



JCR Eurasia Rating

"Global knowledge supported by local experience"

***JCR-ER is a rating agency
authorized to carry out activities
in capital markets and under the Basel Regulations
and has international activities.***

Profile of JCR-ER

- Founded in Istanbul, Turkey in 2007.
- Signed partnership agreement with Japan Credit Rating Agency, Ltd. (JCR) in the same year.

Profile of JCR-ER

JCR-ER has rating licenses issued by or/and authorized by three public institutions (CMB, BRSA and Turkish Treasury) in Turkey. JCR-ER;

- Has received the rating licenses related to credit rating in the fields of capital market and corporate governance from CMB-Capital Market Board
- Has been authorized as an ECAI-External Credit Assessment Institution within scope of Basel regulations by the BRSA-Banking Regulation and Supervision Agency.
- Has been included in the list of the authorized rating institutions by the Turkish Treasury Regarding the Measurement and Evaluation of Capital Adequacy of Retirement Reinsurance and Pension Companies.

Profile of JCR-ER

Currently, the only rating institution authorized as the ECAI in Turkey is JCR-ER.

Profile of JCR-ER

JCR-ER is the member of both

- EACRA - European Association of Credit Rating Agencies

and

- ACRAA - The Association of Credit Rating Agencies in Asia.

Profile of JCR-ER

- Leading banks,
- Other financial institutions (factoring & leasing companies, intermediary institutions, asset management companies, consumer finance etc.),
- Insurance companies,
- Public institutions,
- Industrial and commercial companies,
- SMEs,
- Municipalities and other local administrations
- Bonds issues
- Structured finance issuance
- Projects

form the rating portfolio of JCR-ER

Profile of JCR-ER

Currently;

- JCR-ER has more than approximately 200 customers in credit rating, issue rating and structured finance rating fields.
- In addition, it has 10 corporate governance rating customers
- 3 countries given sovereign rating
- Moreover, JCR-ER has analyzed more than 10 thousand companies with its scoring model.

Utilization and Market Recognition of JCR-ER's Ratings

The credit rating results of JCR-ER are used as inputs in credit allocation, pricing and investment decisions of several banks, other credit institutions, intermediary institutions and portfolio management companies

Regulatory Environment

- Rating is optional in the capital markets in Turkey. However, as a general trend of the market, investors emphasize the importance of rating reports.
- In addition, there are regulations made by CMB that encourage to purchase rated debt instruments. These regulations increase the demand for ratings.
- BRSA is developing the framework for BASEL III compliance concerning internal and external rating of the debtors. However, banks in Turkey have chosen to use their internal rating systems not those of ECAs.

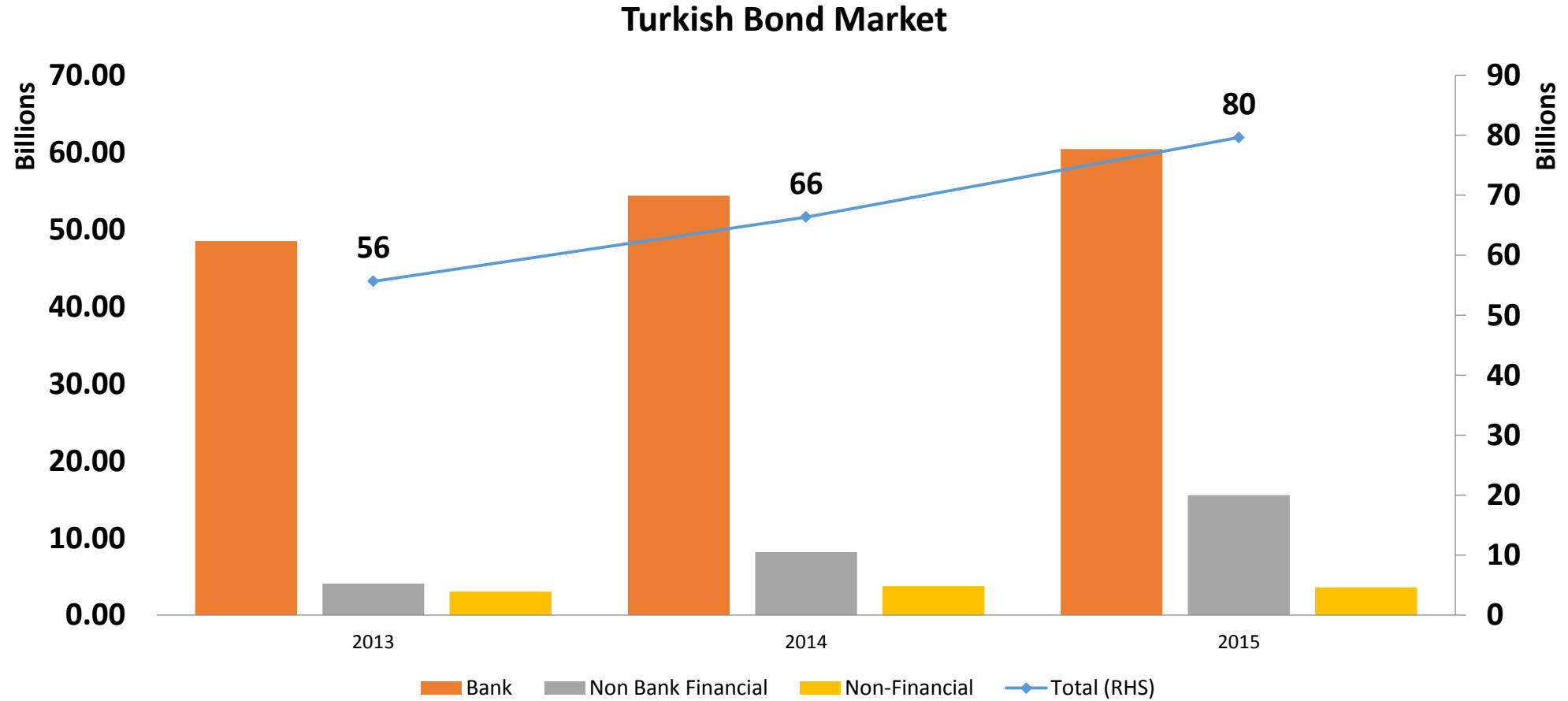
Other Noteworthy Regulatory Use of Credit Ratings

- Although unsolicited ratings are legally allowed in Turkey, based on the its internal standards and code of ethics, JCR-ER does not assign unsolicited ratings.
- Rating is compulsory for public issues of ABS, RMBS and CMBS.
- Annual review of ratings is compulsory for already issued and rated debt instruments.

Rapidly Growing TRY Bond Market

- At infancy stage, with a significant room for growth
- Dominated by the financial sector, particularly banks
- Developing legal infrastructure

Turkish Bond Market - Key Figures

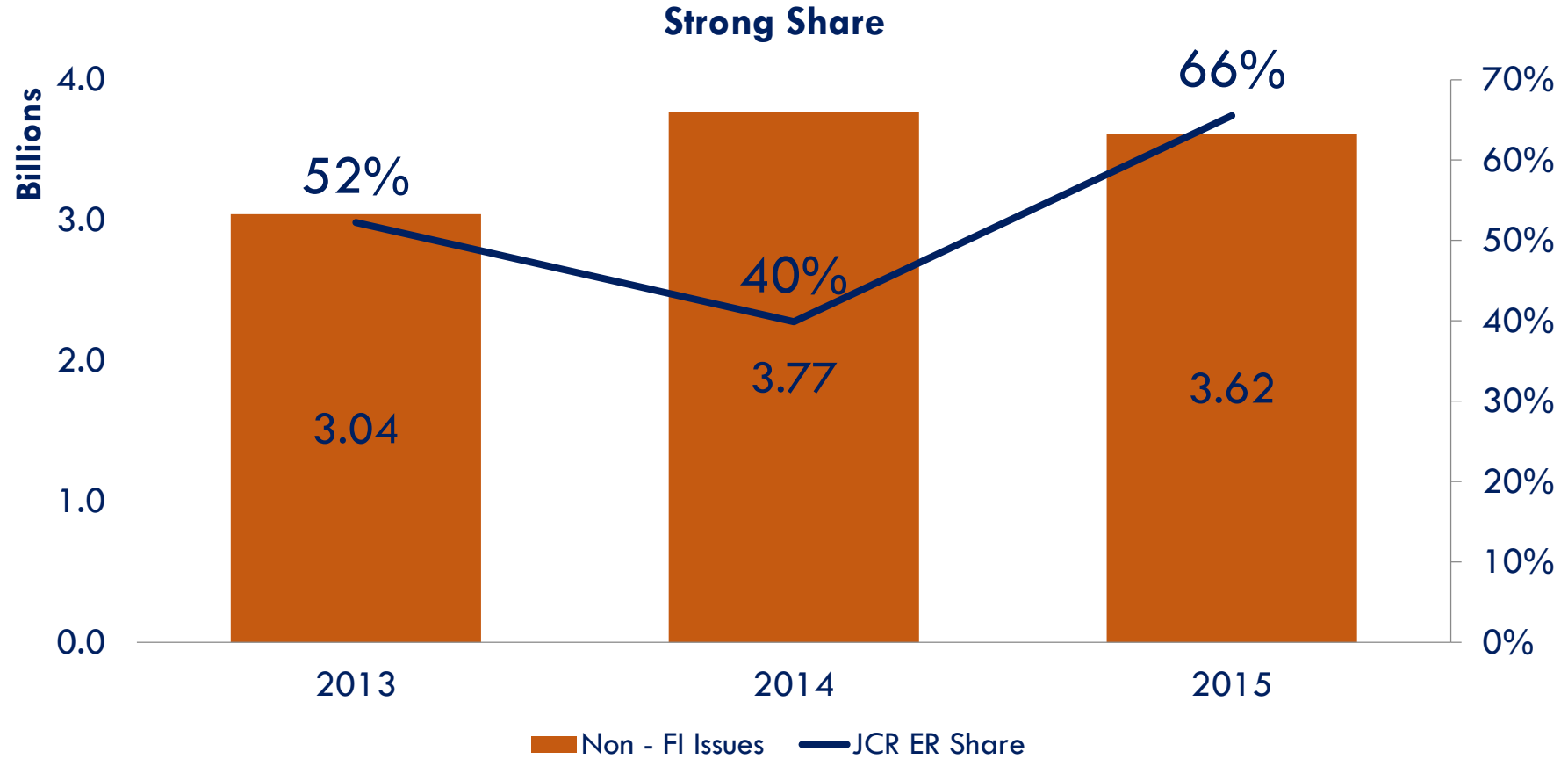


Solid Market Position

- Strong foothold in the corporate bond market
- **65.5%** share in terms of total Non-FI issues as of FYE2015
- Widely accepted and referenced in the market
- Sound business network with key players including intermediaries & financial institutions

Prominent Share in Corporate Bond Rating Market

Includes both rated and non-rated bond issues



JCR-ER Rating Process

- Collecting independently audited financial statements of the company/group
- Gathering additional information regarding the business environment, sector, operational processes and corporate governance framework
- Evaluation of financial performance and inputting data to «AVRA System»
- Quantitative assessment of non-financial information and performance
- Meeting with the top management and shareholders
- Final review of the rating results and Rating Committee approval
- Aggregation of all data gathered through the process is inputted to AVRA system and the finalization of the credit rating
- Publication of the ratings and press releases

Superior Validation Results

- Total of 412 solicited⁽¹⁾ and 9,370 undisclosed⁽²⁾ ratings with 5 and 215 default observations, respectively
- Selected Discriminatory Statistics
 - Cumulative Accuracy Profile Ratio 84.27%
 - Area Under the Curve Ratio 92.12%
 - Coefficient of Concordance Ratio 92.22%

⁽¹⁾ paid by issuer ⁽²⁾ paid by investor

Comprehensive Report Content

- Detailed Business Analysis, Company Profile & Sector Review
- Evaluation of Financial Performance
- Analysing Risk Management Processes and Systems
- Adjusted Rating Model of JCR Global providing a wide range of financial performance metrics

Analysts with Extensive Financial Sector Experience

- Analyst pool with backgrounds in audit, financial and risk analysis, corporate loans and banking
- Holders of Credit Rating Specialist Certificate awarded by CMB and several international certificates
- Established professional connections with the financial institutions and agents
- Awareness and knowledge of local law & regulations and business environment

Fee and Payment Considerations

- ‘Issuer pay’ structure;
 - USD 10,000 to USD 35,000, depending on asset size & revenues of the entity per corporate credit rating
 - Success fees of typically 0.035% of the issue volume
 - Reviewed annually
- ‘Investor pay’ model
 - Ranging between USD 50 – 1 000 per rated entity, depending on the contract and package for scoring models



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