

PRESS RELEASE
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JCR Eurasia Rating

has upgraded the Long Term National and Short Term National credit ratings of **Tam Faktoring A.Ş.** to **'BBB+(Trk)'** and **'A-2 (Trk)'**, respectively, and revised the Long Term outlook to **"Positive"**. Long Term International Local and Foreign Currency ratings and outlooks are affirmed as **"BBB-/Stable"**.

JCR Eurasia Rating has evaluated and upgraded the Long Term National and Short Term National credit ratings of **Tam Faktoring A.Ş.** to **"BBB+ (Trk)"** and **"A-2 (Trk)"**, respectively and revised the Long Term outlook to **"Positive"**. The Long Term International Foreign and Local Currency rating and outlooks have been affirmed as **"BBB-/Stable"**. Details of the ratings are given in the table below.

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

Tam Faktoring A.Ş., established in 2011, provides the financing of receivables primarily to the micro and small SME segment which has high financing needs. The Company rapidly extended its market reach through its wide branch network and increased its customer base to the sector's highest levels. **Vector Yatırım Holding A.Ş.**, owned by an investment company **Vector Holdings S.a.r.l.** (90.5%) and the **European Bank for Reconstruction and Development-EBRD** (9.5%), is the sole shareholder of Tam Faktoring.

The Factoring Sector is marked by high level of vulnerability to fluctuations in macroeconomic circumstances and instability. Management policies in the sector are strongly influenced by the changes in economic outlook and regulatory procedures from the Banking Regulation and Supervision Agency (BRSA). On the other hand, in line with the undertaken reforms, the sector's legal infrastructure has been improved with regards to effective surveillance and control. As such, the mandatory installation of information, risk measurement and internal control systems have made a positive contribution to the improvement of the sector's institutional set-up and to the quality, standardization and transparency of financial reporting practices and facilitated fair competition. Considering the fact that factoring companies generate revenues mainly from real sector firms, the probable adversities on the factoring sector of the market volatility and low-growth environment deriving from domestic/overseas economic, political and geopolitical developments serve as an issue that should be monitored closely.

Tam Faktoring demonstrated a considerable growth in its business volume thanks to its distinguished marketing and growth strategy which considerably extended its market coverage. A sound organizational base and heavily invested IT infrastructure improved the management's ability to monitor and improve operating results. Hence, the Company's non-performing loans considerably declined to sector average levels. The diversified funding bundle helped the Company achieve favorable financing terms and control its cost of funding while benefiting above sector average interest margins while its fragmented customer base reduced the customer, drawer and industrial concentration exposure remarkably, underpinning asset quality. On the other hand, retained losses from allowances for impaired receivables resulted in contraction in the Company's equity base despite having one of the highest paid-in capital level in the sector. Considerable growth in business volume helped the management to gradually reduce the OPEX to average assets which is still above sector average. Consequently, the focus on the financially leveraged micro and small segment customer base allowed the Company a wider pricing room to achieve positive bottom-line and increased the visibility of the Company's projections and providing a base for the upgrade of the Company's Long Term National Rating to **BBB+ (Trk)** with a **'Positive'** outlook. The actualization of budget targets, developments affecting interest rate volatility, political and economic environment and the factoring sector's exposure to such risks will be closely monitored along with other company specific financial and non-financial risks.

Considering the Company's short but sound track record thanks to its business strategy and organizational base, the shareholding structure is considered to be in a comfortable position to provide support to Tam Faktoring in case of a liquidity requirement. In this regard, JCR Eurasia Rating has assigned the **Sponsor Support Grade** as **'2'**, reflecting a satisfactory financial and non-financial states and expected support by the shareholders.

Additionally, taking into account the reasonable growth prospects, capitalization level, liquidity profile and market share, we, as JCR Eurasia Rating, are of the opinion that the Company has reached the adequate level of financial strength and organizational capacity to manage its financial obligations regardless of any assistance, provided that the consistency provided in the senior management and macroeconomic outlook does not concentrate on the negative direction. Within this context, the **Stand-Alone Grade** of the Tam Faktoring A.Ş. has been determined as **(B)** in the JCR Eurasia Rating notation system.

For more information, you may visit our internet site <http://www.jcrer.com.tr> or contact our analyst **Mr. Abdurrahman TUTĞAÇ**.

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