

PRESS RELEASE

Istanbul – March 24, 2017

JCR Eurasia Rating
has revised the credit ratings of “**Atılım Faktoring A.Ş.**” and “**Cash Flows of the Debt Instrument Issuance**” within the scope of periodic review and affirmed its rating as “**A- (Trk)/ Stable**” on the Long Term National Local Scale and “**BBB-/ Stable**” on the Long Term International Foreign Currency Scale.

JCR Eurasia Rating, in its periodic review, has evaluated **Atılım Faktoring A.Ş.** and its “**Cash Flows of the Debt Instrument Issuance**” in an investment-level category on the national and international scales and affirmed the ratings of ‘**A- (Trk)**’ on the Long Term National Scale and determined the Short Term National Scale as **A-1 (Trk)** with ‘**Stable**’ Outlooks. Additionally, JCR Eurasia Rating has affirmed the Long Term International Foreign and Local Currency Ratings as ‘**BBB-**’. Other notes and details of the ratings are provided below:

Long Term International Foreign Currency Rating	:	BBB- / (Stable Outlook)
Long Term International Local Currency Rating	:	BBB- / (Stable Outlook)
Long Term National Local Rating	:	A- (Trk) / (Stable Outlook)
Long Term Issue Rating	:	A- (Trk)
Short Term International Foreign Currency Rating	:	A-3 / (Stable Outlook)
Short Term International Local Currency Rating	:	A-3 / (Stable Outlook)
Short Term National Local Rating	:	A-1 (Trk) / (Stable Outlook)
Short Term Issue Rating	:	A-1 (Trk)
Sponsor Support	:	3
Stand Alone	:	B

The Factoring Sector is marked by high level of vulnerability to fluctuations in macroeconomic circumstances and instability. Management policies in the sector are strongly influenced by the changes in economic outlook and regulatory procedures from the Banking Regulation and Supervision Agency (BRSA). On the other hand, in line with the undertaken reforms, the sector’s legal infrastructure has been improved with regards to effective surveillance and control. As such, the mandatory installation of information, risk measurement and internal control systems have made a positive contribution to the improvement of the sector’s institutional set-up and the quality, standardization and transparency of financial reporting practices and facilitated fair competition. Considering the fact that factoring companies generate revenues mainly from real sector firms, the probable adversities on the factoring sector of the market volatility and low-growth environment deriving from domestic/overseas economic, political and geopolitical developments serve as an issue that should be monitored closely.

Atılım Faktoring, with activities dating back to 1993 as one of the first institutions operating in the Turkish Factoring sector, has operated under its current ownership structure as of 2001. Headquartered in Istanbul, the Company has offices in Ankara, Antalya and Samsun and offers financing services to mostly medium and large sized enterprises through the transfer of their trade receivables stemming from domestic sales.

Due to decreasing risk appetite and tightening liquidity conditions in the Factoring Sector at large, **Atılım Faktoring** maintained a controlled growth policy so as to preserve asset quality and limit risk exposure. As net interest margin increased and further surpassed the sector average, the Company’s return on equity and return on assets ratios benefited from the margin. Actively using capital and money markets, the Company continues to diversify its funding structure with frequent bond and bill issuances. On the other hand, in order to control the risk weight of the credit portfolio, **Atılım Faktoring** has opted primarily to underwrite loans with institutional and large-scale customers.

Improvement in net interest margin and superior spread over the sector average, recovering asset quality, productivity improvement due to the limitation of costs compared to past periods, risk and profitability oriented management policies, dynamically managed and diversified funding resources with bond and bill issuances and the adequate capitalization levels were factors leading to the affirmation of **Atılım Faktoring**’s Long Term National Rating as “**A- (Trk)**”. However, the trend and collection performance of the past-due receivables, loan book and turnover growth, sector developments and changes in interest rates affecting the Company’s internal resource generation capacity and asset quality, the trend of operational costs and their impact on the ratings and outlook are among the areas to be monitored by JCR Eurasia Rating.

Taking into account the Company’s balance sheet composition, scale attained in the intermediary sector, presence of an experienced management team, future projections and reputable shareholding structure expanding and facilitating funding opportunities, it is anticipated that the Company will meet the financial liabilities arising from its planned bond issue. No separate issue rating report has been prepared as the resources obtained via the debt issue will be carried in the Company’s balance sheet and issue rating analysis has been carried out in the credit rating report. The issue has no difference in comparison to the Company’s other liabilities with respect to legal status and collateralization structure as such the Company’s corporate credit ratings also reflect the issue rating.

We preserve our opinion that the controlling shareholders of **Atılım Faktoring A.Ş.** have the willingness to provide long-term funds or equity along with delivering operational support should such a need arises. In this perspective, the Company’s Sponsor Support Rating has been affirmed as **(3)** within the **JCR Eurasia Rating** scale.

JCR Eurasia Rating believes that the Company possesses the capacity and experience to manage its commitments without external support, considering the Company’s internal resource generation capacity and profitability potential, achieved growth rates, asset quality, capitalization level, liquidity profile, term structure and risk management applications and provided that the macroeconomic outlook does not concentrate on the negative direction. In this regard, **Atılım Faktoring A.Ş.**’s Stand Alone Rating is affirmed as **(B)**, indicating a sufficient level within **JCR Eurasia Rating** notation.

For more information related to the rating results you may visit our internet site <http://www.jcrer.com.tr> or contact our analyst **Mr. Bora Pakyürek**.

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