

**Corporate Credit & Issue Rating**  
 Update

**Non-Banking Financial Institution**  
**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	BBB (Trk)	A-3 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	BBB (Trk)	A-3 (Trk)	
Sponsor Support		2	-	
Stand Alone		B	-	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
LC		Stable	-	

KREDİ FİNANS FAKTORİNG HİZMETLERİ A.Ş.					
Financial Data	2016*	2015*	2014*	2013*	2012*
Total Assets (000 USD)	40.894	59.102	78.675	85.622	77.529
Total Assets (000 TRY)	143.915	171.844	182.439	182.409	137.815
Equity (000 TRY)	22.527	27.187	20.086	18.856	16.687
Net Profit (000 TRY)	-4.652	-4.265	1.188	2.642	1.961
Market Share (%)	0,43	0,64	0,69	0,84	0,76
ROAA (%)	-3,28	-2,63	1,23	2,55	2,62
ROAE (%)	-20,85	-19,72	11,53	22,94	18,03
Equity/Assets (%)	15,65	15,82	11,01	10,34	12,11
NPL (%)	7,49	4,86	9,44	7,03	4,49
Growth Rate (%)	-16,25	-5,81	0,02	32,36	213,00

\*End of year

**Company Overview**

Kredi Finans Faktoring Anonim Şirketi (hereinafter referred to as 'Kredi Finans Faktoring', 'Kredi Finans' or 'the Company') was founded in 1998 and has continued its services within the Basaran Group since 2010. The Company operates through its headquarters located in Istanbul without any branches.

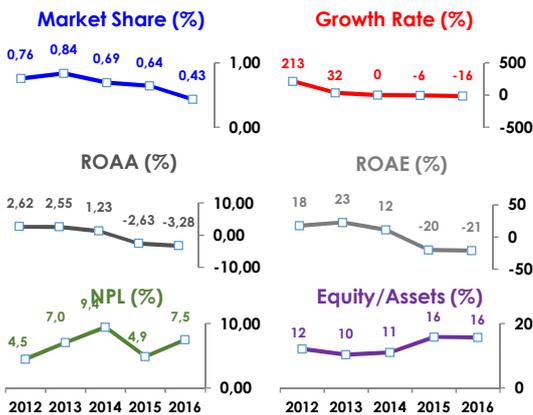
The Company's customer portfolio is mainly consisted of corporate segment clients. Kredi Finans Faktoring promises and carries out factoring operations, receivable and cash management services. The Company is a member of 'Association of Financial Institutions' that is a professional organization of factoring, leasing and financing companies of Turkey. The activities of the Company are regulated and supervised by the Banking Regulation and Supervision Agency (BRSA).

Kredi Finans is owned by the Basaran and Kumla Families, controlling 84.0% and 14.0% of shares, respectively. The Company had a total asset size of TRY143.91mn, and a 0.44% asset share in the factoring sector worth a total of TRY 33.09bn in FYE2016.

As of December 31, 2016, the Company employed an average workforce of 33 (December 31, 2015: 35).

\*Affirmed by Japan Credit Rating Agency, JCR on October 7, 2016

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**Strengths**

- Diversified funding mix with bond issuances
- Planned capital increase through cash injection that will improve balance sheet quality.
- Long-term structure of loans denominated in US Dollars that relieves liquidity
- Accessibility of funding possibilities with the support of the Basaran Group
- Relief on equity by higher loss reserves for non-performing loans
- Experienced management team and well organized risk management infrastructure

**Constraints**

- High net FX loss due to loans denominated in USD
- Increase in gross overdue receivables compared to previous year's results
- Net loss figure of 2016 which drains the total equity
- Downsized factoring receivables that obstruct the asset growth
- Increase in both sectoral and single-customer level concentration indicators
- Macroeconomic uncertainties arising from the tensions & conflicts in the local political environment
- Intensive competitive environment dominated by bank-owned companies which have comparative advantage with wide branch network and low borrowing costs

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**"Global Knowledge supported by Local Experience"**