PRESS RELEASE
Istanbul – June 16, 2017

JCR Eurasia Rating,
in its periodic review, has affirmed the ratings of **'Eko Faktoring A.Ş.'** as **'BBB (Trk)'** on the Long Term National Local Scale and determined the outlook on the national ratings as **'Stable'.** The Long Term International Foreign and Local Currency Scale ratings have been affirmed as **'BBB-/Stable'.**

JCR Eurasia Rating, in its periodic review, has evaluated **'Eko Faktoring A.Ş.'** in an investment-level category on the national and international scales and affirmed the ratings on the Long Term National Scale as **'BBB (Trk)'** and determined the Short Term National Scale as '**A-3 (Trk)'** with **'Stable'** outlooks. Additionally, JCR Eurasia Rating has affirmed the Long Term International Foreign and Local Currency Ratings as **'BBB-'**. Other notes and details of the ratings are provided below:

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

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 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.

Eko Faktoring A.Ş., began operations in 1994, delivers fast and reliable factoring services thanks to long-lasting experience in the sector and constantly renewing technological infrastructure. The Company, which and exerts maximum effort to align with regulations, stands out with the ability to adapt to changing market conditions and the importance it attaches to corporate governance in the sector which is dominated by bank-subsidiary companies and have strong price competition. The latest regulation, effective December 2015, has forced factoring companies to increase their paid-in capital to a minimum of TRY 20 million. Eko Faktoring A.Ş. had a TRY 55 million paid-in capital at the time of enforcement, which is comfortably above the required level.

The Company's strong paid-in capital, net profit recorded in 2016 and first quarter of 2017, diversified debt instruments, high standard ratio, and attempts to strengthen asset quality with sale of impaired receivables are seen positive effects on Eko Faktoring's long and short term ratings. Nevertheless, the NPL ratio, which continues to be well above the sector average as it was in previous years, continues to negatively affect the Company's asset quality. On the other hand, contraction in asset size, squeeze in market share and decline in total turnover are other elements that suppress the Company's ratings. In addition, both the floating interest rate on bonds issued and flexible current interest of bank loans result in difficulties in managing financial costs at a stable level. The net profit generated in 2016 and first quarter of 2017 is evaluated a strong indicator of the Company's internal resource generation capacity. All in all, the Company's outlooks in the short and long term perspective have been determined as **'Stable'** and the Long Term National Grade has been affirmed 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 analysed 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 macroeconomic indicators at national and international markets, as well as level of NPL ratio, actions to be taken to enhance asset quality, changes in financing costs, profitability level, steps taken for operational cost cutting are to be monitored by **JCR Eurasia Rating**. Effects of the failed coup attempt in 2016, restructuring of the state organs and the prolonged State of Emergency applications as well as the result constitutional changes on the firm will continue to be monitored.

Bancroft Group, which acquired majority of Eko Faktoring's shares in 2007, sold its existing shares in 2016 and 2017 and currently holds no partnership. The Group was holding 28.50% of shares before the sale and 9.99% of them was acquired by Eko Faktoring. Remaining shares are purchased by other shareholders. The current shareholders are considered to 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 Eko Faktoring A.Ş. In this regard, the Company's Sponsor Support Grade has been affirmed as **(3)** in **JCR Eurasia Rating**'s notation.

Taking into account the Company's equity level, ongoing operations, liquidity reachability and internal resource generation capacity, we, as JCR Eurasia Rating, state the opinion that the Company 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, if it preserves 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 detailed information regarding the rating results you may visit our internet site http://www.jcrer.com.tr or contact our analyst Mr. **Utku KARAGÜLLE**.

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