

PRESS RELEASE

Istanbul – May 26, 2017

JCR Eurasia Rating,
 in its periodic review, has affirmed the ratings of **'Creditwest Faktoring A.Ş.'**
 as **'AA (Trk)'** on the Long Term National Local Scale and determined the outlook on the national ratings as **'Stable'**. The Long Term International Foreign and Local Currency Scale ratings have been affirmed as **'BBB-/Stable'**.

JCR Eurasia Rating, in its periodic review, has evaluated **Creditwest Faktoring A.Ş.** in an investment-level category on the national and international scales and affirmed the ratings on the Long Term National Scale as **'AA (Trk)'** 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	:	BBB- / (Stable Outlook)
Long Term International Local Currency	:	BBB- / (Stable Outlook)
Long Term National Local Rating	:	AA (Trk) / (Stable Outlook)
Long Term National Issue Rating	:	AA (Trk)
Short Term International Foreign Currency	:	A-3 / (Stable Outlook)
Short Term International Local Currency	:	A-3 / (Stable Outlook)
Short Term National Local Rating	:	A-1+ (Trk) / (Stable Outlook)
Long Term International Issue Rating	:	A-1+ (Trk)
Sponsor Support	:	2
Stand Alone	:	A

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.

Creditwest Faktoring, starting operations in 1995, has been one of the three factoring companies quoted in Istanbul Stock Exchange. The Company began public trading 20 years ago in the market and pioneered the private sector bond market. Creditwest Faktoring stands out with its high net profit in the Factoring Sector, which is dominated by bank-subsidiary companies and strong price competition. The Company operates through 4 branches and the headquarter located in Istanbul. The Company has rapidly adopted corporate governance principles and received a Corporate Governance Rating of '8.45' as determined by JCR Eurasia Rating in June 2016. Paid-in capital stood at TRY 80mn at the end of the year, well above the minimum paid-in capital requirement of TRY 20mn for factoring companies.

The Company's stable net profit for the last years, below sector NPL ratio, strong paid-in capital, internal equity generation capacity, diversified debt instruments, successful risk management practices and the high share of receivables with a low collection risk from the government are seen positive effects on Creditwest Faktoring's long and short term ratings. On the other hand, both the floating interest rate on bonds issued and flexible current interest of bank loans result in difficulties in managing financial costs at a stable level. The Company's net interest margin, which is below the sector averages, may be expose to a squeeze in the event of a rapid increase in market interest rates and cost of resources. Even so, the high sales volume of the Company ensures the sustainability of its profitability. The Company's internal resource generation capacity and the compensation power of cash flows to cover interest payments played a vital role in the Company's ratings. Therefore, the Company's outlooks in the short and long term perspective have been determined as **'Stable'** and the Long Term National Grade has been affirmed as **'AA (Trk)'**. The macroeconomic indicators at national and international markets, as well as the profitability performance of the firm, the changes that may arise in the financial results due to foreign currency exchange losses and the level of equity, are to be monitored by **JCR Eurasia Rating**. Effects of the failed coup attempt in 2016, restructuring of the state organs and the prolonged State of Emergency applications as well as the result constitutional changes on the firm will continue to be monitored.

The major controlling shareholder, Altınbaş Holding A.Ş., has a 60-year experience in a variety of sectors and has increased investments in the Factoring Sector in recent years. The shareholder is considered to have the willingness and experience to ensure long-term liquidity and equity within their financial capability when required and to provide efficient operational support to Creditwest Faktoring A.Ş. In this regard, the Company's Sponsor Support Grade has been affirmed as **(2)** in JCR Eurasia Rating's notation.

On the other hand, taking into account the Company's ongoing sales volume, experienced staff, effective risk and corporate governance applications, diversified borrowing structure, low NPL level, strong asset quality and internal equity generation capacity, we, as JCR Eurasia Rating, state the opinion that the Company has reached the level of adequate experience and facilities to manage the incurred risks on its balance sheet regardless of any assistance from the shareholders, if it preserves its current customer level, efficiency and existing macroeconomic level in the market. Within this context, the Stand Alone grade of the Company has been affirmed as **(A)** in the JCR Eurasia Rating notation system.

For detailed information regarding the rating results you may visit our internet site <http://www.jcrer.com.tr> or contact our analyst Mr. **Utku KARAGÜLLE**.

JCR EURASIA RATING
Administrative Board