



**BASIN AÇIKLAMASI**  
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**JCR Eurasia Rating,**  
periyodik gözden geçirme sürecinde **Akdeniz Faktoring A.Ş.’nin ve Mevcut/Planlanan Tahvil İhracına**  
ilişkin Uzun Vadeli Ulusal Notunu ve Görünümünü **‘A (Trk)/Stabil’**, Uzun Vadeli Uluslararası Yerel ve  
Yabancı Para notlarını ise **‘BBB-/Stabil’** olarak teyit etti.

JCR Eurasia Rating, Akdeniz Faktoring A.Ş. ve Mevcut/Planlanan Tahvil İhracına ilişkin periyodik gözden geçirme sürecinde Uzun Vadeli Ulusal Notunu ve Görünümünü **‘A (Trk)/Stabil’** olarak teyit etti. Uzun Vadeli Uluslararası Yabancı Para Yerel Para Notları **‘BBB-/ Stabil’** olarak teyit edilmiş olup tüm notların detayları aşağıda gösterilmiştir:

Uzun Vadeli Uluslararası Yabancı Para	: BBB- / (Stabil Görünüm)
Uzun Vadeli Uluslararası Yerel Para Notu	: BBB- / (Stabil Görünüm)
Uzun Vadeli Ulusal Notu	: A (Trk) / (Stabil Görünüm)
Uzun Vadeli İhraç Notu	: A (Trk)
Kısa Vadeli Uluslararası Yabancı Para	: A-3 / (Stabil Görünüm)
Kısa Vadeli Uluslararası Yerel Para Notu	: A-3 / (Stabil Görünüm)
Kısa Vadeli Ulusal Notu	: A-1 (Trk) / (Stabil Görünüm)
Kısa Vadeli İhraç Notu	: A-1 (Trk)
Desteklenme Notu	: 1
Ortaklardan Bağımsızlık Notu	: B

1993 yılından beri Türkiye’de faktoring sektöründe hizmet veren Akdeniz Faktoring A.Ş. başta orta ve büyük ölçekli reel sektör firmalarının yanı sıra yurt içinde faaliyet gösteren diğer faktoring şirketlerine finansman sağlamaktadır. Şirket’in bünyesinde yer aldığı Zülfikarlar Holding, başta enerji olmak üzere petrokimya ürünleri ve finans sektöründe faaliyet göstermektedir. Holding bünyesinde yer alan ve Akdeniz Faktoring’in de %9.42 hissedarı olduğu petrol dağıtım şirketi Turkuaz Petrol Ürünleri A.Ş., 2017 yılında özelleştirilen TP Petrol Dağıtım A.Ş.’nin %100 hissesini satın alarak akaryakıt dağıtım sektöründeki konumunu güçlendirmiştir.

Makroekonomik koşullardaki dalgalanmalardan ve istikrarsızlıktan etkilenme seviyesi yüksek olan faktoring sektöründe ekonomik konjonktürdeki değişiklikler ve BDDK’nın regülasyon çalışmaları yönetim politikaları üzerinde belirleyici olmaktadır. Diğer taraftan, yapılan reformlar doğrultusunda, etkin gözetim ve denetim açısından sektörün yasal altyapısı iyileştirilerek, bilgi sistemlerinin, risk ölçüm sistemlerinin ve iç kontrol süreçlerinin tesis edilmesinin zorunlu tutulması özellikle, sektörün kurumsal yapısının gelişimine, finansal raporlamaların kalitesinin, standardizasyonunun ve şeffaflığının artırılmasına ve rekabet eşitliğinin sağlanmasına yönelik pozitif yönde ivme kazandırmıştır. Faktoring şirketlerinin esas gelirlerini reel sektörün oluşturduğu dikkate alındığında, yurt dışı ve yurt içi ekonomik-politik ve jeopolitik gelişmelerin piyasalarda yarattığı volatilitenin ve düşük büyüme ortamının faktoring sektörü üzerinde olası negatif etkisi yakından izlenmesi gereken husus olarak ortaya çıkmaktadır.

Akdeniz Faktoring orta ve büyük ölçekli kurumsal müşteri tabanını genişleterek büyüme trendini 2016 yılında ve mevcut yılın ilk çeyreğinde sürdürmüştür. İhtiyatlı ve risk odaklı stratejisinin sonucu olarak sektör ortalamasının altında devam eden sorunlu alacak seviyesi Şirket’in aktif kalitesindeki dayanıklılığın devam ettiğini göstermektedir. Şirket’in sektördeki genel uygulamalardan ayrılan merkezi organizasyonel yapılanması operasyonel giderlerin etkili bir şekilde yönetilmesine imkân vererek fiyatlama olanaklarını genişletmektedir. Şirket’in net karlılık performansı sektör ortalamalarına yakınsamakla birlikte Müşteri portföyündeki reel sektör firma payındaki genişlemenin sonucu olarak faiz marjlarında iyileşme sağlanmıştır. Bununla beraber üst yönetimde sürekliliğin sağlanması orta ve uzun vadeli stratejilere odaklanılmasını sağlayarak Şirket’in performansını destekleyecektir. Şirket’in büyüme stratejisinin finansal sonuçlar üzerindeki etkisi ve siyasi ve ekonomik gelişmelerin faktoring sektöründeki yansımaları, Şirket’e özgü finansal ve finansal olmayan risklerle beraber yakından izlenecektir. İhraç yoluyla elde edilmesi planlanan kaynaklar şirket bilançosunda taşınacağı için ayrı bir ihraç rating raporu düzenlemeyip kredi derecelendirme raporu içerisinde analiz edilmiştir. İhraç edilecek tahvilin şirketin diğer yükümlülüklerine göre hukuksal ve teminat açısından bir farklılaştırılması olmadığı için şirketin kurumsal yapısının notları ihraç ratingini de temsil etmektedir.

Ortaklık yapısında kontrolü elinde tutan **İsfendiyar Zülfikari’nin ve Zülfikarlar Holding A.Ş.’nin** ihtiyaç halinde **Akdeniz Faktoring A.Ş.’ye** finansal güçlerinin yeterliliğine bağlı olarak uzun vadeli likidite veya öz kaynak temin edebilecek yeterli arzuya ve ayrıca etkili operasyonel destek sunma deneyimine sahip oldukları bilgi ve kanaatine ulaşılmıştır. Bu kapsamda, Şirketin **Desteklenme Notu** JCR Eurasia Rating notasyonu içerisinde **(1)** olarak belirlenmiştir. **JCR Eurasia Rating** olarak, Şirketin içsel öz kaynak yaratma ve karlılık potansiyeli, büyüme yeteneği, varlık kalitesi, sermayeleşme düzeyi, likidite profili ve sektörde 20 yılı aşan uzmanlığı dikkate alındığında, ortaklarından herhangi bir destek sağlanıp sağlanamayacağına bakılmaksızın, mevcut portföyünün korunması, üst yönetimde istikrarın sağlanması ve makroekonomik görünümünün önemli ölçüde bozulmaması kaydıyla üstlendiği yükümlülükleri yönetebilecek yeterli deneyim ve altyapıya ulaştığı düşünülmektedir. Bu kapsamda, **Akdeniz Faktoring A.Ş.’nin Ortaklardan Bağımsızlık Notu**, JCR Eurasia Rating notasyonu içerisinde yeterli düzeyi işaret eden **(B)** olarak teyit edilmiştir.

Derecelendirme neticeleriyle ilgili daha fazla bilgi Kuruluşumuzun <http://www.jcrer.com.tr> adresinden sağlanabilir veya Kuruluşumuz analistlerinden **Sn. Abdurrahman TUTĞAÇ** ile iletişim kurulabilir.

**JCR EURASIA RATING**  
**Yönetim Kurulu**

**Corporate Credit & Issue Rating**

**Factoring**

AKDENİZ FAKTORİNG		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	A (Trk)	A-1 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	A (Trk)	A-1 (Trk)	
Sponsor Support		1	-	
Stand Alone		B	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
LC		Stable	-	

AKDENİZ FAKTORİNG A.Ş.					
Financial Data	Q12017	2016*	2015*	2014*	2013*
Total Assets (000 USD)	132,483	130,172	117,890	127,277	122,072
Total Assets (000 TRY)	481,737	459,742	342,777	295,143	260,063
Equity (000 TRY)	60,470	58,457	57,356	34,623	29,308
Net Profit (000 TRY)	2,013	7,148	1,587	5,317	4,058
Market Share (%)	1.48	1.39	1.28	1.12	1.19
ROAA, pre-tax (%)	n.a.	2.25	0.63	2.39	2.50
ROAE, pre-tax (%)	n.a.	15.61	4.37	20.79	24.33
Equity/Assets (%)	12.55	12.72	16.73	11.73	11.27
NPL (%)	3.09	3.34	4.46	2.67	2.21
Growth Rate (%)	n.a.	34.12	16.14	13.49	83.27

\*End of year

**Overview**

Akdeniz Faktoring A.Ş. provides funding primarily to medium sized entities operating in a wide range of sectors and domestic factoring companies. The Company was established in 1993 and operates within Zulfikarlar Holding A.Ş., a long-established family owned enterprise.

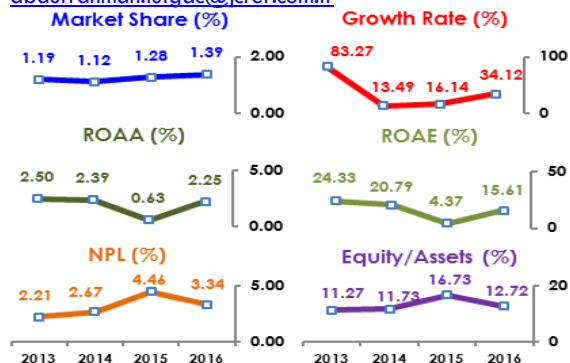
Zulfikarlar Holding has a wide range of activities in the fields of petroleum and petroleum products, energy, and the financial sector. Turkuaz Petrol Ürünleri A.Ş., a fuel distribution company, Akça Kimyevi Maddeler Nakliyat Tic. San. A.Ş., and Tesla Enerji Toptan Satış A.Ş. are the holding's leading companies, along with Akdeniz Faktoring. The acquisition of a 100% stake of TP Petrol Dağıtım A.Ş. in 2017 improved the Holding's market presence in the fuel distribution sector.

Akdeniz Faktoring A.Ş. increased its shares on **Turkuaz Petrol Ürünleri A.Ş.** to 9.42% in 2016 from 6.25%. Akdeniz Faktoring is headquartered in Üsküdar, Istanbul and the Company employed a staff of 16 as of 2016.

\*Assigned by JCR Eurasia Rating, JCR-ER on October 7, 2016

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**Strengths**

- Sound portfolio growth in line with growing share of corporate segment customers in the portfolio
- Prudent risk management which bolsters the asset quality
- Improvement diversification reducing concentration risk
- Increasing utilization of capital market instruments
- Enhancing pricing room thanks to below sector average OPEX to average assets
- Solid capital base comfortably above the mandated capital adequacy level, generating room for further growth
- Leveraging of the main shareholder's financial and operational capabilities

**Constraints**

- Historically below sector interest margins in line with the Board's prudent growth focus
- Frequent changes in the senior management team
- Profit distribution putting a cap on equity level and market penetration
- Highly competitive and fragmented market structure
- Pressurized global and regional economic outlook with persistent uncertainties concerning monetary policy responses

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*"Global Knowledge supported by Local Experience"*

## 1. Rating Rationale

The Turkish factoring sector is comprised of 62 companies with different ownership and management structures, customer bases, scope of services, operational business models and strategies, profitability and risk preferences, branching facilities, access opportunities to customers and markets, funding sufficiency, operational capacities on a local and/or international scale. As of FYE2016, the sector reached a total asset size of TRY 33bn and an equity of TRY 5bn.

This report is based on the independent audit report of Akdeniz Faktoring in addition to statistical data on the sector produced by BRSA. Additionally, JCR Eurasia's own analyses, estimations, and calculations were incorporated into the report. Clarifications related with the current operations and updates to the corporate structure of Akdeniz Faktoring are provided by the Company management. As there are no additional legal and/or financial collateral guarantees provided separately for the repayment of the bond issued by Akdeniz Faktoring A.Ş., the rating assigned for the TRY dominated bond issuances has been assigned as the same as the Company's Long and Short-Term National Local Ratings.

Akdeniz Faktoring's business profile, customer segments, interest margin, liquidity structure, solvency indicators, capitalization level, asset quality, risk management policies, and management and ownership profiles have been taken into consideration for assigning the long term national and international local and foreign currency grades. The main driving forces behind the Company's grade are;

### Sound Asset Growth through Portfolio Diversification

Akdeniz Faktoring's asset size has performed a 34.12% growth in 2016 and increased to TRY 459.7mn. Diversifying its asset base and increasing the share of corporate customer base in its receivables portfolio from 38% to 55% in 2016 underpinned the Company's above sector average growth rate.

### Prudent Risk Management Underpinning Asset Quality

Akdeniz Faktoring's track record in terms of below sector average NPL figures reflects prudence in funding decisions and the quality of its portfolio. Despite sound asset growth in 2016, the Company decreased its NPL ratio to 3.34%. Moreover, the management employed full provision for its impaired receivables, over the mandated limits, which reflects the Company's financial stamina to cushion unforeseen loss.

### Efficient Operational Design

headquarters and the Company had no active branch offices as of FYE2016. Moreover, the Company's staff base

was one of the lowest in the sector, ranking 56th among 62 companies, leading a below sector average OPEX to Average Assets ratio of 1.05%. Leveraging its organizational base and the synergy created within the Holding provides the Company with additional room for pricing.

### Utilization of Capital Market Instruments

The Company's access to capital market instruments provided additional funding opportunities. Akdeniz Faktoring's outstanding bonds stood at TRY 70mn as of FYE2016. Organized borrowing facilities from several financial institutions serve to meet the Company's primary liquidity needs. Additionally, the self-liquidating nature of the receivables along with the willingness and strength of the principle shareholder to ensure long term liquidity and should such a need arises underpins the liquidity management.

### Narrow Interest Margins

Akdeniz Faktoring has historically recorded below sector interest margin figures in line with its primary strategy to fund domestic factoring companies in return for lower exposure to credit quality of corporate segment customer base. On the other hand, increasing the share of corporate segment customers in its total receivables, the Company's average interest margin improved to 3.60% in 2016.

### Profit Distribution Putting a Cap on Asset Growth Projections

The Board's decision regarding profit distribution led to a decline in Equity/Total Assets ratio, which was below the market average. Despite meeting the leverage criteria regarding the current regulations, adding internally generated revenues to equity would provide further room for growth.

### Frequent Changes in Senior Management

Frequent changes in the senior management may interrupt the Company's focus on long term strategy and have an impact in the business performance.

### Constrained Global and Regional Economic Outlook with Persistent Uncertainties Related with the Monetary Policies of Developed Economies

The factoring sector is sensitive to the economic prospects and the consumer confidence due to the fast-paced nature of the business. Deterioration in inflation and current account deficit, unrest in the Middle East, constitutional referendum held in April 2017, possible increases in the future cost of borrowing due to rate hikes by the Federal Reserve and subsequent reduction of inflows into emerging economies as well as rising levels of unemployment and regional tensions are expected to lead to a slowdown in economic growth throughout 2017.

JCR Eurasia Rating has affirmed the Company's Long Term National Credit Rating as '**A (Trk)**', considering the aforementioned rating drivers detailed in the rest of the report. The long term international foreign currency and local currency ratings of the Company are affirmed as the country ceiling of '**BBB-**'.

## 2. Outlook

A '**Stable**' outlook has been assigned for the Company's long term national ratings considering its growing and diversifying customer base, the majority of which are factoring companies, double recourse-covered receivables portfolio, strong capital support of the sole shareholder, asset quality which compares well with the sector average, and diversified funding mix.

We acknowledge certain factors such as potential loss of flexibility in financing, deteriorating asset quality and liquidity profile, decreasing investor appetite and growing turmoil in the domestic and international markets possible arguments for downward pressure on the outlook. On the contrary, ameliorating profitability indicators, solid growth, reduction in the financing costs, and robust economic growth in the domestic and international markets are possible factors a positive rating outlook.

## 3. Sponsor Support & Stand Alone Assessment

The financial strength and expected support of the Company's shareholders lay the foundation of its Sponsor Support assessment. Akdeniz Faktoring's utmost shareholder, **Mr. İsfendiyar Zülfikari** is the owner of Zülfikarlar Holding. Accounting for the Group's long track record, assets, and equity, Mr. Zülfikari is considered to be in a comfortable position to provide support to Akdeniz Faktoring in case of a liquidity requirement. The fact that the shareholders increased the paid-in capital of the Company to TRY 50mn in the last two years, predominantly funded with cash injection, attest to their willingness and capacity to provide financial assistance. In this regard, JCR Eurasia Rating has assigned the Sponsor Support grade as '**1**' reflecting a strong financial and non-financial states and expected support by the shareholders.

Akdeniz Faktoring's Stand Alone grade reflects its asset quality, capitalization level, net interest margin, risk management structure, and the risks inherent in the market. In this regard, we believe Akdeniz Faktoring has reached the level of adequate entrepreneurial ability, experience, and facilities to manage the incurred risks in its balance sheet without any assistance by the shareholders provided that it extends its current customer base and effectiveness in the market and improves the organization and management

procedures to reduce the key man risk for the Company. Within this context, the Stand Alone grade of Akdeniz Faktoring has been determined as '**B**' in the JCR Eurasia Rating notation system.

## 4. Company Profile

### a) History & Activities

Akdeniz Faktoring A.Ş. provides funding primarily to medium-sized entities operating in a wide range of sectors and domestic factoring companies. The Company was established in 1993 and operates within Zülfikarlar Holding A.Ş., a long-established family owned enterprise.

Zülfikarlar Holding has a wide range of activities in the fields of petroleum and petroleum products, energy, and the financial sector. Turkuaz Petrol Ürünleri A.Ş., a fuel distribution company, Akça Kimyevi Maddeler Nakliyat Tic. San. A.Ş., and Tesla Enerji Toptan Satış A.Ş. are the holding's leading companies, along with Akdeniz Faktoring. The acquisition of a 100% stake in TP Petrol Dağıtım A.Ş. in 2017 will improve the Holding's market presence in the fuel distribution sector.

### b) Organization & Employees

The Board of Akdeniz Faktoring consists of three members, with the utmost shareholder İsfendiyar Zülfikari serving as chairman. The General Manager and the Risk Monitoring and Control Department report directly to the Board.

Headquarters are located in Üsküdar, Istanbul and the Company employed a staff of 17 as of 2015. Unlike the sector tendency, Akdeniz Faktoring does not benefit from a branch coverage due to its strategy of providing funding primarily to factoring companies. The majority of employees have experience in the field of banking, promoting the quality of its services.

### c) Shareholders, Subsidiaries & Affiliates

The Company's paid-up capital stood at TRY 50mn which was adequately above the regulatory imposed floor of TRY 20mn at end-2016. The majority of shares were transferred to the Holding and the real person shareholder, İsfendiyar Zülfikari, held 10.27% of Company's shares.

Shareholding Structure	End-2016		End-2015	
	%	Amount	%	Amount
İsfendiyar Zülfikari	10.27	5,133	10.27	5,133
Zülfikarlar Holding A.Ş.	89.31	44,656	89.31	44,656
Others	0.42	211	0.42	211
<b>Paid Capital (TRY 000)</b>	<b>100</b>	<b>50.000</b>	<b>100</b>	<b>50.000</b>

Akdeniz Faktoring A.Ş. holds 9.42% of shares of Turkuaz Petrol Ürünleri A.Ş., a fuel distributor founded in 1994 to provide services to both corporate and final customers through a network of 350 stations, 4 terminals, and 7 supply establishments. Turkuaz Petrol generated over TRY 1bn revenue as of FYE 2016 and is the 12th largest company in the sector in terms of volume of sales. Moreover, the Holding completed the acquisition of 100% stake in TP Petrol Dağıtım A.Ş. in 2017 for USD 159mn. Turkuaz Petrol will be incorporated into TP Petrol Dağıtım A.Ş. and is set to be one of the major fuel distributors in Turkey.

#### **d) Corporate Governance**

The Banking Regulation and Supervision Agency (BRSA) regulates the factoring sector in Turkey. The BRSA's strict policies and regulations along with the Financial Institutions Association (FKB) require factoring companies to adopt a certain transparency, accountability, and corporate governance structure. While Akdeniz Faktoring is not a publicly traded company and thus is not required to comply with the corporate governance standards outlined by the Capital Markets Board, the ring fence structure of the regulators help the Company comply with the principles to a certain extent.

The Company published an internal directive and disclosed on its website a clarification of the procedures of general assembly in line with the current Turkish Commercial Code facilitating the exercise of shareholders rights. Akdeniz Faktoring also discloses its articles of association and its shareholding structure on its website.

The Board of Akdeniz Faktoring consists of 3 members. İsfendiyar Zulfikari, the utmost shareholder of the Company, is the chairman of the Board. The Board of Directors identifies the strategic vision of the Company and is considered to successfully perform its leading, supervising, and inspecting duties. However, the lack of independent Board members, though not compulsory, is evaluated as a negative factor in terms of transparency and accountability.

The website of the Company contains detailed disclosures contributing to transparency such as organization chart, shareholder structure, audit reports, mission and vision, ethic principles, title information of board members, human resource policy, articles of association, and attendance sheet. On the other hand, the Company's website lacks personal backgrounds of board members, the annual report, and social responsibility policy.

#### **e) The Company & Its Strategies**

Akdeniz Faktoring is a long-established factoring company with adequate experience and facilities despite having a small 1.39% market share in a competitive factoring sector which is widely dominated by bank-affiliated companies. Moreover, operating under the body of Zülfikarlar Holding helps the Company to benefit from organizational synergy which strengthens its presence in the market.

Akdeniz Faktoring's strategy aims primarily at funding domestic factoring companies engendering less credit risk considering the double-recourse nature of their services which are additionally collateralized by the factoring companies. In this sense, the lower interest margins among its peers reflect Akdeniz Faktoring's business strategy and prudent risk appetite. However, the Company foresees an increase in the share of profitable real sector companies on its portfolio.

The Holding completed transformation into a holding structure, creating a better environment for institutional sustainability and promising better practices of monitoring, reporting and corporate governance thanks to implementation of enterprise resource planning software (SAP). The Holding will be heavily investing in the field of energy and factoring business in line with its long term strategy.

### **5. Sector Overview & Operational Environment**

The Turkish factoring sector is comprised of 62 companies with different ownership and management structures, customer bases, scope of services, operational business models and strategies, profitability and risk preferences, branching facilities, access opportunities to customers and markets, funding sufficiency, operational capacities on a local and/or international scale. As of FYE2016, the sector reached a total asset size of TRY 33bn and an equity of TRY 5bn.

Providing guarantees, financing and collection services faster than banks in return for the assignment of spot and deferred receivables arising from the sale of products and services domestically and overseas, the sector continued its institutionalization, branching and extension of customer base activities in 2016. However, a significant number of companies operating in the sector do not possess the necessary capabilities to provide 'collection' services and export factoring. The certification of part of the assignment claims via postdated checks has transformed the business model of some factoring companies into one which is predominantly occupied with the discount of small volume checks.

The practice of selling non-performing receivables to asset management companies is increasingly utilized by factoring companies in a similar fashion to that of banks. The Factoring Sector displays a higher level of sensitivity to changes in economic conjecture in comparison to banks, while regulatory pressures from the Banking Regulation and Supervision Agency (BRSA) continues to create difficulties in management policies across the sector.

Demand for Factoring Sector services result from the predominance of Small and Medium Sized Enterprises (SME) in production activities. The sector mainly concentrates on transportation, energy, textile, main metal, and machinery industries. Although the energy sector, covering nuclear fuel, petroleum and coal products, dominated the factoring sector in 2015, the energy sector's share fell to second place and transportation sector took the pole position in 2016.

Although the non-performing loans, collections and diminishing returns created a handicap for Factoring Sector, agile and fast-responsive structure of factoring companies is expected them to adapt to the current conjuncture. Growth in both customer numbers and operational volume is expected to continue at an increased pace in 2017.

A significant number of factoring companies operate as subsidiaries of banks or bank affiliated firms. The principal feature of such factoring companies is their ability to carry out operations with lower equity, higher external resources, access to large loans and customers, large asset levels and possession of risks with lower profile and lower levels of profitability. On the other hand, non-bank subsidiary factoring companies are characterized by low asset and high NPL levels, high interest margins, low external financing, high equity and profitability levels along with narrow opportunities for access to loans and customers.

The establishment and working conditions of factoring companies are regulated by the BRSA and are organized under the Financial Institutions Union. The employment of managers with good education and sufficient vocational experience, establishment of sound information systems and the identification and evaluation of risks remain legal requirements of the sector. Following the adoption of a centralized billing system, the duplicate assignment of receivables arising from the sale of products and services have been prevented and thus transparency increased. A law introducing the establishment of a Centralized Billing Recording System under the 'Financial Institutions Union' and enhanced opportunities to gather data from the Risk Center under the Turkish Banking Union is expected to improve the sector's ability to access higher quality data, contributing to its asset quality.

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 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. Greater progress than the current achievements regarding the sector's effectiveness and standardization will be in line with the performance expected from the 'Financial Institutions Union'.

The Turkish bond market has provided Turkish factoring companies opportunities to diversify their funding streams since 2010. However, the principal sources of funding for non-banking financial institutions are external and are provided through the Turkish Banking System, while the trend to access funds from capital markets via debt instruments remains rather weak.

Turkey is currently ranked 13th in the world and 8th in Europe in terms of the size of its factoring sector. Turkey is also ranked 2nd on a global basis in export factoring transactions after China. The shareholder structure and management teams of factoring companies are subject to rapid changes due to a comparatively large market entry and exits derived from the intensely competitive environment in which they operate.

The Factoring Sector exhibits one of the highest levels of vulnerability to fluctuations in macroeconomic circumstances and instability. Management policies in the sector become more difficult mainly due to changes in economic conjuncture and regulatory pressures from the BRSA.

THE KEY INDICATORS OF TURKISH FACTORING SECTOR							
(000.000)	2016	2015	2014	2013	2012	2011	2010
Asset Size-TRY	33,089	26,716	26,515	21,790	18,146	15,622	14,463
Asset Size-USD	9,402	9,155	11,395	10,228	10,208	8,270	9,406
Equity-TRY	5,084	4,627	4,442	4,015	3,856	3,377	2,940
P/L-TRY	665	395	598	495	581	447	368
ROAA %	2.81	1.93	3.12	2.97	4.50	3.43	3.98
ROAE %	17.33	11.34	17.82	15.08	21.00	16.87	18.11
NPL Ratio %	4.66	5.49	4.83	4.70	4.69	3.94	4.07
Equity/T.Sources %	15.37	17.32	16.75	18.42	21.25	21.00	20.33

The Factoring Sector has a relatively low free floating rate and enjoys a small share across the wider Turkish financial services sector. 61 of the companies are located in Istanbul while only 1 is based in the capital, Ankara.

Funds obtained by the Factoring Sector largely belong to companies that are subsidiaries of banks or ones that have banks among the wider group, making it more difficult for non-bank affiliated factoring companies to carry out their intermediary function.

As of FYE2016, the total asset size of Turkish factoring companies was TRY 33,089mn, with an equity of TRY 5,084mn. Throughout its 27-year history, the Turkish Factoring Sector has maintained a consistent growth trend with the exception of 1994 and 2001 during which the sector underwent contractions of 10.31% and 40.23%, respectively. Between 2006 and 2016, the Factoring Sector exhibited a cumulative growth rate of 524.3%. The growth rate for the last financial year was 23.85%.

Factoring receivables constitute the largest item among the sector's assets with a share of 94.64%, whilst loans enjoyed the largest share among its resources with a 71.03% share. The sector primarily utilizes short-term bank loans in order to meet its funding requirements and its inability to diversify its resource base remains an inherent feature of the sector. However, bond issues began to slowly gather momentum since 2008 and accelerated in 2012, but had slowdown in 2016. As a result, bond issuances comprised 10.27% of the sector's total resources in 2016. The share of equity among total resources of the sector stood at 15.37% and displayed a downward trend within total liabilities. In line with the new regulations, factoring companies are obliged to have a standard ratio which dictates that the share of equity to total assets shall not fall below 3%.

In 2016, the risk concentration of factoring companies primarily focused on the manufacturing industry with a share of 47.33%, the largest sectors being nuclear fuel, oil and coal products, textile and textile products, metal industry, processed material products, and transportation vehicles. Across the services sector, the largest levels of concentration were observed in the sectors of wholesale and retail trade, motor vehicle services, construction, logistics, storage, and communications.

The sector's non-performing receivables to total receivables ratio decreased from 5.49% in 2015 to 4.66% in 2016. However, speculation in the market exists regarding the level of additional non-performing receivables that have not yet been recorded to the balance sheets of the sector. The ratio of non-performing receivables to equity of the sector declined to 29.92% from 31.5% in 2016. Provisions made regarding the non-performing receivables increased from 80.46% in 2015 to 85.36% in 2016.

Factoring sector profitability indicators were below the Banking Industry in 2015. However, this the performance of the factoring sector accelerated towards up in 2016, compared to the Banking Industry. ROAA (Return on Average Assets) and ROAE (Return on Average Equity) indicators attained values of 1.86% and 16.81%, respectively, for the Banking Sector in comparison to the Factoring Sector's ratios of 2.81% and 17.33%, respectively. When the share of equity to total assets is taken into consideration, the Factoring Sector has a higher level of equity compared to the Banking Sector. As such, the Equity/Total Assets ratio for the Factoring Sector in 2016 attained a value of 18.16% in comparison to the Banking Sector's value of 10.99%. The provision rates for the non-performing loans across the factoring sector outpaced that of the Banking Sector from 2012 onward.

RETURNS - COST RATIOS ANALYSIS FOR FACTORING INDUSTRY			
ASSET RETURN	2016	2015	2014
Loans Interest Yield	13.86%	11.70%	10.43%
Return the Commission	1.11%	1.05%	0.96%
FX Return or cost	0.61%	0.19%	-0.03%
Return/Cost of other operations	1.69%	1.42%	1.76%
<b>Loans Total Return</b>	<b>17.27%</b>	<b>14.36%</b>	<b>13.12%</b>
<b>Cost of Non-Earning Asset</b>	<b>-0.59%</b>	<b>-0.49%</b>	<b>-0.45%</b>
<b>Asset Return</b>	<b>16.68%</b>	<b>13.87%</b>	<b>12.68%</b>

COST OF LIABILITIES	2016	2015	2014
Interest Cost for Cost Bearing Resources	9.81%	8.36%	6.86%
Cost of the Commission for Cost Bearing Resources	0.00%	0.00%	0.00%
Return on Non cost Bearing Resources	-0.59%	0.05%	0.66%
<b>Cost of Liabilities</b>	<b>9.22%</b>	<b>8.41%</b>	<b>7.51%</b>

NET PROFIT MARGIN	2016	2015	2014
Interest and Commission Margin	7.46%	5.46%	5.16%
The cost of provisioning Expenses	-1.38%	-1.75%	-1.22%
The cost of Activities Expenses	-4.40%	-3.51%	-3.29%
<b>Net Profit Margin</b>	<b>1.68%</b>	<b>0.20%</b>	<b>0.66%</b>
Break-evens	2016	2015	2014
Break-even point in Terms of Interest	12.12%	12.87%	12.03%
Break-even point in Terms of Loan size-TRY	25,264.54	25,275.78	21,513.82

Bank affiliated factoring companies carry a competitive advantage in comparison to non-bank affiliated firms with regards to competition, access to funding, scale of service provision and alternative distribution channels, resulting to a competitive distortion. The return on loans and assets across the sector underwent significant changes throughout 2016

and as the increases in asset returns could not cope with the increases in interest rate sensitive resources, break-even interest rate settled at 12.12%. The most important outcome was the rapid incline of the net interest rate margin from 0.20% to 1.68%.

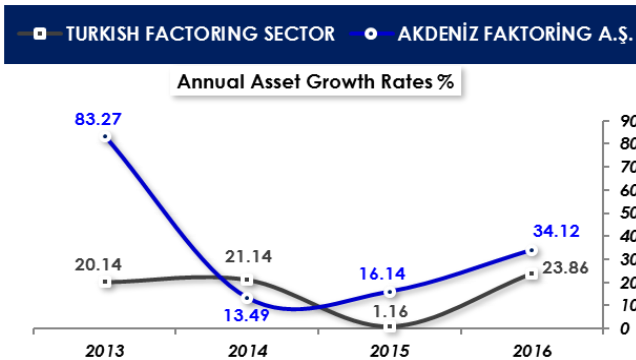
Growth of the factoring sector in 2017 will be strictly related with macroeconomic conjuncture, new regulations, technological advances, better off in collection services, and the success in export factoring subsector. Especially, 'decline in transaction costs of investment environment' and 'removal of unparalleled practices between different financial institutions' will positively affect the performance of the sector.

**6. Financial Foundation**

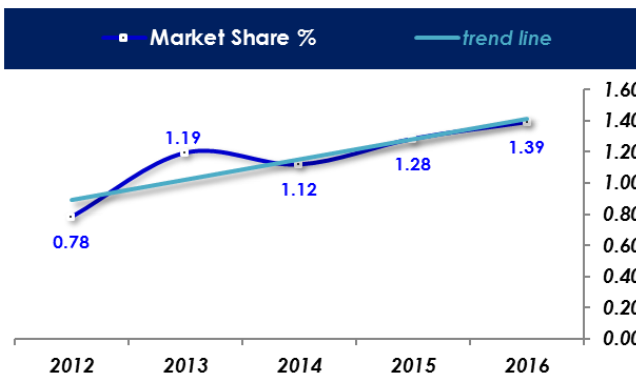
**a) Financial Indicators & Performance**

• **Indices Relating to Size**

Akdeniz Faktoring's asset size has performed a 34.12% growth in 2016 and increased to TRY 459.7mn. Diversifying its asset base and increasing the share of corporate customer base in its receivables portfolio from 38% to 55% in 2016 underpinned the Company's above sector average growth rate.

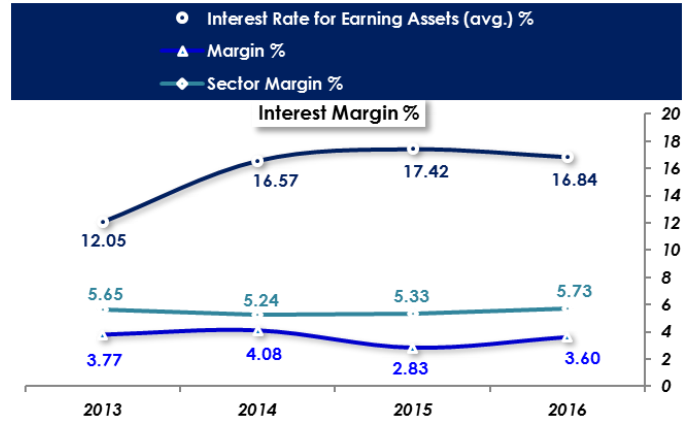


Akdeniz Faktoring's market share maintained its growth in the competitive environment and increased to 1.39% in 2016.

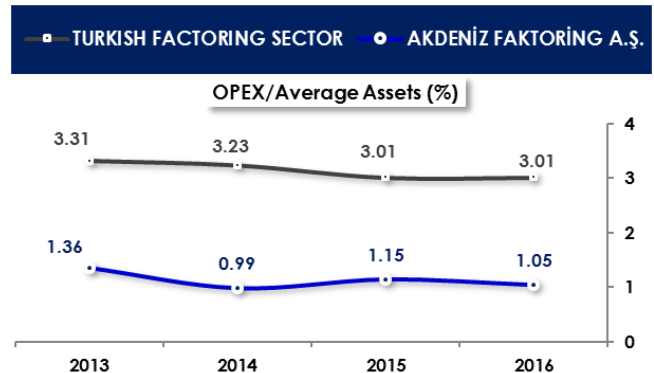


• **Indices Relating to Profitability**

Akdeniz Faktoring has historically recorded below sector interest margin figures in line with its primary strategy to fund domestic factoring companies in return for lower exposure to credit quality of corporate segment customer base. On the other hand, increasing the share of corporate segment customers in its total receivables, the Company's average interest margin improved to 3.60% in 2016.



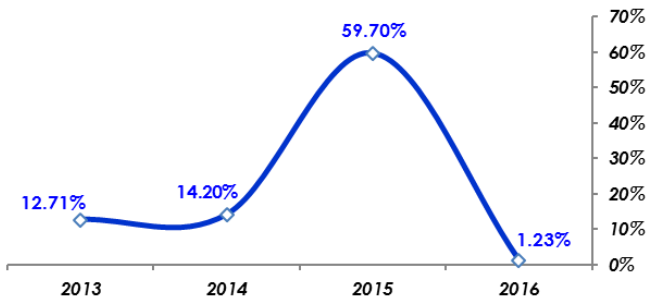
Akdeniz Faktoring's operations are concentrated in its headquarters and the Company had no active branch offices as of FYE2016. Moreover, the Company's staff base was one of the lowest in the sector, ranking 56th among 62 companies, leading a below sector average OPEX to Average Assets ratio of 1.05%. Leveraging its organizational base and the synergy created within the Holding provides the Company with additional room for pricing.



Company impaired receivables were fully covered by provisions, reflecting the conservative approach of the Management. The Company's considerably low amount of non-performing loans of 162,000 in 2016 led to a sharp decline in the ratio of provisions to net income to 1.23%.



**Provisions / Net Income**

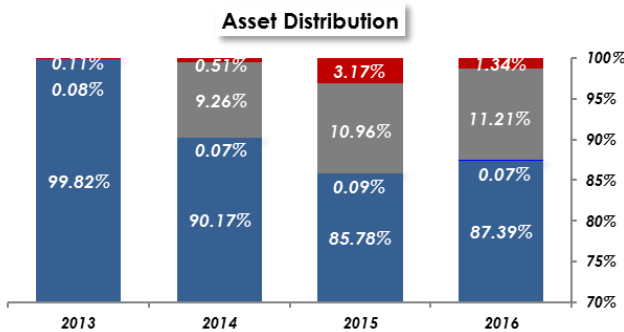


The Company's profitability figures of ROAA and ROAE stood at 2.25% and 15.61%, respectively, below the sector average figures of 2.81% and 17.32%, respectively in 2016. Profitability figures are the reflection of the Company's portfolio structure and prudence in avoiding high risk profile credit customers.

**b) Asset Quality**

The share of earning assets in total assets was 88% in 2016, below the sector average of approximately 94%. The Company increased its shares in Turkuaz Petrol to 9.42% which comprised 11.21% of its total shares as of FYE2016. Turkuaz Petrol completed the acquisition of TP Petrol Dağıtım A.Ş. in 2017 to become the 5th biggest fuel distributor in the sector. The Management is expected to benefit from the future potential of Turkuaz Petrol in terms of capital gains while achieving improved credit terms from its creditors with regard to holding the Group assets on its balance sheet.

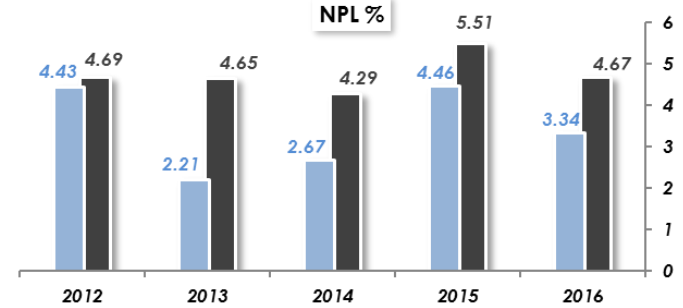
**Asset Distribution**



Akdeniz Faktoring's track record in terms of below sector average NPL figures reflects prudence in funding decisions and the quality of its portfolio. Despite sound asset growth in 2016, the Company decreased its NPL ratio to 3.34%. Moreover, the management employed full provision for its impaired receivables, over the mandated limits, which

reflects the Company's financial stamina to cushion unforeseen loss.

**TURKISH FACTORING SECTOR AKDENİZ FAKTORİNG A.Ş.**

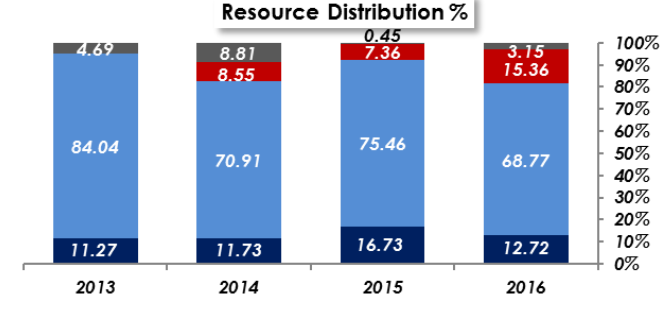


The Company demands collaterals from customers it deems necessary. These collaterals, typically mortgages on properties, support the asset quality. In addition to collaterals, Akdeniz Faktoring actively collaborates with corporate and independent lawyers and legal councillors to effectively collect the past-due receivables.

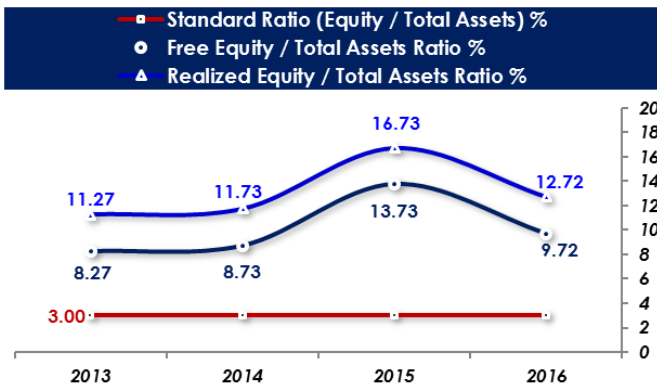
**c) Funding & Adequacy of Capital**

The Company's primary funding channel is from domestic financial institutions which comprised 68.77% of the Company's total funding as of FYE2016. Wide access to capital markets increased the outstanding bonds to TRY 70mn, corresponding to 15.36% of total liabilities. The Company's equity share was 12.72% as of FYE2016, a decline from the previous year's figure of 16.73% due to rapid asset growth.

**Resource Distribution %**



The Company's paid up capital of TRY 50mn reflects the management's sound growth expectations. Total equity of TRY 58mn corresponded to 12.72% of total assets. The free equity to total assets ratio of 9.72% was above the mandated capital adequacy ratio of 3.00% as of FYE2016 and still provides room for further portfolio growth.



**7. Risk Profiles & Management**

**a) Risk Management Organization & Its Function – General Information**

The Banking Regulation and Supervision Agency obliges factoring companies to establish efficient operating risk management and internal control departments. The Board of Directors convenes periodically and reviews the findings of the internal control unit. The Company’s Board of Directors defines and supervises the implementation of policies engendered to minimize, mitigate, control, and monitor the overall risk exposure.

**b) Credit Risk**

Credit risk arises from partial or full default on contractually agreed payments. Akdeniz Faktoring is primarily exposed to credit risk arising from factoring receivables, amounting to TRY 401mn as of FYE2016 (FYE2015: TRY 294mn). Receivables from domestic factoring companies comprised 45% of total receivables as of FYE 2016.

The management’s selective and prudent approach in facilitating lines to its customer was reflected on its below sector average NPL ratio over the reviewed periods. Moreover, the face amount of the bounced cheques are paid to the Company within a day when the drawer is the domestic factoring companies.

The receivable portfolio is monitored and evaluated by several software and internally generated procedures comprising of risk & concentration limits and guidelines for underwriting loans. Collateral base which are largely in the form of invoices backed post-dated cheques underpins the Company’s asset quality.

**c) Liquidity Risk**

The Company manages liquidity risk mainly through due-date matching of borrowings and receivables. As the factoring receivables have relatively short maturities and are self-liquidating at maturity, the liquidity position of the

Company is thought to be manageable considering the Company's portfolio structure which provides the opportunity to recourse to factoring companies, the originator of the cheques, and endorsers.

The Company’s access to capital market instruments provided additional funding opportunities. Akdeniz Faktoring’s outstanding bonds stood at TRY 70mn as of FYE2016. Organized borrowing facilities from several financial institutions serve to meet the Company’s primary liquidity needs. Additionally, the self-liquidating nature of the receivables along with the willingness and strength of the principle shareholder to ensure long term liquidity and should such a need arises underpins the liquidity management.

**d) Market Risk**

Akdeniz Faktoring does not operate in foreign currency transactions and the balance sheet is not directly exposed to the currency risk. The volatilities in the interest rates are the primary driver within the scope of market risk.

The Group manages its interest rate risk by ensuring due date matching of its interest bearing liabilities and earning assets, i.e. its factoring receivables and bank balances. Therefore, the Company’s interest obligations and revenues were predictable and stable to a great extent throughout their maturity. Furthermore, the Company is often able to pass on the rising interest rates to the customers to mitigate the effects of market volatility.

**8. Cash Flow Projections & Bond Issue**

The Management focused on to increase the corporate segment customers on its client base to a targeted level of 70% throughout the current year while maintaining prudence on the quality of its assets. This strategy is expected to drive interest spreads of the Company to around 4.70% from the level of 3% in 2016. Consequently, Akdeniz Faktoring’s internal revenue generation capacity and profitability level are expected to improve.

The Company projects an increase by 15% on its receivables portfolio, which will carry the total assets to around TRY 500mn as of FYE2017. One of the leading constraints for the Company’s growth is considered to be the rapid credit growth in the banking sector in the first quarter of 2017 under the recently enacted credit guarantee fund which triggered interest rates on deposits and loans upward. Given the higher price elasticity of the Akdeniz Faktoring’s customer base, the Company may face challenges to transfer the funding costs to its customers.

Akdeniz Faktoring benefits from its centralized operations in order to control selling, general & administrative expenses. The Company's OPEX to Average Assets ratio is lower than the sector average which provides further room in pricing. On the other hand, increasing sales forces to meet growth expectations will carry the current employees of 17 to 24 throughout the year which will increase SG&A expenses by around by 40% for 2017.

Two group has three outstanding bonds with a total of TRY 75mn as of our report date. Details of the bonds are given below. As there are no additional legal and/or financial collateral guarantees provided separately for the repayment of the bond issued by Akdeniz Faktoring A.Ş., the rating assigned for the TRY dominated bond issuances has been assigned as the same as the Company's Long and Short Term National Local Ratings.

Maturity Payment-TRY	Issue Date	Maturity Date	Days	Interest Type
20,000,000	24.04.2017	16.10.2017	175	Discounted
25,000,000	09.02.2017	03.08.2017	175	Discounted
30,000,000	31.10.2016	26.10.2017	360	Floating

The short term nature of factoring contracts provides management a flexible balance sheet structure. Additionally, considering the Company's expanding business volume, increasing diversification of its customer base, and asset quality, and the owner's financial strength, Akdeniz Faktoring is considered to have the ability to meet its obligations related to the planned bond issuance through its cash flow stream.



AKDENİZ FAKTORİNG A.Ş. BALANCE SHEET - ASSET TRY (000)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	As % of	As % of	As % of	2016 Growth Rate	2015 Growth Rate	2014 Growth Rate
	2016	2016	2016	2015	2015	2014	2014	2013	2016	2015	2014			
	USD	TRY	TRY	TRY	TRY	TRY	TRY	TRY	Assets	Assets	Assets			
	(Converted)	(Original)	(Average)	(Original)	(Average)	(Original)	(Average)	(Original)	(Original)	(Original)	(Original)			
<b>A-TOTAL EARNING ASSETS (I+II+III)</b>	<b>114,674.39</b>	<b>405,007.00</b>	<b>351,316.00</b>	<b>297,625.00</b>	<b>282,030.00</b>	<b>266,435.00</b>	<b>263,113.00</b>	<b>259,791.00</b>	<b>88.09</b>	<b>86.83</b>	<b>90.27</b>	<b>36.08</b>	<b>11.71</b>	<b>2.56</b>
<b>I- LOANS AND RECEIVABLES (net)</b>	<b>113,751.06</b>	<b>401,746.00</b>	<b>347,891.50</b>	<b>294,037.00</b>	<b>280,085.50</b>	<b>266,134.00</b>	<b>262,861.00</b>	<b>259,588.00</b>	<b>87.39</b>	<b>85.78</b>	<b>90.17</b>	<b>36.63</b>	<b>10.48</b>	<b>2.52</b>
a) Factoring Receivables	113,751.06	401,746.00	347,891.50	294,037.00	280,085.50	266,134.00	262,832.00	259,530.00	87.39	85.78	90.17	36.63	10.48	2.54
b) Financing Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
c) Lease Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
d) Over Due Loans	3,931.71	13,886.00	13,805.00	13,724.00	10,515.50	7,307.00	6,589.00	5,871.00	3.02	4.00	2.48	1.18	87.82	24.46
e) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
f) Receivable from Customer due to Brokerage Activities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
g) Allowance for Loan and Receivables Losses (-)	-3,931.71	-13,886.00	-13,805.00	-13,724.00	-10,515.50	-7,307.00	-6,560.00	-5,813.00	-3.02	-4.00	-2.48	1.18	87.82	25.70
<b>II-BANKS AND OTHER EARNING ASSETS</b>	<b>93.15</b>	<b>329.00</b>	<b>324.50</b>	<b>320.00</b>	<b>257.00</b>	<b>194.00</b>	<b>197.00</b>	<b>200.00</b>	<b>0.07</b>	<b>0.09</b>	<b>0.07</b>	<b>2.81</b>	<b>64.95</b>	<b>-3.00</b>
a) Banks	93.15	329.00	324.50	320.00	257.00	194.00	197.00	200.00	0.07	0.09	0.07	2.81	64.95	-3.00
b) Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
c) Balance With Banks-Current Accounts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
<b>III-SECURITIES AT FAIR VALUE THROUGH P/L</b>	<b>830.17</b>	<b>2,932.00</b>	<b>3,100.00</b>	<b>3,268.00</b>	<b>1,687.50</b>	<b>107.00</b>	<b>55.00</b>	<b>3.00</b>	<b>0.64</b>	<b>0.95</b>	<b>0.04</b>	<b>-10.28</b>	<b>2,954.21</b>	<b>3,466.67</b>
a) Treasury Bills and Government Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
b) Other Investment	830.17	2,932.00	3,100.00	3,268.00	1,634.00	0.00	0.00	0.00	0.64	0.95	n.a	-10.28	n.a	n.a
c) Repurchase Agreement	0.00	0.00	0.00	0.00	53.50	107.00	55.00	3.00	n.a	n.a	0.04	n.a	-100.00	3,466.67
<b>B- INVESTMENTS IN ASSOCIATES (net)+EQUITY SHARE</b>	<b>14,589.16</b>	<b>51,526.00</b>	<b>44,548.50</b>	<b>37,571.00</b>	<b>32,446.00</b>	<b>27,321.00</b>	<b>13,660.50</b>	<b>0.00</b>	<b>11.21</b>	<b>10.96</b>	<b>9.26</b>	<b>37.14</b>	<b>37.52</b>	<b>n.a</b>
a) Investments in Associates (net)	14,589.16	51,526.00	44,548.50	37,571.00	32,446.00	27,321.00	13,660.50	0.00	11.21	10.96	9.26	37.14	37.52	n.a
b) Equity Share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
<b>C-NON-EARNING ASSETS</b>	<b>908.60</b>	<b>3,209.00</b>	<b>5,395.00</b>	<b>7,581.00</b>	<b>4,484.00</b>	<b>1,387.00</b>	<b>829.50</b>	<b>272.00</b>	<b>0.70</b>	<b>2.21</b>	<b>0.47</b>	<b>-57.67</b>	<b>446.58</b>	<b>409.93</b>
a) Cash and Cash Equivalents	0.28	1.00	0.50	0.00	10.00	20.00	10.50	1.00	0.00	n.a	0.01	n.a	-100.00	1,900.00
b) Financial Assets at Fair Value through P/L	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
c) Asset Held For Sale And Discontinued Operations (net)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
d) Other	908.32	3,208.00	5,394.50	7,581.00	4,474.00	1,367.00	819.00	271.00	0.70	2.21	0.46	-57.68	454.57	404.43
- Intangible Assets	9.91	35.00	23.50	12.00	12.00	12.00	8.50	5.00	0.01	0.00	0.00	191.67	0.00	140.00
- Property and Equipment	12.46	44.00	60.00	76.00	71.50	67.00	44.50	22.00	0.01	0.02	0.02	-42.11	13.43	204.55
- Deferred Tax	4.53	16.00	43.50	71.00	53.00	35.00	29.00	23.00	0.00	0.02	0.01	-77.46	102.86	52.17
- Other	881.42	3,113.00	5,267.50	7,422.00	4,337.50	1,253.00	737.00	221.00	0.68	2.17	0.42	-58.06	492.34	466.97
<b>TOTAL ASSETS</b>	<b>130,172.15</b>	<b>459,742.00</b>	<b>401,259.50</b>	<b>342,777.00</b>	<b>318,960.00</b>	<b>295,143.00</b>	<b>277,603.00</b>	<b>260,063.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>34.12</b>	<b>16.14</b>	<b>13.49</b>



AKDENİZ FAKTORİNG A.Ş. BALANCE SHEET-LIABILITIES+EQUITY TRY (000)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	As % of	As % of	As % of	2016	2015	2014
	2016	2016	2016	2015	2015	2014	2014	2013	2016	2015	2014	2016	2015	2014
	USD	TRY	TRY	TRY	TRY	TRY	TRY	TRY	Assets	Assets	Assets	Growth	Growth	Growth
	(Converted)	(Original)	(Average)	(Original)	(Average)	(Original)	(Average)	(Original)	(Original)	(Original)	(Original)	Rate	Rate	Rate
<b>C- COST BEARING RESOURCES (I+II)</b>	<b>113,275.38</b>	<b>400,066.00</b>	<b>342,573.00</b>	<b>285,080.00</b>	<b>272,635.50</b>	<b>260,191.00</b>	<b>245,306.50</b>	<b>230,422.00</b>	<b>87.02</b>	<b>83.17</b>	<b>88.16</b>	<b>40.33</b>	<b>9.57</b>	<b>12.92</b>
<b>I-PAYABLES</b>	<b>3,750.78</b>	<b>13,247.00</b>	<b>7,222.50</b>	<b>1,198.00</b>	<b>13,430.50</b>	<b>25,663.00</b>	<b>18,767.00</b>	<b>11,871.00</b>	<b>2.88</b>	<b>0.35</b>	<b>8.70</b>	<b>1,005.76</b>	<b>-95.33</b>	<b>116.18</b>
a) Factoring Payables	234.44	828.00	414.00	0.00	0.00	0.00	0.00	0.00	0.18	n.a	n.a	n.a	n.a	n.a
b) Lease Payables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
c) Other	3,516.34	12,419.00	6,808.50	1,198.00	13,430.50	25,663.00	18,767.00	11,871.00	2.70	0.35	8.70	936.64	-95.33	116.18
<b>II-BORROWING FUNDING LOANS &amp; OTHER</b>	<b>109,524.61</b>	<b>386,819.00</b>	<b>335,350.50</b>	<b>283,882.00</b>	<b>259,205.00</b>	<b>234,528.00</b>	<b>226,539.50</b>	<b>218,551.00</b>	<b>84.14</b>	<b>82.82</b>	<b>79.46</b>	<b>36.26</b>	<b>21.04</b>	<b>7.31</b>
a) Fund Borrowed-Short Term	89,509.60	316,130.00	287,394.50	258,659.00	233,962.00	209,265.00	213,908.00	218,551.00	68.76	75.46	70.90	22.22	23.60	-4.25
b) Fund Borrowed-Long Term	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
c) Issued Bonds	20,015.01	70,689.00	47,956.00	25,223.00	25,243.00	25,263.00	12,631.50	0.00	15.38	7.36	8.56	180.26	-0.16	n.a
d) Securities Sold Under Repurchase Agreements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
e) Subordinated Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
<b>D- NON COST BEARING RESOURCES</b>	<b>345.15</b>	<b>1,219.00</b>	<b>780.00</b>	<b>341.00</b>	<b>335.00</b>	<b>329.00</b>	<b>331.00</b>	<b>333.00</b>	<b>0.27</b>	<b>0.10</b>	<b>0.11</b>	<b>257.48</b>	<b>3.65</b>	<b>-1.20</b>
a) Provisions	140.44	496.00	277.00	58.00	82.00	106.00	101.00	96.00	0.11	0.02	0.04	755.17	-45.28	10.42
b) Current & Deferred Tax Liabilities	204.71	723.00	503.00	283.00	253.00	223.00	230.00	237.00	0.16	0.08	0.08	155.48	26.91	-5.91
c) Trading Liabilities (Derivatives)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
d) Other Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
<b>E- TOTAL LIABILITIES</b>	<b>113,620.53</b>	<b>401,285.00</b>	<b>343,353.00</b>	<b>285,421.00</b>	<b>272,970.50</b>	<b>260,520.00</b>	<b>245,637.50</b>	<b>230,755.00</b>	<b>87.28</b>	<b>83.27</b>	<b>88.27</b>	<b>40.59</b>	<b>9.56</b>	<b>12.90</b>
<b>F- MINORITY INTEREST</b>	<b>0.00</b>		<b>0.00</b>		<b>0.00</b>		<b>0.00</b>		<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>
<b>F- EQUITY</b>	<b>16,551.62</b>	<b>58,457.00</b>	<b>57,906.50</b>	<b>57,356.00</b>	<b>45,989.50</b>	<b>34,623.00</b>	<b>31,965.50</b>	<b>29,308.00</b>	<b>12.72</b>	<b>16.73</b>	<b>11.73</b>	<b>1.92</b>	<b>65.66</b>	<b>18.13</b>
a) Prior Year's Equity	16,239.88	57,356.00	45,989.50	34,623.00	31,965.50	29,308.00	20,656.50	12,005.00	12.48	10.10	9.93	65.66	18.13	144.13
b) Equity (Internal & external resources added during the year)	-1,712.16	-6,047.00	7,549.50	21,146.00	10,572.00	-2.00	6,621.50	13,245.00	-1.32	6.17	-0.00	-128.60	-1,057,400.00	-100.02
c) Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
d) Profit & Loss	2,023.90	7,148.00	4,367.50	1,587.00	3,452.00	5,317.00	4,687.50	4,058.00	1.55	0.46	1.80	350.41	-70.15	31.03
<b>TOTAL LIABILITY+EQUITY</b>	<b>130,172.15</b>	<b>459,742.00</b>	<b>401,259.50</b>	<b>342,777.00</b>	<b>318,960.00</b>	<b>295,143.00</b>	<b>277,603.00</b>	<b>260,063.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>34.12</b>	<b>16.14</b>	<b>13.49</b>

AKDENİZ FAKTORİNG A.Ş. INCOME STATEMENT TRY (000)	2016	2015	2014
<b>Net Interest Income</b>	<b>9,284.00</b>	<b>7,977.00</b>	<b>10,747.00</b>
A) Interest income	55,818.00	49,140.00	43,598.00
a) Factoring Interest Income	54,657.00	49,081.00	43,593.00
b) Financing Loans Interest Income	0.00	0.00	0.00
c) Lease Income	0.00	0.00	0.00
d) Banks	1,161.00	59.00	5.00
B) Financial Expense	46,534.00	41,163.00	32,851.00
<b>Net Fee and Commission Income</b>	<b>3,349.00</b>	<b>2,546.00</b>	<b>77.00</b>
a) Fee and Commission Income	3,349.00	2,546.00	77.00
b) Fee and Commission Expense	0.00	0.00	0.00
<b>Total Operating Income</b>	<b>434.00</b>	<b>3,576.00</b>	<b>127.00</b>
Interest Income from Other Operating Field	304.00	240.00	0.00
Foreign Exchange Gain or Loss (net) (+/-)	-59.00	433.00	25.00
Gross Profit from Retail Business	0.00	0.00	0.00
Gains or Loss on Derivative Instruments (+/-)	0.00	0.00	0.00
Income on Sale of Equity Participations and Consolidated Affiliates	0.00	0.00	0.00
Gains from Investment Securities (net)	0.00	0.00	0.00
Other Operating Income	189.00	2,903.00	102.00
Taxes other than Income Tax	0.00	0.00	0.00
Dividend	0.00	0.00	0.00
<b>Provisions</b>	<b>162.00</b>	<b>8,417.00</b>	<b>1,555.00</b>
Provision for Impairment of Loan and Trade Receivables	162.00	8,417.00	1,555.00
Other Provision	0.00	0.00	0.00
<b>Total Operating Expense</b>	<b>3,866.00</b>	<b>3,674.00</b>	<b>2,750.00</b>
Salaries and Employee Benefits	1,940.00	1,550.00	1,461.00
Depreciation and Amortization	23.00	22.00	0.00
Other Expenses	1,903.00	2,102.00	1,289.00
<b>Profit from Operating Activities before Income Tax</b>	<b>9,039.00</b>	<b>2,008.00</b>	<b>6,646.00</b>
Income Tax – Current	1,891.00	421.00	1,329.00
Income Tax – Deferred	0.00	0.00	0.00
<b>Net Profit for the Period</b>	<b>7,148.00</b>	<b>1,587.00</b>	<b>5,317.00</b>
<b>Total Income</b>	<b>13,126.00</b>	<b>14,099.00</b>	<b>10,951.00</b>
<b>Total Expense</b>	<b>3,925.00</b>	<b>3,674.00</b>	<b>2,750.00</b>
<b>Provision</b>	<b>162.00</b>	<b>8,417.00</b>	<b>1,555.00</b>
<b>Pretax Profit</b>	<b>9,039.00</b>	<b>2,008.00</b>	<b>6,646.00</b>

AKDENİZ FAKTORİNG A.Ş. FINANCIAL RATIO %	2016	2015	2014
<b>I. PROFITABILITY &amp; PERFORMANCE</b>			
1. ROA - Pretax Profit / Total Assets (avg.)	2.25	0.63	2.39
2. ROE - Pretax Profit / Equity (avg.)	15.61	4.37	20.79
3. Total Income / Equity (avg.)	22.67	30.66	34.26
4. Total income / Total Assets (avg.)	3.27	4.42	3.94
5. Provisions / Total Income	1.23	59.70	14.20
6. Total Expense / Total Resources (avg.)	1.14	1.35	1.12
7. Net Profit for the Period / Total Assets (avg.)	1.78	0.50	1.92
8. Total Income / Total Expenses	334.42	383.75	398.22
9. Non Cost Bearing Liabilities + Equity- Non Earning Assets / Assets	12.28	14.62	11.37
10. Non Cost Bearing Liabilities - Non Earning Assets / Assets	-0.43	-2.11	-0.36
11. Total Operating Expenses / Total Income	29.45	26.06	25.11
12. Interest Margin	2.64	2.83	4.08
13. Operating ROAA = Operating Net Incomes / Assets (avg.)	13.85	13.53	14.23
14. Operating ROAE = Operating Net Incomes / Equity Capital (avg.)	95.97	93.87	123.56
15. Interest Coverage – EBIT / Interest Expenses	119.42	104.88	120.23
16. Net Profit Margin	54.46	11.26	48.55
17. Gross Profit Margin	68.86	14.24	60.69
18. Market Share	1.39	1.28	1.12
19. Growth Rate	34.12	16.14	13.49
<b>II. CAPITAL ADEQUACY (year end)</b>			
1. Equity Generation / Prior Year's Equity	-10.54	61.08	-0.01
2. Internal Equity Generation / Previous Year's Equity	12.46	4.58	18.14
3. Equity / Total Assets (Standard Ratio)	12.72	16.73	11.73
4. Equity / Total Liabilities	14.57	20.10	13.29
5. Free Equity / Total Receivables Ratio	1.71	6.70	2.71
6. Tangible Assets / Total Assets	0.01	0.02	0.02
7. Intangible Assets / Total Assets	0.01	0.00	0.00
8. Equity / Total Guarantees and Commitments + Equity	100.00	100.00	100.00
<b>III. LIQUIDITY (year end)</b>			
1. Liquid Assets + Marketable Securities / Total Assets	0.71	1.05	0.11
2. Liquid Assets + Marketable Securities / Total Liabilities	0.81	1.26	0.12
3. Short Term Borrowings / Total Assets	71.64	75.81	79.60
4. Net Interest and Commission / Total Assets	2.75	3.07	3.67
5. Liquid Assets + Marketable Securities / Equity	5.58	6.26	0.93
<b>IV. ASSET QUALITY</b>			
1. Loan and Receivable's Loss Provisions / Total Loans and Receivables	3.34	4.46	2.67
2. Total Provisions / Profit Before Provision and Tax	1.76	80.74	18.96
3. Impaired Receivables / Gross Receivables	3.34	4.46	2.67
4. Impaired Receivables / Equity	23.75	23.93	21.10
5. Loss Reserves for Receivables / Impaired Receivables	100.00	100.00	100.00
6. Collaterals / Total Receivables	116.58	119.70	123.50
7. Total FX Position / Total Assets	0.00	0.00	8.37
8. Total FX Position / Equity	0.00	0.00	71.39
9. Assets / Total Guarantees and Commitments + Assets	100.00	100.00	100.00