NUROL YATIRIM BANKASI A.Ş.

Corporate Credit Rating

☐New ☒Update

Sector: Banking
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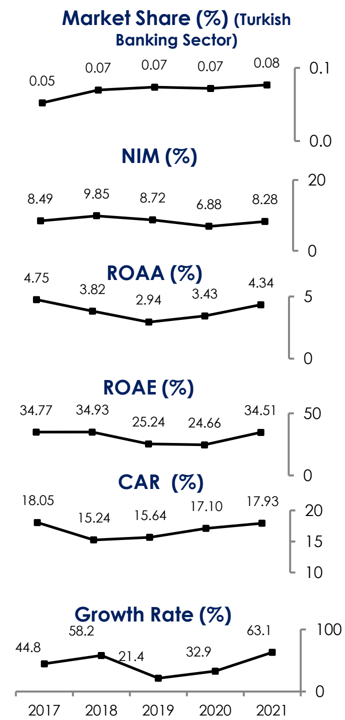
RATINGS

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+(tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
	International LC ICR Outlooks	Stable	Stable
ISRs (Issue Specific Rating Profile)	National ISR	AA (tr)	J1+ (tr)
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

** Assigned by JCR on May 31, 2021*

RATIOS



JCR Eurasia Rating has evaluated the consolidated structure of **"Nurol Yatırım Bankası A.Ş."** in very high investment level category and affirmed the Long-Term National Issuer Credit Rating as **'AA (tr)'** and the Short-Term National Issuer Credit Rating as **'J1+ (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as **'BB/Stable'** as parallel to international ratings and outlooks of Republic of Turkey.

Nurol Yatırım Bankası A.Ş. (hereinafter referred to as "**Nurol Bank**" or **"the Bank"**), incorporated in 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 75 people in FY2021.

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, 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	Constraints
• Improvement in the core profitability metrics in FY2021, • Maintenance of loan-driven moderate growth strategy accompanied by defending margins, • Sufficient capital ratios continuing to indicate the capacity to absorb incidental losses, • Country - specific advantages encouraging investment which contributes to the investment banks' operations. • High level of compliance with corporate governance best practices and continuity of well-established risk management practices.	• Sector-specific 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 pressuring asset quality, • Short-term weighted borrowing profile of the sector, • Concerns on the Bank's asset quality and revenue streams and higher credit loss provisions.

Considering the aforementioned points, the Bank's the Long-Term National Issuer Credit Rating has been affirmed at **'AA (tr)'**. 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 RU-UA war and 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 geopolitical risks driven uncertainties 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 closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

1. Rating Rationale

With respect to the factors mentioned below, JCR Eurasia Rating has affirmed the Long-Term National Issuer Credit Rating of Nurol Bank as **'AA (tr)'** and the Short-Term National Issuer Credit Rating as **'J1+ (tr)'** in JCR Eurasia Rating's notation system which denote high investment grades.

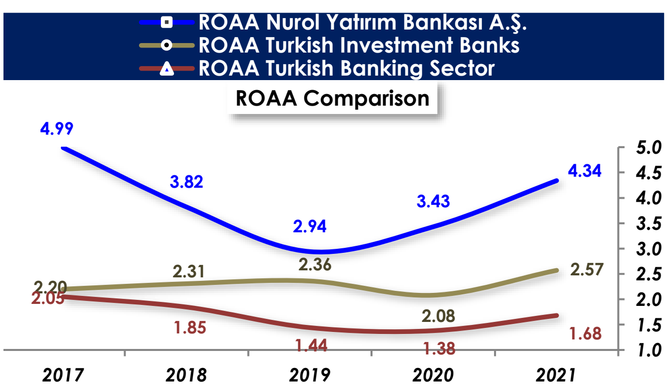
The sovereign rating of Republic of Turkey was downgraded by one notch to 'BB' on May 31, 2021. Long Term International Local and Foreign Currency ratings of the Bank are assigned as **'BB'** as parallel to international ratings and outlooks of Republic of Turkey.

Improvement in the Core Profitability Metrics in FY2021

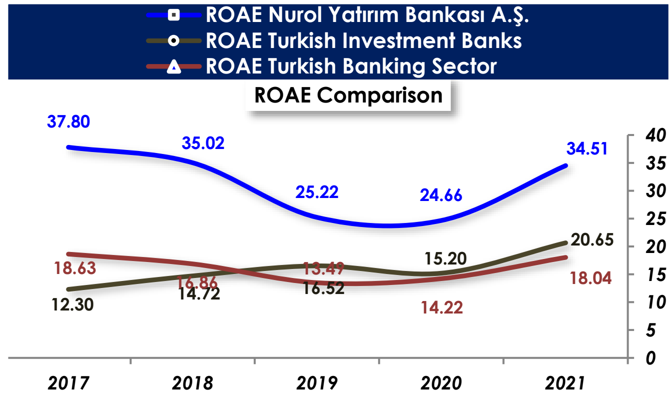
In the recent years, important developments caused pressure on Turkey's economic stability. Despite the ongoing Covid-19 global pandemic and relatively weak domestic economic conditions throughout the completed financial year, the Bank has demonstrated a highly successful financial performance in FY2021.

As per the IFRS compliant financials, Nurol Bank achieved a net profit of TRY 191.14mn in FY2021, exhibiting an improvement of 75.52% compared to the previous year's TRY 108.9mn. In the same period, the Turkish banking sector's net profits exhibited increase of 58.88% and while the development & investment banking sector's net profit figure demonstrated an increase of 61.95%.

Additionally, the indicators of both ROaAs and ROaEs have outperformed the sector averages during the analyzed period. The Bank's core profitability ratios are shown in the below graphs:



The return on average assets (ROaA) ratio of Nurol Bank increased to 4.34% in FY2021 from 3.43% in FYE2020 and outperformed the Turkish Banking Sector and the Turkish Development and Investment Banking Sector averages of 1.68% and 2.57%, respectively during FY2021.



Return on average equity (ROaE) ratio of Nurol Bank increased to 34.51% from 24.66% at the end of 2021 staying above the Turkish Banking Sector and the Turkish Development and Investment Banking Sector averages.

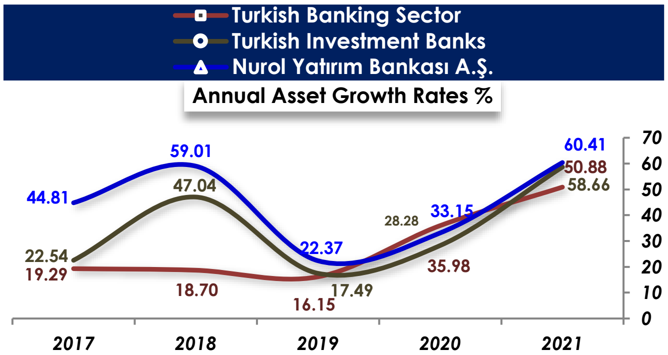
On the other hand, the Bank's trading result included Net Interest Margin (NIM) decreased from 6.22% in 2020 to 5.40% in 2021.

The Bank's resilient profitability is foreseen to be the first line of protection against unexpected losses. Nurol Bank has sufficient profitability, that can absorb additional impairment charges, if needed.

Maintenance of Loan-Driven Moderate Growth Strategy Accompanied by Defending Margins

Nurol Bank experienced visible growth performance through almost all principal banking segments in FY2021 and FY2020. According to the IFRS based financials, the growth in assets and loans were 63.11% and 11.81% respectively as of FYE2021 (FYE2020: 32.92% and 43.20%). In the same time, the averages of the Turkish Banking Sector were 50.88% and 37.03% and the averages of the Turkish Development and Investment Banking Sector were 58.66% and 56.83%, respectively.

The graph below presents the growth of the Bank's cumulative asset growth rate in comparison with the sector.



Cumulative asset-based growth performance of the Nurol Bank remained above the average growth performance of the Turkish Banking Sector since 2017, except 2020. In addition, the Bank remained above the average growth performance of the Turkish Development and Investment Banking Sector during the analyzed period.

The continuation of financial markets, the healthy functioning of credit channels and the companies' cash flow had paramount importance to limit the negative impacts of Covid-19 pandemic on the Turkish economy. Nurol Bank's strategy is to create a diversified corporate loan book targeting high-quality.

Sufficient Capital Ratios Continuing to Indicate the Capacity to Absorb Incidental Losses

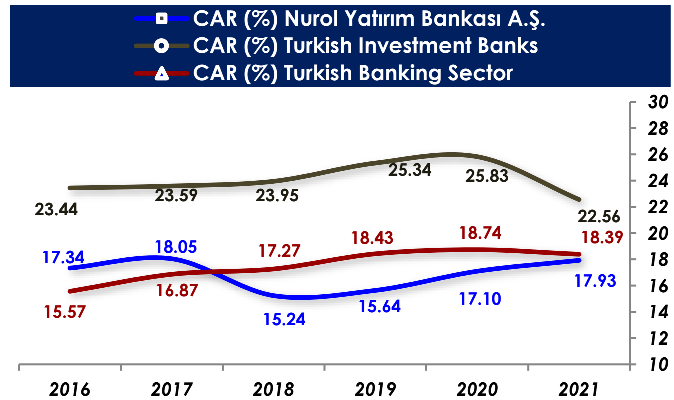
Nurol Bank's IFRS-based Capital Adequacy Ratio (CAR) was 17.93% at the end of FY2021, increased from 17.10% in FY2020 (FY2019: 15.64%) and remained above the minimum CAR requirements set by the Basel Accord (8%) and the target level by the BRSA (12%). The Bank's Tier 1 ratio was 13.97% as of FYE2021 (FYE2020: 13.94%).

The BRSA regulation had a positive effect of 247 bps on CAR as of FYE2021 (December 31, 2020: 146 bps).

With its decision dated March 17, 2020 and its decision dated March 27, 2020, Banking Regulation and Supervision Agency (BRSA) decided that the following measures would be in force until June 30, 2021:

i. The 30-day past due criteria used for loans to be classified under group 2 loans pursuant to the BRSA Regulation on Classification of Loans and Provisions, has been changed to 90 days,

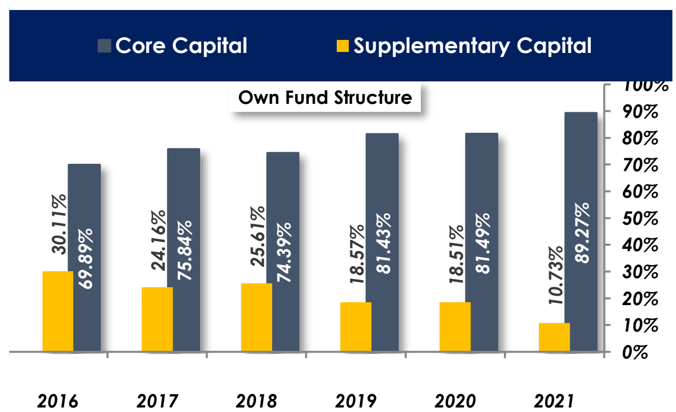
ii. The 90-day past due criteria used for loans to be classified as non-performing loans has been changed to 180 days.



Since FY2017, the Bank's unconsolidated capital adequacy ratio (CAR) stood below the average of the Turkish Banking Sector and Turkish Investment Banking Sector.

In addition to growth in Common Equity Tier 1 Capital and Tier 2 Capital, Additional Tier 1 Capital amounting to TRY 799.28mn in FY2021 (FY2020: TRY 615.7mn.) particularly in FY2021- specifies the success of the management - supported the strengthening of CAR ratio.

We, as JCR Eurasia Rating, assume that the current CAR ratio provides satisfactory capital to buffer potential incidental losses.



The share of core capital, principally consisting of paid-up capital and retained earnings, accounted for 89.27% of the Bank's total own fund structure in FY2021 (FY2020: 81.49%). Above ratios specify the Bank's lower reliance on Tier 2 capital, which is not considered to be loss absorbing. The supplementary capital accounted for 10.73% of the Bank's own fund structure at FYE2021. (FYE2020: 18.51%)

Nurol Bank have capital increase TRY 100,00mn provided from internal resources in FYE2021. (FYE2020: The Bank's paid in capital has been increased by TRY 60,00mn provided from internal resources).

Country-Specific Advantages Encouraging Investment which Contributes to the Investment Banks' Operations

The main purpose of investment banks is to provide long-term funding for small to large-scale companies. They operate to assist corporate and commercial companies in relation to their working capital and refinancing needs and also support their new investments. These banks also play an active role in the capital markets. They ensure the development of capital markets and thus better valuation of investment instruments. In addition to financial support for new entrepreneurs, they also help with administrative and technical issues.

The fact that investments are supported by the state in Turkey as a developing country creates an opportunity when evaluated in terms of investment banking.

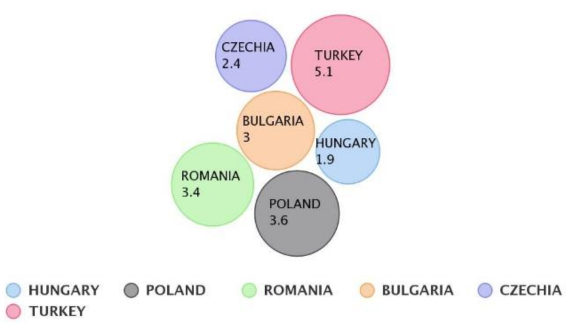
According to the Presidency of the Republic Turkey Investment Office, top reasons to invest in Turkey are listed below:

- **Robust Economy**

Over the past 18 years, Turkey has put in a noteworthy performance by increasing the size of its overall economy from USD 236 billion in FYE2002 to USD 717 billion in FYE2020.

As shown in the below chart, Turkey has outpaced its peer economies, and the growth momentum is set to continue in the coming years.

Average Annual GDP Growth (%) – FYE2003-2020



- **Large Domestic and Regional Markets**

More than 23 urban centers, each with populations of over 1 million, support Turkey's thriving domestic market through their production of goods and services. In terms of population, Istanbul is the largest city in Europe.

- **Strategic Location**

Turkey is a natural bridge between both the East-West and the North-South axes, thus creating an efficient and cost-effective hub to major markets. Multinationals are increasingly choosing Turkey as a preferred hub for manufacturing, exports, as well as management.

- **Favourable Demographics and Competititive Labor Force**

According to the Worldbank data as of FYE2020, Turkey's overall labor-force is around 32 million people, which makes the country the 3rd largest labor force in Europe. Turkey's young and dynamic population with half under 32 years old is an important contributor to labor force growth and has boosted the country's rank over peer countries. Turkey has posted the largest labor force growth among the EU countries.

- **Continuous Reform Process**

The Turkish government has always prioritized reforms for a qualified workforce, innovative production, sustainable growth, a sustainable environment, and international cooperation for development. Thanks to the extensive reforms made over the years, today Turkey is well below the OECD average in terms of the number of restrictions imposed on foreign investors.

- **Liberal Investment Climate**

Turkey's investment legislation is simple and complies with international standards while offering equal treatment for all investors.

The fundamental parts of the overall investment legislation include the Encouragement of Investments and Employment Law No. 5084, Foreign Direct Investment Law No. 4875, the Regulation on the Implementation of the Foreign Direct Investment Law, multilateral and bilateral investment treaties, and various laws and related sub-regulations on the promotion of sectorial investments.

- **Lucrative Incentives**

Applicable both for greenfield and brownfield projects, Turkey offers a comprehensive investment incentives program with a wide range of instruments that helps to minimize the upfront cost burden and accelerate the returns on investments.

These incentives may also be tailored for projects in priority sectors classified as key areas for the transfer of technology and economic development. In addition, the Turkish government provides generous support programs for R&D and innovation projects, employee training initiatives, and for exporters through various grants, incentives, and loans.

- **Advantageous R&D Ecosystem**

Extensive R&D incentives in Turkey are further supported by well-educated and highly qualified labor force, competitive cost advantages, and several global companies that are active in the market. All together these form a dynamic ecosystem in Turkey.

In current situation, over 100 top global companies are taking advantage of the competitive R&D incentives and growing ecosystem in Turkey.

- **Sectoral Opportunities**

Turkey offers abundant opportunities in a wide variety of sectors where it has a competitive edge such as automative, machinery, defense & aerospace, energy, agrofood, infrastructure and financial services.

High Level of Compliance with Corporate Governance Best Practices and Continuity of Well-Established Risk Management Practices

As the Bank is not a publicly traded company, the Capital Market Board's Corporate Governance discipline is not a field that the Bank is required to take into consideration. On the other hand, Regulations on the Principles of Corporate Governance of Banks, corporate governance provisions in Turkish Commercial Code along with Banking Regulation and Supervision Agency's enforcements of strict regulation and supervision on the Turkish Banking Sector and labor force together with its financial figures and long operating track record in the sector have provided the Bank with a corporate organizational structure, a comprehensive internal control, audit and risk management systems.

Nurol Bank has high compliance level with the corporate governance practices particularly regarding the exercise of shareholders' rights, efficient and comprehensive system of public disclosure and the Bank website together serving as an effective platform in their supporting the transparency level, comprehensive risk management system with functionalized organizational units of internal control and internal audit, contributions to publicly known event and project.

The Bank's Board of Directors incorporates 9 members all of whom, including the general manager. The Board of the Bank contains the committees of Audit, Corporate Governance, Pricing, Disciplinary and Personnel, Assets and Liabilities, Credit, Information Systems Strategy. The Bank's articles of association, disclosed to the public, involve a detailed declaration of the working principles of its Board. It is concluded that the Board Members have the adequate qualifications and experience to administer their duties and the Board successfully performs its duties of leading, supervising and inspecting.

The Bank's website with a separate investor relations heading has a high compliance level to Corporate Governance practices through providing sufficient information and disclosed documentation regarding transparency such as the annual and interim reports, organizational structure, board members' and audit committee members' CVs, audit reports, rating notes, updated articles of association, general assembly meeting documents, disclosure policy, internal directive, material disclosures, money laundering policy and vision and mission. On the other hand, the shortcomings of the Company's website such as the absence of dividend policy, remuneration policy, corporate governance principles compliance statement and reports restrain the Company's relatively high compliance level to corporate governance principles.

Within the scope of social responsibility, Nurol Bank transfers a part of its profit to "Professional Women Network" (PWN Istanbul) which aims to share the knowledge and experience gained by women in business life and to support each other-that benefit the community. The activity is given sufficient space on the Bank's website.

We, as JCR Eurasia Rating, are of the opinion that the senior management of the Company is adequate in terms of education, experience and managerial skills.

Sector-Specific Scarce Alternative Delivery Channels And Lack of Revenue Stream to Provide Continuity of Efficiency Rates

The investment banks operate to assist corporate and commercial companies in relation to their working capital and refinancing needs and also support their new investments. Vast majority of the investment banks provide relatively narrow range of products and services when compared to particularly the deposit banks.

Due to the nature of investment banking, the investment banks carry both the risk of interest rate and exchange rate risk, due to long-term TRY and FX loans they will provide. Accordingly, hedging these risks may be limited due to narrow product variety and customer portfolio.

Ongoing Credit Risk Concentration Among the Top Ten Cash and Non-Cash Loans Customers Pressuring Asset Quality

The loan book portfolio was well diversified in terms of industrial composition while customer concentration remains a risk factor continued in 2021. The Bank focuses to fund large projects that continue to improve its interest margin. The Bank's largest 10, 20 and 50 corporate customers constituted 79.19%, 92.16% and 100.00% (FYE2020: 70.17%, 90.15% and 99.97%) of the total corporate cash loans and 64.03%, 81.65% and 97.68% (FYE2020: 64.66%, 83.62% and 98.46%) of total non-cash loans, maintaining still high concentration levels, respectively.

When the sectoral breakdown of risks is analyzed, due from banks realized as TRY 1.31bn, loans and advances to customers realized as TRY 3.46bn as of FYE2021. (FYE2020: TRY 388.96mn and TRY 3.09bn, respectively)

The Cash Loan Book Composition were well distributed with respect to sectoral breakdown including, 48.75% in services, 22.27% in construction, 14.30% in manufacturing and 10.01% in others. On the other hand, the Bank's net non-performing loans reached TRY 161.31mn as of FYE2021. (FYE2020: TRY 13.69mn)

Short-Term Weighted Borrowing Profile of the Sector

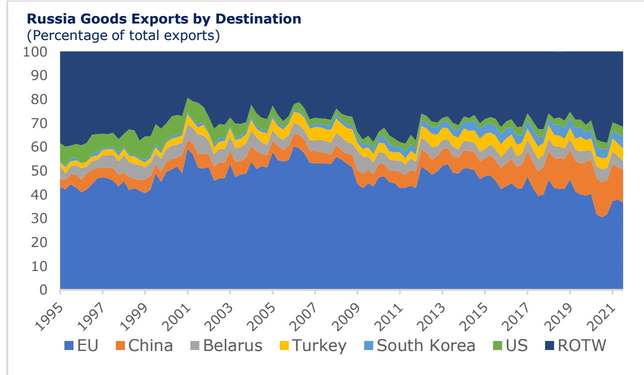
The fact that the Turkish Investment Banking Sector has had short-term borrowing structure as a major characteristic. The long-term weighted loans structure together with short-term weighted borrowing structure such as Issued Debt Instruments within the concern of interest rate exposure constitutes maturity mismatch risk for the Bank.

Concerns on the Bank's Asset Quality and Revenue Streams and Higher Credit Loss Provisions

The world has been struggling with the Covid-19 global pandemic for about 2.5 years. As of the reporting date, many European countries, including Turkey, the US and China are still in combat with the coronavirus pandemic. Many large and small companies reduced their operations, interrupted their production, or dismantle their activities completely during the Covid-19 pandemic period.

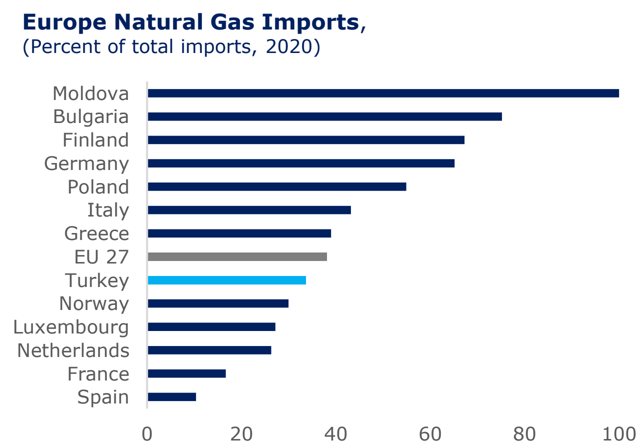
Nowadays, although the negative effects of the pandemic seem to have started to decrease relatively in Turkey, many countries in the world are still able to implement measures such as lock down in the fight against the pandemic.

On the other hand, Russian invasion of Ukraine, jolted the market and shifted the geopolitical concerns arose across the globe. Due to Russia's prominence as a prominent commodity and energy exporter, major conflict and subsequent sanctions/reactions across the world has notable implications for global growth, trade and risk appetite. The gravity of the situation is exacerbated especially in Europe, as it is the most reliant on Russian energy imports.



Source: Refinitiv Datastream

Since Russia is one of the world's biggest oil and natural gas producers, the per-barrel price of Brent crude has already surged notably and the price of oil breached the $100 mark for the first time it since 2014. The commodity prices, especially that of aluminium and nickel, are also expected to reach record highs, as fear a disruption in supplies from Russia, which is a major metal producer.



Source: Refinitiv Datastream/Eurostat/Fathom Consulting

In the upcoming periods, higher energy and commodity prices will boost global inflation, which is already seeing record-high prices for food and energy and inflation pressures will determine the framework of the monetary policy normalization of central banks. In line with these developments, the risk appetite is expected to remain weak towards emerging markets and funds flow to safe instruments such as dollar and gold etc, as the recent sharp drop in developed market yields indicate

The economic impact is noteworthy in Turkey as well; Russia is among Turkey's largest trade partners, with imports and exports reaching USD 28bn and USD 6bn, respectively in 2021. Most of the trade relationship stems from energy and agricultural input trade. On the other hand, relations with Russia and Ukraine are also very significant for the construction and contracting industry. In 2021, the Turkish contracting companies undertook 413 projects in 69 countries amounting to USD 30.7bn and the leading market was again the Russia with a share of 36%. Ukraine was ranked 4th with the share of 5%.

Current and prospective economic sanctions, so far concerning mainly financial affairs, could spread to trade embargos or become more aggravated. We expect the soaring energy prices and disruptions in trade due to both logistics issues and potential embargos/inability to trade due to international fund transfer bans, to drag global growth downwards. Global downside risks for growth and upside risks for inflation, which had been creeping even before the Russian invasion of Ukraine, will likely intensify.

Therefore, Russia-Ukraine tension has major trade, finance, and current account implications for Turkey as well as its impact on global economic growth and inflation concern. Thus, developments will closely be monitored by JCR Eurasia Rating.

Banks are one of the most important institutions for the financial system to operate in the country's economy and channel resources into the right areas. The ongoing COVID-19 outbreak and the RU-UA War are expected to create far-reaching negative economic consequences for many companies. Deterioration in economic growth outlook fracture demands for loans and also cause to higher credit loss provisions for the banks-reporting under IFRS- 9.

Hence, BRSA has taken certain measures regarding the COVID-19 outbreak with its decision dated March 17, 2020 and no. 8948. BRSA statement on actions to mitigate the impact of COVID-19 on the Turkish banking sector.

- The 90 days default period for loans to be classified as non-performing loans (NPL) is 180 days.
- For loans that continue to be classified in the Stage 2 in spite of the 90-day default, banks will continue to set aside provisions in accordance with their own risk models used in the calculation of expected loan loss under TFRS 9.
- For receivables that are not transferred to the bad debt account in spite of the 90-day default, financial institutions will continue to set aside provisions in accordance with their own risk models.
- Banks will no longer be required to classify, as a category 3 loan, the loans restructured and classified as performing loans following the restructuring and where the principal and/or interest payments have been overdue for more than 30 days within the one-year monitoring period or restructured once again within this period.
- These measures were valid until December 31, 2020 and applicable to all loans and other receivables recorded in the assets of banks' balance sheet. With the decision dated December 8, 2020 no. 9312, time extended, thereby, these measures will be valid until 30 June 2021.

Later, the BRSA stated that the regulation regarding non-performing loans received during the pandemic period would end on September 30, 2021, but it introduced some exceptions in this regard.

The Bank's NPL Ratio increased from 2.7% in 2020 to 3.3% in 2021. (Sector: FY2020: 4.1%; FY2021: 3.1%) NPL sales and write-off are frequently observed in the sector, while the Bank did not sell or write of non-performing loans during 2020 and 2021. Nurol Bank's total expected credit losses (ECL) for stage 2 and stage 3 cash loans amounted TRY 156,84mn in FY2021.

2. Rating Outlook

JCR Eurasia Rating has affirmed the **"Stable"** outlooks on the National Long and Short-Term Issuer Credit Rating perspectives of Nurol Bank, considering the financials' strength, market influence & efficiency and the expectation that the Bank's current ratings will be preserved in the near future with a condition of the continuity of current political stability and no further deterioration in economic stability.

Additionally, Crucial considerations which would constrain the ratings and outlook status are

(i) if the continuation of slowdown in economic activities stemming from Covid-19 outbreak and RU-UA war in both Turkey and the remainder of the world takes longer than expected,

(ii) developments in the sovereign rating level of Turkey,

(iii) probable adversities in accessing external financing sources,

(iv) deterioration in asset quality through accelerated increase in NPLs,

(v) weakening of profitability indicators,

(vi) diminishing capital adequacy strength,

(vii) deterioration in liquidity ratios,

(viii) developments in international politics particularly relating to Turkey's neighboring countries,

(ix) possible regulatory actions that would restrain the profitability & growth performance of the sector.

Additionally, the outlook on the International Long and Short-Term Issuer Credit Rating perspectives of Nurol Bank have been assigned as **'Stable'** in line with the outlook of Republic of Turkey.

Non-performing loans due to downward efficiency in economic activities caused by the geopolitical risks driven uncertainties 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 closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

3. Company Profile & Industry

a. History and Activities

Nurol Yatırım Bank has started investment banking activities in 1999 and commenced its operations in May 1999, falls under the regulatory purview of the Banking Regulation and Supervision Agency of Turkey (BRSA), provides services in the field of Corporate Banking, Investment Banking and Treasury & Financial Institutions with a staff force of 75 people in FY2021.

Organization and Employees

The Board of Nurol Bank consists of nine members, three of whom are independent members and a general manager. According to Capital Market Board (CMB) principles three of Board Members should be independent and the members of the audit committee of the BoD are accepted as independent members. The Bank has Audit Committee, Corporate Governance Committee, Pricing Committee, Disciplinary and Personnel Committee, Assets and Liabilities Committee, Credit Committee, Information Systems Strategy Committee under the BoD and also 2 chief assistant general managers, 4 assistant general managers.

b. Shareholders and Subsidiaries

The main shareholder of Nurol Bank is Nurol Holding A.Ş., which holds 78.98% of total shares. Nurol Holding A.Ş., although set up in 1989; trace back to the establishment of its flagship company Nurol İnşaat ve Ticaret A.Ş in 1966. The Parent Bank's paid in capital has been increased by TRY 140mn to TRY300mn in FY2019; rose by TRY 60mn to TRY360mn in 2020 and also increased by TRY 100mn to TRY 460mn provided from internal sources. The table below indicates the detailed shareholding structure of the Bank in FYE2021-20. Nurol Bank has not accepted a registered capital system.

Nurol Bank's current shareholder structure is shown in the table below.

TRY	2021		2020	
	Share Amount	Share %	Share Amount	Share %
Nurol Holding A.Ş.	363,319	78.98	284,337	78.98
Nurol İnş ve Tic A.Ş.	76,838	16.70	60,134	16.70
Others	19,843	4.32	15,529	4.32
Paid Capital (000 TRY)	460,000	100.00	360,000	100.00

Nurol Holding A.Ş has engaged in various industries, such as Construction and Contracting, Defence and Production, Financial, Commercial and Services, Energy and Mining Sector, Tourism sectors continues its activities with industries through app. 40 firms within the Nurol Group with joint ventures and domestic foreign associates and subsidiaries in Turkey and the Middle East, North Africa, Turkic Republics. Nurol Holding, trace back to the establishment of its flagship company Nurol İnşaat ve Ticaret A.Ş which was incorporated in 1966 as a contracting company.

Nurol Varlık Kiralama Şirketi A.Ş., Nurol Portföy Yönetim A.Ş. and Ortak Varlık Yönetim A.Ş., the subsidiaries of the Bank, are within the scope of full consolidation.

Nurol Varlık Kiralama A.Ş., 100% subsidiary of Nurol Bank, is established in 2017 to operate in asset leasing sector. Nurol Varlık Kiralama A.Ş. has been registered in trade register as of June 14, 2017 and published in Turkey Trade Registry Gazette numbered 9351 dated September 20, 2017. Nurol Varlık Kiralama A.Ş.'s paid in capital is amounting to TRY 50k as of December 31, 2021.

Nurol Portföy Yönetim A.Ş is established in 2020 to operate in portfolio management services sector and has been registered in trade register as of December 17, 2020 and published in Turkey Trade Registry Gazette numbered 10226 dated December 17, 2020. Nurol Portföy Yönetim A.Ş's paid in capital is amounting to TRY 6mn and paid all by Nurol Yatırım Bankası A.Ş.

Ortak Varlık Yönetim A.Ş is established by Nurol Yatırım Bankası A.Ş. Ortak Varlık Yönetim A.Ş.'s paid in capital is amounting to TRY 30mn and paid all by the Nurol

Yatırım Bankası A.Ş. Ortak Varlık Yönetim A.Ş. has been registered in trade register as of January 22, 2021 and published in Turkey Trade Registry Gazette numbered 10251 dated January 22, 2021.

c. Industry Assessment

As the core of the financial system in Turkey, banking sector is the primary source of funding for the real sector and main destination of savings. Several external factors such as the pandemic, subsequent forebearance measures by the authorities and recently global energy shock affects the macro landscape in Turkey, though Turkish Banking maintains its characteristics; reasonable capitalization, low NPL ratios, strict risk management, short-term weighted deposit profile, notable share of FX deposits.

Recent developments such as FX-Protected Deposit (FPD) (aimed at reducing dollarisation trend), abolishing of temporary forebearence measures (initially implemented to mitigate the impact of the pandemic) and mandatory FX sales by exporters (initially implemented as 25% of exports and increased to 40%) are defining drivers of 2022 banking outlook in our view.

Selected Balance Sheet Items

	2019	2020	2021
Total Assets	4,491	6,106	9,213
TRY Loan	1,642	2353	2,832
FX Loan	1,014	1,224	2,069
Percentages (%)	*38.20*	*34.20*	*42.20*
NPL	151	153	160
Percentages (%)	*5.40*	*4.10*	*3.20*
Securities	661	1,023	1,477
Total Liabilities	3,999	5,507	8,502
TRY Deposit	1,259	1,546	1,880
FX Deposit	1,308	1909	3,423
Percentages (%)	*51*	*55.30*	*64.50*
Repo	154	255	586
Equity	492	599	711

Source: BRSA, JCR-ER

Banking Sector operates with 54 banks maintaining 11,040 branches within the country (74 abroad). ATM network is comprehensive, around 49K as of February 2022. The sector employs a workforce of circa. 201,552.

The Sector is relatively concentrated. According to the Banks Association of Turkey 3Q2021 data, top 5 banks account for 58.90% of total assets, 65.94% of deposits and 59.13% of total loans.

In FY2021, banking sector asset size has grown by 50% in and exceed the TRY 9.2trn, reflecting the inflation dynamics as annual CPI reached 36% and PPI reached 89.89%. As year-end CPI expectations are above 50% for 2022 and high commodity prices still, another year of notable nominal asset could be expected.

Asset quality continues strong

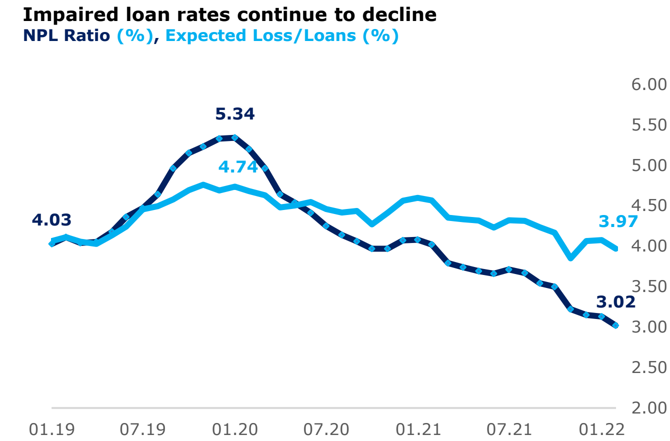
At the initial stages of the pandemic, real sector debt profile was uncertain, though various subsidies, tax and social security premium rebates and postponements of debt repayments supported the liquidity. As of 2022/2, the Sector's NPL ratio is 3.02%.

The sectors such as retail, construction and electricity generation, which are more affected by the Covid-19 pandemic and more intensely affected by the fluctuation in the exchange rate, hike their shares in total loans. According to the data dated February 2022 published by the BRSA, the share of retail, construction and electricity sectors in total commercial loans exceeded 25%. NPL ratio's of these sectors has been deteriorating.

	Loans (%)	NPL (%)
Wholesale and Retail	12.41	3.46
Construction	8.52	6.70
Electric, Gas and Water	7.69	4.52
Transportation, Storage and Comm.	6.41	1.98
Real Estate Brokerage	5.86	3.15
Metal Industry	3.91	1.70
Tourism	3.81	4.08
Textile	3.47	2.27
Agriculture	3.30	2.39
Food, Beverage and Tobacco	3.24	2.17
Others	41.38	2.25

Source: BRSA, JCR-ER

On the other hand, despite the loan growth that started with the pandemic in FY2020, there has been an obvious decrease in NPL rates which shows high asset quality. Although this decrease observed in NPL rates was due to incentive packages such as the ease of access to this new loan and the postponement of debts, the ratio of expected loss provisions to total loans also followed a similar path to the NPL rate.



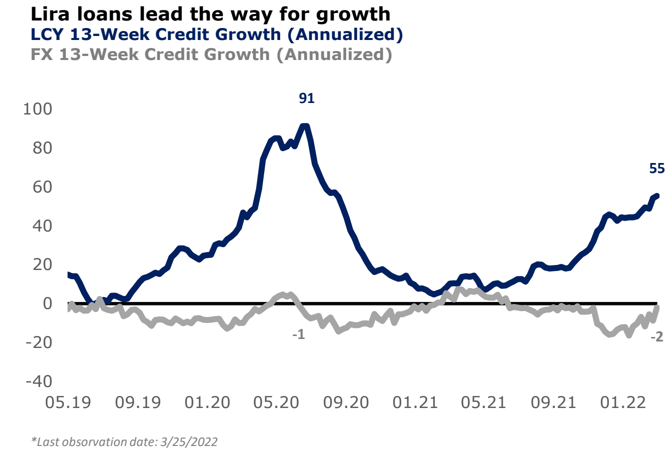
Source: BRSA, JCR-ER

Initially, the slowdown in economic activity, increasing uncertainties and rising stagflation concerns, which occurred with the outbreak of Covid-19, had deteriorated the outlook for the Sector. However, the facilitation of credit channels for individuals and institutions whose cash flow has deteriorated during the pandemic within the credit packages announced by the government and the postponement of principal and interest payments for 3 months without interest increased the credit growth of the banking system rapidly.

Real lending rates are at all time lows

Especially, at the first stage of the pandemic, the credit support packages provided by the public banks lifted the credit growth rate of the public banks to almost twice the total credit growth of the overall banking system.

On the other hand, the depreciation in TRY had led the CBRT to follow a tight monetary policy by radical rates hike in the second half of 2020. With the increase in interest rates and the resumption of economic activity, the demand for loans decreased and the loan growth rate followed low and stable path till new change in CBRT's rate policy which was launched in September, 2021. Following the start of the easing cycle, Banking sector loans started to soar.

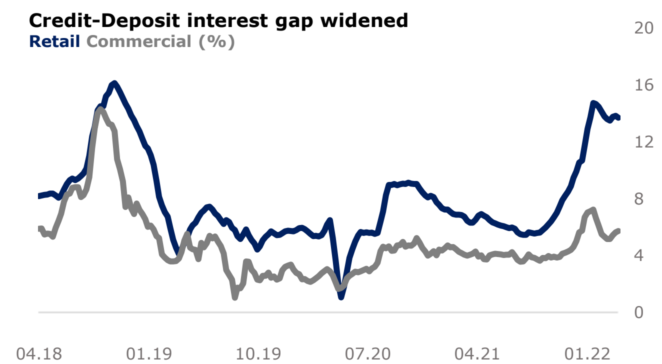


Source: BRSA, JCR-ER

in last quarter of FYE2021 and total loans reached TRY 4.9trn in FYE2021 which was TRY 3.6trn as of FYE2020.

Source: BRSA, JCR-ER

Whereas commercial lending has accelerated with rather low rates compared to the CPI and much more so with respect to PPI, retail loan rates are relatively more tight. The retail loan interest rates are still below the CPI and expected inflation, however the credit rate – deposit rate gap is close to the peak of August 2018, indicating a wide margin.

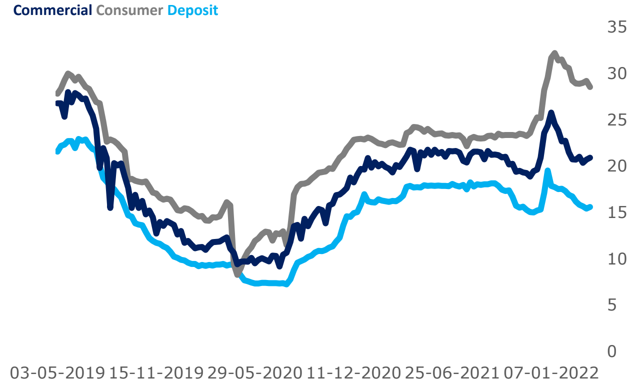


Consumer loans increased by 14.91% in the 2021 fiscal year and reached 766.75 billion TL, according to BRSA data. The tight monetary policy implemented by the CBRT was one of the main reasons why consumer loans had a growth rate below the CPI. The fact that the interest rate cuts started in September 2021 were not reflected in the consumer loan rates opened by banks also hindered the reflection of the ease monetary policy in the last periods of the year on the growth of consumer loans.

Another important point on the credit side is the reflection of the falling CBRT WAFR on borrowing rates. The banking system did not reflect low policy rates on loan rates until the beginning of FY2022 due to global risks and fluctuations in exchange rates.

As it depicts the chart below, both individual and commercial loan rates remained well above the CBRT policy rate for a long time.

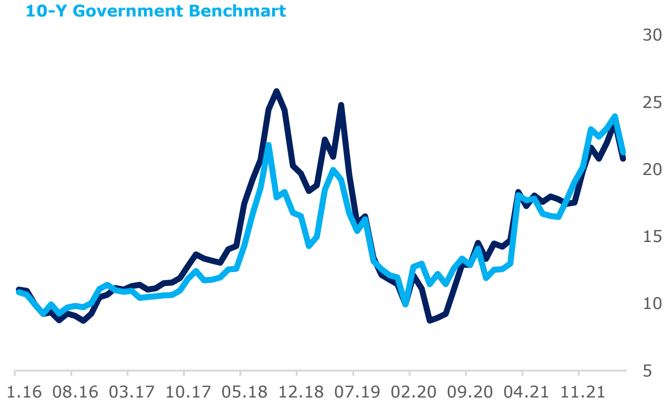
CBRT easing cycle reflected with a lag
(TRY Lending and Deposit Rates, %)
Commercial Consumer Deposit



Source: CBRT, JCR-ER

The loan interest rates, which started to decline in the second month of 2022, triggered the loan growth again. In a scenario where the rates continue to decline and loan demand momentum continues for the rest of the year, the loan growth rate can be expected to rise again to the levels seen in FY2020.

Government bond yields are supressed
2-Year Government Benchmark
10-Y Government Benchmart

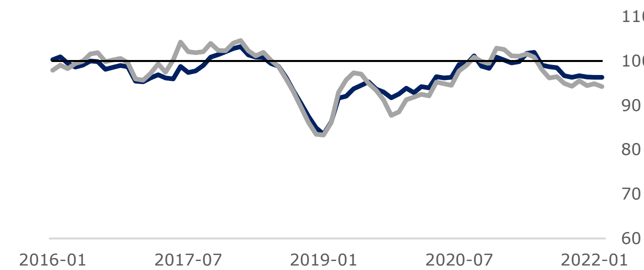


Source: Refinitiv, JCR-ER

Since Turkish banks have opportunity to reach international monetary system, international borrowing costs is another component of lending rate. Increasing benchmark rates of Turkey also soared banks borrowing rates from international markets. Therefore, despite CBRT's easing cycle continues increasing benchmarks holds loan rates above certain level.

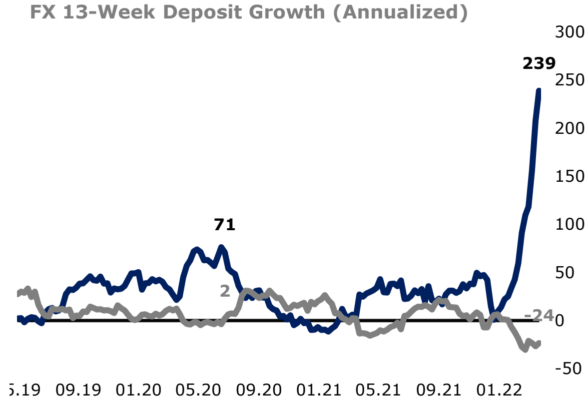
Banks' debt-roll performance is resilient, in line with the historical benchmarks.

External debt roll rates are strong for banking
(6 Months Rolling Average, %)
Debt Roll Rate, Rate Including Bonds



Inflation expectations shape deposit profile

LCY 13-Week Deposit Growth (Annualized)
FX 13-Week Deposit Growth (Annualized)



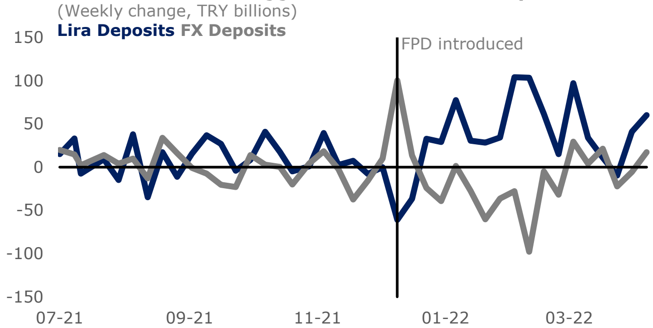
**Last observation date: 3/25/2022*

Source: BRSA, JCR-ER

The total deposits of the banking system increased by 52.4% in 2021 and reached TRY 5.30trn where it was TRY 3.46trm in FY2020. Short-term nature of system deposits had historically created maturity mismatch between assets and liabilities and the rapid episode of dollarization leading to volatility in FX rates resulted in a peak. Sudden FX rate jumps in 2021, resulted in FX deposits share reaching its highest value in December, 2021 with 69%.

FX-Protected Deposits (FPD) entered the market with sizable interest, in response to the dollarization trend and markedly high FX rate volatilities. The mechanism essentially guarantees the depositors the maximum of the interest rate on the term account or the foreign exchange gains. Since the introduction, this deposit product had been vastly popular, not least thanks to withholding tax waivers and abolishing unrealized FX gains for the corporate tax payments as of 2021. As a result, the balance of FPD has reached TRY 700bn as of April 2022.

FPD introduction triggered switch to Lira deposits
(Weekly change, TRY billions)

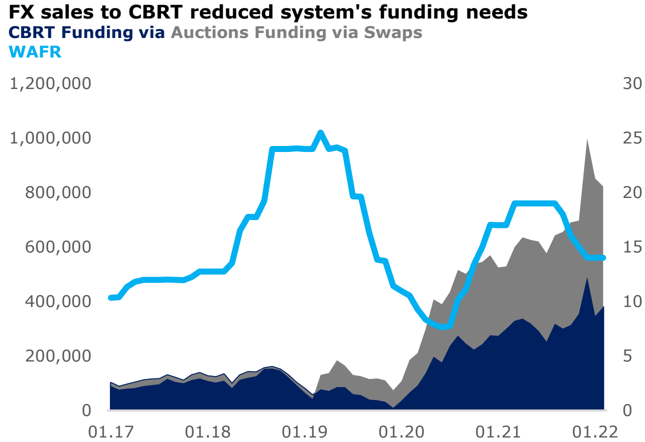


Two types of FPD accounts are available; (i) offered to existing FX depositors where they sell their FX to the CBRT and open Lira accounts and (ii) for existing Lira depositors. The former account, though the breakdown of the figures are no longer periodically published, are estimated to be around TRY 390 as of April 2022.

De-dollarization supports liquidity

Besides the deposits, CBRT funding plays critical role in liability side of banking sector. CBRT provide funding to sector via tender and derivatives channel. As the end of FY2021, CBRT provide TRY 998bn (490bn via tender and 508bn via derivatives) funding to the sector at a WAFR 14%.

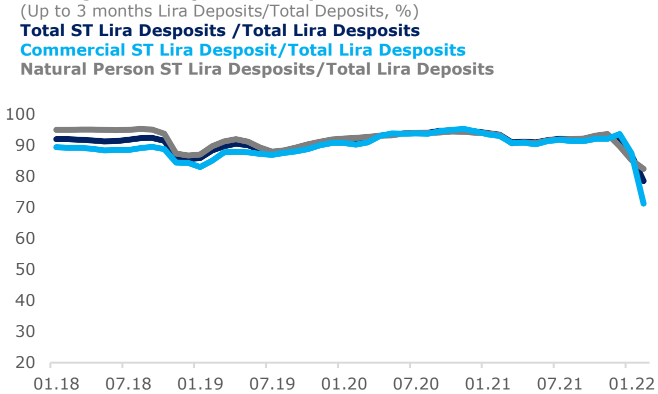
FX sales to CBRT reduced system's funding needs



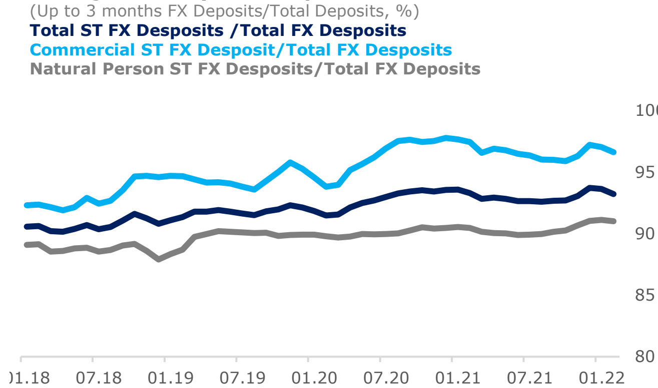
Source: CBRT, JCR-ER

Approximately USD 30bn FX deposit has turned to FDP account which means that TRY 387.1bn funding to banks. Initial effect of FPD on liquidity position of banking system is observed in CBRT's funding to the banking system which declined to TRY 822bn (380 bn via tender, 442bn via derivatives)

Average maturity of Lira deposits increased with FPD
(Up to 3 months Lira Deposits/Total Deposits, %)



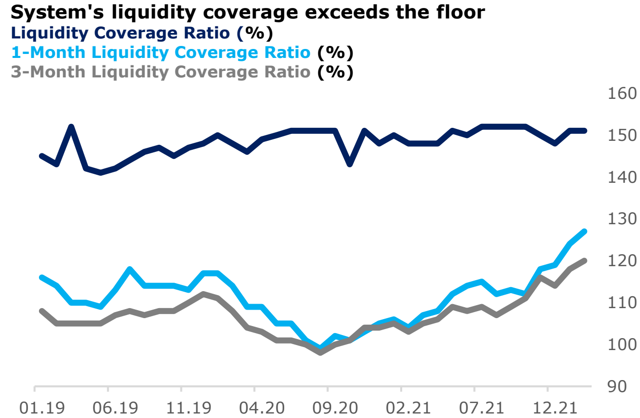
Average maturity of FX deposits increased as well
(Up to 3 months FX Deposits/Total Deposits, %)



Source: BRSA, JCR-ER

Another foremost effect of FDP is observed in banking sectors liquidity coverage ratio (LCR) improvement. In particular, short term cash outflows in which significant portion has been composed of short-term deposits (demand, up to 1-month, and 1-3-month deposits) are restricted by minimum 3-month deposits requirement of FDP deposits requirement of FDP. This development supported the upturn in LCRs, both 1-month and 3-months.

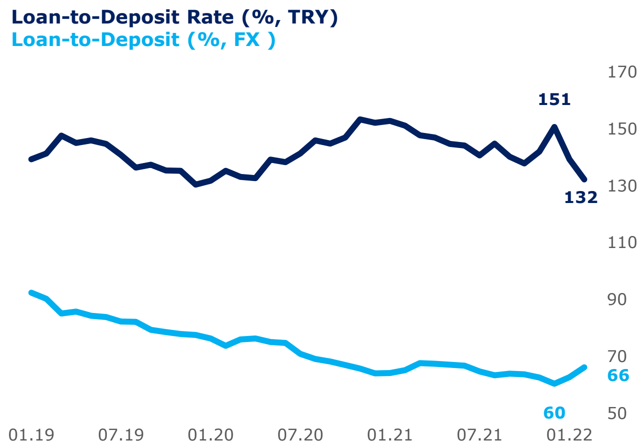
System's liquidity coverage exceeds the floor



Source: BRSA, JCR-ER

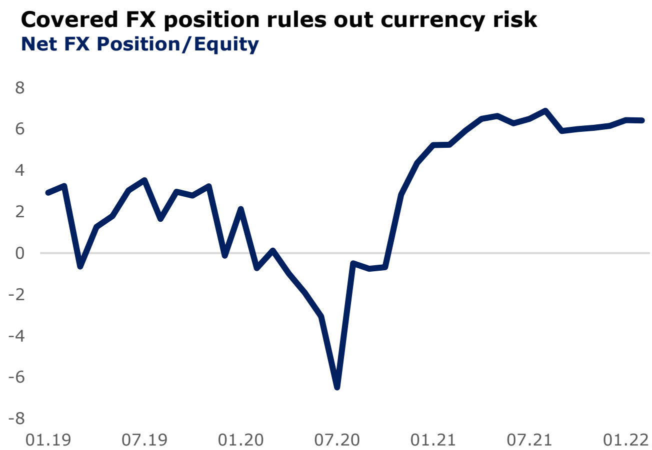
Current de-dollarization efforts also reflected in loan-to-deposit (LTD) ratios. Initial movement to FDP started at the end of 2021 gain momentum in 2022 and FDP accounts balance which is kept in TRY started to soar. With that effort FX deposit account balances also started to shrink. This state lead to decrease in LTD in TRY ratio and vice-a-versa for LTD in FX.

Graph presented below depict recent developments in LTD ratios. Accordingly, LTD in TRY which was 151% at FYE2021 was calculated as 132%, as of February, 2022. In addition, LTD in FX soared to 66% from where it was 60.



Source: BRSA, JCR-ER

Covered FX position via off-balance sheet assets, disposed of the currency risk of sector and remove the new equity requirements.

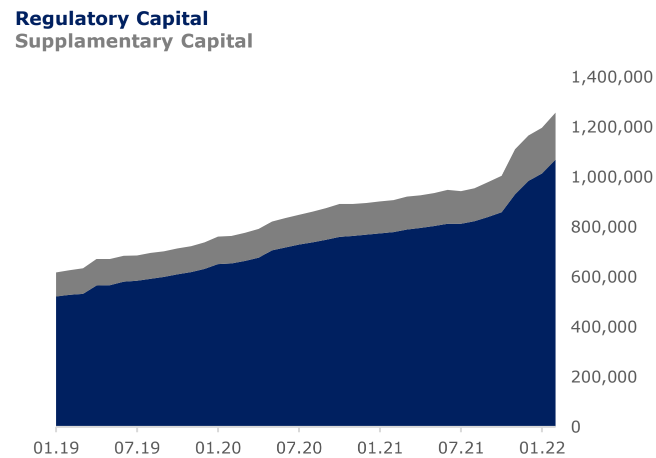


Source: BRSA, JCR-ER

Capitalization is resilient, state banks continue to receive support

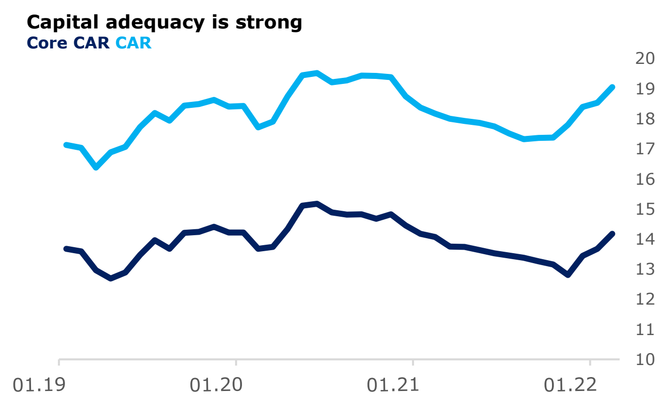
In terms of capital adequacy, Turkish banking sector is on solid ground. Total regulatory capital of sector increased by %28 in 2021 from TRY 770bn in FY2020 to TRY 985bn as of FY2021.

Capital injections to state banks made Turkish banking system capital structure stronger. Turkish Wealth Fund (TWF) had completed capital raise operations in state banks in March, 2022 and totally TRY 48.6bn has been injected to system. Reduced capital adequacy of the state banks due to heavy lending had been remedied via injections.



Source: BRSA, JCR-ER

The CAR ratio, which is one of the main strength indicators of the sector, shows small decline compared to previous year and realized as %18.39 which is well above the Basel III requirement 8%.



Source: BRSA, JCR-ER

CBRT policies boosted profitability

Sectors profitability has shown dramatic increase in 2021 with TRY 92bn after-tax income that was TRY 58bn in 2020. The biggest contribution to profitability came from capital market activities with TRY 38bn profit whilst banking services revenues made TRY 66.8bn contribution.

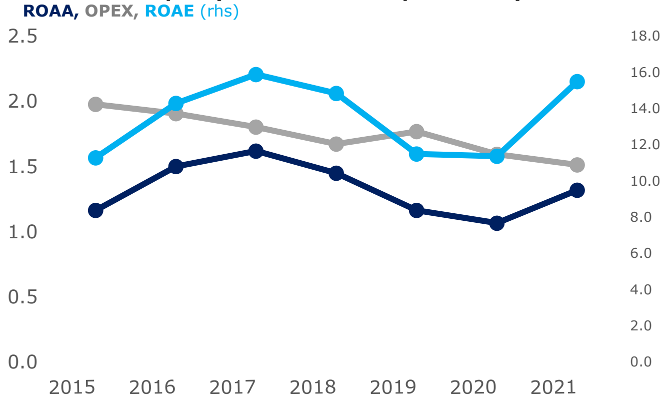
Selected P&L Items

	2019	2020	2021
Net Interest	162,355	214,796	265,518
Special Provision for NPL (-)	56,555	41,560	47,226
Banking Service Revenues	49,640	42,635	66,835
Personnel Expenses (-)	34,119	39,332	46,781
Capital Market P&L	-17,472	-22,487	38,394
FX P&L	-5,510	3,730	-59,467

Source: BRSA, JCR-ER

Monetary easing cycle started in September 2021 contributed to boost in profitability. While CBRT's funding cost declines, macroeconomic risks raised the credit-deposit interest rate gap. The situation boosts banks profitability.

Inflation and policy rates will share profitability



Source: BRSA, JCR-ER

Boosted profitability were also observed in profitability ratios. ROAE increased to 15.6 in FYE2021 which were crawling at 11 in FYE2020. ROAA also recover to 1.3 in FYE2021 from 1.1 in FYE2020.

Selected KPIs

	2019	2020	2021
Core CAR	14.22	14.45	13.44
CAR	18.40	18.74	18.39
ROAA	1.44	1.38	1.68

Selected KPIs

	2019	2020	2021
ROAE	11.48	11.36	15.48
Loan-to-Deposit	109.64	108.26	95.92
NII/Average Assets	3.85	3.91	3.76
NIE/Average Interest-Bearing Liabilities	8.45	5.52	7.89
Loan-to-GDP	65.00	62.00	68.00
Loan-to-Deposit (TRY)	130.40	152.20	150.60
Loan-to-Deposit (FX)	77.50	64.10	60.40
Securities-to-Total Assets	14.70	16.70	16.00

Source: BRSA, JCR-ER

Current Topics in Banking Sector

Banking can be seen as a conventional sector where current trends do not have effect on it. However, it does not. Trends like digitalization and sustainability have transforming sector nowadays.

Banking sector is of the areas where the effects of digitalization seen mostly. Besides the technological developments used in banking like mobile apps, BRSA's regulation in digital banking has formalized the evolution process of conventional banking into digital era. With the regulation in which the principles of digital banking were determined, the concept of branchless (digital) banking became official. In this context, digital banks can be found with a capital of equal or more than TRY 1bn. Also, digital banks will not have branch other than the head office, and customer segment will be individuals and SMEs.

On the other hand, the efforts to solve the emerging problems, especially the climate crisis and inequality, were also reflected in the banking sector. The Responsible Banking declaration put forward by the UN Finance Initiative was signed by 7 Turkish banks. Turkish banks started to allocate some of the resources to the sustainability related (environmental, social) projects.

4. Additional Rating Assessments

Nurol Bank is principally exposed to Credit, Market, Liquidity and Operational risks stemming from the nature of its operations and utilization of financial instruments. Risks are executed under the effective risk management framework and principals in line with regulations and the Bank's risk appetite, strategy, and activities. The Bank's risk management system embraces all processes of decision-making, executing, monitoring, controlling, and auditing activities and includes the bodies of the Board of Directors, Senior

Management, Internal Systems Units, and Committees established by the Board of Directors within Risk Management System and Committees established by the Senior Management within the Risk Management System. The Bank has set up Audit Committee, Corporate Governance Committee, Pricing Committee, Disciplinary and Personnel Committee, Assets and Liabilities Committee, Credit Risk Committee, Information Systems Strategy Committee under the BoD.

In order to maintain a thorough and complete risk management system, an Anti-Fraud Monitoring Committee, Sustainability Committee, Internal Control Unit and departments of Risk Management, Internal Audit, Anti- Fraud Monitoring and Compliance were also set up for further surveillance. The Bank's Risk Management Department carries out activities regarding the measurement, monitoring, control and reporting of the risks which are identified in line with relevant implementation principles and risk management policies and procedures approved and periodically reviewed by the Board. Analyses, simulations, scenarios, stress tests and the Internal Capital Adequacy Assessment Process (ICAAP) report, as being part of the risk management, provide a key role in the strategic decisions taken by the senior management of the Bank.

Credit Risk

The Bank's credit risk management policy is initially set on three pillars; customer selection, credit allocation and credit pricing. In this sense, through the guides of comprehensive risk management framework, the Bank manages its credit risk by the allocation of loan limits for customers and customer groups as well as the definition of limits for sectors with considerations of maximizing risk-adjusted returns. The Bank continuously monitors customer credit assessments, takes necessary precautions and reviews allocated limits when necessary. In accordance with the lending policies, collaterals such as cash, bank guarantees, pledges, cheques & notes and personal or corporate guarantees are required in line with the financial position of the debtor and its creditworthiness.

The share of cash loans decreased in absolute term to TRY 718.94mn in FY2021 from TRY 840.25mn in FY2020 and the share of non-cash loans increased to TRY 27.21mn in FY2021 from 22.18mn FYE2020.

The below table shows the customer concentration levels in cash and non-cash loan book composition of the Bank in FYE2021-2020.

Customer Concentration (Cash)	2021	2020
First 10	79.19%	70.17%
First 20	92.16%	90.15%
First 50	100.00%	99.97%
Customer Concentration (Non-Cash)	**2021**	**2020**
First 10	64.03%	64.66%
First 20	81.65%	83.62%
First 50	97.68%	98.46%

Nurol Bank has exposure to concentration risk where its business activities focus particularly on a similar type of customers and industrial sectors in Turkey. The Bank's regional concentration in loans book increased to 93.17% in FYE2021 from 91.26% in FYE2020.

The Bank's foreign currency risk exposure complies with BRSA regulations. The Bank's interest rate risk is also limited and risk arising from interest rate fluctuations is monitored on a daily basis and managed by the asset and liability committee.

Market Risk

In the scope of market risk, the Bank is principally exposed to the fluctuations in the interest rates and foreign currency risks. Overall authority for market risk is assigned in the Asset- Liability Committee (ALCO). To manage any particular interest rate risk, pre-approved limits of re-pricing bands have been set and interest rate gaps are continuously monitored by ALCO and is assisted by Risk Management Department. The Bank measures the interest rate sensitivity of assets, liabilities and off-balance sheet items in meetings of the Asset-Liability Committee. The Group manages its exposure to all types of risks through the Asset and Liability Committee, comprising members of senior management, and a representative of main shareholder.

Market risk shows the changes in market prices such as interest rate, equity prices, foreign exchange rates and credit spreads will affect the Bank's income or the value of its holdings of financial instruments and use the 'Standard Method', in line with the methodology outlined in the regulations of BRSA. The monthly market risk report and the weekly currency risk reports prepared are reported to BRSA.

FYE2021 and FYE2020 calculated as per the statutory financial statements prepared for BRSA reporting purposes within the scope of "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Offıcial Gazette no. 28337 dated June 28, 2012.

The BoD of the Bank defines the risk limits for primary risks carried by the Bank and periodically updated the limits. Nurol Bank measures its market risk daily through the value at risk (VaR) methodology, related with trading and available-for-sale portfolios. VAR measurements calculated using internal methods, and exchange rate and overall market risks calculated using standard methods, as well as stress tests and scenarios, are analysed within the scope of the market risk and regularly reported by the Risk Management Department to the Senior Management and Audit Committee.

In the scope of market risk, the Bank is mostly exposed to the fluctuations in interest rates and currency exchanges, although risks arising from those fields are quite restricted under reasonable fluctuations course. The Bank’s foreign currency risk exposure is restricted and complies with BRSA regulations.

The Bank’s net foreign currency is in long position of TRY 553.58mn in FY2021. (FY2020: TRY -559.67mn) Net foreign currency position to asset ratio is 7.85% and 12.93% at the end of FYE2021-2020, respectively.

Liquidity Risk

Treasury and financial institutions department manages liquidity risk in order to take necessary measures in a timely and accurate manner to meet its obligations even in stressed conditions and accomplishes the regulations regarding liquidity implemented by the BRSA. The Bank calculates and follows up the liquidity risk, cash flows, gap analyses, stress tests and scenario analyses which are periodically reported by the Risk Management Department to the Senior Management and Audit Committee. The Bank uses liquidity gap analyses and liquidity stress tests through executing liquidity risk by internal means. Liquidity risk is a substantial risk in the Turkish market, which exhibits significant volatility.

In addition to the requirement of legal liquidity ratios, by the Assets and Liabilities Committee (ALCO) sets internal liquidity ratios such as liquid assets to total assets and liquid assets to portfolio of issued bank bonds. Risk management unit closely monitors the liquidity conditions under the pre-determined limits.

In overcoming the liquidity risk considering short and long-term liquidity requirements, the Bank has been in an effort to develop alternative funding channels and to diversify its funding sources through instruments such as bond issuances, local and foreign borrowings.

The calculation method used to measure the banks compliance with the liquidity limit is set by BRSA. Since November 2006, BRSA issued a new communique on the measurement of liquidity adequacy of the banks.

As of December 31, 2021, the average Liquidity Coverage Ratios of Nurol Bank on BRSA Solo basis are 68.90% and 114.54%, for respectively. The banking sector remains resilient in the face of short-term liquidity shocks.

NUROL YATIRIM BANKASI A.Ş. (Consolidated Financials)	**Balance Sheet**	
Assets (000, TRY)	**2021**	**2020**
Cash and cash equivalents	1,313,547	390,227
Reserve deposits at Central Bank	1,518,923	128,832
Derivative financial assets	205,254	39,179
Financial assets measured at fair value through profit and loss	35,141	-
Financial assets measured at fair value through other comprehensive income	230,067	321,953
Loans and advances to customers	3,457,231	3,092,029
Property and equipment	19,587	13,843
Investment property	226,930	296,500
Intangible assets	14,535	8,594
Current tax assets	9,966	7,324
Deferred tax assets		7,602
Other assets	23,892	19,261
Total assets	**7,055,073**	**4,325,344**

Liabilities	**2021**	**2020**
Funds borrowed	2,079,179	1,120,098
Debt securities issued	1,515,554	722,790
Derivative financial liabilities	138,109	81,844
Subordinated debts	66,764	113,214
Provisions	64,390	32,510
Deferred tax liabilities	10,894	
Other liabilities	2,366,217	1,635,898
Total liabilities	**6,241,107**	**3,706,354**
Share capital	460,000	360,000
Reserves	23,502	131,824
Retained earnings	330,464	127,166
Total equity	813,966	618,990
Total liabilities and equity	**7,055,073**	**4,325,344**

According to JCR Eurasia Rating's Calculations,

NUROL YATIRIM BANKASI A.Ş. (Consolidated Financials)	**Income Statement**	
(000, TRY)	**2021**	**2020**
Net Interest Income	**331,305**	**218,554**
Interest Income	657,555	402,863
Interest Expense	-326,250	-184,309
Net Fee and Commission Income	**100,397**	**23,676**
Fee and Commission Income	*111,851*	*33,197*
Fee and Commission Expense	*-11,454*	*-9,521*
Operating Income	**447,434**	**285,236**
Net impairment/recoveries on financial assets	*-63,879*	*-65,914*
Other provision expenses	*-40,282*	*-14,562*
Personnel expenses	*-35,215*	*-25,842*
Depreciation and amortization	*-11,604*	*-7,357*
Administrative expenses	*-49,224*	*-41,441*
Profit before income tax	**247,230**	**130,120**
Net Profit for the Period	**191,143**	**108,903**

- *According to JCR Eurasia Rating's Calculations,*

NUROL YATIRIM BANKASI A.Ş.	**Financial Ratios**	
Profitability &Performance (%)	**FYE2021**	**FYE2020**
Operating ROAE (avg)	80.04	59.59
Net Interest Margin	8.28	6.8
ROA - Pretax Profit / Total Assets (avg)	4.34	3.43
ROE - Pretax Profit / Equity (avg)	34.51	24.66
Total Operating Expenses / Total Income	11.38	21.68
(Interest Coverage – EBIT) / Interest Expenses (x)	176	171
(Non Cost Bearing Liabilities + Equity - Non Earning Assets)/Assets	38.38	41.15
Total Income / Total Expenses (x)	207	386
Total income / Total Assets (avg)	14.83	9.09
Total Income / Equity (avg)	117.76	65.25
Gross Profit Margin	29.3	37.79
Growth Rate (%)	63	33
Net Profit for the Period / Total Assets (avg)	2.71	2.87
Market Share	0.08	0.07
Total Expense / Total Liabilities (avg)	7.15	2.36
Net Profit Margin	22.66	31.63
Operating ROAA (avg)	10.08	8.3
(Non Cost Bearing Liabilities - Non Earning Assets)/Assets	26.84	26.84
Provisions / Total Income	14.13	24.36
Capital Adequacy (%)		
Core Capital / Total Assets	13.49	11.33
Own Fund/(Own Fund+Total Garantees+Commitments)	36.85	45.99
Free Equity / Total Assets	13.04	11.05
Supplementary Capital / Total Assets	3.08	1.36
Internal Equity Generation / Prev Year's Equity	15.7	23.48
Equity/Total Assets	13.41	11.54
Own Fund / Total Assets	16.56	12.69
Tier 3 Capital / Total Assets	12.73	16
Capital / Total Assets	16.56	12.69
Equity / (Total Guarantees&Commitments + Equity)	32.08	43.63
Surplus Own Fund	49	55
Standard Capital Adequacy Ratio	15.63	17.92
Liquidity (%)		
Liquidity Management Success (3 to 6 Months)	99.56	97.88
Liquidity Management Success (1 Year+&Unallocated)	98.26	99.69
Liquidity Management Success (Up to 1 Month)	91.72	98.44
Liquidity Management Success (1 to 3 Months)	87.13	92.99
Liquidity Management Success (On Demand)	99.92	92.22
Liquidity Management Success (6 to 12 Months)	99.11	98.15
Asset Quality (%)		
Loan and Rec's Loss Pro / Total Loans and Rec	1.65	4.43
Assets / Tot Guarantees&Comm & Assets	77.89	87.03
Total Provisions / Profit Before Provision and Tax	35.54	32.53
Total FX Position / Total Assets	3.86	7.85
Total FX Position / Equity	28.77	68.01
Total FX Position/Own Fund	23.29	61.83

- *According to JCR Eurasia Rating's Calculations*

Rating Info

Rated Company:	Nurol Yatırım Bankası A.Ş. Büyükdere Cad. Nurol Plaza No:255 K:15, 34485 Şişli/İstanbul TEL: +90 212 286 81 00
Rating Report Preparation Period:	12/04/2022- 26/04/2022
Rating Publishing Date:	29.04.2022
Rating Expiration Date:	1 full year after publishing date, unless otherwise stated
Audited Financial Statements:	FYE2021-FYE2019 Consolidated and Solo
Previous Rating Results:	21.04.2022 / Long Term National Scale / AA (tr)
Rating Committee Members:	Ş. Güleç *(Head of Group)*, Z. M. Çoktan *(Head of Group)*, B. Pakyürek *(Chief Analyst)*, F.Lap *(Chief Analyst)*, K. F. Özüdoğru *(Chief Analyst)*

Disclaimer

The ratings affirmed by JCR Eurasia Rating are a reflection of the Company's independent audit reports prepared in conformity with Turkish Financial Reporting Standards (TFRS) and International Financial Reporting Standards (IFRS), on and off-balance sheet figures, general market conditions in its fields of activity, unaudited financial statements, information and clarifications provided by the Company, and non-financial figures. Certain financial figures of the Company for previous years have been adjusted in line with the JCR Eurasia Rating's criteria.

The Company's balance sheet composition, asset quality, risk management practices, business profile, liquidity management, history in the sector, profitability figures, revenues, debt structure
e, growth rates, off-balance sheet commitments, and the financial and non-financial positions of the main shareholders were taken into consideration while determining the risk assessment of the long-term international local currency and foreign currency ratings as well as national ratings.

Considering the fact that there are no additional legal or financial collateral guarantees provided separately for the repayment of the bonds issued, the note assigned for the TRY dominated bond issuance is assigned as the same as the Company's Long and Short Term National Local Ratings, unless otherwise stated.

Previous rating results and other relevant information can be accessed on www.jcrer.com.tr

This rating report has been composed within the methodologies registered with and certified by the SPK (CMB-Capital Markets Board of Turkey), BDDK (BRSA-Banking Regulation and Supervision Agency) and internationally accepted rating principles and guidelines but is not covered by NRSRO regulations.

JCR Eurasia Rating
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