



PRESS RELEASE

Istanbul – March 17, 2017

JCR Eurasia Rating
has affirmed the credit ratings of **Ak Faktoring A.Ş.** and **"Cash Flows arising from Planned Bond Issuances"**
as **'BBB+ (Trk)/Stable'** on the Long Term National Scale and **'BBB-/Stable'**
on the Long Term International Foreign and Local Currency Scales
in the annual periodic review.

JCR Eurasia Rating, in its periodic annual review, has evaluated **"Ak Faktoring A.Ş."** and the **"Cash Flows arising from Planned Bond Issues"** in the investment grade category on the national and international scale and affirmed the rating on the Long Term National Scale as **'BBB+(Trk)'** and the rating on the Short-Term National Scale as **'A-2 (Trk)'** and assigned **"Stable"** outlooks. On the other hand, JCR Eurasia Rating has also affirmed the Long Term International Foreign and Local Currency Ratings as **'BBB-'**. Other notes and details of the ratings are given in the table below:

Long Term International Foreign Currency Rating	:	BBB- / (Stable Outlook)
Long Term International Local Currency Rating	:	BBB- / (Stable Outlook)
Long Term National Local Rating	:	BBB+ (Trk) / (Stable Outlook)
Long Term National Issue Rating	:	BBB+ (Trk)
Short Term International Foreign Currency Rating	:	A-3 / (Stable Outlook)
Short Term International Local Currency Rating	:	A-3 / (Stable Outlook)
Short Term National Local Rating	:	A-2 (Trk) / (Stable Outlook)
Short Term National Issue Rating	:	A-2 (Trk)
Sponsor Support	:	2
Stand Alone	:	B

The Factoring Sector, meeting the funding and liquidity needs of companies, primarily Small and Medium Sized Enterprises (SMEs), has become an important part of economic life in Turkey in accordance with the short-term nature of receivables in the trade sector and rising liquidity management needs of the market. The improved infrastructure and the obligation to establish risk measurement and internal control processes have made a positive contribution to the development of the sector's corporate structure along with the increase in the quality, standardization and transparency of financial reporting and provision of fair competition and the undertaken reforms and effective surveillance and supervision of the regulatory body. The sector is characterized by intense competitive conditions and the exhibition of a high level of vulnerability to macroeconomic uncertainty. Along with the Factoring Sector's active involvement in daily market dynamics, inclusion in the Takasbank Money Market and generation of revenues principally from the real sector into account, the growth of the sector will depend on conjunctural developments in the macro-economic field as well as new legal regulations, developments in the technological infrastructure, improvement in supplier finance and developments in export factoring.

The Company was established under the name 'Ak Faktoring Hizmetleri Ticaret Anonim Şirketi' in 1992 taking its roots from Altınbaş Holding A.Ş. Ak Faktoring's operations are carried out in its Istanbul headquarters under the trade name **'Ak Faktoring Anonim Şirketi'**. It has sustained a healthy growth structure through a perfectionist service approach under intense competition and has differentiated itself from the sector via its non-branching structure. Despite below sector averages, the Company's upward performance in equity level has strengthened its capital structure as result of obligatory increases in minimum paid-in capital levels. The Company continued to strengthen its funding structure through past and ongoing successful bond issuances in contrast to a sector with a weak propensity to obtain funding from capital markets through the issue of debt instruments. Moreover, above sector performance in profitability ratios and above sector interest margins promise further growth for the Company and contribute positively to the assignment of the long and short-term ratings.

On the other hand, global and local macroeconomic pressures, high exchange rate movements and uncertainties have maintained their effects on real sectors' financial structure and continue to pressure assets quality. The Company carries a high concentration risk on per customer and its market share expansion is largely dependent on an increase in customer numbers. Despite the transfer of impaired receivables to an assets management company, the Company recorded an above sector NPL figure, although the provisioning level and strong collateral structure continued to positively contribute to asset quality. Increasing provisions in parallel with the upwardly accelerated impaired receivables have put pressure on Company profitability. On the other hand, the Company sustained its profitability ratios above the sector averages despite their downward trend. The high probability of realization of the Company's future growth plan along with the positive synergy by the supporting power of the main shareholder structure of Altınbaş Holding A.Ş. and experienced management teams, the generation of internal resources and cash flows to meet the interest expenses are the principle factors in the affirmation of the Company's outlook as **"Stable"** in the Long and Short Term and the Long term National Grade as **'BBB+(Trk)'**. The resources planned to be raised from the debt issue will be carried within the Company's balance sheet and as such no separate issue rating report will be documented and the resources have been analyzed within the current credit rating report. As the bonds to be issued has no differentiation in comparison to the Company's other liabilities from a legal and collateralization perspective, the corporate credit ratings also reflect the Company's issue ratings. The developments of the upward trend in customer numbers together with the improvements in increasing the granularity of the receivables portfolio to reduce the concentration exposure, the reflections on asset quality derived from the effects on real sector due to ongoing economic and political turbulence and tensions, the effects of the developments in the real sector and market interest rates on the Company's transaction volume, NPL level, interest margin, market share, profitability level, maturity and debt structure are the major issues that will be kept under review by JCR Eurasia Rating.

On the other hand, it is considered that the major controlling legal entity shareholder, **Altınbaş Holding A.Ş.**, along with real person shareholder, the Altınbaş Family, have the willingness and experience to ensure long term liquidity and equity within their financial capability when required and to provide efficient operational support to **Ak Faktoring A.Ş.** Therefore, the Company's Sponsor Support grade has been affirmed as **(2)** in **JCR Eurasia Rating's** notation.

On the other hand, taking into account the Company's increasing equity level, transaction volume, asset growth and quality, efficient risk management and collateral level despite the increasing trend in NPL and concentration risk, market popularity and ease of access to funding resources, we, as JCR Eurasia Rating, are of the opinion that Ak Faktoring A.Ş. has reached the level of adequate experience and facilities to manage the incurred risks on its balance sheet regardless of any assistance from the shareholders, provided that it improves its current customer level, efficiency and existing macroeconomic level in the market. Within this context, the Stand Alone grade of the Company has been affirmed as **(B)** in the JCR Eurasia Rating notation system.

For more information regarding the rating results, you may visit our internet site <http://www.jcrer.com.tr> or contact our analysts **Mrs. Merve Hayat**.

JCR EURASIA RATING Administrative Board