Corporate Credit Rating

☐New ☒Update

Sector: Facgtoring
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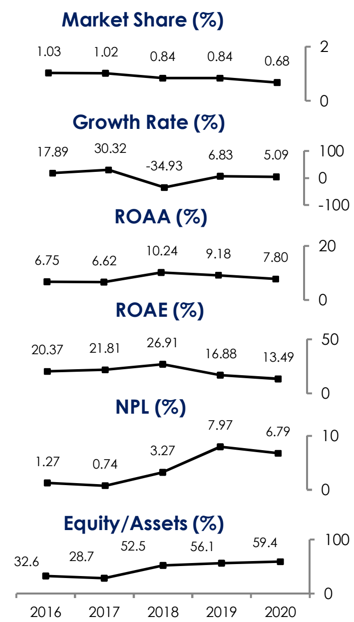
RATINGS

			Long Term	Short Term
International	Foreign Currency		BB+	B
International	Local Currency		BB+	B
International	Outlook	FC	Negative	Negative
International	Outlook	LC	Negative	Negative
International	Issue Rating		-	-
National	Local Rating		A+ (Trk)	A-1 (Trk)
National	Outlook		Stable	Stable
National	Issue Rating		-	-
Sponsor Support			2	-
Stand-Alone			B	-
Sovereign*	Foreign Currency		BB+	-
Sovereign*	Local Currency		BB+	-
Sovereign*	Outlook	FC	Negative	-
Sovereign*	Outlook	LC	Negative	-

*Assigned by JCR on April 10, 2020



Ekspo Faktoring A.Ş.

JCR Eurasia Rating, has evaluated Ekspo Faktoring A.Ş. in investment-level category on the national scale and affirmed the ratings on the Long-Term National Scale as **'A+ (Trk)'** and the Short Term National Scale to **'A-1 (Trk)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as **'BB+'** with **'Negative'** outlooks, positioned same as the country ceiling.

Ekspo Faktoring, offers trade finance and export/import factoring and refactoring services to domestic customers since 2000. Ekspo has an established presence in the Turkish factoring sector, a highly fragmented and mostly bank-owned subsidiary dominated market. The Sector is supervised by Banking Regulation and Supervision Agency of Turkey (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.

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

Strengths	Constraints
• Notably low leverage, significantly surpassing sector averages for assets to equity • Experienced management team and well-organized risk management infrastructure • Very low impairment in 2020 in nominal and in comparison with turnover, though fully provisioned NPL stock is above the sector averages • Low financing expenses due to equity-heavy funding mix, contributing to profitability • Access to Various Financing Institutions Including Development Banks & Export/Import Creditors	• Pressure on global economic outlook and asset quality of companies due to uncertainties arising from the global Covid-19 pandemic • High competition in the Sector dominated by bank-owned factoring companies with wide branch network and lower borrowing costs • Declining trend in market share in line with the prudent management and deleveraging strategy, though we expect flexibility to upscale as conditions improve

Considering the aforementioned factors, Company's the Long Term National Rating has been assigned at **'A+ (Trk)'**. The Company's revenue generation capacity, asset quality, capital adequacy, leverage level, liquidity profile, net interest margin level, improvement in risk management implementations together with low level of risk exposure and the general outlook of the sector are primary pillars of the rating and the outlooks for Long and Short Term National ratings are determined as **'Stable'**. JCR-ER will monitor the global and domestic macroeconomic indicators, Covid-19 pandemic and geopolitical risks-driven uncertainties and collection performance of problematic receivables and the NPL level.

It is considered that the Company's main shareholder, Tümay Family has the propensity to offer financial support within their financial capability when liquidity needs arise in the short or long-term perspective. In this regard, the Company's Sponsor Support grade has been affirmed as **(2)** on JCR Eurasia Rating's notation scale.

Ekspo Faktoring's 'stand-alone rating' has been determined with regard to the Company's organizational structure, level of capitalization, asset quality, risk management policies, corporate governance practices, market shares, growth rates, profitability ratios and the trends of the existing risks in the markets and the business environment. Within this context, the Stand Alone note of Ekspo Faktoring has been determined as **(B)** in the JCR Eurasia Rating notation system.

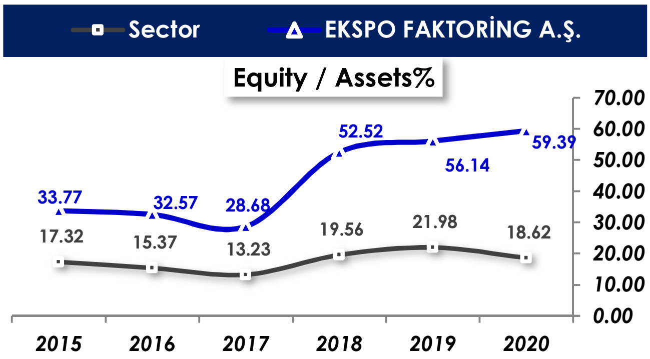
1. Rating Rationale

The rating review report of Ekspo Faktoring is based on the independently audited financial statements of the Company and statistical data on the sector compiled by Association of Financial Institutions and BRSA. When applicable, JCR Eurasia's own analyses, estimations and calculations are incorporated into the report. Information related with the loan book concentration and borrowing term structure, along with base line projections are provided by Ekspo Faktoring management.

In Turkey, Banking Regulation and Supervision Agency (BRSA) regulates and oversees the activities of the Turkish Factoring Sector since 2006. The Leasing, Factoring and Financing Companies Law No. 6361, the Factoring Sector's first, came into effect on December 13, 2012. Moreover, a regulation regarding organization and operating principals of financial leasing, factoring and financing companies entered into force on April 24, 2013. According to BRSA statistics, the total asset size of the Turkish Factoring Sector rebounded to TRY 48.44bn in 2020. (YE2019: TRY 37.01bn).

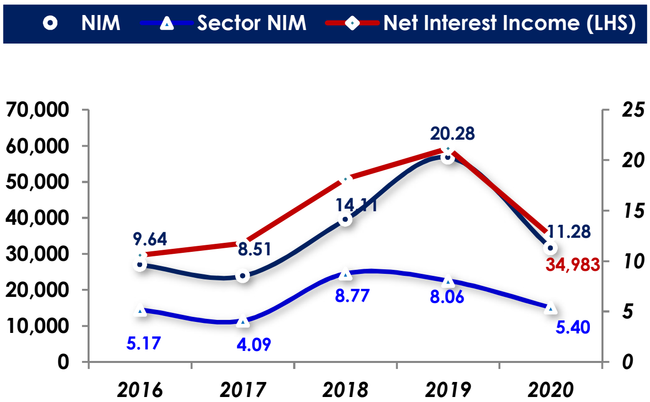
Notably low leverage, significantly surpassing sector averages for assets to equity

Total equities of Ekspo Faktoring increased by 11.17% compared with the previous year-end and reached TRY 193.20mn as of year-end 2020 (FYE2019: TRY 173.78mn). The Company's share of equities in assets financing was comfortably above the sector average of 18.62% as of 2020 year-end, reflecting the Company's robust level of capitalization compared to the factoring sector. 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.

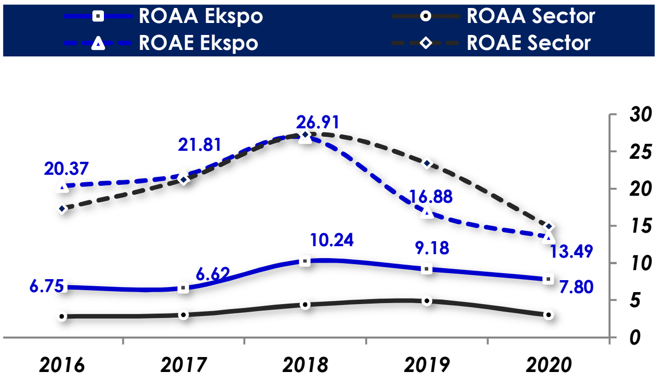


Low financing expenses due to equity-heavy funding mix, contributing to profitability

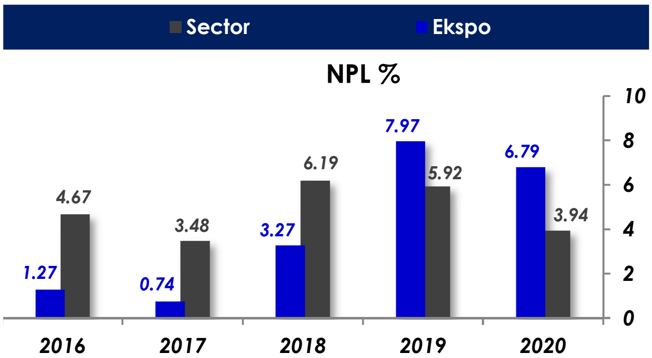
Low leverage of the Company, along with stronger credit metrics help keep the borrowing costs lower compared to averages. Additionally, Ekspo's business model comprises refactoring services, lending to existing customer portfolio and international trade finance. In that sense, Ekspo Faktoring's reflect both the business performance and the capital structure of the Company. Net commission revenues of the firm were TRY 2.24mn in FY2020, in addition to the net interest income of TRY 34.98mn.



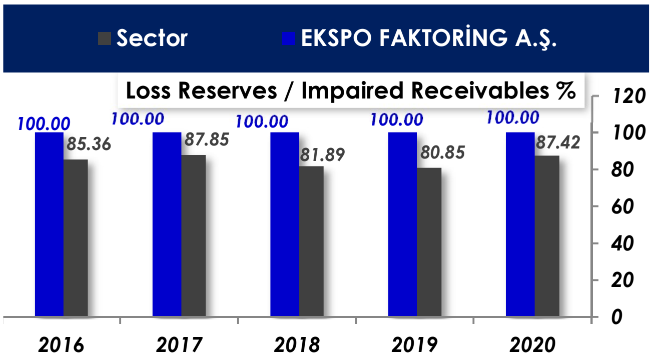
Ekspo's returns on assets are resilient, powered by low leverage and thus limited financing expenses. On the flipside, this results in a lower ROAE performance compared to the Sector but we note the skewed capital structure of the system due to predominance of bank-owned factoring companies with high leverage. Overall, core business profitability of Ekspo is strong and it supports the high investment rating of the firm.



balance of 56 k TL, the reason for the high NPL ratio is the reflection of the 25.1 million TL transferred from 2019.



Having implemented more strict underwriting rules and shorter lending terms, the Company aims to manage the loan book quality. Ekspo expects to a partial collection of the loan balance, as the Company has collaterals and pledges from co-signees of the receivables



Experienced management team and well-organized 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 Turkey market, Ekspo 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.

Very low impairment in 2020, in nominal terms and in comparison with turnover, though fully provisioned NPL stock is above the sector averages,

While NPL ratio is generally measured as stock-for-stock, that is gross NPL balance to loanbook, we prefer to focus on flow-for-flow, measuring annual impairment to annual turnover. We calculate 0,005% with this metric for 2020, as opposed to stock NPL measure of 6.79% by the end of 2020.

The non-performing loan stock was formed due to the default of a large-scale aviation company in 2019. A significantly low doubtful debt ratio was maintained in the years before 2019. As of the end of 2020, despite the NPL

Access to Various Financing Institutions Including Development Banks & Export/Import Creditors

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 Turkey 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.

Economic effects of the pandemic

Recent uncertainty created by the global Covid-19 pandemic, which started in China in January 2020 and subsequently influenced whole world, caused a sharp drop in expectations of global growth. According to IMF, the world has been put in a Great Lockdown. As a result of the pandemic, the global economy was projected to contract sharply by 3.5% in 2020 by IMF (dated January, 2021). This makes the Great Lockdown the worst recession since the Great Depression, and for worse than the Global Financial Crisis of 2008. Although the significant actions of large central banks include monetary stimulus and liquidity facilities to reduce systemic stress, weaker economic outlook may spoil the risk appetite of investors. So even though economic growth will soon start to pick up again in step with the reopening of the economies, it may take a time before the risk appetite of investors are healed.

The factoring sector is sensitive to economic prospects and the consumer confidence due to the fast-paced nature of the business. Small and Medium Sized Enterprises (SMEs) create the largest customer segment for factoring companies and are currently under economic pressure due to uncertainties arising from domestic and global economic and political risks.

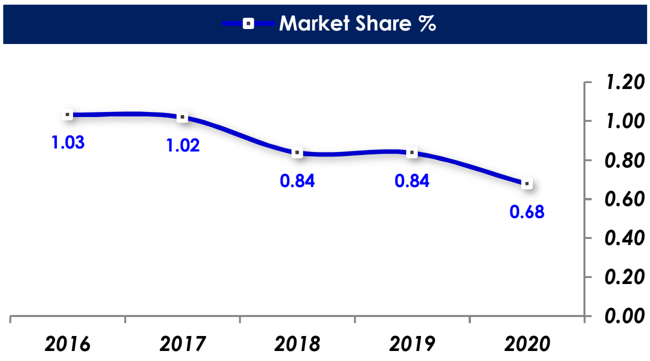
In addition to the continuing global negative effects of the coronavirus, the current situation contains uncertainty. Therefore, any development that will affect the Company's activities will be carefully monitored by JCR Eurasia Rating.

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

As of FYE2020, 55 companies operated in the factoring sector according to the 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 2020 as well. Accordingly, Ekspo Faktoring operates in a sector with intense competition that pressure profitability and asset growth opportunities and thus the Company has inherent disadvantages compared with bank-owned factoring companies.

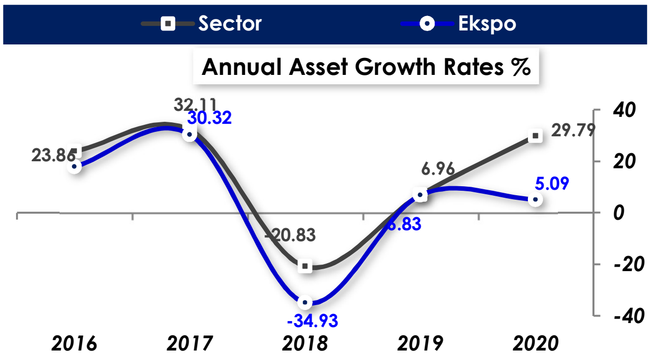
Declining trend in market share in line with the contraction in interest income and the cautious management strategy

The company's annual asset growth remained below the sector average with 5.09% growth as of the end of 2020. In 2020, the sector's asset growth grew by 29.79%. In parallel, the company's market share decreased from 0.84% in 2019 to 0.68% by the end of 2020.



Over the review period, the Company's annual asset growths exhibited a below sector pattern in line with the management strategy minding sustainable profitability rather than asset growth.

Despite of notable asset growth for the Sector, both the Sector and the Company experienced a contraction in interest income from factoring receivables as a natural consequence of market conditions as of 2020 and declining interest rates. The depreciation of TRY due to the covid-19 epidemic in the first half of 2020 caused both the slowdown of economic activities and the deterioration of the debt payment ability of real sector companies. While the sector experienced a contraction in interest income by 27.67%, the company's interest income contracted by 40.10%.



With respect to the mentioned factors above, JCR Eurasia Rating affirmed the Long Term National Rating as **'A+ (Trk)'**. The Long Term International Foreign Currency and Local Currency Ratings were determined as 'BB+(Trk)' in JCREurasia Rating's notation system.

2. Projections

As the Company neither has any outstanding debt instruments and nor plan to issue one in the short-term, projections are not linked to an issue rating.

3. Rating Outlook

JCR Eurasia Rating has affirmed the outlooks for the Long and Short Term National Ratings of Ekspo Faktoring A.Ş. as **"Stable"** based on the Company's asset quality, fully provisioned NPL stock and low impairment flows, reasonable level of risk appetite in a contracting market, the level of net interest margin compared to the sector average, internal revenue generation capacity, sufficient level of collaterals and adequate provisioning, the level of profitability ratios, domestic and global macroeconomic prospects and ongoing volatility in financial markets, prevailing liquidity shortage in the Turkish real sector and high interest rates environment.

JCR Eurasia Rating has evaluated the Ekspo Faktoring's International Long and Short Term Foreign and Local Currency Ratings' outlooks in line with the Long-Term Sovereign Rating outlook of the Republic of Turkey as **"Negative".**

Significant factors that may be taken into consideration for any future change in ratings and outlook status:

Factors that Could Lead to an Upgrade
» Solid growth performance in assets volume
» İncreasing net interest margin above the sector average
» Robust amelioration of profitability indicators
»Reduction in financing costs and robust economic growth in the domestic and international markets supporting the real and factoring sector

Factors that Could Lead to a Downgrade
» Deteriorating asset quality and liquidity profile,
»Growing turmoil in the domestic and international markets and negative effects of these on the real and factoring sectors
» Increasing cost of funding and its effect on profitability,
» Deteriorating interest margins and material increase in the NPL ratio

4. Sponsor Support and Stand Alone Assessment

Sponsor Support grade and risk evaluations for these grades reflect the financial and non-financial positions and expected support of the major controlling shareholder Tümay Family. It is considered that the Ekspo Faktoring's real person shareholders have the willingness to ensure long-term liquidity and equity within their financial capability when required and to provide efficient operational support to the Company when required as indicated by the capital supports by the shareholders during the recent years. In this regard, the Company's Sponsor Support Grade has been affirmed as **(2)** in JCR Eurasia Rating's notation.

Ekspo Faktoring's 'stand-alone rating' has been determined with regard to the Company's organizational structure, level of capitalization, asset quality, risk management policies, corporate governance practices, market shares, growth rates, profitability ratios and the trends of the existing risks in the markets and the business environment. When the above factors are considered, our opinion is that Ekspo Faktoring has the desired level of experience, know-how and other required capabilities to manage the occurring/and potential additional risks in its financial structure through internal means. As a result of all of these factors, JCR has affirmed the Stand-Alone Grade of **'B'**. This level underlines the Company's high economic capacity to meet the financial commitments.

5. Company Profile & Industry

Ekspo Faktoring has a track record of more than 20 years in the market and offers both domestic and international trade financing. 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 70-75% of total factoring receivables. Ekspo Faktoring's is among the relatively fewer factoring companies in Turkey 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 ECAs and multinational development banks so as to facilitate international trade factoring services.

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

Shareholders – 2020

	(%)	(000 TRY)
M. Semra Tümay	49	29,400
Murat Tümay	25.5	15,300
Zeynep Ş. Akçakayalıoğlu	25.5	15,300

Factoring Sector

As of 2020, the total asset size and equity of the Turkish Factoring Sector amounted to TRY48bn and TRY8.9bn, respectively. There has been a growth in asset size by 30% in TRY and 5% in USD terms. The sector experienced to decrease its net profit by 29%, compared to year end 2019. Containing 55 companies of various sizes with total of 343 branches and 4,098 employees, total turnover in the sector was TRY 5.5bn and bottom line was TRY979mn.

The factoring sector provides faster "guarantee", "financing", and "collection" services in comparison to the banking industry via the transfer of spot and forward receivables stemming from the sales of goods and services domestically and overseas. The sector maintained its efforts in the fields of corporate institutionalization and the extension of branch network and customer base throughout in the last years. However, a significant number of companies operating in the Turkish Factoring Sector do not possess the necessary infrastructure to provide collection services nor the capability to carry out export factoring activities. The certification of a significant portion of assigned receivables via post-dated checks has turned the business model of some factoring companies into one where numerous small amount checks are discounted partially or completely.

Factoring companies increasingly maintain the practice of transferring their non-performing (uncollectible) receivables to asset management companies in resemblance to the banking sector. The factoring sector exhibits a higher level of susceptibility to economic conjecture in comparison to the banking industry whilst changes in economic conjecture and regulatory pressures from the BRSA make management policies in the sector more difficult.

When the distribution of turnover in factoring services across different sectors is examined, it's observed that the manufacturing sector occupies the leading position with a share of 47.59% in 2017, 62.69% in 2018, 64.04% in 2019 and 59.40% in 2020. Below are the details provided by BRSA.

Turnover (000/TRY) Sectoral Break-Down

Factoring Sector	2017	2018	2019	2020
Manufacturing	20,235,112	21,446,629	12,764,579	12,955,604
Services	17,859,298	10,782,458	5,930,247	7,771,985
Agriculture	580,040	419,757	211,151	184,498
Financial Intermediation	1,835,966	1,026,003	615,435	707,056
Others	2,010,045	537,546	410,534	192,834
Total	**42,520,461**	**34,212,393**	**19,931,946**	**21,811,977**

Turnover Sectoral Distribution %

Factoring Sector	2017	2018	2019	2020
Manufacturing	47.59%	62.69%	64.04%	59.40%
Services	42.00%	31.52%	29.75%	35.63%
Agriculture	1.36%	1.23%	1.06%	0.85%
Financial Intermediation	4.32%	3.00%	3.09%	3.24%
Others	4.73%	1.57%	2.06%	0.88%
Total	**100%**	**100%**	**100%**	**100%**

Transport industry is ranked first under the wider manufacturing sector, followed by the nuclear fuel, petroleum, coal products industry, textile products industry, metal industry and extraction of energy generation mines industry while the wholesale and retail motor vehicles service sector are ranked first among the wider services sector followed by the construction sector.

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. The fundamental characteristics of non-bank subsidiaries are that they operate 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.

The principles relating to the establishment and working conditions of factoring companies are regulated by the BRSA and is organized under the Financial Institutions Union. It remains a legal requirement that the sector management structures contain people that are educated and have sufficient professional experience, establish sound information systems, and identify and evaluate the risks they are exposed to. The implementation of a centralized invoice registry system in factoring transactions prevented the duplicate transfer of receivables arising from sale of goods and services and as such increased transparency. The establishment of the Central Invoice Recording System under the "Financial Institutions Union" and the improvement of conditions in the process of obtaining data from the information pool in the Risk Centre within the Turkish Banking Union increase the capability to reach more accurate intelligence by the sector, contributing to the increase and preservation of the sector's asset quality.

In accordance with the implemented reforms, the legal infrastructure of the sector has been improved from an effective supervision and governance perspective and the obligations for the establishment of risk measurement systems and internal control processes provided the sector with a positive acceleration with regards to the improvement in its corporate structure, improvement in the quality, standardization, and transparency of financial reporting, and the provision of competition equality. With regards to the sector's effectiveness and standardization, it is anticipated that further progress from the current level of gains will be parallel to the expected performance from the "Financial Institutions Union" to an important extent.

The bond market in Turkey has provided factoring companies with the opportunity to diversify their funding resources since 2010. Non-Banking Financial Institutions exhibit the fundamental characteristic of obtaining funding externally and from the Turkish Banking System. However, their tendency to raise funding from capital markets via debt issuances continues to show an upward trend.

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

THE KEY INDICATORS OF TURKISH FACTORING SECTOR

000.000	2020	2019	2018	2017	2016
Asset Size-TRY	48,044	37,017	34,608	43,712	33,080
Asset Size-USD	6,545	6,232	6,553	11,589	9,400
Equity-TRY	8,946	8,137	6,770	5,781	5,082
P/L-TRY	979	1,374	1,306	929	670
ROAA %	3.00	4.87	4.37	3.00	2.84
ROAE %	14.93	23.41	27.29	21.23	17.47
NPL Ratio%	4.10	6.17	6.26	3.47	4.62
Equity / T. Resources	18.62	21.98	19.56	13.23	15.36

As of 2020, the total asset size of factoring companies was TRY 48bn along with an equity size of TRY 8.9bn. In its all history, the factoring sector has grown consistently, with the exception of 1994 and 2001 in which it contracted by 10.31% and 40.23%, respectively. The growth rate in the last year was 30%.

Factoring receivables occupy the highest share among sector's assets with a rate of 93% while loans occupy the highest share among resources at 70%. The sector meets a significant part of its resource needs through the short-term loans obtained from banks and is characterized by its inability to generate resource diversity.

NPL ratios are reflected on the sector's balance sheets and declined from 6.26% in 2018 to 6.17% and 4.10% in 2019 and 2020, respectively. The further projections show a balanced ratio and a moderate decline in the following periods. The performance of the factoring sector has maintained a faster upward acceleration in comparison to the banking sector in 2016-2019 periods. Because of the Covid-19 pandemic the ratios of "ROAA (avg.)" and "ROAE (avg.)" has decreased in 2020.

The growth of the factoring sector throughout 2021 will be dependent on interest rate levels, regulations, the contribution of technological infrastructure works, improvement in supplier finance, and success in the fields of export factoring works in addition to effects of coronavirus and conjectural developments at the macro level. New regulations concerning "the reduction of transaction costs regarding the investment climate" and "the abolition of different applications among financial institutions" will contribute positively to the sector.

6. Financial Policy & Risk

The main risks brought by the financial instruments of the Company are credit, liquidity, market and operational risks. The Company Board are responsible of the creation of the Company's risk management framework and supervision in general. 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. Furthermore, the internal audit unit reporting to the Internal Audit Committee help the corporate risk management mandate at an operational level.

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.

The management requires certain limits to underwriting, a mandate promulgated by both internal management and foreign creditors in the form of covenants. According to these limitations, Ekspo aims to minimize size and number of loans exceeding 25% of equity per customer and 10% of equity per sub borrower.

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 16.4% (FYE2019: 15.6%) in trade, 13.5% (FYE2019: 7.5%) in financial institutions and 11.6% in textile (FYE2019: 21%) sectors as of FYE2020, though we note that these level are dynamic and change due market conditions, seasonality and management decisions.

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. The Company also uses derivative transactions. As of YE2020, the net FX exposure was at an equivalent of TRY 27.8mn. 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.

Bank sourced borrowings, financing export lending and domestic loans are typically fixed rate loans, while bond/bill issuances carry float rates when placed. In this sense, the interest rate exposure at both asset and liability side will likely stem from fixed rates.

According to information received, the Company did not receive penal action by the regulatory and supervisory authorities, within the scope of legal risk.

Liquidity Risk

Ekspo maintains a sizable cash buffer to accommodate it to the volatile market conditions. Liquidity position of the Company is monitored daily and owing to short collection period of underwritten loans, Ekspo Faktoring has a positive liquidity gap. Liquidity committee of the Company convenes weekly, monitoring the periodic cash flow position and requirements.

As Ekspo 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 Risk

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. 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 accuracy of operational transactions is continuously supervised by the Internal Control and Audit Unit. Work flow processes, reporting periods, control points and authorization limits have been defined in writing.

EKSPO FAKTORİNG A.Ş. BALANCE SHEET - ASSET TRY (000)	(Year end) 2020 USD (Converted)	(Year end) 2020 TRY (Original)	(Year end) 2020 TRY (Average)	(Year end) 2019 TRY (Original)	(Year end) 2019 TRY (Average)	(Year end) 2018 TRY (Original)	(Year end) 2018 TRY (Average)	(Year end) 2017 TRY (Original)
A-TOTAL EARNING ASSETS (I+II+III)	**43,429.60**	**318,795.00**	**310,225.50**	**301,656.00**	**292,276.50**	**282,897.00**	**360,006.50**	**437,116.00**
I- LOANS AND RECEIVABLES (net)	**40,769.02**	**299,265.00**	**294,828.50**	**290,392.00**	**279,094.00**	**267,796.00**	**350,386.00**	**432,976.00**
a) Factoring Receivables	40,769.02	299,265.00	294,828.50	290,392.00	279,094.00	267,796.00	350,386.00	432,976.00
b) Financing Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) Lease Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) Over Due Loans	2,971.87	21,815.00	23,478.50	25,142.00	17,102.00	9,062.00	6,147.50	3,233.00
e) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f) Receivable from Customer due to Brokerage Activities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
g) Allowance for Loan and Receivables Losses (-)	-2,971.87	-21,815.00	-23,478.50	-25,142.00	-17,102.00	-9,062.00	-6,147.50	-3,233.00
II-BANKS AND OTHER EARNING ASSETS	**2,660.58**	**19,530.00**	**15,397.00**	**11,264.00**	**13,182.50**	**15,101.00**	**9,620.50**	**4,140.00**
a) Banks	2,660.58	19,530.00	15,397.00	11,264.00	13,182.50	15,101.00	9,620.50	4,140.00
b) Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) Balance With Banks-Current Accounts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
III-SECURITIES AT FAIR VALUE THROUGH P/L	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
a) Treasury Bills and Government Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Other Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) Repurchase Agreement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B- INVESTMENTS IN ASSOCIATES (net)+EQUITY SHARE	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
a) Investments in Associates (net)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Equity Share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C-NON-EARNING ASSETS	**889.04**	**6,526.00**	**7,215.50**	**7,905.00**	**7,391.00**	**6,877.00**	**7,537.50**	**8,198.00**
a) Cash and Cash Equivalents	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Financial Assets at Fair Value through P/L	0.00	0.00	0.00	0.00	400.00	800.00	1,087.00	1,374.00
c) Asset Held For Sale And Discontinued Operations (net)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) Other	889.04	6,526.00	7,215.50	7,905.00	6,991.00	6,077.00	6,450.50	6,824.00
- Intangible Assets	37.05	272.00	277.00	282.00	272.50	263.00	158.50	54.00
- Property and Equipment	498.33	3,658.00	4,331.00	5,004.00	3,658.00	2,312.00	2,320.50	2,329.00
- Deferred Tax	208.02	1,527.00	1,517.50	1,508.00	1,914.00	2,320.00	2,676.00	3,032.00
- Other	145.63	1,069.00	1,090.00	1,111.00	1,146.50	1,182.00	1,295.50	1,409.00
TOTAL ASSETS	**44,318.64**	**325,321.00**	**317,441.00**	**309,561.00**	**299,667.50**	**289,774.00**	**367,544.00**	**445,314.00**

EKSPO FAKTORİNG A.Ş. BALANCE SHEET-LIABILITIES+EQUITY TRY (000)	(Year end) 2020 USD (Converted)	(Year end) 2020 TRY (Original)	(Year end) 2020 TRY (Average)	(Year end) 2019 TRY (Original)	(Year end) 2019 TRY (Average)	(Year end) 2018 TRY (Original)	(Year end) 2018 TRY (Average)	(Year end) 2017 TRY (Original)
C- COST BEARING RESOURCES (I+II)	**17,454.53**	**128,125.00**	**130,470.50**	**132,816.00**	**132,630.00**	**132,444.00**	**222,683.50**	**312,923.00**
I-PAYABLES	**1,933.66**	**14,194.00**	**15,255.00**	**16,316.00**	**12,288.50**	**8,261.00**	**8,489.00**	**8,717.00**
a) Factoring Payables	1,933.66	14,194.00	15,255.00	16,316.00	12,288.50	8,261.00	8,489.00	8,717.00
b) Lease Payables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II-BORROWING FUNDING LOANS & OTHER	**15,520.88**	**113,931.00**	**115,215.50**	**116,500.00**	**120,341.50**	**124,183.00**	**214,194.50**	**304,206.00**
a) Fund Borrowed-Short Term	15,520.88	113,931.00	115,215.50	116,500.00	120,341.50	124,183.00	204,824.50	285,466.00
b) Fund Borrowed-Long Term	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) Marketable Securities For Issued (net)	0.00	0.00	0.00	0.00	0.00	0.00	9,370.00	18,740.00
d) Securities Sold Under Repurchase Agreements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e) Subordinated Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
D- NON COST BEARING RESOURCES	**543.29**	**3,988.00**	**3,473.00**	**2,958.00**	**4,044.00**	**5,130.00**	**4,913.00**	**4,696.00**
a) Provisions	157.75	1,158.00	1,237.50	1,317.00	1,223.50	1,130.00	991.50	853.00
b) Current & Deferred Tax Liabilities	162.39	1,192.00	960.00	728.00	1,586.50	2,445.00	2,459.50	2,474.00
c) Trading Liabilities (Derivatives)	0.00	0.00	0.00	0.00	286.50	573.00	570.00	567.00
d) Other Liabilities	223.15	1,638.00	1,275.50	913.00	947.50	982.00	892.00	802.00
E- TOTAL LIABILITIES	**17,997.82**	**132,113.00**	**133,943.50**	**135,774.00**	**136,674.00**	**137,574.00**	**227,596.50**	**317,619.00**
F- MINORITY INTEREST	**0.00**		**0.00**		0.00		**0.00**	
F- EQUITY	**26,320.82**	**193,208.00**	**183,497.50**	**173,787.00**	**162,993.50**	**152,200.00**	**139,947.50**	**127,695.00**
a) Prior Year's Equity	23,675.09	173,787.00	162,993.50	152,200.00	140,348.10	128,496.20	119,902.10	111,308.00
b) Equity (Internal & external resources added during the year)	0.00	0.00	0.00	0.00	-2,800.60	-5,601.20	-5,050.60	-4,500.00
c) Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) Profit & Loss	2,645.73	19,421.00	20,504.00	21,587.00	25,446.00	29,305.00	25,096.00	20,887.00
TOTAL LIABILITY+EQUITY	**44,318.64**	**325,321.00**	**317,441.00**	**309,561.00**	**299,667.50**	**289,774.00**	**367,544.00**	**445,314.00**
USD 1 = TRY		**7.3405**		**5.9402**		**5.2609**		**3.7719**

EKSPO FAKTORİNG A.Ş. INCOME STATEMENT TRY (000)	2020	2019	2018	2017	2016
Net Interest Income	**34,983**	**59,264**	**50,799**	**32,919.00**	**29,641.00**
A) Interest income	41,350	69,034	81,584	58,366.00	52,632.00
a) Factoring Interest Income	41,350	69,034	81,584	58,366.00	52,632.00
b) Financing Loans Interest Income	0	0	0	0.00	0.00
c) Lease Income	0	0	0	0.00	0.00
d) Banks	0	0	0	0.00	0.00
B) Financial Expense	6,367	9,770	30,785	25,447.00	22,991.00
Net Fee and Commission Income	**2,242**	**4,125**	**3,701**	**4,862.00**	**2,886.00**
a) Fee and Commission Income	2,866	5,037	4,710	5,837.00	3,554.00
b) Fee and Commission Expense	624	912	1,009	975.00	668.00
Total Operating Income	**9,117**	**6,531**	**5,388**	**2,953.00**	**1,850.00**
Interest Income from Other Operating Field	619	1,088	1,263	0.00	0.00
Foreign Exchange Gain or Loss (net) (+/-)	4,898	598	3,942	1,838.00	803.00
Gross Profit from Retail Business	0	0	0	0.00	0.00
Gains or Loss on Derivative Instruments (+/-)	0	-227	27	630.00	156.00
Income on Sale of Equity Participations and Consolidated Affiliates	0	0	0	0.00	0.00
Gains from Investment Securities (net)	0	0	0	0.00	0.00
Other Operating Income	3,600	5,072	156	485.00	891.00
Taxes other than Income Tax	0	0	0	0.00	0.00
Dividend	0	0	0	0.00	0.00
Provisions	**56**	**22,395**	**6,348**	**1,245.00**	**1,736.00**
Provision for Impairment of Loan and Trade Receivables	56	22,395	6,348	1,245.00	1,736.00
Other Provision	0	0	0	0.00	0.00
Total Operating Expense	**21,525**	**20,013**	**15,887**	**13,425.00**	**11,337.00**
Salaries and Employee Benefits	16,493	15,082	12,161	9,881.00	8,145.00
Depreciation and Amortization	0	0	0	0.00	0.00
Other Expenses	5,032	4,931	3,726	3,544.00	3,192.00
Profit from Operating Activities before Income Tax	**24,761**	**27,512**	**37,653**	**26,064.00**	**21,304.00**
Income Tax – Current	5,340	5,925	8,348	5,177.00	4,276.00
Income Tax – Deferred	0	0	0	0.00	0.00
Net Profit for the Period	**19,421**	**21,587**	**29,305**	**20,887.00**	**17,028.00**

EKSPO FAKTORİNG A.Ş. FINANCIAL RATIO %	2020	2019	2018
I. PROFITABILITY & PERFORMANCE			
1. ROA - Pretax Profit / Total Assets (avg.)	7.80	9.18	10.24
2. ROE - Pretax Profit / Equity (avg.)	13.49	16.88	26.91
3. Total Income / Equity (avg.)	25.25	43.04	42.79
4. Total income / Total Assets (avg.)	14.60	23.41	16.29
5. Provisions / Total Income	0.12	31.93	10.60
6. Total Expense / Total Resources (avg.)	16.07	14.81	6.98
7. Net Profit for the Period / Total Assets (avg.)	6.12	7.20	7.97
8. Total Income / Total Expenses	215.29	346.58	376.96
9. Non Cost Bearing Liabilities + Equity- Non Earning Assets / Assets	58.61	54.54	51.92
10. Non Cost Bearing Liabilities - Non Earning Assets / Assets	-0.78	-1.60	-0.60
11. Total Operating Expenses / Total Income	46.45	28.53	26.53
12. Interest Margin	11.28	20.28	14.11
13. Operating ROAA = Operating Net Incomes / Assets (avg.)	9.81	12.44	18.62
14. Operating ROAE = Operating Net Incomes / Equity Capital (avg.)	16.96	22.87	48.90
15. Interest Coverage – EBIT / Interest Expenses	488.90	381.60	222.31
16. Net Profit Margin	41.91	30.77	48.93
17. Gross Profit Margin	53.43	39.22	62.87
18. Market Share	0.68	0.84	0.84
19. Growth Rate	5.09	6.83	-34.93
II. CAPITAL ADEQUACY (year end)			
1. Equity Generation / Prior Year's Equity	0.00	0.00	-4.36
2. Internal Equity Generation / Previous Year's Equity	11.18	14.18	22.81
3. Equity / Total Assets (Standard Ratio)	59.39	56.14	52.52
4. Equity / Total Liabilities	146.24	128.00	110.63
5. Free Equity / Total Receivables Ratio	63.25	58.03	55.87
6. Tangible Assets / Total Assets	1.12	1.62	0.80
7. Intangible Assets / Total Assets	0.08	0.09	0.09
III. LIQUIDITY (year end)			
1. Liquid Assets + Marketable Securities / Total Assets	6.00	3.64	5.21
2. Liquid Assets + Marketable Securities / Total Liabilities	14.78	8.30	10.98
3. Short Term Borrowings / Total Assets	39.38	42.90	45.71
4. Net Interest and Commission / Total Assets	11.44	20.48	18.81
5. Liquid Assets + Marketable Securities / Equity	10.11	6.48	9.92
IV. ASSET QUALITY			
1. Loan and Receivable's Loss Provisions / Total Loans and Receivables	6.79	7.97	3.27
2. Total Provisions / Profit Before Provision and Tax	0.23	44.87	14.43
3. Impaired Receivables / Gross Receivables	6.79	7.97	3.27
4. Impaired Receivables / Equity	11.29	14.47	5.95
5. Loss Reserves for Receivables / Impaired Receivables	100.00	100.00	100.00
6. Collaterals / Total Receivables	1.76	1,634.19	1.75
7. Total FX Position / Total Assets	8.55	0.48	0.45
8. Total FX Position / Equity	14.39	0.85	0.85

Rating Info

Rated Company:	Ekspo Faktoring A.Ş. Ayazağa Mah., Maslak Meydan Sok. Spring Giz Plaza B Blok, 34398 Sarıyer/İstanbul TEL: 0 212 276 39 59
Rating Report Preparation Period:	16/02/2021-16/03/2021
Rating Publishing Date:	19.03.2021
Rating Expiration Date:	1 full year after publishing date, unless otherwise stated
Audited Financial Statements:	31.12.2020 – 31.12.2018 / 2Q2020, Consolidated
Previous Rating Results:	**'April 8, 2020 / Long Term National scale / A+ (Trk)'** **Other rating result for the Company are available at www.jcrer.com.tr**

Disclaimer

The ratings assigned 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, 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

 All information has been obtained from sources JCR Eurasia Rating believes to be reliable and information/clarifications provided by the Company. However, JCR Eurasia Rating does not guarantee the truth, accuracy, and adequacy of this information. JCR Eurasia Rating ratings are objective and independent opinions as to the creditworthiness of a security and issuer and not to be considered a recommendation to buy, hold or sell any security or to issue a loan.

This rating report has been composed within the methodologies registered with and certified by the SPK (CMB-Capital Markets Board of Turkey), 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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