

PRESS RELEASE
Istanbul – June 16, 2017

JCR Eurasia Rating

has reviewed and upgraded the Long Term National credit ratings of **Akdeniz Faktoring A.Ş.** and the **Cash Flows of its Issued Bonds** as '**A (Trk)/Stable**' and affirmed its rating as '**BBB-/Stable**' on the Long Term International Foreign Currency Scale.

JCR Eurasia Rating has upgraded the Long Term National credit rating of "**Akdeniz Faktoring A.Ş.** and the **Cash Flows on Bond Issues**" to "**A (Trk)/Stable**". 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	:	A (Trk) / (Stable Outlook)
Long Term National Issue Rating	:	A (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-1 (Trk) / (Stable Outlook)
Short Term National Issue Rating	:	A-1 (Trk)
Sponsor Support	:	1
Stand Alone	:	B

Akdeniz Faktoring A.Ş. (the Company or Akdeniz Faktoring) is operating in the Turkish factoring sector since 1993 and primarily provides funding to medium and large-scale enterprises and domestic factoring companies. The Company is incorporated under Zülfikarlar Holding which has a wide range of activities in the fields of petroleum and petroleum products, energy, and the financial sector. The acquisition of a 100% stake of TP Petrol Dağıtım A.Ş. in 2017 by Turkuaz Petrol Ürünleri A.Ş., which Akdeniz Faktoring holds 9.42% of its shares, improved the Holding's market presence in the fuel distribution sector.

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.

Akdeniz Faktoring has maintained its asset growth in both 2016 and in the first quarter of 2017 thanks to its growing presence in the medium and large corporate segment. Below sector average NPL levels reflects the Management's risk oriented and prudent approach in credit allocation and the Company's continuing financial stamina. The Company's organizational structure, concentrated on the Group's headquarter, help the Management to effectively control operating expenses and provides further pricing room. Increasing share of corporate segment customers in the portfolio help the Company to improve interest margins and approximate the sector average net profit margins. On the other hand, ensuring the senior management's continuity would underpin the Company's focus on long term strategy and have a positive impact in the Company's business performance. The financial outcome of the Company's growth strategies and the reflection of political and macroeconomic environment on the factoring sector will be closely monitored along with other company specific financial and non-financial risks.

No separate rating report has been compiled for the bond issuances as the resources obtained from the bond issue will be carried in the Company's balance sheet and are subject to analysis in the corporate credit rating report. The planned bond issue carries no difference in comparison to the Company's other liabilities with respect to its legal standing and collateralization. As such, the notations outlined in the corporate credit rating report also reflect the issue rating.

It is considered that the controlling shareholder **İsfendiyar Zülfikari** and prominent parent company **Zülfikarlar Holding A.Ş.** have the willingness to ensure long term liquidity and equity depending on financial capability should such a need arises and experience to provide efficient operational support to **Akdeniz Faktoring A.Ş.** In this regard, the Company's **Sponsor Support Grade** has been determined as **(1)**. Additionally, taking into account the internal resource generation capacity, profitability potential, growth capability and prospects, asset quality, capitalization level, liquidity profile, and more than 20 years of experience in the sector, we, as JCR Eurasia Rating, are of the opinion that the Company has reached the adequate level of financial strength and administrative experience and foundation 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 **Akdeniz 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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