

Credit & Issue Rating

Banking

Updated

[Financial Institutions]

		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB	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	-	

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	15,867	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

Overview

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.

Strengths

- Although its sector wide downward trend, the Bank's 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 well-established managerial practices and advanced risk management system.

Constraints

- High penetration level of the Turkish financial system increasing 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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