Corporate Credit & Issue Rating

Non-Banking Financial Institutions
Factoring

YEDİTEPE FAKTORİNG "Fırsat Yaratır"			Long Term	Short Term
International	Foreign Currency		BBB-	A-3
International	Local Currency		BBB-	A-3
International	Outlook	FC	Stable	Stable
International	Outlook	LC	Stable	Stable
International	Issue Rating		N/A	N/A
National	Local Rating		A (Trk)	A–1 (Trk)
National	Outlook		Stable	Stable
National	Issue Rating		A (Trk)	A–1 (Trk)
Sponsor Support			2	-
Stand Alone			AB	-
Sovereign*	Foreign currency		BBB-	-
Sovereign*	Local currency		BBB-	-
Sovereign*	Outlook	FC	Stable	-
Sovereign*	Outlook	LC	Stable	-

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

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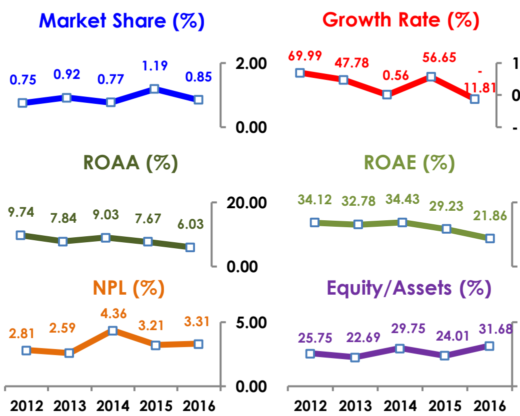

YEDİTEPE FAKTORİNG A.Ş.						
Financial Data	**2017H1****	**2016***	**2015***	**2014***	**2013***	**2012***
Total Assets (000 USD)	101,870	79,308	109,229	87,428	94,629	76,742
Total Assets (000 TRY)	357,268	280,101	317,593	202,737	201,598	136,416
Equity (000 TRY)	94,281	88,728	76,258	60,316	45,733	35,127
Net Profit (000 TRY)	5,518	12,412	15,942	14,583	10,616	8,393
Market Share (%)	1.02***	0.85	1.19	0.77	0.92	0.75
ROAA (%)	n.a.	6.03	7.67	9.03	7.84	9.74
ROAE (%)	n.a.	21.86	29.23	34.43	32.78	34.12
Equity/Assets (%)	26,39	31.68	24.01	29.75	22.69	25.75
NPL (%)	2.80	3.31	3.21	4.36	2.59	2.81
Growth Rate (%)	27.55	-11.81	56.65	0.56	47.78	69.99

(*) Audited Year-End, (**) Unaudited first half 2017 figures, (***) As of 2017 first quarter

Company Overview

Yeditepe Faktoring A.Ş. (hereinafter referred to as 'Yeditepe Faktoring' or 'the Company') was founded in 1997 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 Yeditepe Faktoring is subject to its regulations.

The chairman of the Company, **Mr. Fevzi ÖZTÜRKMEN**, owns a 98.9% stake in the Company's shareholding structure. Yeditepe Faktoring carries out its mostly domestic and revocable factoring transactions through its headquarters and three branches in Istanbul (2) and Kocaeli. Cooperation with Denizbank, a middle-scaled Turkish Bank, supports the Company's operations. The Company realized its first bill and bond issuances in 2015 and had four outstanding bill/bonds as of the report date. The Company was ranked 18th among non-bank affiliated factoring companies in terms of total factoring receivables as of FYE2016 (FYE2015: 10th). The Company employed a staff force of 81 as of FYE2016 (FYE2015: 82) and had no subsidiaries or affiliates.

Strengths

- Steadily above sector average profitability ratios and pre-tax profit generation capacity
- Diversified receivable portfolio diminishing the credit risk and enhancing asset quality
- Ability to generate and preserve above sector average interest margin, supporting profitability and equity base
- Robust above sector average equity level supported by profit retention policy
- Lower NPL ratio compared to the sector bolstering the Company's asset quality
- Diversified borrowing profile through debt security issuances contributing to the borrowings term structure
- Reduced share of financial borrowings in asset financing supporting the liquidity and contributing to the asset quality
- Experienced management team and well-organized risk management infrastructure
- Insignificant foreign currency open position, effectively eliminating FX Risk
- Significant level of collaterals, diminishing credit risk

Constraints

- Competitive sector dominated by bank-owned companies with the comparative advantages of wide branch network and low borrowing costs
- Robust increase in operating expenditures negatively affecting profitability
- Persisting macroeconomic and political uncertainties arising from domestic and global tensions and conflicts creating volatility in financial markets, disrupting the asset quality and increasing the inherent risk factors of the real economy and the factoring sector
- Increase in the share of financial expenses as a percentage of factoring interest income diminishing the Company's profit generation capacity
- Increasing borrowing costs due to short-term matured funding structure that is easily affected by the fluctuations in market interest rates
- Diminished liquidity profile due to extended average maturity of factoring receivables and shortened average maturity of financial liabilities
- Room for improvement in terms of corporate governance principles

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