

TURKEY

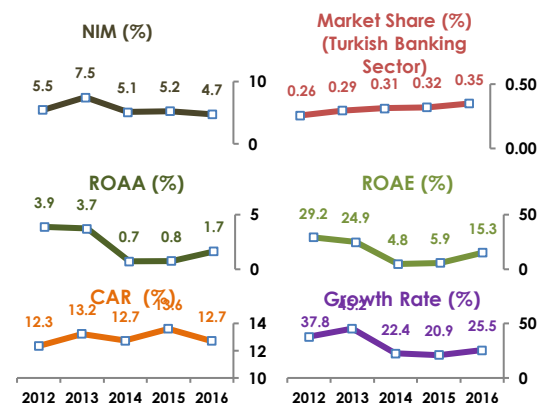
Corporate Credit Rating
 (Update)

Banking

aktif bank		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	Positive	Stable	
	Issue Rating	AA (Trk)	A-1+ (Trk)	
Sponsor Support		2	-	
Stand Alone		AB	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
LC		Stable	-	

* Assigned by Japan Credit Rating Agency, JCR on October 07, 2016

Head of Group: Şevket GÜLEÇ/ +90 212 352 56 73
sevketg@jcrer.com.tr



Strengths

- Sustained solid growth performance with assets increasing by almost 141 times in the last decade
- Continuous profit generation throughout the reviewed period and remarkable improvement in profitability metrics at FY2016
- The widest alternative delivery channel options in the sector through thousands of customers touch points, providing the Bank with a true retail platform status
- Diversified funding sources of issued bank bonds, Eurobonds, asset based securities and Sukuk
- Continuity of profit retention policy strengthening the capital base
- Widely dispersed business mix across subsidiaries promising larger contribution in the banks income statement
- Largest Privately-Owned Investment Bank of Turkey and 22nd largest banking institution as of FYE2016
- Below the Turkish Banking Sector average NPLs ratio
- Entrepreneurial-oriented management structure with established track record in the financial services industry

Constraints

- Despite the significant decrease in the proportion of the group company loans over the last two years, it can be considered as persevering high credit risk concentration among the cash and non-cash loans customers, with significant shares extended to group companies
- Sector-wide structural maturity mismatches and short maturity profile of funding
- Adversities to be exerted on debt-servicing through subdued growth accompanied by weakened demand and high unemployment, although partially eased by counter-cyclical fiscal stimulus package
- Reliance on capital and money markets to sustain high growth rates and the possible rise of liquidity risks in case of a sudden deterioration in market conditions
- Below sector average Capitalization Level despite being above the legal boundaries
- Significant portion of extend loans not secured with tangible assets

Aktif Yatırım Bankası A.Ş.					
Financial Data	1Q2017**	2016*	2015*	2014*	2013*
Total Assets (USD mn)	2,615	2,685	2,599	2,696	2,398
Total Assets (TRY mn)	9,507	9,483	7,557	6,252	5,109
Total Net Loans (TRY mn)	6,152	5,520	4,638	3,983	3,578
Equity (TRY mn)	1,102	975	875	882	833
Net Profit (TRY mn)	47	98	26	34	125
Market Share (%) ***	6.64	6.68	7.09	7.40	7.28
ROAA (%)	n.a.	1.66	0.75	0.73	3.73
ROAE (%)	n.a.	15.27	5.93	4.83	24.92
Equity/Assets (%)	11.59	10.28	11.57	14.11	16.31
Capital Adequacy Ratio (%)	13.22	12.70	13.60	12.73	13.23
Annual Asset Growth Rate (%)	n.a.	25.49	20.87	22.38	45.23

* End of year, **Solo Figures ***On solo basis among the Development and Investment Banking Sector

Overview

Aktif Yatırım Bankası A.Ş. (hereinafter referred to as "Aktif Bank" or the "Bank") was incorporated as an investment bank under the name of Çalık Yatırım Bankası A.Ş. in July 1999 before changing its name to Aktif Yatırım Bankası A.Ş. on August 1, 2008. The Bank carries out operations in the fields of corporate banking, retail banking, leasing, factoring, trade finance and consulting through a network of eight branches along with a workforce of 666 as of FY2016. With the largest number of alternative delivery channels, the Bank offers a wide range of products and services to the customers without the need to open new branches. The Bank has turned into a true retail platform through over 15k customer touch points including PTT Branches, N Kolay Points, Dealers, E-Kent Points, N-Kolay Stores, Branches and Money Post Offices.

According to the IFRS-compliant consolidated financials, the Bank recorded a net profit of TRY 98mn at FYE2016, almost quadruple the previous year's profit of TRY 26mn. 2016 profit was supported by an increase in net interest income and fees & commission income along with flat operating expenses. Despite the remarkable increase in return on assets, the Bank underperformed both the Turkish Banking and the Development & Investment Banking Sectors' averages. On the other hand, the Bank's return on equity ratio outperformed the Development & Investment Banking Sector and underperformed the Turkish Banking Sector as a whole.

Although Aktif Bank is not entitled to receive deposits, it powers its solid growth performance through funding from issued bank bonds, asset backed securities, sukuk certificates, Eurobonds and its own internal resources. Aktif Bank, Turkey's largest privately-owned Investment Bank, climbed to 22nd among 47 banking institutions at FYE2016.

Publication Date: June 05, 2017 "Global Knowledge supported by Local Experience"