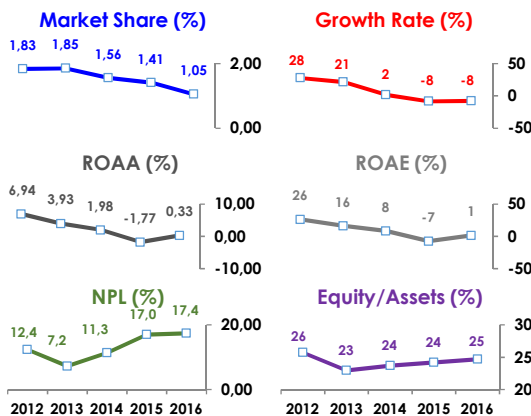


**Corporate Credit & Issue Rating**
**Non-Banking Financial Institutions  
Factoring**

eko faktoring		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		3	-	
Stand Alone		B	-	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

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

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**Company Overview**

**Eko Faktoring A.Ş.** (referred to as 'the Company' or 'Eko Faktoring') was founded in 1994 to run as a factoring services supplier for commercial transactions to customers by undertaking their collection. The Company continues its operations under the regulations of Banking Regulation and Supervision Agency (BRSA). The Company had 96 employees as of FYE2016 and operates in its headquarters in Istanbul and 4 branches located nationwide. The Company realized its first bond issuance amounting to TRY 50mn in July 2012.

The Turkish Factoring Sector was worth a total of TRY 33.09bn. Eko Faktoring, with a total asset size of TRY 347.17mn as of FYE2016.

With the exit of Coöperatieve BVS Financial Services U.A. (Bancroft Group) in 2016 and 2017, shareholder structure of Eko Faktoring has been changed and remaining shareholders bought the shares from Bancroft Group. Valansi and Kondu families are standing as controlling shareholders.

Eko Faktoring did not have any subsidiaries as of reporting date.

**Strengths**

- Net profit recorded in 2016 and first quarter of 2017
- Strong equity level backed by high level of paid-in capital.
- Diversified funding mix with bond issuances
- Increased level of loss reserves to decrease the burden of overdue receivables on the equity
- Strong standard ratio that helps to maintain capital adequacy
- Better performance in 2016, compared to the sector in terms of maturity of receivables
- Experienced management team and adoption of regulations drawn out by local authorities

**Constraints**

- High level of NPL ratio continues to threaten asset quality
- Decline in asset based market share for the last 4 years
- High level of operational costs which floats above the sector averages
- Contraction in total turnover
- Uncertainties arising from tensions & conflicts in the local political environment, together with worsening macroeconomic indicators
- Intensive competitive environment dominated by bank-owned companies which have a comparative advantage with wide branch networks and low borrowing costs