

Corporate Credit & Issue Rating
**Non-Banking Financial Institutions
Factoring**

MNG FACTORING		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Issue Rating	N/A	N/A		
National	Local Rating	A- (Trk)	A-1 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	A- (Trk)	A-1 (Trk)	
Sponsor Support		2	-	
Stand Alone		B	-	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
LC		Stable	-	

MNG FAKTORİNG A.Ş.						
Financial Data	2016Q1	2015*	2014*	2013*	2012*	2011*
T. Assets (000 USD)	175,205	166,881	162,042	151,522	145,130	119,725
T. Assets (000 TRY)	496,426	485,222	375,760	322,803	257,983	226,149
Equity (000 TRY)	81,269	77,523	66,923	58,844	52,790	44,222
Net Profit (000 TRY)	3,747	10,643	8,116	5,989	8,568	4,018
Market Share (%) (by asset size)	1.88	1.82	1.42	1.48	1.42	1.45
ROAA (%)	N/A	3.52	2.47	2.89	4.77	4.65
ROAE (%)	N/A	20.99	13.72	15.01	23.79	23.80
Equity/Assets (%)	16.37	15.98	17.81	18.23	20.46	19.55
NPL (%)	4.55	4.21	7.52	7.05	6.73	5.77
Asset Growth Rate (%)	2.31	29.13	16.41	25.13	14.08	42.79

* End of year

Company Overview

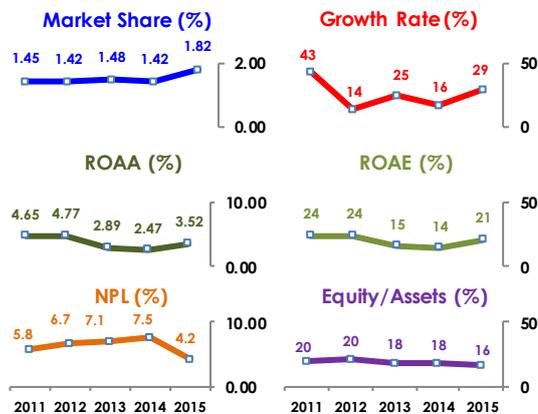
MNG Faktoring A.Ş. (referred to as 'the Company' or 'MNG Faktoring') was founded in May 1999 and began operations in May 2002 as a factoring services supplier for domestic commercial transactions by undertaking its customers' collections. The Factoring sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006 and MNG Faktoring is subject to its regulations. The Company is headquartered in Elmadag/Istanbul and has branches in Bayrampaşa, Gebze, İkitelli, İmes, Pendik, Adana, Ankara, Antalya, Bursa, Çorlu, İzmir, Konya, and Samsun. The Company had a staff force of 177 employees as of FYE2015 and FYE2014.

As at FYE2015, the Company's utmost real person shareholder was **Mr. Mehmet Nazif Günal** with a share of 24.83% and 74.11% of the remaining shares belonged to companies under his holding company **MNG Holding A.Ş (MNG Group)**. The holding company included companies operating in construction and contracting, tourism, cargo transportation, aerial transportation, energy, media, and factoring/finance. MNG Faktoring did not have any subsidiaries as of reporting date.

Constraints

- Remarkable loan book and asset growths capitalizing on the widespread branch network despite weak sector growth
- Robust Return on Average Assets (ROAA) and Return on Average Equity (ROAE) ratios above that of the sector averages
- High interest margin compared with the sector
- Lower NPL ratio compared with the sector, following the transfer of the overdue receivable portfolio to asset management companies
- Well diversified receivable portfolio with a below sector average customer concentration, supporting the asset quality
- Subsidiary of the MNG Group, a prominent conglomerate in Turkey
- No dividend distribution and hence profit retaining policy, contributing to the sustained growth performance
- Although effective risk monitoring system and personnel costs as well as institutionalization increase the Company's operational expenses, they help decrease the NPL amount

- Competitive sector dominated by bank-owned companies with comparative advantages of wide branch network and low borrowing costs
- Macroeconomic uncertainties arising from tensions and conflicts in the local political environment and neighboring regions creating volatility in terms of foreign exchange and interest rates
- Non-diversified funding structure dependent upon short-term bank loans and fluctuations in short-term interest rates
- Room for improvement in terms of corporate governance principles
- Notable leverage fueled by rapid growth in recent years despite legally compliant capitalization level
- Above sector average operational expenses to total income, arising mainly from the diverse branch network and increased institutionalization and effective risk monitoring systems
- Increasing financial costs due to short-term bank loans oriented funding structure that is easily affected by the market interest rates

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"Global Knowledge supported by Local Experience"

Strengths