

Corporate Credit Rating

☐ New ☒ Update

Sector: Banking

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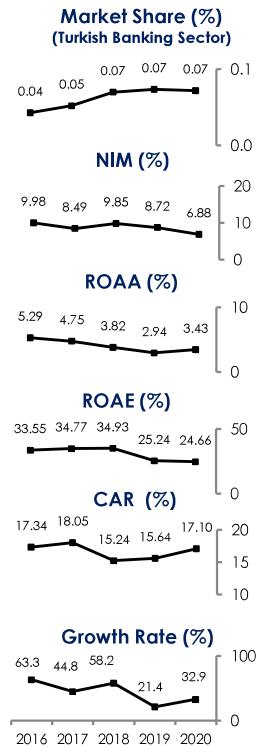
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RATINGS

		Long Term	Short Term
National	Local Rating	AA (Trk)	A-1 (Trk)
	Outlook	Stable	Stable
	Issue Rating	AA (Trk)	A-1 (Trk)
International	Foreign Currency	BB+	B
	Local Currency	BB+	B
	Outlook	FC Negative LC Negative	Negative Negative
Sovereign*	Sponsor Support	1	-
	Stand-Alone	AB	-
	Foreign Currency	BB+	-
	Local Currency	BB+	-
	Outlook	FC Negative LC Negative	- -

*Assigned by JCR on April 10, 2020

RATIOS



Nurol Yatırım Bankası A.Ş.

JCR Eurasia Rating evaluated the consolidated structure of “**Nurol Yatırım Bankası A.Ş.**” affirmed the ratings as “**AA (Trk)**” on the Long-Term National Scale and as “**A-1 (Trk)**” on the Short-Term National Scale with “**Stable**” outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as “**BB+/ Negative**”.

Nurol Yatırım Bankası A.Ş. (hereinafter “**Nurol Bank**” or the “**Bank**”), incorporated on August, 1998, is a national private bank. The Bank provides services in the field of Corporate Banking, Investment Banking and Treasury & Financial Institutions through its diversified corporate clientele with a staff force of 66 people in FYE2020.

The majority shareholders of the Bank were Nurol Holding A.Ş. (78.98%) and Nurol İnşaat ve Tic. A.Ş. (16.70%), which also has direct and indirect control over the Nurol Group- Nurol Holding Inc., founded in 1989, has operations in construction, defense, finance, tourism, health, mining, real estate, marketing and manufacturing industries through 33 firms within the Nurol Group 4 joint ventures and 11 domestic foreign associates and subsidiaries.

Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Maintenance of loan-driven moderate growth strategy accompanied by defending margins,
- The collection of overdue and non-performing loans supporting asset quality of 2020,
- Earnings power with core indicators above the sector and maintaining NIM,
- Sufficient capital ratios continuing to indicate the capacity to absorb incidental losses,
- High level of compliance with corporate governance best practices and continuity of well-established risk management practices.

Constraints

- Scarce alternative delivery channels and lack of revenue stream to provide continuity of efficiency rates,
- Ongoing credit risk concentration among the top ten cash and non-cash loans customers deteriorating asset quality,
- Concerns on the bank’s asset quality and revenue streams and higher credit loss provisions due to Covid-19 outbreak worsening macroeconomic environment.

Considering the mentioned drivers, the Bank’s the Long-Term National Rating has been affirmed as “**AA (Trk)**”. Taking into account the capability to independently survive irrespective of the support from the current shareholders and at the system level, adequate capitalization structure, internal resource generation capacity, ability to access international funding markets and roll-over debt, the presence of prudent provisions in addition to the high level of specific loan loss provisions and the asset quality accompanied by selective and efficiency focused credit policies as well as the possible negative effects of the Covid-19 outbreak on the Turkish banking sector.; the Bank has been affirmed with “**Stable**” outlooks in the long- and short-term perspectives.

Non-performing loans due to downward efficiency in economic activities caused by the Covid-19 Pandemic and the erosion in the debt payment capacity raising provisioning requirement, resulting a higher credit risk cost, and the impact of the decisions taken by the regulatory authorities on the sector will be the issues to be monitored in the future.

The Sponsor Support Note of **Nurol Yatırım Bankası A.Ş.**’s has been determined considering the financial strength and support willingness of the sole shareholder Nurol Holding that shall provide assistance to the Bank to meet any immediate financial needs if required. In this regard, the Company’s Sponsor Support Note has been affirmed as “**1**”, which denotes high level of external support.

Considering high asset quality, diversified resource structure, balance sheet composition along with strong internal equity generation capacity, corporate governance implementations of the Bank’s, the Stand Alone Note of the Bank has been affirmed as “**AB**”, corresponding to high level in JCR Eurasia Rating’s notation system.