

**Corporate Credit & Issue Rating
(Update)**

Factoring

| ULUSAL FAKTORİNG Finansal Çözümler Ortaklığı | | 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 | AA- (Trk) | A-1+ (Trk) | |
| | Outlook | Stable | Stable | |
| Sponsor Support | | 2 | - | |
| Stand Alone | | B | | |
| Issue Rating | | AA- (Trk) | A-1+ (Trk) | |
| Sovereign* | Foreign Currency | BBB- | - | |
| | Local Currency | BBB- | - | |
| | Outlook | FC | Stable | - |
| | | LC | Stable | - |

| ULUSAL FAKTORİNG A.Ş. | | | | | | |
|------------------------|---------|---------|---------|---------|---------|---------|
| Financial Data | 2017Q1 | 2016* | 2015* | 2014* | 2013* | 2012* |
| Total Assets (000 USD) | 272,684 | 264,194 | 251,093 | 289,586 | 236,713 | 179,239 |
| Total Assets (000 TRY) | 992,187 | 933,079 | 730,077 | 671,521 | 504,293 | 318,616 |
| Equity (000 TRY) | 112,880 | 109,101 | 97,130 | 82,125 | 67,631 | 57,913 |
| Net Profit (000 TRY) | 3,793 | 16,890 | 18,361 | 16,365 | 12,019 | 11,220 |
| Market Share (%)** | n.a | 2.82 | 2.73 | 2.54 | 2.31 | 1.76 |
| ROAA (%) | n.a | 2.54 | 3.28 | 3.48 | 3.66 | 5.51 |
| ROAE (%) | n.a | 20.52 | 25.67 | 27.34 | 23.97 | 26.76 |
| Equity/Assets (%) | 11.38 | 11.69 | 13.30 | 12.23 | 13.41 | 18.18 |
| NPL (%) | 4.92 | 4.65 | 4.27 | 2.79 | 2.41 | 2.83 |
| Growth Rate (%) | 6.33 | 27.81 | 8.72 | 33.16 | 58.28 | 67.85 |

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

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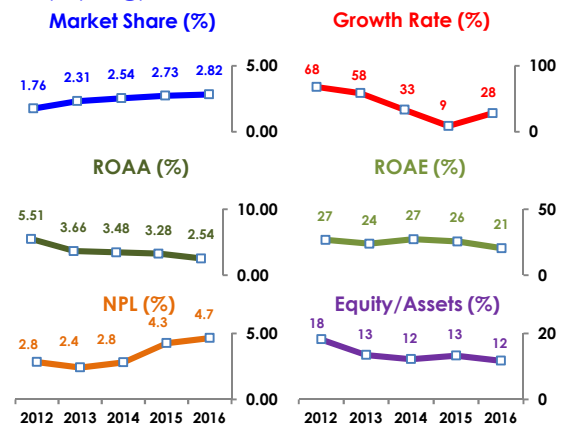
*Audited, Year-End **by asset size

Overview

Ulusal Faktoring A.Ş. (hereinafter referred to as Ulusal Faktoring or the Company) was founded in 1999 and began operations in 2001 following its acquisition by the current shareholders from the Saving Deposits Insurance Funds (SDIF). In December 2011, the investment company **PineBridge Eurasia Financial Investment S.a.r.l.** purchased 46.99% of its shares. Together with the experienced global partnership of **PineBridge**, the Company reinforced its growing trend in the market. Consequently, the Company ranked 3rd among non-bank affiliated factoring companies in terms of average factoring receivables as of FYE2016. The Factoring Sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006.

Ulusal Faktoring mainly focuses on funding micro, small and medium sized enterprises (**MSMEs**) through its headquarters in Maslak (Istanbul) and sixteen branches in the cities of Istanbul, Ankara, Bursa, Gaziantep, Kocaeli, Izmir, Antalya, and Adana. The Konya, Samsun and Çorlu branches became operational in the first quarter of 2016. Ulusal Faktoring employed a staff of 242 at the end of 2016, a significant increase from 2015 (FYE 2015:217).

PineBridge Eurasia Financial Investment S.a.r.l. is a special purpose investment company managed by PineBridge Investments. The firm managed approximately USD 82.7bn in investments of institutional and retail clients in more than 30 countries as of December 31, 2016.



Strengths

Constraints

- Steady loan book and turnover growth, surpassing the sector amidst a volatile business environment
- Well diversified portfolio through growing branch network and national presence and diversifying geographical risk
- Ability to generate and preserve interest margins outperforming the sector, supporting the equity base with internally generated resources
- Notable improvement in the borrower concentration ratios, granulating the bulk loans and reducing idiosyncratic credit risk
- Diversified funding opportunities through debt issuances contributing to borrowings term structure and relieving liquidity management
- Experienced and well-functioning management team with an emphasis on adoption of corporate governance best practices
- Favourable positive liquidity gap and insignificant foreign currency position, granting near immunity to volatilities in the FX market
- Shareholder structure with a special purpose investment company inspiring confidence in investors

- Increasing leverage due to growing share of external funds among resources, despite an above-threshold capital adequacy
- Rising impaired receivables balance and ratio, reflecting the constrained business environment
- Sizable operational expenses and higher than sector average opex/total income ratio due to recent expansion of the branch network
- Intensive competitive environment dominated by bank-owned companies which have a comparative advantage with wide branch networks and low borrowing costs
- Persisting uncertainties arising from domestic and global economic and political risks, pressurizing the risk appetite and asset quality of lenders

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"Global Knowledge supported by Local Experience"