

**AK FAKTORİNG A.Ş.**

Long-term National Credit Rating: **TR BBB**  
Short-term National Credit Rating: **TR A2**  
Outlook: **Positive**

Rating History  
LTNCR: **TR BBB** STNCR: **TR A2** Outlook: **Stable** Date: 16 March, 2022

**Istanbul, 16 March, 2023** – The Long-term National Credit Rating of TR BBB and the Short-term National Credit Rating of TR A2 of Ak Faktoring A.Ş. (hereafter Ak Faktoring or the Company) have been affirmed. The Company’s strong shareholder structure, increasing net factoring receivables in parallel with the sector, high net profit, increasing asset quality and equity, and experienced management team are the factors supporting the rating. The main operating profit, which was held down due to the provision expenses, and the equity ratio below the peer group are the factors that constrain the rating. We view the outlook as positive with the expectation that the Company will improve its current performance.

**Support of the Main Shareholder:** The shareholder structure of Ak Faktoring, which was established in 1992, has changed in 2022 and all the shares of Altınhas Holding A.Ş., which has 84.99% stakes in the Company, transferred to Altınhas Yatırım Holding A.Ş. through partial division. In this case, the main shareholders of Ak Faktoring are; Altınhas Yatırım Holding A.Ş. (hereafter Altınhas Yatırım Holding or the Holding) and Birikim Varlık Yönetim A.Ş., one of the group companies of the Holding. Altınhas Yatırım Holding is under the umbrella Altınhas Holding A.Ş., a well-established holding with domestic investments in education, retail and real estate.

**Increasing Net Factoring Receivables Parallel to the Sector:** In 2022, Ak Faktoring mainly worked with commercial and corporate companies. Due to the increasing number of customers and factoring transactions, Ak Faktoring’s transaction volume increased by 90.9%. In conjunction with the increasing transaction volume, the Company’s net factoring receivables increased by 2.1 times in line with the sector. According to the geographical distribution of net factoring receivables, the Company’s receivables are predominantly in Marmara and Mediterranean regions, and there are no delayed or restructured receivables due to the earthquake. For the year 2023, the Company aims to enlarge its existing customer portfolio both numerically and in volume by strategically expanding its marketing staff.

**Increased Profitability:** In 2022, Ak Faktoring’s income increased by 67.9% as a result of increased net factoring receivables. The Company increased its income in 2022 with the growth it achieved in its net factoring receivables. For this reason, a provision of 100.0% was made for all companies that were followed up during the year. Again in the same year, the provisions set aside were closed with the collections received. In addition, TL7.4 million was collected from the loans, which became problematic in 2016 and for which provision was made in the past, and this was reflected in the profit of 2022. Thus, the net profit of the Company, which was TL4.3 million last year (2021), realized as TL38.4 million this year due to the collections and other income. In 2022, Ak Faktoring’s return on equity was above the peer group<sup>1</sup> and close to the sector. A net profit of TL70.0 million was budgeted for 2023, targeting a net interest margin of 11.0%.

**Increased Asset Quality:** In 2022, Ak Faktoring significantly increased its asset quality. As a result of collections from NPLs, written-off receivables and sales of receivables to one of its shareholders, Birikim VYŞ, the

<sup>1</sup> As a peer group; Eko Faktoring and Kent Faktoring have been selected as similar companies with which Ak Faktoring can be compared in terms of asset size, net factoring receivables, shareholders’ equity, number of personnel and branches.

Company's nominal NPL amount decreased from TL43.8 million to TL6.2 million. Due to the decrease in NPL and the increase in gross factoring receivables, the Company's NPL ratio decreased to 0.7% from 10.0%. Thus, Ak Faktoring's NPL ratio was below both the sector and the peer group. In 2022, the Company has no restructured customers.

**Highly Increased Equity:** While Ak Faktoring's shareholders' equity increased by 5.0%-6.0% over the years, its equity increased by 48.9% in 2022. The mentioned rise was due to the increase in the Company's paid-in capital to TL70.0 million from TL50.0 million and the fact that the Company did not distribute its high net profit due to BRSA's restrictions. Ak Faktoring will not distribute dividends in 2023 and plans to increase its paid-in capital to TL100.0 million from TL70.0 million. In 2022, the Company's equity ratio was in line with the sector and below that of the peer group.

**Experienced Management Team:** Members of the Board of Directors hold senior positions in Altınhas Holding A.Ş., which is an indirect shareholder and in Birikim Varlık Yönetim A.Ş., one of the main shareholders. This situation is beneficial in terms of ensuring coordination between the shareholders and the Company. Moreover, the General Manager and the Assistant General Manager have more than 25 years of experience in the field of banking and finance.

Ak Faktoring's Selected Financial Indicators

(1,000 TL)	2018	2019	2020	2021	2022
Total Assets	166,959	195,119	409,528	456,652	948,786
<i>Asset Growth (%)</i>	-62.0	16.9	109.9	11.5	107.8
<b>Total Factoring Receivables (Net)</b>	<b>144,742</b>	<b>167,257</b>	<b>372,147</b>	<b>392,485</b>	<b>822,150</b>
<i>NPL Ratio (%)</i>	7.8	8.0	4.7	10.0	0.7
<b>Equity</b>	<b>66,216</b>	<b>69,799</b>	<b>73,792</b>	<b>78,139</b>	<b>116,330</b>
<i>Equity /Total Assets (%)</i>	39.7	35.8	18.0	17.1	12.3
Factoring Income	92,115	42,493	58,197	124,564	237,014
<b>Net Factoring Income*</b>	<b>22,935</b>	<b>12,794</b>	<b>13,864</b>	<b>15,818</b>	<b>21,990</b>
<i>Net Interest Margin (%)**</i>	9.8	8.5	6.8	8.0	8.4
<b>Factoring Operating Income/Loss</b>	<b>12,219</b>	<b>2,631</b>	<b>4,497</b>	<b>4,909</b>	<b>5,626</b>
<b>Net Profit</b>	<b>10,846</b>	<b>3,604</b>	<b>3,927</b>	<b>4,323</b>	<b>38,414</b>
ROAA (%)	3.6	2.0	1.3	1.0	5.5
ROAE (%)	20.3	5.9	5.8	6.0	50.6

\*Net Factoring Income = Interest and commission received from factoring receivables-Interest and commission paid to borrowings+/- Foreign exchange profit/loss+/-Derivatives profit/loss-Loan loss provisions

\*\*Net Interest Margin = (Factoring interest and commission income-Financial expenses)/Average of Interest Earning Assets