Corporate Credit Rating

☐New ☒Update

Sector: Factoring
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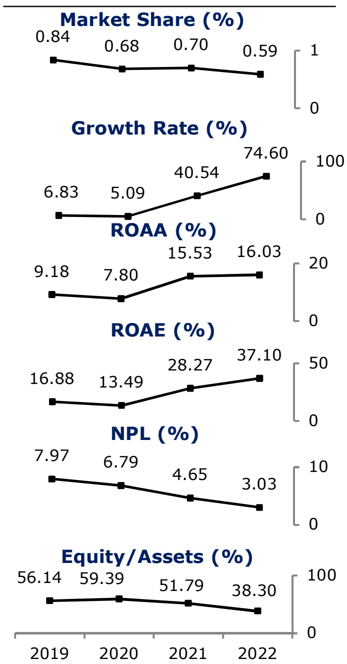
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**AA- (tr)**	**J1+ (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)	National ISR	**AA- (tr)** (Stable)	**J1+(tr)** (Stable)
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

** Assigned by JCR on Aug 18, 2022*



Ekspo Faktoring A.Ş.

JCR Eurasia Rating, has evaluated **"Ekspo Faktoring A.Ş."** in the very high investment level category and affirmed the Long-Term National Issuer Credit Rating at **'AA- (tr)'** and the Short-Term National Issuer Credit Rating at **'J1+ (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as **'BB/Negative'** in line with international ratings and outlooks of Republic of Türkiye.

Ekspo Faktoring A.Ş. (hereinafter referred to as **'Ekspo Faktoring'** or **'the Company'**) offers trade finance and export/import factoring and refactoring services to domestic customers since 2000. The Company has an established presence in the Turkish factoring sector which itself is a highly fragmented and predominantly bank-owned subsidiary dominated market. The Sector is supervised by Banking Regulation and Supervision Agency of Türkiye (BRSA) and market players are members of Associations of Financial Institutions, an umbrella organization for factoring, leasing and consumer finance companies.

The Company operates with notable equity to assets, compared to the sector averages and maintains an equity base well above the mandatory capital level required by BRSA. Ekspo has arrangements with various international ECAs such as US Ex-Im Bank and Black Sea Trade and Development Bank.

Tümay Family is the primary shareholder of the Company as of FYE2022. The Company maintains its operations by average workforce of 32 employees in FY2022 (FY2021: 32).

Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Ability to generate and preserve interest margins outperforming the sector, underpinning core operational profitability,
- Above sector average equity to total asset ratio though performing a downward trend over the reporting period,
- Experienced management team and well-established risk management infrastructure,
- Access to various financing sources including local and foreign Ex-Im banks.

Constraints

- Despite improvement, NPL ratios still exceeding the sector averages,
- Short term borrowing profile in parallel with the sector,
- Need for increase in customer granularity to reduce high concentration risk,
- Decrease in market share,
- High competition in the sector dominated by bank-owned factoring companies with wide branch network and lower borrowing costs,
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at **'AA- (tr)'**. The Company's revenue generation capacity, asset quality, capital adequacy, risk management infrastructure supported by internal control systems, high provision level, experienced management team together with the general outlook of the sector have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as **'Stable'**. The Company's financial structure, attainability of the Company's budgeted projections, especially the collection of receivables from companies located in the earthquake zone, the possible impacts of the Russia-Ukraine War on the global and Türkiye's economy and its effects on the Company's activities will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

1. Rating Rationale

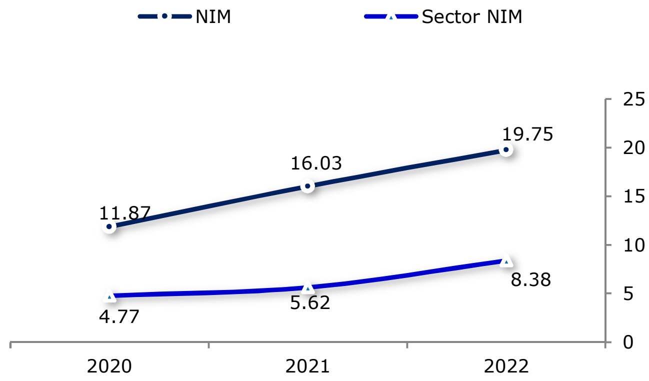
<u>Ability to Generate and Preserve Interest Margins Outperforming the Sector, Underpinning Core Operational Profitability</u>

Ekspo Faktoring operates with notably larger interest margins than the sector averages due to its business model. The Company has been able to maintain an average interest margin, larger than the sector's margin, in FY2022. Combined with the strong growth experienced in FY2022, the Company's wide margin resulted in a solid profitability figure.

(TRY 000)	2020	2021	2022
Factoring Income	**44,216**	**87,602**	**190,908**
Interest income on factoring receivables	41,350	79,548	183,794
Fee and commission income on factoring transactions	2,866	8,054	7,114
Financial Expenses	**6,991**	**21,894**	**77,575**
Interest expenses on borrowings	6,367	20,983	71,841
Fee and commission expenses	624	911	5,734
Net Factoring Income	**37,225**	**65,708**	**113,333**
Net Interest Income	34,983	58,565	111,953
Net Fee and Commission Income	2,242	7,143	1,380

The Company's net interest income on factoring receivables increased from TRY 58.57mn to TRY 111.95mn as of FYE2022 as the earning assets increased from TRY 431.61mn to TRY 701.93mn in the same time period. In FY2022, the Company also recorded net fee and commission revenues on factoring transactions of TRY 1.38mn (FY2021: TRY 7.14mn). As a result of these changes, the Company's net factoring income amount reached TRY 113.33mn in FY2022 by increasing 72.48% YoY.

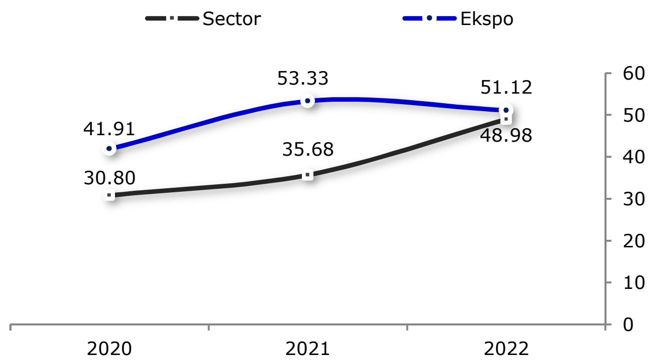
The net interest margin of the Company increased from 16.03% as of FYE2021 to 19.75% as of FYE2022. The net interest margin is calculated as net interest income over average earning assets, excluding net fees and commissions.



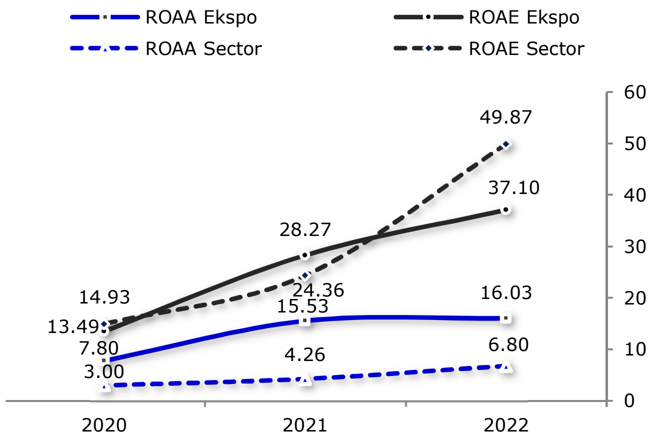
**Excludes Net Fees and Commissions*

Ekspo Faktoring, indicated an increasing net profit figure over the reporting period and stood at TRY 74.99mn in FY2022 (FY2021: TRY 45.51mn). In parallel, the net profit margin increased to 51.12% in FY2022, maintaining its figures above the industry averages. The current business strategy and structure helps the Company to enjoy sustainable profitability at high level.

Net Profit Margin %



Besides, in FY2022, the profit from operating activities before income tax reached to TRY 100.64mn and its core profitability indicators, ROAA and ROAE, were realized as 16.03% and 37.10%, respectively. The Company has a strong internal resource generation capacity. Provided that the Company preserves its interest spread, its core profitability indicators could outperform the sector. Within the Company's cautious growth strategy, the Company managed to maintain its profitability in line with its budget targets thanks to its successful spread management.



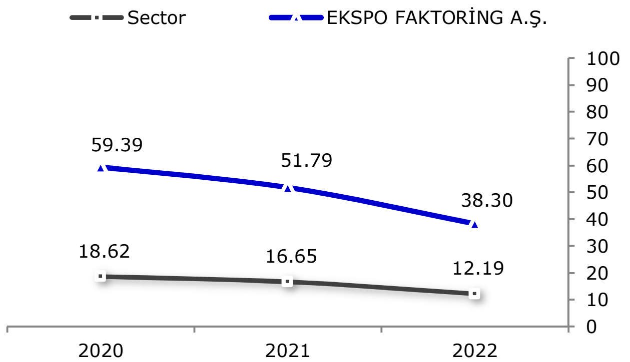
Above Sector Average Equity to Total Asset Ratio Though Performing a Downward Trend Over the Reporting Period

Banking Regulation and Supervision Agency of Türkiye (BRSA) regulations require factoring companies operating in Türkiye to have an equity to total assets ratio (standard ratio) of 3%.

Total equity of Ekspo Faktoring increased by 29.13% compared with the previous year-end and reached TRY 305.77mn as of FYE2022 (FYE2021: TRY 236.78mn).

Although the equity shares of the Company's assets financing decreased slightly as of FYE2022, it was significantly higher than the sector average of 12.19% as of FYE2022. Robust capitalization of the Company diminishes its dependence for external financing and provides a cushion in the case of adverse financial markets related shocks, such as sharp increases in interest rates and a decline in market liquidity.

Standart Ratio (Equity/Total Assets) %



Experienced Management Team and Well-Established Risk Management Infrastructure

The Company has over twenty years of experience in the factoring sector and operates with a comprehensive risk management infrastructure and framework closely monitoring the risk factors in a timely manner. Decoupling positively from several factoring companies in Türkiye market, Ekspo Faktoring is active in international trade finance, necessitating monitoring of global market risks, interest rates, exchange rates among others.

In addition, the significant sector experience and network of the chairman, Mr. Murat Tümay, and Company senior executives are reflected to the Company operations through their cooperation in daily operations. During the review period, turnover rate of the Company's senior executives was low and no material changes occurred in senior management permanency, ensuring the successful continuity of Company operations.

Access to Various Financing Sources Including Local and Foreign Ex-Im Banks

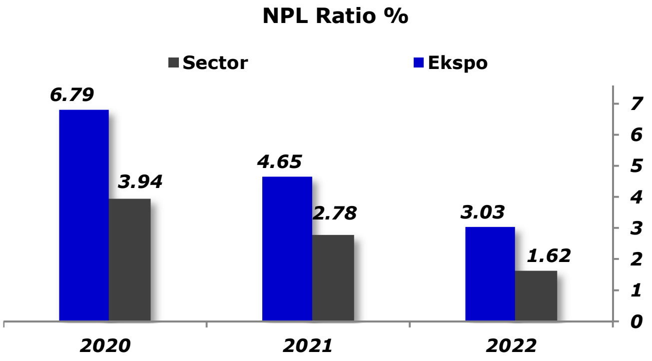
The factoring companies in the market by and large use bank financing or funds from other factoring firms, depending on their business models. Ekspo Faktoring, as an institution providing foreign trade finance services, has access to various credit institutions located within Türkiye and abroad. The ability to diversify the funding base via receiving lines from foreign export/import banks reduces the risk of funding shortfalls. Additionally, the terms received from the variety of the financing institutions help reduce the borrowing costs, supporting margins.

Ekspo Factoring has the advantage of using a low-cost financing source as a result of its agreements with Ex-im Bank during the period under review. Although the volume of loans obtained from Ex-im Bank decreased as of FYE2022, the relations continue.

Despite Improvement, NPL Ratios Still Exceeding the Sector Averages

The non-performing loans (NPL) ratio is considered the main indicator of asset quality within the financial sector. As of FY2022, the gross impaired loan reached to TRY 21.95mn (FYE2021: TRY 21.04mn) covering 10 customers. Owing to full provision on problematic loans, result in a transparent balance sheet and reasonable asset quality.

The Company's NPL ratio decreased to 3.03%, stood above the sector average of 1.62% in FYE2022. The repayment performance of the receivables and NPL ratios are determining factors of asset quality. Additionally, the Company softened the pressure on NPL through effective internal control mechanisms, risk management infrastructure supported by internal control systems and experienced and structured management team, cautious lending practices and high provision level.



Two massive earthquakes have hit Türkiye on February 6, 2023 with magnitudes of Mw 7.7 and Mw 7.6. The earthquakes have affected a vast area covering 10 provinces of the country, including Adana, Hatay, Kahramanmaraş, Osmaniye, Malatya, Gaziantep, Adıyaman, Kilis, Şanlıurfa, Diyarbakır, with a total area of 110 thousand km^2.

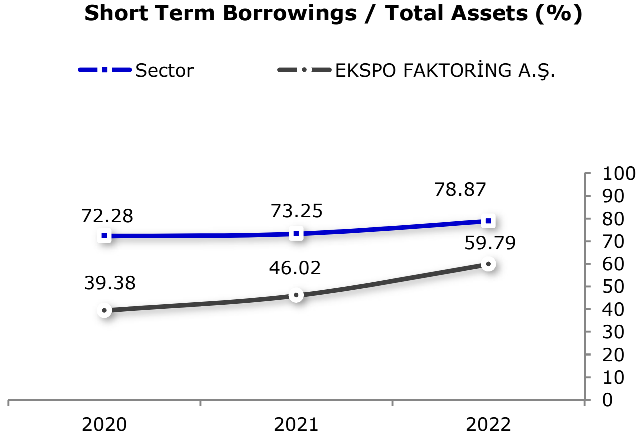
A state of emergency has been declared for a period of 3 months covering 10 provinces due to the earthquake and the Company has approximately TRY 52mn factoring receivables from these 10 provinces according to data provided by the Company management.

The Company's management has made an assessment of the effects of the disaster on the Company's operations and financial situation. It is expected that the earthquake will not have a negative impact on the Company's asset quality. JCR Eurasia Rating will closely monitor the Company's NPL ratio.

Short-Term Borrowing Profile in Parallel with the Sector

The fact that the Turkish Factoring Sector has had short-term borrowing structure as a major characteristic thereof holds true for Ekspo Faktoring as well.

The short-term weighted receivables structure together with maturity matching efforts within the concern of interest rate exposure resulted in a short-term weighted borrowing structure.



Need for Increase in Customer Granularity to Reduce High Concentration Risk

The concentration of the Company's receivables is mainly evaluated under sector and customer categories.

Ekspo Faktoring's loan-book constitutes a relatively concentrated profile. The Company works with a relatively limited number of customers compared to the asset size, translating into higher loans underwritten per customer. Considering that the limited size of the customer portfolio of 52 active customers as of FYE2022 decreased from 74 customers in the previous year gross levels are quite high and engender notable gross risk exposure. As of FYE2022, the top 10 customers of the Company account for 70.76% of the total factoring receivables. Additionally, cheque-originator based concentration were lower at 17.41% for top 10 in the same period (FYE2021: 14.33%). In other words, Ekspo Faktoring averts the situation of the possible impact of high levels of customer concentration risk on asset quality despite the strong credit profile of the debtor portfolio through spreading hundreds of invoice customers across the base.

On the other hand, the Company's sector exposure was most noticeable in the "Textile", "Iron, steel, coal, oil and other mines", "Wood and wood products" and "Wholesale and retail trade" sectors, which is considered reasonable regarding the composition of economy.

The sectoral distribution of factoring receivables as of FYE2022 is provided below,

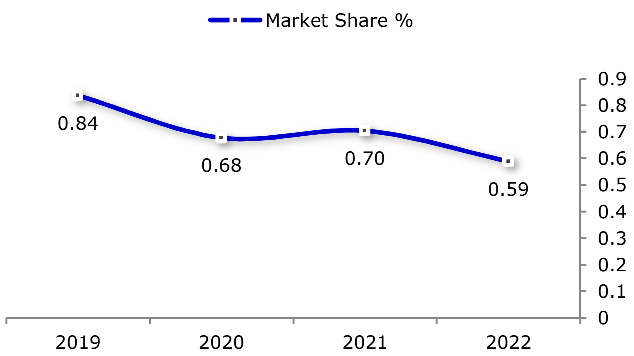
Sectoral Distribution - FYE2022	Share (%)
Textile	39
Iron, steel, coal, petroleum and other mines	12
Wood and wood products	11
Wholesale and retail trade	8
Chemical products	8
Leather products	6
Construction	4
Research	4
Mines excluding metal	2
Transport	1
Others	5

The customer concentration risk is managed with collateral mechanism. The guarantee of factoring receivables is checks/promissory notes, which are also payment instruments. Additionally, the collateral mechanism is strengthened by taking surety bonds and guarantees from the shareholders of companies.

Decrease in Market Share

According to BRSA statistics, the total asset size of the Turkish Factoring Sector rebounded to TRY 135.62bn in FYE2022. (FYE2021: TRY 64.97bn).

Although assets volume of the Company strong increased by 74.60% as of FYE2022, it remained below the sector growth of 108.76%. Below sector growth rates in assets volume attained during the review period resulted to declining market share and the Company's market share continuously declined from 1.02% as of FYE2018 to 0.59% as of FYE2022. The decline in the market share in recent periods was compatible with the Company management's strategy of targeting profitability over market dominance.



High Competition in the Sector Dominated by Bank-Owned Factoring Companies with Wide Branch Network and Lower Borrowing Costs

As of FYE2022, 49 companies operated in the factoring sector according to the Banking Regulation and Supervision Agency of Türkiye (BRSA) data.

The domination of bank-affiliated factoring companies with advantages in funding resources and costs, wide ranging branch network, access to clients, and strong parental support continued in 2022 as well.

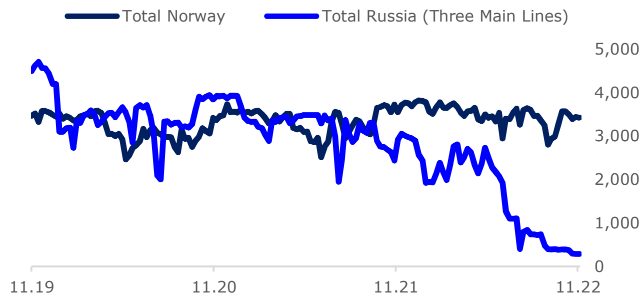
Accordingly, Ekspo Faktoring A.Ş. operates in a sector with intense competitive environment that pressure profitability and asset growth opportunities and thus the Company has inherent disadvantages compared with bank-owned factoring companies.

Global Recession and Geopolitical Risk Stemming from the Russia-Ukraine Tension Increasing Uncertainty and Monetary Tightening Across the Globe Deteriorating Growth Projections

The Russian invasion of Ukraine, jolted the market and shifted the geopolitical concerns that arose across the globe. Due to Russia's prominence as a prominent commodity and energy exporter, major conflict and subsequent sanctions/reactions across the world has notable implications for global growth, trade, and risk appetite.

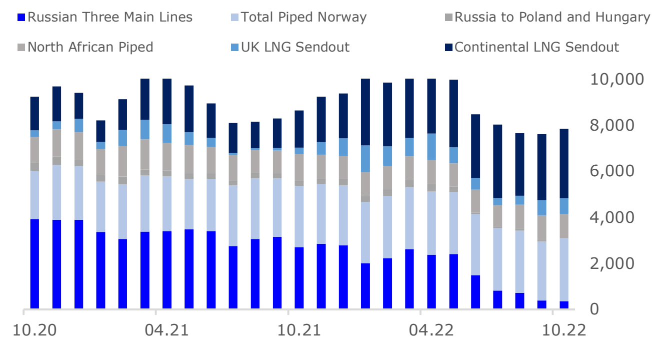
The gravity of the situation is exacerbated especially in Europe, which is most dependent on Russia's energy imports and whose gas flows from Russia have come to a near standstill.

Russian and Norwegian Gas Flows to Europe
(Weekly Average, GWh/d)



Source: Refinitiv

Total Monthly European Gas Imports (GWh/d)

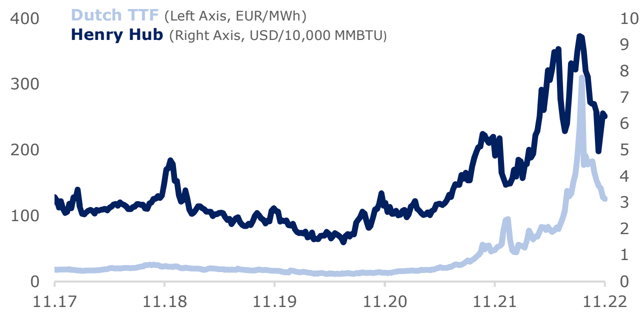


Source: Refinitiv

Since Russia is one of the world's biggest oil and natural gas producers, the per-barrel price of Brent crude has already surged notably and the price of oil breached the $100 mark for the first time since 2014. Dutch TTF futures, the benchmark natural gas price in Europe, reached up to EUR 339 per megawatt hour in August, 2022 for contracts with delivery in September, 2022.

The EU's sanctions, the reduction in imports of fossil fuels from Russia, and Russia's natural gas disruption caused the rise in prices, which led the EU into a premium market for LNG and created a supply crisis, as the growing demand for LNG in the EU, replacing Russian gas imports, resulted in an extremely tight global market. While the EU aims to reduce its gas imports by two-thirds by YE2022, the energy crisis is expected to trigger a recession within the EU.

Natural Gas Prices

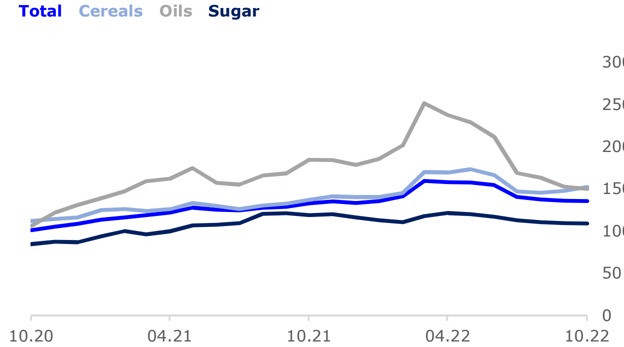


Source: Refinitiv
Henry Hub: NYMEX Henry Hub Natural Gas Electronic Energy Future Cont. 1
Dutch TTF: Natural Gas TTF Netherlands Fair Value Yearly Continuation 1

Furthermore, the commodity prices, especially that of aluminum and nickel, reached record highs, as fear of a disruption in supplies from Russia, which is a major metal producer. On the other hand, Russia and Ukraine are also key wheat exporters in the World.

The supply concerns in wheat negatively affected agricultural prices. As can be seen in the graph below, food prices, which peaked with the emergence of geopolitical risks, declined again, accompanied by safe shipping with the grain export corridor agreement. However, due to the increase in natural gas prices increasing fertilizer prices and the ongoing global drought, the problem in food prices will take effect for a while.

FAO Food Price Index

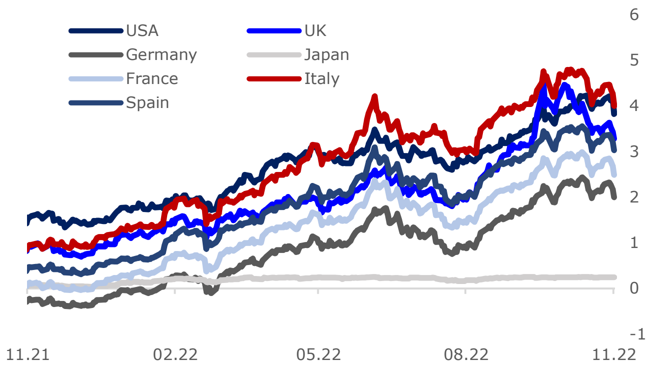


Source: Refinitiv

Global Financial Conditions Tighten

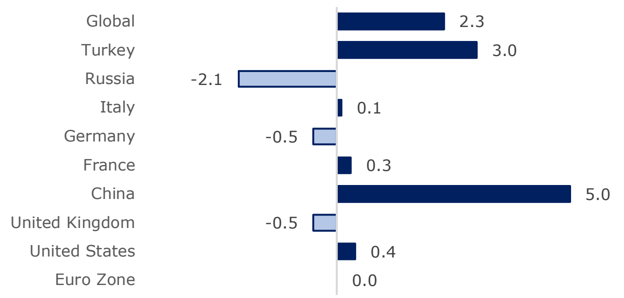
In addition to the developments mentioned above, accompanied by the ultra-loose monetary and fiscal policies implemented during the COVID-19 pandemic, the global inflation outlook deteriorated significantly as of the second quarter of the current year, and record levels were observed in inflation.
Inflationist pressures forced major central banks to normalize their monetary policies. In line with these developments, the risk appetite towards emerging markets remained weak (and still is), and while the flow of funds to emerging markets weakened, funds flowed to safe instruments such as the dollar and gold.

10Y Government Bond Yields (%)



The tightening actions of major central banks (increasing interest rates and quantitative tightening), especially the Fed, in order to fight inflation, increase global recession concerns. In addition to ongoing geopolitical risks, concerns that the global economy will head towards a recession (especially in Europe) in the upcoming period (by mid-2023 in particular) are on the agenda, lately.

GDP Outlook for 2023 (Annual Growth, %)



Source: Refinitiv

Spillovers to Türkiye

Geopolitical developments have affected the Turkish economy through many channels. At first, rising energy prices have pressured the current account balance in Türkiye, and the increase in food and energy prices has been a factor of inflationary pressure, as well as on the global side.

Although the trade channel (especially energy and food supply) was not adversely affected by Türkiye's moderator role between Russia and Ukraine, the construction/contracting sector was adversely affected by the developments.

According to the Turkish Contractors Association (TMB), the Turkish contracting companies undertook 413 projects in 69 countries amounting to USD 30.7bn and the leading market was again Russia with a share of 36% in 2021. Ukraine was ranked 4th with a share of 5%.

As of the third quarter of 2022, the Turkish contracting companies undertook projects amounting to USD of 8.7bn and Russia accounted for only USD 396mn of this amount. However, during the post-war period, negotiations for the reconstruction of the country has continued.

Türkiye's International Contracting Services (bn $)

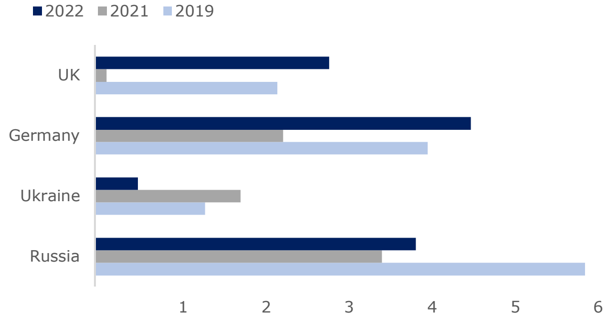
2021		2022*	
1. Russia	11.02	**1. Romania**	1.29
2. Iraq	3.62	**2. Uzbekistan**	1.19
3. Tanzania	1.91	**3. Iraq**	0.92
4. Ukraine	1.64	**4. Tanzania**	0.9
5. Zambia	1.35	**5. Libya**	0.55
Other	11.23	**Other**	3.84
Total	**30.77**	**Total**	**8.69**

Source: Ministry of Trade of Türkiye, TMB
*First nine months of 2022
**Russia was ranked 7th with USD 396mn in 9M2022

Russian and Ukrainian visitors are also important in terms of the local tourism industry. With regards to foreigners' composition, Ukraine and Russia drew attention from both countries increased their shares in the visitor pool during 2019 and 2021.

Considering that Ukraine and Russia are very important markets, the military invasion of Russia's on Ukraine worsened tourism expectations. But surprisingly, Russian visitors realized as 3.9 million as of September, 2022 and surpassed the level in the same period of the previous year. However, it still stood below the 2019 level. The number of Ukrainian visitors felt sharply by 70% in the January-September period of 2022 compared to the same period of the previous year.

Foreign Visitors by Country (Jan-Aug, million)

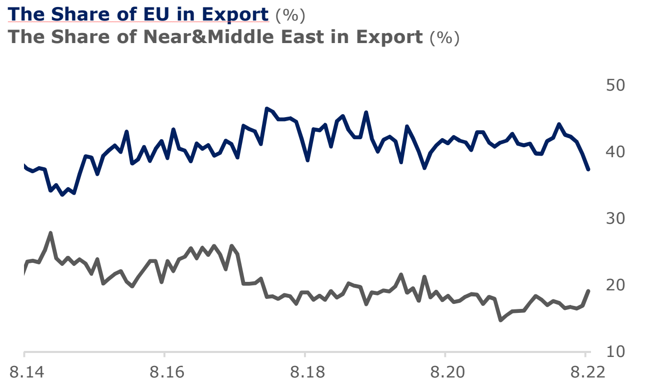


Source: Republic of Türkiye Ministry of Culture and Tourism

Current and prospective economic sanctions, so far concerning mainly financial affairs, could spread to trade embargos or become more aggravated. We expect the soaring energy prices and disruptions in trade due to both logistics issues and potential embargos/inability to trade due to international fund transfer bans, to drag global growth downwards.

Global downside risks for growth and upside risks for inflation, which had been creeping up even before the Russian invasion of Ukraine, will likely intensify. Besides all these effects, it is quite possible that Europe, our biggest trading partner, going into recession as a result of the tightening actions will adversely affect the Turkish economy through the trade channel.

Russia has drastically reduced gas supplies to Europe in recent months which causes businesses to expect an increase in gas and electricity prices. With the upcoming winter and the prospect of Russia cutting off the remaining streams of gas it supplies to Europe very likely, additional volatility and price spikes should be expected.



All things considered, uncertainties arose from the war in addition to global recessionary concerns overhang as the major threats for all sectors including pricing, demand, and supply chain in global trade which will be closely monitored by JCR Eurasia Rating.

With respect to the factors mentioned above, JCR Eurasia Rating affirmed the Long-Term National Issuer Credit Rating of the Company at **'AA- (tr)'** and the Short-Term National Issuer Credit Rating at **'J1+ (tr)'** in JCR Eurasia Rating's notation system which denote very high investment-grade category.

When the global and national scale rating matching published by JCR Eurasia Rating is considered, the Company's Long-Term International Foreign and Local Currency Issuer Credit Ratings have been assigned as **'BB'** as parallel to international ratings of Republic of Türkiye.

2. Rating Outlook

The Company's revenue generation capacity, asset quality, capital adequacy, risk management infrastructure supported by internal control systems, high provision level, experienced management team together with the general outlook of the sector have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as **'Stable'**.

Additionally, the Company's outlook for Long-Term International Issuer Credit Ratings has been assigned as **'Negative'** in line with the sovereign rating outlooks of the Republic of Türkiye.

The Company's financial structure, attainability of the Company's budgeted projections, especially the collection of receivables from companies located in the earthquake zone, the possible impacts of the Russia-Ukraine War on the global and Türkiye's economy and its effects on the Company's activities will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

Factors that Could Lead to an Upgrade

- Solid growth performance in assets volume,
- Robust amelioration of profitability indicators,
- NPL ratio below the industry average,
- Diversification of loan book to obtain a more granular structure,
- Ability to shield asset quality from adverse shocks,
- Upgrades in sovereign ratings and economic growth prospects of Türkiye.

Factors that Could Lead to a Downgrade

- Constrained access to funding channels,
- Upward trend in non-performing loans,
- Deterioration in net interest margin,
- Increasing cost of funding and its effect on profitability,
- Significant increases in leverage,
- Downgrades in the sovereign rating level of Türkiye.

3. Projections

The Company's FY2022 actual figures and balance sheet and income statement forecast throughout for FY2023 is provided in the below table. These figures have been provided by the Company management. The Company projected a 2023 year-end asset size of TRY 1.247mn through annual growth rate of 56.19%. According to the Company management projections, total income is projected to reach TRY 178.44mn by increasing 21.64% in FY2023. Accordingly, net profit of the Company is projected to reach TRY 82.58mn from TRY 74.98mn.

Ekspo Faktoring A.Ş. – BS Projections		
TRY (000)	**2022A**	**2023E**
Banks and Other Earning Assets	51,113	21,441
Factoring Receivables	701,928	1,168,586
Net Overdue Loans	*21,953*	-
Other Assets	45,274	56,895
Total Assets	**798,315**	**1,246,923**
Factoring Payables	10,852	6,808
Bank Loans	466,465	813,744
Other Liabilities	15,232	21,155
Equity	305,766	405,216
Net Profit	*74,987*	*82,578*
Total Liabilities & Equity	**798,315**	**1,246,923**

Ekspo Faktoring A.Ş. - Pnl Projections		
TRY (000)	**2021A**	**2022E**
Factoring Interest Income	190,908	260,108
Other Operating Income	33,355	40,875
Fınancial Expense (-)	77,575	122,539
Total Operating Expenses (-)	44,068	63,699
Provision (-)	1,984	7,500
Pre-Tax Profit	**100,636**	**107,245**
Taxes	*25,649*	*24,666*
Net Profit	**74,987**	**82,579**

The Company projected a cautious growth in line with a moderate factoring interest income and fee and commission income with watchful lending due to market conditions. The level of non-performing loans is projected to continue to be negligible. We expect the continuation of the positive trend given equity cover, liquidity, reasonable NIM, and prudent management.

Thanks to the successful track record, the Company's path shows that a sustainable profitability has been achieved and the operational costs are under control. For this reason, the Company does not need an aggressive growth strategy in the market. The Company's realistic approach on financial and strategic projections are enough to maintain its healthy asset structure and profitability.

Considering the assumption that there will be no additional legal or financial collateral guarantees provided separately for the repayment of the bonds-to-be-issued by Ekspo Faktoring A.Ş., the note assigned for the TRY dominated bond issuance has been affirmed at '**AA- (tr)**' and '**J1+ (tr)**' which are the same as the Company's Long and Short-Term National Issuer Credit Ratings**'**.

4. Company Profile & Industry

a. History and Activities

Ekspo Faktoring has a track record of more than 20 years in the market and offers both domestic and international trade financing. As a factoring services provider, the Company's main operations include revocable factoring services, guaranteeing, intermediating to collection and consulting by purchase, sale, assignment or acquisition of the customer receivables based on invoices or other certifying documents representing the domestic or international commercial sales of goods and services. The Company has a network of foreign correspondent financial institutions, facilitating various import/export finance products. Notwithstanding, the majority of Company's operations concern domestic factoring activities, typically accounting for 80-85% of total factoring receivables. Ekspo Faktoring's is among the relatively fewer factoring companies in Türkiye providing international trade services. As such, it has a customer base with a strong demand for international trade financing.

As a financing institution with services facilitating international trade, Ekspo Faktoring developed business ties with international trade financing institutions comprising a network of ECA's and multinational development banks so as to facilitate international trade factoring services.

The Company had an average workforce of 32 employees in FY2022 (FY2021: 32).

b. Shareholders, Subsidiaries & Affiliates

Ekspo maintains the founding shareholders in its current ownership structure. The majority shareholders are Tümay Family, who have a long history in finance sector. The shareholder structure of the Company is as follows.

Ekspo Faktoring's Shareholder Structure

	2022		2021	
TRY, 000	Amount-TRY	%	Amount-TRY	%
M. Semra Tümay	29,400	49	29,400	49
Murat Tümay	15,300	25.5	15,300	25.5
Zeynep Ş. Akçakayalıoğlu	15,300	25.5	15,300	25.5
Total	60,000	100	60,000	100

The Board Members of Ekspo Faktoring is composed of 5 members. The Company's current BoD is listed below in the chart:

Board of Directors

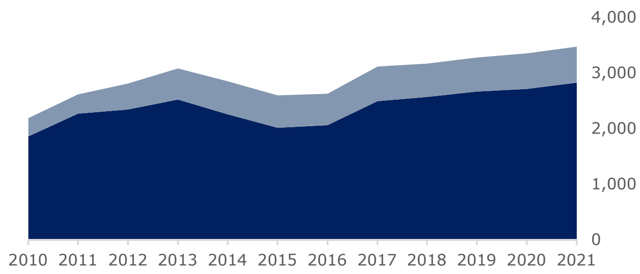
Murat Tümay	Chairman and General Manager
Zeynep Ş. Akçakayalıoğlu	Member
M. Semra Tümay	Member
Şerif Orhan Çolak	Member
İsmail Hasan Akçakayalıoğlu	Member

c. Industry Assessment

Factoring Sector

Factoring companies, which provide faster "collateral", "financing" and "collection" services compared to banks through the transfer of receivables arising from sales of goods and services, are one of the essential players in non-bank financial markets. In terms of the rapid liquidity providing capacity of the sector to the real economy makes it one of the vital sectors for national economies.

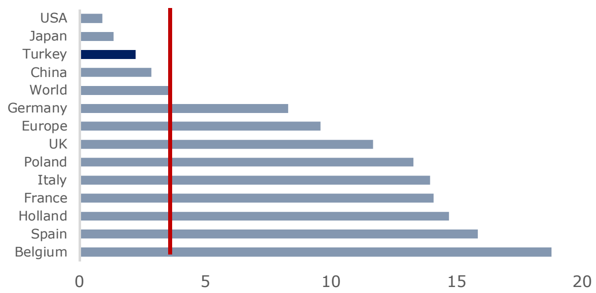
Global factoring volume was about USD 3,500bn in 2021.



Source: AFI, JCR-ER

Global factoring transaction volume has been escalating year by year except for the 2013-2015 period. According to the data obtained from Association of Financial Institutions (AFI), in 2021, global factoring transactions raised by 3.6% and were realized as amounting of USD 3,500bn where 18.6% of contains international transactions. Analysis of the regional distribution of factoring transactions achieved in 2021 reveals that 69% of the greatest total transactions are realized on the European continent, followed by the Asia-Pacific with 23.7%. Türkiye, only accounts for 0.5% of worldwide transaction volume.

Penetration rate in developed countries perform well-above the global averagein 2021.



Source: AFI, JCR-ER

Another indicator related to the sector is the penetration rate, which is measured as the share of the sector's turnover in GDP, was calculated as 3.6% for the world in 2021. The remarkable point in penetration rates is above the global average in developed countries. However, as exceptions to this situation, it was noteworthy that Poland, which is a developing country, had a high rate of 13.3%, while the world's largest economy, the USA, remained as low as 0.9%. Türkiye, on the other hand, was below the world average with a penetration rate of 2.2% in 2021.

General Outlook of the Sector in Türkiye

Turkish Factoring sector has been containing 49 companies of various sizes with a total of 358 branches and 4,008 employees. Some factoring companies are subsidiaries or associates of banks. The fundamental characteristic of factoring companies which are bank subsidiaries is that they operate with a lower level of equity, higher level of external resources, wide capability to reach loans and customers, higher level of assets, take-over of risks belonging to lower profile firms, and low profitability. On the other hand, non-bank subsidiary companies have common fundamental characteristics that are operating with a lower level of assets, higher NPL level and interest margin, lower financing, and higher equity level and profitability, and have a narrow credit-customer reaching capability.

In the coming period, newly introduced regulations by CBRT will be on agenda for the 2023. Although the macroprudential measures implemented in the financial system in the last financial year mostly include the regulations for banks, factoring institutions were also included in the scope of required reserve application with the regulation published by the CBRT on 31 December 2022. The implementation which requires establishing securities in terms of required reserves according to the level of interest rates applied to loans initially started with banks has been expanded to the factoring sector which obliges factoring companies to establish securities according to the interest rate levels charged to factoring receivables in TRY. After the security establishment regulation, an increase in the financial assets of factoring companies will be inevitable. How the funding structure of the securities to be established will emerge as one of the important topics to be followed in the coming period in terms of the balance sheet composition of the sector.

Selected Balance Sheet Items for Factoring Companies
(in million TRY)

	2020	**2021**	**2022**
Cash, Cash Equivalents, and Central Bank	1,000	2,101	2,747
Financial Assets	44,855	59,910	127,383
Factoring Receivables	44,565	59,543	127,276
Discounted Factoring Receivables	*20,670*	*32,176*	*65,239*
Other Factoring Receivables	*17,940*	*27,367*	*62,037*
Non-Performing Receivables	1,828	1,700	2,099
Allowances for Expected Credit Loss	1,598	1,512	2,248
Tangible Assets	682	789	1,208
Other Assets	1,507	2,171	4,288
Total Assets	**48,044**	**64,971**	**135,626**
Funds Borrowed	33,786	46,243	104,041
Securities Issued	3,802	5,031	9,724
Other Liabilities	1,510	2,881	5,335
Shareholders' Equity	8,946	10,816	16,526
Paid-in Capital	3,808	4,408	5,030
Total Liabilities and Equity	**48,044**	**64,971**	**135,626**

Source: BRSA, JCR-ER

Deterioration Observed in Liquidity Metrics

According to the data published by Banking Regulation and Supervision Agency (BRSA), the sector raised its total asset size by 108.8% in comparison to FYE2021 and amounted to TRY 135.63bn as of FYE2022. Composition of asset side of balance sheet for the sector is highly dominated by its main activity area of factoring receivables which occupies a share of among sector's assets with a rate of 93.8%. As a reflection of the increase in the receivables of real sector firms, which increased due to the nature of the inflationary environment, factoring receivables increased by 113.8% compared to the end of 2021, exceeding the TRY 127bn level.

It is known that the sector mainly meets its financing needs from two sources. While financing obtained through borrowing from banks is a significant part of the source of financing for factoring companies, the sector has also had the ability access to finance through issuing securities. As of December 2022, bank borrowings kept a share of 76.7% in total assets which was 71.2% in FYE2021. All of this realization in 2022, the general liquidity condition of the sector worsened when the rate of growth in bank borrowings is contrasted with the rates of growth in total assets and current assets.

In this regard, the decrease in the share of equity in total assets and the increase in the leverage ratio impose risks on the factoring sector.

Sectoral Concentration Appears as a Risk Factor for the Sector

When the distribution of turnover in factoring services is examined by sectors, the share of the manufacturing sectors, which was 48.5% at the end of 2021, maintained its leading position of 51.2% in the FYE2022. The share of service sectors in the total sector turnover, however, decreased from 48.8% to 45.3% in the same period. The sectoral breakdown of factoring revenues which is provided by BRSA are presented in the table below.

Sectoral Breakdown of Factoring Revenues
(in million TRY)

	2021		2022	
	Domestic	Foreign	Domestic	Foreign
Wholesale and Retail Trading Motor Vehicles Services	42,765	3,601	84,697	11,266
Textile and Textile Products Industry	7,573	11,438	17,393	556
Construction	16,395	97	28,441	260
Transportation Vehicles Industry	10,516	923	13,179	10,335
Extracting of Mines Producing Energy	3,770	349	20,869	556
Manufacturing Total	72,149	24,649	161,325	45,634
Services Total	93,244	4,235	170,394	12,601
TOTAL	170,189	29,365	344,876	58,951

Source: BRSA, JCR-ER

When the turnover analysis is extended from industries to sectors, it is seen that the 5 sectors with the highest business volume constitute 46.4% of the total business volume. Particularly, the concentration experienced in the retail and wholesale trade and textile sectors draws attention. Another striking factor in the data is the high level of international factoring transactions for metal and textile industries with high export potential. So, concentration on specific sectors imposes risks for the factoring companies.

Inflationary Environment, Raising Interest Rates Boosted Net Profit

Inflationary environment in 2022 boosted income statements as well balance sheets. So, operating income in the FYE2022, operating income from factoring transactions jumped by130.5% and reached to TRY 22,607mn. However, financial costs went up by 114.8% concurrently with the rise in borrowing costs. Thus, in the mentioned period sector recorded TRY 5,201mn net profit.

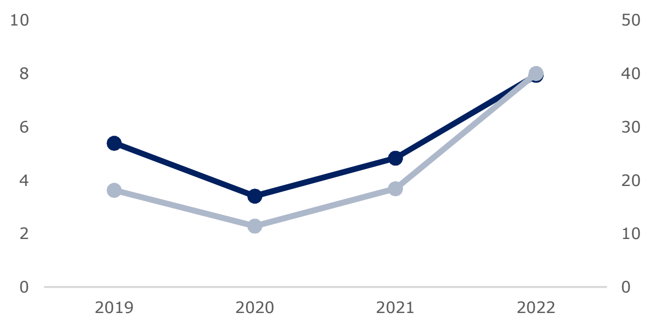
Selected Income Statement Items for Factoring Companies
(in million TL)

	2020	2021	2022
Operating Income	5,511	9,809	22,607
Factoring Income	5,511	9,809	22,607
Financial Expenses	3,005	6,288	13,504
Gross Profit/Loss	2,505	3,521	9,103
Operating Expenses	1,286	1,629	2,495
Other Operating Profit/Loss	672	1,171	1,517
Net Operating Profit/Loss	1,274	2,402	6,818
Net Profit	979	1,821	5,201

Source: BRSA, JCR-ER

Profitability metrics, which decreased in 2020 as a result of the pandemic, increased in 2021 along with the recovery. The sector's profitability indicators increased along with the net profit figure, which was still recovering significantly in the FYE2022. While ROAE increased by more than twice from 18.49 to 40.1, ROAA rose sharply from 4.84 at the end of 2021 to 7.95 in mentioned period of current year.

Boosted net income strenghtened profitability metrics.
ROAA (%) (Left Axis)
ROAE (%) (Rigth Axis)



Source: BRSA, JCR-ER

5. Additional Rating Assessments

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

The principal financial risks that the Company is exposed to include credit, market and liquidity risks along with operational risks which will be examined in greater detail in the following sections.

BRSA and CMB regulations demand certain corporate governance and risk management safeguards. The risk management framework is created and maintained at the Board of Directors level and executed at the senior management level. Underwriting and Internal Audit committees formed under the Board of Directors convene periodically to monitor the activities of the Company and finalize major lending decisions.

Credit Risk

Ekspo Faktoring is exposed to credit risk due to its factoring transactions. The credit and credit monitoring departments are responsible for credit risk management. The Company manages its credit risks by limiting transactions with certain parties when necessary and continuously monitoring creditworthiness of parties involved in the transactions. All of the prospective clients applying for credit lines become subject to credit evaluation processes and sufficient collaterals are obtained where appropriate according to its pre-credit allocation and pre-credit monitoring procedures formed in line with the management's credit policy. Furthermore, early warning systems have been developed for the monitoring of allocated loans and customer credibility are also measured.

As of the report date, the Company's credit risk is not fully concentrated in a specific sector or geographical region. The Company's factoring receivables are spread across diverse sectors, with the highest concentration ratios of 39% (FYE2021: 23%) in textile, 12% (FYE2021: 3%) in iron, steel, mining and 11% in forest products (FYE2021: 5%) sectors as of FYE2022.

As of FY2022, the loan book exhibited a notable concentration, with the top 50 customers accounting for 99.95% of receivables. As such, the credit portfolio seems exposed to high concentration risk.

However, customer-based total loans actually stem from a larger number of cheque originators with smaller ticket size per transaction, effectively reducing the counter-party risk. Additionally, cheque-originator based concentration were lower at 42.79% for top 50 in the same period. Ekspo Faktoring averts the situation of the possible impact of high levels of customer concentration risk on asset quality despite the strong credit profile of the debtor portfolio through spreading hundreds of invoice customers across the base.

Market Risk

The focus with respect to market risk is on the interest and foreign currency exposure. Ekspo, due to its international trade finance services, has significant FX assets financed with FX loans with corresponding notional and structure, hedging the exposure. As of FYE2022, the net FX exposure was at an equivalent of TRY 126.27mn. The Company continuously monitors the foreign currency risk derived from cash flow of its activities and financing agreements denominated in foreign currencies. The Company's foreign currency positions regarding its foreign currency denominated on and off-balance sheet items have not posed significant pressure on its profitability.

(TRY 000)	2020	2021	2022
Assets	100,893	113,331	134,976
Liabilities	73,092	60,248	8,707
Net FX Position	**27,801**	**53,083**	**126,269**

Bank sourced borrowings, financing export lending and domestic loans are typically fixed rate loans. In this sense, the interest rate exposure at both asset and liability side will likely stem from fixed rates.

Liquidity Risk

Liquidity risk arises from uncertainty regarding maturity profiles of assets and liabilities, in particular cash inflows and outflows. The Company is exposed to liquidity risk during the funding of its operations and manages its liquidity risk by regularly monitoring forecasted and actual cash flows, matching the maturity profiles of financial assets and liabilities and providing the continuation of adequate funding sources.

The Company meets its funding needs through its equity and bank loans and continuously analyses the liquidity risk by monitoring the changes in its funding sources as well as the collection and payment schedules. In this regard, the Company management attempts to ensure that bank credit lines are available and additional funds can be realized in a timely manner.

As of FY2022, the average maturity of the Company's financial borrowings 72 days was less than the average maturity of its factoring receivables (120 days), exposing the Company to some liquidity and repricing risks. As Ekspo Faktoring has a diversified funding base with credit lines provided from several domestic and international institutions, including export/import and development banks, it can effectively manage the liquidity profile. Given the uncertain macro environment and plunging global trade, the Company expects to maintain a reasonable cash cushion.

Operational, Legal Regulatory & Other Risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure. Information systems, internal control policies, and procedures outline the overall operational risk management profile. The Company has established well-prepared and detailed implementation procedures regarding the allocation, utilization, and monitoring of its factoring receivables and effective invoice and accounting control processes that reduce the operational risks. The Company's business and operation management policies are monitored by the internal control unit to ensure compliance with workflow procedures under the existing rules and regulations. The Company has taken the necessary measures with errors occurring in transactions and IT systems.

EKSPO FAKTORİNG A.Ş. BALANCE SHEET - ASSET TRY (000)	FYE2022 USD (Converted)	FYE2022 TRY (Original)	FYE2022 TRY (Average)	FYE2021 TRY (Original)	FYE2021 TRY (Average)	FYE2020 TRY (Original)	FYE2020 TRY (Average)
A-TOTAL EARNING ASSETS (I+II+III)	**37,543**	**701,928**	**566,771**	**431,613**	**365,439**	**299,265**	**294,829**
I- LOANS AND RECEIVABLES (net)	**37,543**	**701,928**	**566,771**	**431,613**	**365,439**	**299,265**	**294,829**
a) Factoring Receivables	37,543	701,928	566,771	431,613	365,439	299,265	294,829
b) Financing Loans	0	0	0	0	0	0	0
c) Lease Receivables	0	0	0	0	0	0	0
d) Over Due Loans	1,174	21,953	21,498	21,042	21,429	21,815	23,479
e) Others	0	0	0	0	0	0	0
f) Receivable from Customer due to Brokerage Activities	0	0	0	0	0	0	0
g) Allowance for Loan and Receivables Losses (-)	-1,174	-21,953	-21,498	-21,042	-21,429	-21,815	-23,479
II-BANKS AND OTHER EARNING ASSETS	**0**	**0**	**0**	**0**	**0**	**0**	**0**
a) Banks	0	0	0	0	0	0	0
b) Other	0	0	0	0	0	0	0
c) Balance with Banks-Current Accounts	0	0	0	0	0	0	0
III-SECURITIES AT FAIR VALUE THROUGH P/L	**0**	**0**	**0**	**0**	**0**	**0**	**0**
a) Treasury Bills and Government Bonds	0	0	0	0	0	0	0
b) Other Investment	0	0	0	0	0	0	0
c) Repurchase Agreement	0	0	0	0	0	0	0
B- INVESTMENTS IN ASSOCIATES (net)+EQUITY SHARE	**0**	**0**	**0**	**0**	**0**	**0**	**0**
a) Investments in Associates (net)	0	0	0	0	0	0	0
b) Equity Share	0	0	0	0	0	0	0
C-NON-EARNING ASSETS	**5,155**	**96,387**	**60,997**	**25,607**	**25,832**	**26,056**	**22,613**
a) Cash and Cash Equivalents	2,734	51,113	33,930	16,747	18,139	19,530	15,397
b) Financial Assets at Fair Value through P/L	0	0	0	0	0	0	0
c) Asset Held for Sale And Discontinued Operations (net)	0	0	0	0	0	0	0
d) Other	2,422	45,274	27,067	8,860	7,693	6,526	7,216
- Intangible Assets	15	286	290	294	283	272	277
- Property and Equipment	1,835	34,306	19,056	3,806	3,732	3,658	4,331
- Deferred Tax	412	7,695	5,301	2,906	2,217	1,527	1,518
- Other	160	2,987	2,421	1,854	1,462	1,069	1,090
TOTAL ASSETS	**42,698**	**798,315**	**627,768**	**457,220**	**391,271**	**325,321**	**317,441**

- *Including JCR Eurasia Rating's adjustments where applicable,*

EKSPO FAKTORİNG A.Ş. BALANCE SHEET-LIABILITIES+EQUITY TRY (000)	FYE2022 USD (Converted)	FYE2022 TRY (Original)	FYE2022 TRY (Average)	FYE2021 TRY (Original)	FYE2021 TRY (Average)	FYE2020 TRY (Original)	FYE2020 TRY (Average)
C- COST BEARING RESOURCES (I+II)	**25,530**	**477,317**	**343,861**	**210,404**	**169,265**	**128,125**	**130,471**
I-PAYABLES	**580**	**10,852**	**9,277**	**7,702**	**10,948**	**14,194**	**15,255**
a) Factoring Payables	580	10,852	9,277	7,702	10,948	14,194	15,255
b) Lease Payables	0	0	0	0	0	0	0
c) Other	0	0	0	0	0	0	0
II-BORROWING FUNDING LOANS & OTHER	**24,949**	**466,465**	**334,584**	**202,702**	**158,317**	**113,931**	**115,216**
a) Fund Borrowed-Short Term	24,949	466,465	334,584	202,702	158,317	113,931	115,216
b) Fund Borrowed-Long Term	0	0	0	0	0	0	0
c) Marketable Securities for Issued (net)	0	0	0	0	0	0	0
d) Securities Sold Under Repurchase Agreements	0	0	0	0	0	0	0
e) Subordinated Loans	0	0	0	0	0	0	0
D- NON-COST BEARING RESOURCES	**815**	**15,232**	**12,635**	**10.037**	**7,013**	**3,988**	**3,473**
a) Provisions	159	2,971	2,148	1,324	1,241	1,158	1,238
b) Current & Deferred Tax Liabilities	567	10,598	9,187	7,775	4,484	1,192	960
c) Trading Liabilities (Derivatives)	0	0	0	0	0	0	0
d) Other Liabilities	89	1,663	1,301	938	1,288	1,638	1,276
E- TOTAL LIABILITIES	**26,344**	**492,549**	**356,495**	**220,441**	**176,277**	**132,113**	**133,944**
F- MINORITY INTEREST	**0**		**0**		0		**0**
F- EQUITY	**16,675**	**311,766**	**275,243**	**238,719**	**215,964**	**193,208**	**183,498**
a) Prior Year's Equity	12,664	236,779	214,994	193,208	183,498	173,787	162,994
b) Equity (Internal & external resources added during the year)	0	0	0	0	0	0	0
c) Minority Interest	0	0	0	0	0	0	0
d) Profit & Loss	4,011	74,987	60,249	45,511	32,466	19,421	20,504
TOTAL LIABILITY+EQUITY	**43,019**	**804,315**	**631.738**	**459.160**	**392,241**	**325,321**	**317,441**
USD 1 = TRY		**18,6966**		**12,9775**		**7,3405**	

- *Including JCR Eurasia Rating's adjustments where applicable,*

EKSPO FAKTORİNG A.Ş. INCOME STATEMENT TRY (000)	2022	2021	2020
Net Interest Income	**111,953**	**58,565**	**34,983**
A) Interest income	183,794	79,548	41,350
a) Factoring Interest Income	183,794	79,548	41,350
b) Financing Loans Interest Income	0	0	0
c) Lease Income	0	0	0
d) Banks	0	0	0
B) Fınancial Expense	71,841	20,983	6,367
Net Fee and Commission Income	**1,380**	**7,143**	**2,242**
a) Fee and Commission Income	7,114	8,054	2,866
b) Fee and Commission Expense	5,734	911	624
Total Operating Income	**33,355**	**19,628**	**9,117**
Interest Income from Other Operating Field	12	51	619
Foreign Exchange Gain or Loss (net) (+/-)	33,278	18,164	4,898
Gross Profit from Retail Business	0	0	0
Gains or Loss on Derivative Instruments (+/-)	0	0	0
Income on Sale of Equity Participations and Consolidated Affiliates	0	0	0
Gains from Investment Securities (net)	0	0	0
Other Operating Income	65	1,413	3,600
Taxes other than Income Tax	0	0	0
Dividend	0	0	0
Provisions	**1,984**	**765**	**56**
Provision for Impairment of Loan and Trade Receivables	1,984	765	56
Other Provision	0	0	0
Total Operating Expense	**44,068**	**23,794**	**21,525**
Salaries and Employee Benefits	32,687	17,570	16,493
Depreciation and Amortization	0	0	0
Other Expenses	11,381	6,224	5,032
Profit from Operating Activities before Income Tax	**100,636**	**60,777**	**24,761**
Income Tax – Current	25,649	15,266	5,340
Income Tax – Deferred	0	0	0
Net Profit for the Period	**74,987**	**45,511**	**19,421**

Total Income	**146,688**	**85,336**	**46,342**
Total Expense	**44,068**	**23,794**	**21,525**
Provision	**1,984**	**765**	**56**
Pretax Profit	**100,636**	**60,777**	**24,761**

- *Including JCR Eurasia Rating's adjustments where applicable,*

EKSPO FAKTORİNG A.Ş. FINANCIAL RATIO %	2022	2021	2020
I. PROFITABILITY & PERFORMANCE			
1. ROA - Pretax Profit / Total Assets (avg.)	16.03	15.53	7.80
2. ROE - Pretax Profit / Equity (avg.)	37.10	28.27	13.49
3. Total Income / Equity (avg.)	54.07	39.69	25.25
4. Total income / Total Assets (avg.)	23.37	21.81	14.60
5. Provisions / Total Income	1.35	0.90	0.12
6. Total Expense / Total Resources (avg.)	12.36	13.50	16.07
7. Net Profit for the Period / Total Assets (avg.)	11.95	11.63	6.12
8. Total Income / Total Expenses	332.87	358.65	215.29
9. Non-Cost Bearing Liabilities + Equity- Non-Earning Assets / Assets	28.14	48.38	52.61
10. Non-Cost Bearing Liabilities - Non-Earning Assets / Assets	-10.17	-3.41	-6.78
11. Total Operating Expenses / Total Income	30.04	27.88	46.45
12. Net Interest Margin	19.75	16.03	11.87
13. Operating ROAA = Operating Net Incomes / Assets (avg.)	27.47	20.90	9.81
14. Operating ROAE = Operating Net Incomes / Equity Capital (avg.)	63.58	38.03	16.96
15. Interest Coverage – EBIT / Interest Expenses	240.08	389.65	488.90
16. Net Profit Margin	51.12	53.33	41.91
17. Gross Profit Margin	68.61	71.22	53.43
18. Market Share	0.59	0.70	0.68
19. Asset Growth Rate	74.60	40.54	5.09
II. CAPITAL ADEQUACY			
1. Internal Equity Generation / Previous Year's Equity	32.49	23.79	11.18
2. Equity / Total Assets (Standard Ratio)	38.30	51.79	59.39
3. Equity / Total Liabilities	62.08	107.41	146.24
4. Free Equity / Total Receivables Ratio	38.63	53.91	63.25
5. Tangible Assets / Total Assets	4.30	0.83	1.12
6. Intangible Assets / Total Assets	0.04	0.06	0.08
III. LIQUIDITY			
1. Liquid Assets + Marketable Securities / Total Assets	6.40	3.66	6.00
2. Liquid Assets + Marketable Securities / Total Liabilities	10.38	7.60	14.78
3. Short Term Borrowings / Total Assets	59.79	46.02	39.38
4. Net Interest and Commission / Total Assets	14.20	14.37	11.44
5. Liquid Assets + Marketable Securities / Equity	16.72	7.07	10.11
IV. ASSET QUALITY			
1. Loan and Receivable's Loss Provisions / Total Loans and Receivables	3.03	4.65	6.79
2. Total Provisions / Profit Before Provision and Tax	1.93	1.24	0.23
3. Impaired Receivables / Gross Receivables	3.03	4.65	6.79
4. Impaired Receivables / Equity	7.18	8.89	11.29
5. Collaterals / Total Receivables	85.28	78.52	67.31
6. Total FX Position / Total Assets	15.82	11.61	8.55
7. Total FX Position / Equity	41.30	22.42	14.39

- *Including JCR Eurasia Rating's adjustments where applicable,*

Rating Info

Rated Company:	Ekspo Faktoring Anonim Şirketi Ayazağa Mah. Maslak Meydan Sokak Spring Giz Plaza B Blok, 34398 Sarıyer/İstanbul Telephone: +90 212 276 39 59
Rating Report Preparation Period:	01.03.2023-24.03.2023
Rating Publishing Date:	24.03.2023
Rating Expiration Date:	1 full year after publishing date, unless otherwise stated
Audited Financial Statements:	FYE2022-FYE2021-FYE2020-FYE2019
Previous Rating Results:	24.03.2022 / Long Term National Scale / AA- (tr)
Rating Committee Members:	Z. M. Çoktan *(Executive Vice President),* O. İnan *(Director)*, M. Hayat *(Manager)*

Disclaimer

The ratings affirmed by JCR Eurasia Rating are a reflection of the Company's independent audit reports prepared in conformity with Turkish Financial Reporting Standards (TFRS) and International Financial Reporting Standards (IFRS), on and off-balance sheet figures, general market conditions in its fields of activity, unaudited financial statements, information and clarifications provided by the Company, and non-financial figures. Certain financial figures of the Company for previous years have been adjusted in line with the JCR Eurasia Rating's criteria.

The Company's balance sheet composition, asset quality, risk management practices, business profile, liquidity management, history in the sector, profitability figures, revenues, debt structure
e, growth rates, off-balance sheet commitments, and the financial and non-financial positions of the main shareholders were taken into consideration while determining the risk assessment of the long-term international local currency and foreign currency ratings as well as national ratings.

Considering the fact that there are no additional legal or financial collateral guarantees provided separately for the repayment of the bonds issued, the note assigned for the TRY dominated bond issuance is assigned as the same as the Company's Long and Short Term National Local Ratings, unless otherwise stated.

Previous rating results and other relevant information can be accessed on www.jcrer.com.tr

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