the 47 banks in the Turkish financial market and had a 0.043% market share in the entire banking sector at the end of FY2016.

The majority shareholders of the Bank were Nurol Holding A.Ş. (78.16%) and Nurol İnşaat ve Tic. A.Ş. (15.96%), which also has direct and indirect control over the Nurol Group-has operations in construction, defense, finance, tourism, health, mining, real estate, marketing and manufacturing industries through 33 firms within the Group.

Strenaths

· Although its sector wide downward trend, the Bank's · High penetration level of the Turkish financial system increasing profitability indicators with recurring revenue components outperforming sectorial averages,

- Despite expanding its loan portfolio, high level of asset quality regarding below-the-sector NPL figures,
- Strengthened liquidity structure thanks to diversified and extended the maturity of funds,
- Loan book growth rate, being above the Turkey's banking sector average despite weaker credit demand as interest rates gradually picked up in the country,
- High level of compliance regarding corporate governance implementations and sustainability accompanied by wellestablished managerial practices and advanced risk management system.

Constraints

- risks for sectorial growth,
- Declining in the capital adequacy ratio in line with the banking sector's average despite setting aside sufficient capital to withstand shocks,
- Continuation of high credit risk concentration among the top ten cash and non-cash loans customers,
- Scarce alternative delivery channels to provide continuity of efficiency rates,
- Domestic and international political instability, which like a domino effect on macro indicators and translation into national currency depreciation and more expensive funding.

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