Corporate Credit Rating

☐New ☒Update

Sector: Factoring
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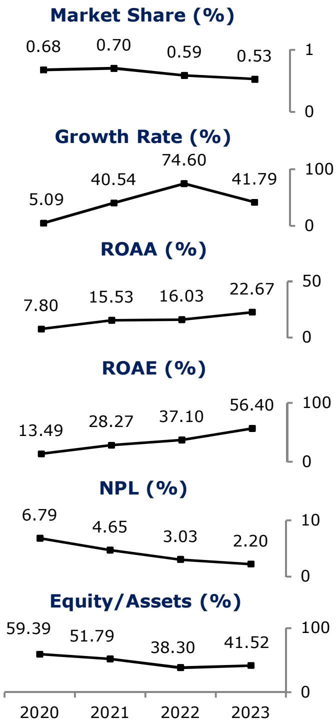
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)	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 high investment level category and revised the Long-Term National Issuer Credit Rating to **'AA (tr)'** from **'AA- (tr)'** and the affirmed 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 determined as **'BB/Negative'** in line with sovereign 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 FYE2023. The Company maintains its operations by average workforce of 32 employees in FY2023 (FY2022: 32).

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

Strengths	Constraints
• Maintaining a strong equity level above sector averages, supported by internal equity generation capacity over the period analysed, • Ability to generate and preserve interest margins outperforming the sector, underpinning core operational profitability, • Continued decline in the NPL ratio supporting asset quality in FY2023, • Reasonable collateral coverage to a certain extent diminishing the credit risk, • Experienced management team and well-established risk management infrastructure.	• Need for increase in customer granularity to reduce high concentration risk, • High competition in the sector dominated by bank-owned factoring companies with wide branch network and lower borrowing costs, • Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised to **'AA (tr)'** from **'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'**. Attainability of the Company's budgeted projections, turnover and asset development, interest margin trend, market share, profit margin, capitalization level, maturity and indebtedness structure, the growth in the number of customers in the competitive market, improvements in receivable portfolio granularity to reduce the concentration exposure, the general outlook of the sector collection performance of problematic receivables and the NPL level will be closely monitored by JCR Eurasia Rating in upcoming periods.

1. Rating Rationale

With respect to the factors mentioned below, JCR Eurasia Rating has revised the Long-Term National Issuer Credit Rating of Ekspo Faktoring to **'AA (tr)'** from **'AA- (tr)'** and affirmed the Short-Term National Issuer Credit Rating at **'J1+ (tr)'** in JCR Eurasia Rating's notation system which denotes the investment level 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 are determined as **'BB'** in line with the sovereign rating of Republic of Türkiye.

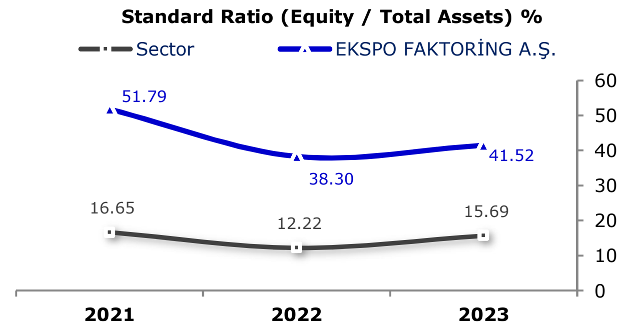
Maintaining a Strong Equity Level Above Sector Averages, Supported by Internal Equity Generation Capacity Over the Period Analysed

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 53.69% compared with the previous year-end and reached TRY 469.94mn as of FYE2023 (FYE2022: TRY 305.77mn). The Company's paid-in capital remained unchanged during the period analysed. Equity has been strengthened mainly by the Company's internal fundraising performance.

(TRY 000)	FYE2021	FYE2022	FYE2023
Paid-in Capital	60,000	60,000	60,000
Profit Reserves	16,512	16,846	16,846
Previous Years Profits or Losses	114,756	153,933	218,920
Net Profit or Loss	45,511	74,987	174,174
Total Equity	**236,779**	**305,766**	**469,940**

The equity shares of the Company's assets financing increased as of FYE2023, it was significantly higher than the sector average of 15.69% as of FYE2023. 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.



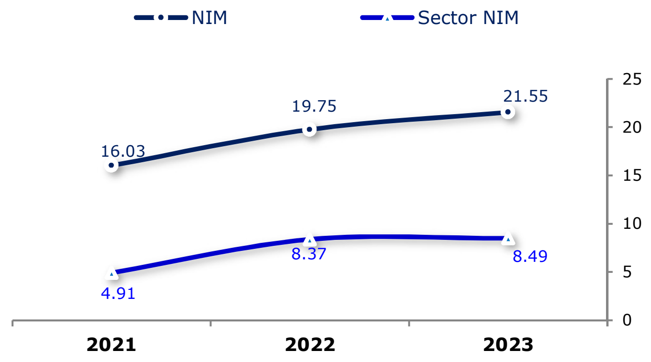
Ability to Generate and Preserve Interest Margins Outperforming the Sector, Underpinning Core Operational Profitability

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 FY2023. Combined with the growth experienced in FY2023, the Company's wide margin resulted in a solid profitability figure.

(TRY 000)	FYE2021	FYE2022	FYE2023
Factoring Income	**87,602**	**190,908**	**349,071**
Interest income on factoring receivables	79,548	183,794	299,388
Fee and commission income on factoring transactions	8,054	7,114	49,683
Financial Expenses	**21,894**	**77,575**	**128,432**
Interest expenses on borrowings	20,983	71,841	112,681
Fee and commission expenses	911	5,734	15,751
Net Factoring Income	**65,708**	**113,333**	**220,639**
Net Interest Income	58,565	111,953	186,707
Net Fee and Commission Income	7,143	1,380	33,932

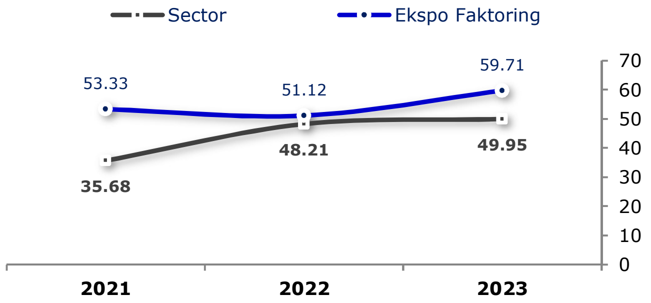
The Company's net interest income on factoring receivables increased from TRY 111.95mn to TRY 186.71mn as of FYE2023 as the earning assets increased from TRY 701.93mn to TRY 1.03bn in the same time period. In FY2023, the Company also recorded net fee and commission revenues on factoring transactions of TRY 33.93mn (FY2022: TRY 1.38mn). As a result, the Company's net factoring income amount reached TRY 220.64mn in FY2023 by increasing 94.68% YoY.

The net interest margin of the Company increased from 19.75% as of FYE2022 to 21.55% as of FYE2022. The net interest margin is calculated as net interest income over average earning assets, excluding net fees and commissions.



Ekspo Faktoring, indicated an increasing net profit figure over the reporting period and stood at TRY 174.17mn in FY2023 (FY2022: TRY 74.99mn). In parallel, the net profit margin increased to 59.71% in FY2023, 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 (%)



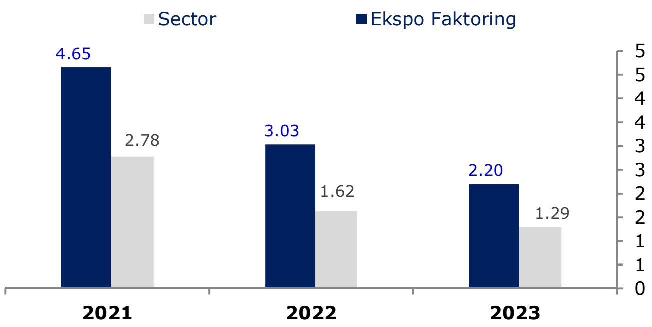
Besides, in FY2023, the profit from operating activities before income tax reached to TRY 218.75mn and its core profitability indicators, ROA and ROE, were realized as 22.67% and 56.40%, respectively. The Company has a strong internal resource generation capacity. Provided that the Company preserves 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.

Continued Decline in the NPL Ratio Supporting Asset Quality in FY2023

Factoring receivables accounted for 91.1% of total assets, a higher ratio compared to the previous year. The figure ties the asset quality directly into the quality of the receivable portfolio. Therefore, the concentration levels, repayment performance of the receivables and NPL ratios are examined in detail to assess overall asset quality.

The non-performing loans ratio is considered to be the main indicator of receivables' quality within the financial sector. In the chart below, the NPL ratio is calculated by the division of gross overdue loans by total receivables including allowances for overdue loans. The Company's gross overdue receivables increased from TRY 21.95mn to TRY 23.14mn as of FYE2023. The total factoring receivables increased from TRY 701.93mn to TRY 1.03bn and allowances decreased from TRY 1.98mn to TRY 1.58mn in the same time period. As a result, the NPL ratio of the Company decreased from 3.03% to 2.20% as of FYE2023. In the same time, the sector average of NPL declined to 1.29%.

NPL Ratio %

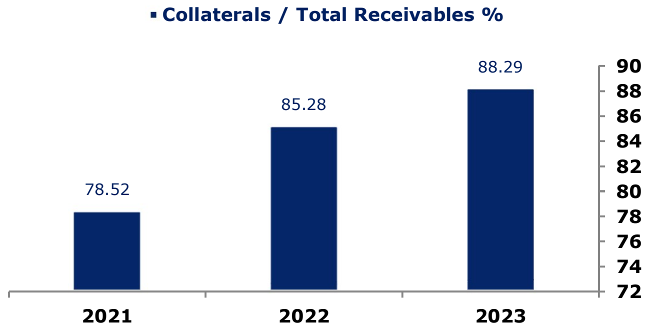


According to the information received from the Company, TRY 17.12mn of the non-performing loan balance of TRY 23.14mn was collected in the first quarter of 2024. Thus, it was informed that the NPL ratio was 5 per thousand.

Reasonable Collateral Coverage to a Certain Extent Diminishing the Credit Risk

The Company's ratio of collaterals excluding Personal Guarantees to total receivables, continued to remain strong as of FYE2022 compared to the previous year-end and stood at 88.29% as of FYE2023 (FYE2022: 85.28%).

The value of the collaterals received against the Company's total factoring receivables amounting to TRY 1.03bn as of FYE2023 is TRY 930.54mn. Cheques and notes received against factoring receivables contribute positively to both asset quality and risk level.



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.

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. As of FYE2023, the top 10 customers of the Company account for 39.05% of the total factoring receivables. Additionally, cheque-originator based concentration were lower at 33.13% for top 10 in the same period (FYE2022: 17.41%). 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", "Chemical and pharmaceutical industry" 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 - FYE2023	Share (%)
Textile	20
Chemical and pharmaceutical industry	14
Wholesale and retail trade	13
Iron, steel, coal, petroleum and other mines	11
Tourism	11
Leather products	9
Construction	6
Wood and wood products	5
Others	11

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.

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

As of FYE2023, 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 2023 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.

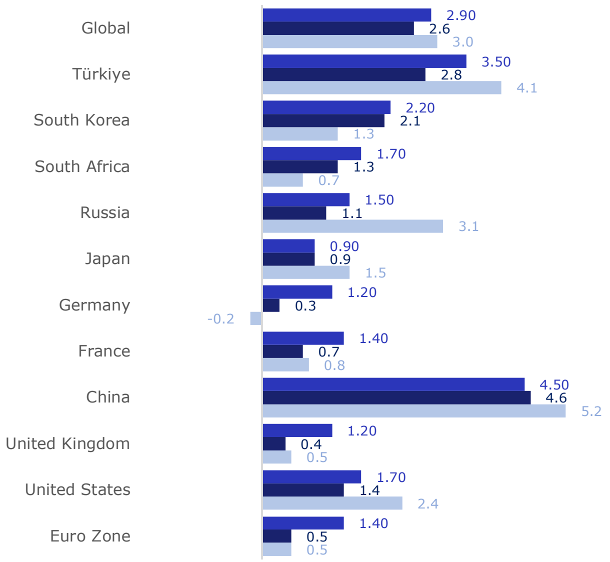
<u>Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side</u>

Companies based in Türkiye face several headwinds, stemming from both global and domestic conditions. Major central banks have been hiking rates at the most rapid pace in near history and net lending standards have been tightening as well. In Türkiye, Central Bank of Republic of Türkiye (CBRT) also joined the hiking central banks in June 2023, at a rapid pace as well. CBRT hiked the rates from 8.5% in a quick succession targeting ex-ante real interest and gradually lifted previously implemented macroprudential measures affecting bank lending. The aim of administration is to achieve a soft landing via curbing consumption, though selective lending to support exports & investments persist. As such, export-focused growth policies of China loom as a threat to domestic exports, who also face a slow growth in key markets and significant production costs.

The tightening actions of major central banks (increasing interest rates and quantitative tightening), especially the Fed, in order to fight inflation, increased global recession concerns. Accompanied by tightening financial conditions, a weak growth outlook emerged in 2023, especially in Europe. In addition, ongoing geopolitical risks is still on the agenda.

GDP Outlook for 2023-24 (Annual Average Growth, %)

2023 2024 2025

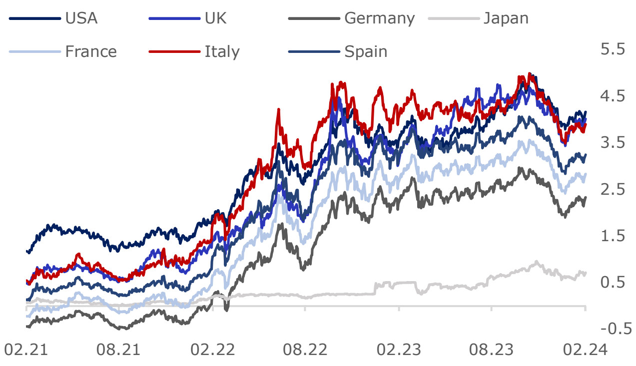


Source: Refinitiv Datastream, Reuters Poll (Median Forecast)
*As of 06-02-2024

Unprecedented pace of tightening and geopolitical risks severely limited the risk appetite towards emerging markets while the flow of funds to emerging markets weakened. Funds instead flowed to safe instruments such as the dollar and gold, fueled partly by the fear of credit/counterparty risk.

With these expectations and central banks' guidance, government bond's yields were at record high level almost all over the world until last quarter of 2023. Recently, pullback in inflation, especially with the support of energy prices, has changed market expectations towards monetary expansion at an earlier date than expected before. Thus, global government bond yield has been starting to decrease from record high level.

10Y Government Bond Yield (%)



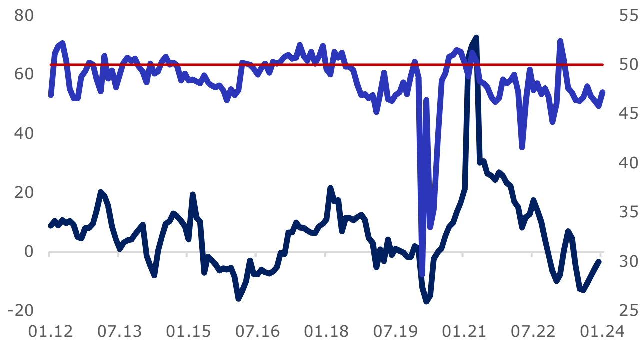
Source: Refinitiv Datastream

Considering major central banks' guidance, we, as JCR-ER, do not expect to initiate monetary expansion until in the second half of 2024. With the monetary easing steps expected to be taken as of the second half of the year (provided that rising oil prices due to possible geopolitical tension do not pose a risk on inflation), it is expected that the global demand outlook will recover, and this recovery will accelerate in 2025.

Following post-pandemic reopening, China took full advantage of its massive and integrated manufacturing sector, government subsidies to boost exports. On the other hand, domestic consumption is still weak after decades of investment/manufacturing focused policies. Therefore, for Chinese economy, the way forward is through shifting manufactured goods abroad, its long-term and global implications notwithstanding.

In this sense, we would expect China to double-down on any obstacle to its exports, as boosting domestic consumption requires a long and painful adjustment whereas boosting investment and consumption is more straightforward in the short run. In fact, as leading export indicators for China deteriorate, we would expect more aggressive policies to compensate for this. Therefore, Turkish companies face significant export competition from a global powerhouse.

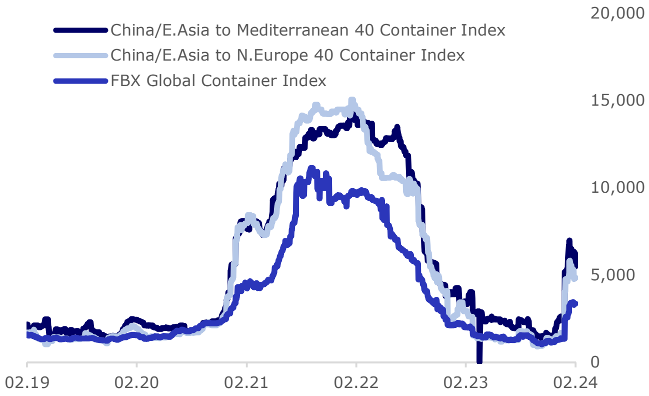
China
NBS PMI (new export orders) **Threshold**
Export Growth (12M % Chg, 3 MMA, left axis)



Source: Refinitiv Datastream

This strong commitment to supporting exports were coupled with freight rates which had normalized in 2023. This reversion of freight costs had helped Chinese manufacturers to compete more easily with exporters close to their trade partners geographically.

FBX Global Container Index



Source: Refinitiv Datastream

On the other hand, a new geopolitical risk is added to existing tensions created by Israel-Hamas conflict. Following the Houthi attacks to shipping vessels passing through the Red Sea, certain shipping companies suspended trade through the Suez Canal, increasing shipping costs and distressing the global supply chain. However, the currently elevated levels are still lower than the spikes experienced during the supply chain shocks.

Spillovers of geopolitical risks to Türkiye

In addition to these developments, geopolitical risks and conflicts in the region are notable, among which Russia-Ukraine war comes at the top. 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 389 projects amounting to USD 27.39bn in FY2023. The leading market was again Russia with a share of 16.8% in mentioned period. Ukraine, which was also ranked 4th in 2021, was not among the top 10 countries last two years. In addition, the Russian project amount, which was USD 11.02bn in 2021, decreased to USD 4.61bn in 2023. In conclusion, project values still lag behind pre-conflict share and level.

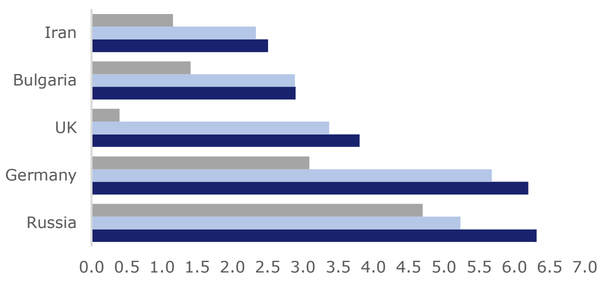
Türkiye's International Contracting Services (in billion USD)

FY2021		FY2022		FY2023	
Russia	11.02	**Russia**	2.38	**Russia**	4.61
Iraq	3.57	**Azerbaijan**	2.03	**Romania**	3.62
Tanzania	1.91	**Iraq**	1.64	**Turkmenistan**	3.34
Ukraine	1.66	**Romania**	1.6	**S. Arabia**	2.75
Zambia	1.13	**Uzbekistan**	1.55	**Iraq**	1.35
Others	11.68	**Others**	10.51	**Others**	11.72
Total	**30.97**	**Total**	**19.71**	**Total**	**27.39**

Source: Ministry of Trade of Türkiye, TMB

Russian and Ukrainian visitors are also important in terms of the local tourism industry. In 2023, 49.2 million of foreign visitors (excluding citizens who resident abroad) came to Türkiye which was 44.5 million in 2022. The military invasion of Russia's on Ukraine had worsened tourism expectations. Contrary to negative expectations, Russian visitors realized as 5.23 and 6.31 million as of FY2022 and FY2023, respectively. However, it still stood below the 2019 level of 7.02 million. On the other hand, the number of Ukrainian visitors felt sharply from 2.06 million to 840K in 2023.

Number of foreign visitors
(million)
2023 2022 2021

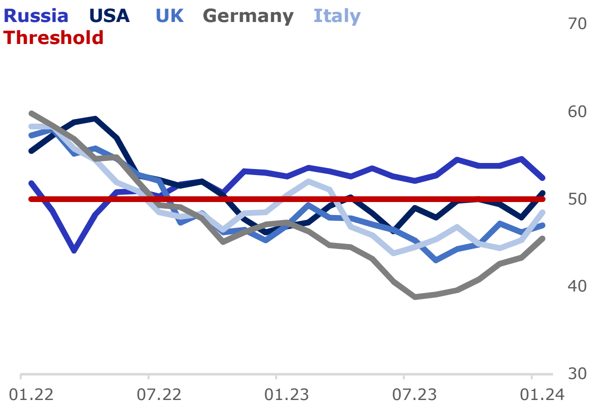


Source: Republic of Türkiye Ministry of Culture and Tourism

Global slowdown's impact on Türkiye

In 2023, Turkish exports to EU realized as USD 104.3bn which was USD 103.05bn in FY2022. Besides all these effects mentioned before, it is quite possible that the slowdown in economic activity in Europe (especially in Germany), our largest trade partner, will adversely affect the Turkish economy through the trade channel.

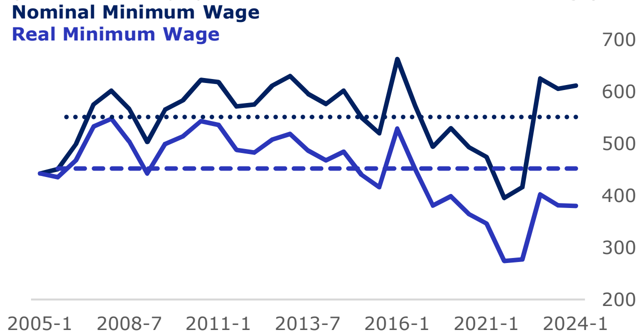
Top 5 Export Market's Manufacturing PMI



Source: Refinitiv Datastream

Further pressurizing the Turkish exporters are cost factors, mainly in terms of wages and energy prices. Minimum wage increased to TRY 23,502.94, including total costs to the employer (gross: TRY 20,002.50, net: TRY 17,002.12) for 2024. The latest increase in minimum wage pushed the total cost to employers to USD 610, using expected average USDTRY for the aforementioned year. Therefore, the expected level of minimum wage would realize above the average and would pressurize small scale businesses with labor intensive manufacturing and domestic focus. On the other hand, adjusting for US CPI, real minimum wage in USD terms is actually below the average, implying export focused companies should be able to manage these levels of increasing minimum wage.

Türkiye Minimum Wage
(Total cost to employer, USD, dashed lines 2005-2023 average)
Nominal Minimum Wage
Real Minimum Wage

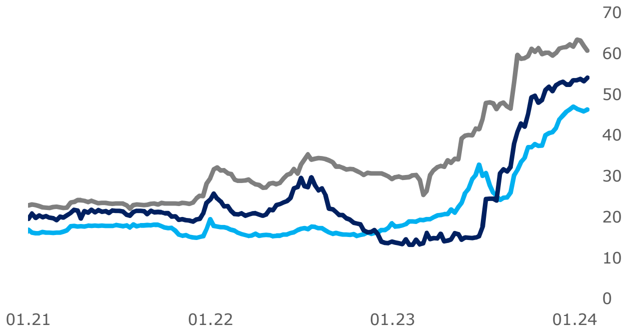


Source: Ministry of Labor and Social Security, Refinitiv, JCR-ER Research
Nominal minimum wage for 2024 is calculated using expected average USDTRY for the given year.

Domestic financial conditions are tightening, particularly in credit costs

Current economic program entails high interest rates at a level that would curb leveraged consumption and inventory hoarding as carrying costs rise. On the fiscal side, tax regulations aim to support the efforts to limit consumption. Moreover, long list of previously announced macroprudential regulations in the banking system are lifted, liberating banks to pursue more independent asset-liability management. This resulted in much higher credit interest rates.

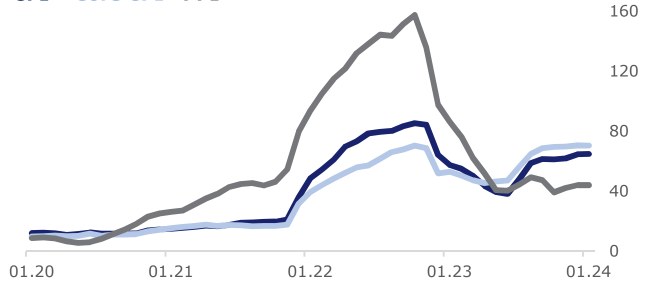
TRY Lending and Deposit Rates (%)
Commercial Consumer Deposit



Source: CBRT, JCR-ER

Despite the commitment to fight inflation, CBRT's realistic projection comprises an inflation path peaking in May with circa. 70%, and ending the year with 36%. We note that most firms had been able to pass through the production costs to the consumers, though efforts to limit consumption and suppress real income could break this mechanism.

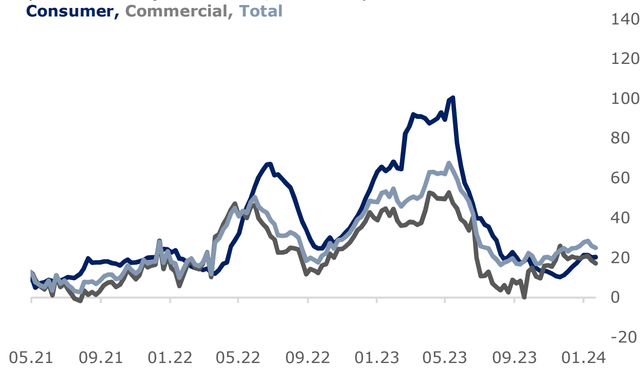
Türkiye Inflation (y.o.y)
CPI Core CPI PPI



Source: Turkstat

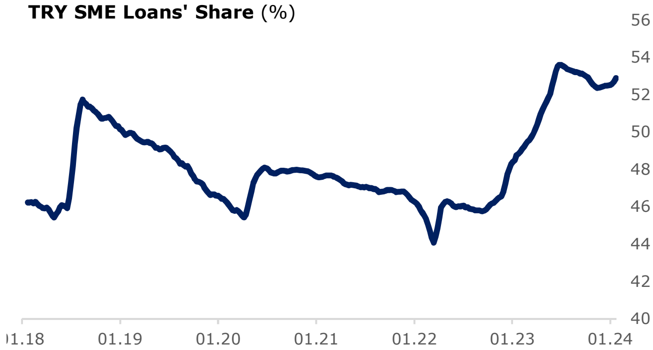
Current economic program has affected loan growth and the growth rate is not as high as the excessive pace observed in the first half of 2023, as intended by the administration. Thus, firms which had relied on easy access to finance at low rates face significant financing costs and might need to rapidly deleverage.

Loans growth started to ease down
(13-Week FX Adjusted Growth, Annualized)
Consumer, Commercial, Total



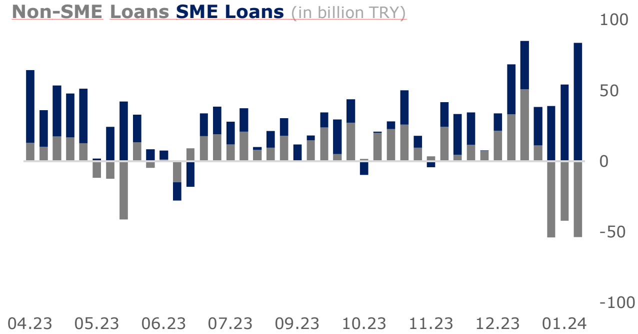
Source: BRSA, JCR-ER

TRY SME Loans' Share (%)



Source: BRSA, JCR-ER

Non-SME Loans **SME Loans** (in billion TRY)



Source: BRSA, JCR-ER

Access to finance and the cost of financing is still a substantial topic affecting Turkish corporates, as the selective lending policies aimed to supporting exports, agricultural production, investments and high-tech and SMEs have resulted in a divergence in financial conditions. In fact, CBRT recently announced "Advance Loans Against Investment Commitment" framework to support investments with adequate Technology/Strategy scores, providing them with affordable loans up to 10 years of maturity. In this sense, current outlook is more accommodative for export, technology and investment-oriented firms. On the other hand, for other companies, high loan rates (especially considering expected inflation trend) and moderating credit growth would translate into tighter credit standards.

Tightening financial conditions, expected slowdown in consumer spending and weak outlook in major export markets will likely result in a lower growth rate in 2024 compared to last year. In fact, economic administration expects a negative output gap in 2024, implying an annual growth rate of 2-2.5%. On the other hand, government expenditures and still relatively resilient consumption might push the growth a bit higher.

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, Ekspo Faktoring's outlook for Long-Term International Foreign and Local Currency Issuer Credit Ratings are determined as **'Negative'** in line with the sovereign rating outlooks of the Republic of Türkiye.

Attainability of the Company's budgeted projections, turnover and asset development, interest margin trend, market share, profit margin, capitalization level, maturity and indebtedness structure, the growth in the number of customers in the competitive market, improvements in receivable portfolio granularity to reduce the concentration exposure, the general outlook of the sector collection performance of problematic receivables and the NPL level will be closely monitored by JCR Eurasia Rating in upcoming periods.

Factors that Could Lead to an Upgrade

- Robust increase in the market share,
- Continued improvement in profitability margins,
- Further increase in equity ratio,
- NPL ratio below sector averages,
- Diversification of loan book to obtain a more granular structure,
- Upgrades in sovereign ratings and economic growth prospects of Türkiye.

Factors that Could Lead to a Downgrade

- Difficulties in accessing financing channels,
- Upward trend in non-performing loans,
- Deterioration in net interest margin and core profitability ratios,
- Significant increases in leverage,
- Changes in the sovereign rating level of Türkiye represent the factors that might affect the outlooks.

3. Projections & Debt Instruments

The Company's FY2023 actual figures and balance sheet and income statement forecast throughout for FY2024 is provided in the below table. These figures have been provided by the Company management. The Company projected a 2024 year-end asset size of TRY 2.09bn through annual growth rate of 84.75%. According to the Company management projections, total income is projected to reach TRY 526.12mn by increasing 80.35% in FY2024. Accordingly, net profit of the Company is projected to reach TRY 281.57mn from TRY 174.17mn.

Ekspo Faktoring A.Ş. – BS Projections

TRY (000)	2023A	2024E
Banks and Other Earning Assets	22,385	2,114
Factoring Receivables	1,030,819	1,967,803
Net Overdue Loans	*23,143*	-
Other Assets	78,697	121,367
Total Assets	**1,131,901**	**2,091,281**
Factoring Payables	37,812	10,918
Bank Loans	583,463	1,193,941
Other Liabilities	40,686	26,196
Equity	469,940	405,216
Net Profit	*174,174*	*281,574*
Total Liabilities & Equity	**1,131,901**	**2,091,281**

Ekspo Faktoring A.Ş. – P&I Projections

TRY (000)	2023A	2024E
Factoring Interest Income	349,071	874,058
Other Operating Income	71,075	59,751
Fınancial Expense (-)	128,432	433,698
Total Operating Expenses (-)	71,380	113,868
Provision (-)	1,584	10,000
Pre-Tax Profit	**218,750**	**402,249**
Taxes	*44,576*	*120,675*
Net Profit	**174,174**	**281,574**

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.

No separate rating report has been compiled as the resources to be obtained from potential debt issues will be carried in the Company's balance sheet and has been subject to analysis in the corporate credit rating report. The debt instruments to be issued carry no difference in comparison to the Company's other liabilities with respect to its legal standing and collateralization. As such, the notations outlined in the corporate credit rating report also reflect the issue rating considering aggregated exposure of the issues. The issue ratings do not cover any structured finance instruments. Issue ratings are assigned for both outstanding and prospective debt instruments and incorporate assessments until their maturities.

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 revised as **'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 FY2023 (FY2022: 32).

b. Shareholders, Subsidiaries & Affiliates

Ekspo Faktoring 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

	FYE2022		FYE2023	
(000' TRY)	Amount - TRY	%	Amount - TRY	%
M. Semra TÜMAY	29,400	49.00	29,400	49.00
Murat TÜMAY	15,300	25.50	15,300	25.50
Zeynep Ş. AKÇAKAYALIOĞLU	15,300	25.50	15,300	25.50
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:

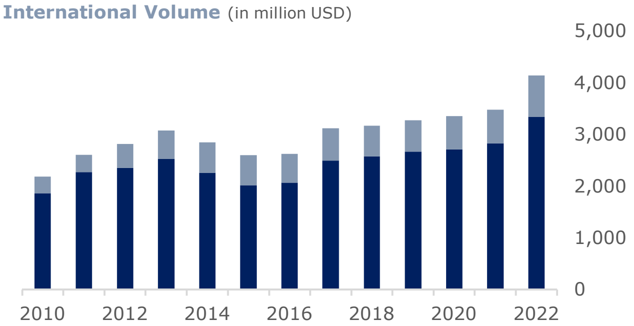
Board of Directors	Duty
Murat Tümay	Chairman and CEO
Zeynep Ş. Akçakayalıoğlu	Member
M. Semra Tümay	Member
Şerif Orhan Çolak	Member
İsmail Hasan Akçakayalıoğlu	Member

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 especially inflationary economies.

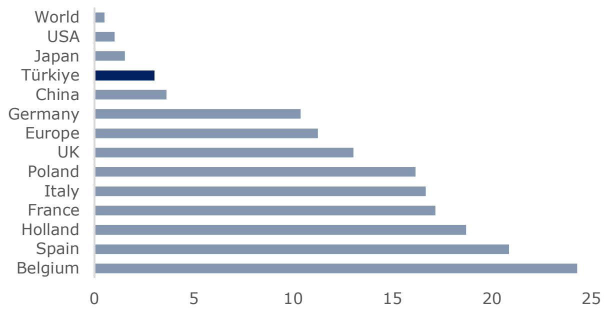
Global factoring volume was about USD 4.1 trillion.



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 2022, global factoring transactions raised by 17% and were realized as amounting of USD 4,139bn where 19.2% of contains international transactions. Analysis of the regional distribution of factoring transactions achieved in 2022 reveals that 68% of the greatest total transactions were realized on the European continent, followed by the Asia-Pacific with 24%. Türkiye realized 0.9% of the global transaction volume in the factoring sector. However, in 2021, Türkiye's share was only 0.5%.

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



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 0.5% for the world in 2022. The striking point here was that there was a significant decline compared to last year. However, as exceptions to this situation, it was noteworthy that Poland, which was a developing country, had a high rate of 16,1%, while the world's largest economy, the USA, remained as low as 1%. Türkiye, on the other hand, was above the world average with a penetration rate of 3.0% in 2022. Considering the volume and penetration rate, it can be said that the factoring sector will increase its share in Türkiye in 2023.

General Outlook of the Sector in Türkiye

Turkish Factoring sector contains 49 companies of various sizes with a total of 365 branches and 4,000 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.

Security facility mechanism contains factoring companies has been cancelled within the scope of simplification steps taken by the CBRT. Thus, there are no macroprudential measurement drives the factoring companies, currently. However, monetary tightening policy of CBRT indirectly affect the factoring companies. Thus, CBRT's decisions will shape the sectoral outlook in coming periods.

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

	2021	2022	2023
Cash, Cash Equivalents and Central Bank	2,101	2,713	6,760
Financial Assets	59,910	127,394	197,173
Factoring Receivables	59,543	127,287	196,875
Discounted Factoring Receivables	*32,176*	*65,240*	*100,129*
Other Factoring Receivables	*27,367*	*62,047*	*96,745*
Non-Performing Receivables	1,700	2,099	2,576
Allowances for Expected Credit Loss	1,512	2,252	2,813
Tangible Assets	789	1,237	2,104
Other Assets	2,171	4,285	7,609
Total Assets	**64,971**	**135,629**	**213,646**
Funds Borrowed	46,243	104,005	148,197
Securities Issued	5,031	9,724	20,859
Other Liabilities	2,881	5,329	11,079
Shareholders' Equity	10,816	16,571	33,511
Paid-in Capital	4,408	5,030	8,933
Total Liabilities and Equity	**64,971**	**135,629**	**213,646**

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 100.0% in comparison to FYE2022 and amounted to TRY 213.65bn 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 92.2%. 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 exceeding the TRY 196bn 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 2023, bank borrowings kept a share of 69.4% in total assets. There is a decline compared to previous periods. In this regard, the increase in the share of equity in total liabilities and shareholders' equity and the decrease in the leverage ratio eased risks on the factoring sector.

Sectoral Concentration Appears as a Risk Factor for the Sector

When the distribution of turnover in factoring services by sectors was examined, the share of manufacturing sectors decreased from 51.2% to 48.4% in 2023 compared to 2022. The share of the service sectors in the total sector turnover increased to 48.6% 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		2023	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Wholesale and Retail Trading Motor Vehicles Services	42,765	3,601	84,697	11,266	221,619	9,441
Construction	16,395	97	28,441	260	58,665	174
Textile and Textile Products Industry	7,573	11,438	17,393	19,455	29,513	26,458
Transportation Vehicles Industry	10,516	923	13,179	10,335	51,589	2,775
Extracting of Mines Producing Energy	3,770	349	20,869	556	46,082	715
Manufacturing Total	72,149	24,649	161,325	45,634	340,566	56,563
Services Total	93,244	4,235	170,394	12,601	388,304	10,461
TOTAL	170,189	29,365	344,876	58,951	75,272	68,637

Source: BRSA, JCR-ER

When the turnover analysis is expanded from sector to sector, it is seen that the total business volume of the 5 sectors with the highest business volume increased from 51.1% to 54.5%. Especially the concentration in retail and wholesale trade and textile sectors draws attention. Concentrating on certain sectors poses risks for factoring companies.

Inflationary Environment, Raising Interest Rates Boosted Net Profit

Inflationary environment in 2022 and 2023 boosted income statements as well balance sheets. Thus, factoring income in the FYE2023, factoring income from factoring transactions jumped by 169.9% and reached to TRY 61,025mn. The fees and commissions received from factoring receivables of TRY 2,118mn in FYE2022 increased to TRY 14,297mn in the same period of 2023. This raise is expected to continue for a while. On the other hand, increasing interest rates will cause the costs of factoring companies to increase. Banks are important fund providers of factoring companies. Therefore, the factoring sector is affected by the interest rate increase in two different ways, in terms of the increase in income it will obtain from loans and the cost it will incur to find funds.

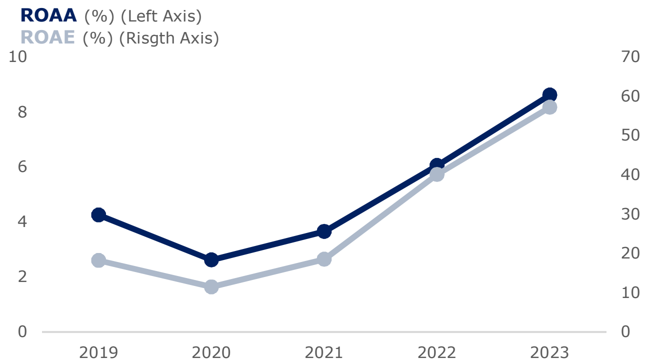
Selected Income Statement Items for Factoring Companies
(in million TL)

	2021	2022	2023
Operating Income	9,809	22,607	61,025
Factoring Income	*9,809*	*22,607*	*61,025*
Financial Expenses	6,288	13,504	37,108
Gross Profit/Loss	3,521	9,103	23,917
Operating Expenses	1,629	2,495	5,115
Other Operating Profit/Loss	1,171	1,517	3,072
Net Operating Profit/Loss	2,402	6,818	20,069
Profit Before Tax	2,404	6,817	20,072
Net Profit	1,821	5,201	14,235

Source: BRSA, JCR-ER

The sector's profitability indicators increased along with the net profit figure, which was still recovering significantly in the FYE2022 and 2023. ROAA, which was 6.06% in 2022, increased to 8.62% in 2023. ROAE increased from 40.10% in 2022 to 57.22% in 2023. While these two rates show that factoring companies may differ positively from other sectors in the remaining period of 2023.

Boosted net income strenghtened profitability metrics



Source: BRSA, JCR-ER

Increasing loan interest rates and monetary tightening policy in the second half of 2023 seem to be continue in 2024 which will directly affect the balance sheets of the factoring sector, both in terms of funding and business volume. Since monetary tightening will reduce fund available in banking channel, real sector firms will demand funding from alternative channels. So, in this environment, factoring revenues may tend to increase further. Besides, in Türkiye, factoring companies still has growth potential in the long term, compared to the international counterparties. Regarding the developments in monetary policy changes and in other areas will be closely monitored by JCR-ER in the coming period.

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.

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 20% (FYE2022: 39%) in textile, 14% (FYE2022: 8%) in chemistry and pharmaceuticals and 13% in wholesale and retail trade (FYE2022: 8%) sectors as of FYE2023.

As of FY2023, the loan book exhibited a notable concentration, with the top 20 customers accounting for 56.42% 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 42.91% for top 20 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 FYE2023, the net FX exposure was at an equivalent of TRY 174.62mn. 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.

FX Position (000' TRY)	FYE2021	FYE2022	FYE2023
Assets	113,331	134,976	180,121
Liabilities (-)	60,248	8,707	5,503
Net FX Position	**53,083**	**126,269**	**174,618**

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 FY2023, the average maturity of the Company's financial borrowings 26 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 defined as the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure. The operational risks arising from the nature of the business are well identified and closely monitored by the management. The Company has an adequate level of operational risk control environment in terms of risk management practices thanks to the control mechanisms.

Overall, the Company is highly conscious of the significance of compliance with legal requirements and monitors the recent developments and updates in accordance with relevant regulations. Operational risk is defined as the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure.

EKSPO FAKTORİNG A.Ş. BALANCE SHEET - ASSET TRY (000)	FYE2023 USD (Converted)	FYE2023 TRY (Original)	FYE2023 TRY (Average)	FYE2022 TRY (Original)	FYE2022 TRY (Average)	FYE2021 TRY (Original)	FYE2021 TRY (Average)
A-TOTAL EARNING ASSETS (I+II+III)	**35,065**	**1,030,818**	**866,373**	**701,928**	**566,771**	**431,613**	**365,439**
I- LOANS AND RECEIVABLES (net)	**35,065**	**1,030,818**	**866,373**	**701,928**	**566,771**	**431,613**	**365,439**
a) Factoring Receivables	35,065	1,030,818	866,373	701,928	566,771	431,613	365,439
b) Financing Loans	0	0	0	0	0	0	0
c) Lease Receivables	0	0	0	0	0	0	0
d) Over Due Loans	787	23,143	22,548	21,953	21,498	21,042	21,429
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 (-)	-787	-23,143	-22,548	-21,953	-21,498	-21,042	-21,429
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	**3,439**	**101,083**	**98,735**	**96,387**	**60,997**	**25,607**	**25,832**
a) Cash and Cash Equivalents	761	22,385	36,749	51,113	33,930	16,747	18,139
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	2,677	78,698	61,986	45,274	27,067	8,860	7,693
- Intangible Assets	8	241	264	286	290	294	283
- Property and Equipment	1,151	33,845	34,076	34,306	19,056	3,806	3,732
- Deferred Tax	1,284	37,751	22,723	7,695	5,301	2,906	2,217
- Other	233	6,861	4,924	2,987	2,421	1,854	1,462
TOTAL ASSETS	**38,504**	**1,131,901**	**965,108**	**798,315**	**627,768**	**457,220**	**391,271**

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

EKSPO FAKTORİNG A.Ş. BALANCE SHEET-LIABILITIES+EQUITY TRY (000)	FYE2023 USD (Converted)	FYE2023 TRY (Original)	FYE2023 TRY (Average)	FYE2022 TRY (Original)	FYE2022 TRY (Average)	FYE2021 TRY (Original)	FYE2021 TRY (Average)
C- COST BEARING RESOURCES (I+II)	**21,134**	**621,275**	**549,296**	**477,317**	**343,861**	**210,404**	**169,265**
I-PAYABLES	**1,286**	**37,812**	**24,332**	**10,852**	**9,277**	**7,702**	**10,948**
a) Factoring Payables	1,286	37,812	24,332	10,852	9,277	7,702	10,948
b) Lease Payables	0	0	0	0	0	0	0
c) Other	0	0	0	0	0	0	0
II-BORROWING FUNDING LOANS & OTHER	**19,848**	**583,463**	**524,964**	**466,465**	**334,584**	**202,702**	**158,317**
a) Fund Borrowed-Short Term	19,848	583,463	524,964	466,465	334,584	202,702	158,317
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	**1,384**	**40,686**	**27,959**	**15,232**	**12,635**	**10,037**	**7,013**
a) Provisions	150	4,415	3,693	2,971	2,148	1,324	1,241
b) Current & Deferred Tax Liabilities	994	29,234	19,916	10,598	9,187	7,775	4,484
c) Trading Liabilities (Derivatives)	0	0	0	0	0	0	0
d) Other Liabilities	239	7,037	4,350	1,663	1,301	938	1,288
E- TOTAL LIABILITIES	**22,518**	**661,961**	**577,255**	**492,549**	**356,495**	**220,441**	**176,277**
F- MINORITY INTEREST	**0**		**0**		0		**0**
F- EQUITY	**15,986**	**469,940**	**387,853**	**305,766**	**271,273**	**236,779**	**214,994**
a) Prior Year's Equity	10,061	295,766	263,273	230,779	211,024	191,268	182,528
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	5,925	174,174	124,581	74,987	60,249	45,511	32,466
TOTAL LIABILITY+EQUITY	**38,504**	**1,131,901**	**965,108**	**798,315**	**627,768**	**457,220**	**391,271**

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

EKSPO FAKTORİNG A.Ş. INCOME STATEMENT TRY (000)	2023	2022	2021
Net Interest Income	**186,707**	**111,953**	**58,565**
A) Interest income	299,388	183,794	79,548
a) Factoring Interest Income	299,388	183,794	79,548
b) Financing Loans Interest Income	0	0	0
c) Lease Income	0	0	0
d) Banks	0	0	0
B) Fınancial Expense	112,681	71,841	20,983
Net Fee and Commission Income	**33,932**	**1,380**	**7,143**
a) Fee and Commission Income	49,683	7,114	8,054
b) Fee and Commission Expense	15,751	5,734	911
Total Operating Income	**71,075**	**33,355**	**19,628**
Interest Income from Other Operating Field	3,915	12	51
Foreign Exchange Gain or Loss (net) (+/-)	66,694	33,278	18,164
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	466	65	1,413
Taxes other than Income Tax	0	0	0
Dividend	0	0	0
Provisions	**-1,584**	**1,984**	**765**
Provision for Impairment of Loan and Trade Receivables	-1,584	1,984	765
Other Provision	0	0	0
Total Operating Expense	**71,380**	**44,068**	**23,794**
Salaries and Employee Benefits	52,742	32,687	17,570
Depreciation and Amortization	0	0	0
Other Expenses	18,638	11,381	6,224
Profit from Operating Activities before Income Tax	**218,750**	**100,636**	**60,777**
Income Tax – Current	44,576	25,649	15,266
Income Tax – Deferred	0	0	0
Net Profit for the Period	**174,174**	**74,987**	**45,511**

Total Income	**291,714**	**146,688**	**85,336**
Total Expense	**71,380**	**44,068**	**23,794**
Provision	**1,584**	**1,984**	**765**
Pretax Profit	**221,918**	**100,636**	**60,777**

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

EKSPO FAKTORİNG A.Ş.
FINANCIAL RATIO %

	2023	2022	2021
I. PROFITABILITY & PERFORMANCE			
1. ROA - Pretax Profit / Total Assets (avg.)	22.67	16.03	15.53
2. ROE - Pretax Profit / Equity (avg.)	56.40	37.10	28.27
3. Total Income / Equity (avg.)	75.21	54.07	39.69
4. Total income / Total Assets (avg.)	30.23	23.37	21.81
5. Provisions / Total Income	-0.54	1.35	0.90
6. Total Expense / Total Resources (avg.)	12.37	12.36	13.50
7. Net Profit for the Period / Total Assets (avg.)	18.05	11.95	11.63
8. Total Income / Total Expenses	408.68	332.87	358.65
9. Non Cost Bearing Liabilities + Equity- Non Earning Assets / Assets	36.18	28.14	48.38
10. Non Cost Bearing Liabilities - Non Earning Assets / Assets	-5.34	-10.17	-3.41
11. Total Operating Expenses / Total Income	24.47	30.04	27.88
12. Interest Margin	21.55	19.75	16.03
13. Operating ROAA = Operating Net Incomes / Assets (avg.)	34.34	27.47	20.90
14. Operating ROAE = Operating Net Incomes / Equity Capital (avg.)	85.45	63.58	38.03
15. Interest Coverage – EBIT / Interest Expenses	294.13	240.08	389.65
16. Net Profit Margin	59.71	51.12	53.33
17. Gross Profit Margin	74.99	68.61	71.22
18. Market Share	0.53	0.59	0.70
19. Growth Rate	41.79	74.60	40.54
II. CAPITAL ADEQUACY			
1. Internal Equity Generation / Previous Year’s Equity	58.89	32.49	23.79
2. Equity / Total Assets (Standard Ratio)	41.52	38.30	51.79
3. Equity / Total Liabilities	70.99	62.08	107.41
4. Free Equity / Total Receivables Ratio	42.28	38.63	53.91
5. Tangible Assets / Total Assets	2.99	4.30	0.83
6. Intangible Assets / Total Assets	0.02	0.04	0.06
III. LIQUIDITY			
1. Liquid Assets + Marketable Securities / Total Assets	1.98	6.40	3.66
2. Liquid Assets + Marketable Securities / Total Liabilities	3.38	10.38	7.60
3. Short Term Borrowings / Total Assets	54.89	59.79	46.02
4. Net Interest and Commission / Total Assets	19.49	14.20	14.37
5. Liquid Assets + Marketable Securities / Equity	4.76	16.72	7.07
IV. ASSET QUALITY			
1. Loan and Receivable’s Loss Provisions / Total Loans and Receivables	2.20	3.03	4.65
2. Total Provisions / Profit Before Provision and Tax	-0.73	1.93	1.24
3. Impaired Receivables / Gross Receivables	2.20	3.03	4.65
4. Impaired Receivables / Equity	4.92	7.18	8.89
5. Total FX Position / Total Assets	15.43	15.82	11.61

Rating Info

Rated Company:	Ekspo Faktoring A.Ş. Ayazağa Mah. Maslak Meydan Sokak Spring Giz Plaza B Blok, 34398 Sarıyer/İstanbul Telephone: +90 212 276 39 59
Rating Report Preparation Period:	01.03.2024- 21.03.2024
Rating Publishing Date:	25.03.2024
Rating Expiration Date:	1 full year after publishing date, unless otherwise stated
Financial Statements:	FYE2023-FYE2022-FYE2021- FYE2020 | Solo Audit Report
Previous Rating Results:	March 24, 2023 / Long-Term National Scale / AA- (tr)
Rating Committee Members:	Z. M. Çoktan *(Executive Vice President)*, M. Hayat *(Manager)*, Ö. Sucu *(Manager)*

Disclaimer

The ratings revised 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

This rating report has been composed within the methodologies registered with and certified by the SPK (CMB-Capital Markets Board of Türkiye), BDDK (BRSA-Banking Regulation and Supervision Agency) and internationally accepted rating principles and guidelines but is not covered by NRSRO regulations.

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