

Corporate Credit Rating

**Non-Banking Financial Institution
Factoring**

 Kredi Finans Faktoring Hizmetleri A.Ş.		Long Term	Short Term
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	FC Stable	LC Stable
National	Local Rating	BBB+(Trk)	A-3 (Trk)
	Outlook	Stable	Positive
Sponsor Support		2	-
Stand Alone		B	-
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC Stable	LC Stable

KREDİ FİNANS FAKTORİNG A.Ş.					
Financial Data	2013*	2012*	2011*	2010*	2009*
Total Assets (000 USD)	85,622	77,529	23,310	14,154	4,180
Total Assets (000 TRY)	182,409	137,815	44,030	21,763	6,217
Equity (000 TRY)	18,856	16,687	9,726	6,040	5,844
Net Profit (000 TRY)	2,642	1,961	686	199	-1,448
Market Share (%)	0.84	0.76	0.28	0.15	0.06
ROAA (%)	2.55	2.62	2.96	0.49	-20.54
ROAE (%)	22.94	18.03	12.34	1.14	-22.00
Equity/Assets (%)	10.34	12.11	22.09	27.75	94.00
NPL (%)	7.03	4.49	2.97	5.74	55.08
Growth Rate (%)	32.36	213.00	102.31	250.07	-20.82

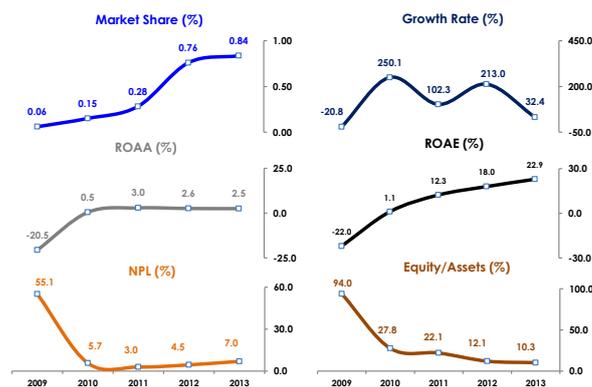
*End of year

Company Overview

Kredi Finans Faktoring Anonim Şirketi (hereinafter referred to as "Kredi Finans Faktoring", or "the Company"), founded in 1998, operates in the Turkish Factoring Sector and offers cash financing to sellers in return for their receivables, based on invoices or other certifying documents representing the domestic sales of goods and services, by undertaking their collection within the Başaran Group since 2010. The activities of the Company are regulated and supervised by the Banking Regulation and Supervision Agency (BRSA).

The Company's real person shareholding structure covers 6 individuals, the main controlling shareholder, Mr. Hüseyin BAŞARAN (76.49%) as of FYE2013. The Company provides domestic and recourse or non-recourse factoring facilities through its headquarters in İstanbul with a staff force of 34 people as of July, 2014. The Company, with a total asset size of TRY182.41mn, had a 0.84% market share in the factoring sector worth a total of TRY 21.80bn in FYE2013.

*Affirmed by Japan Credit Rating Agency, JCR on July 11, 2014
Analysts: Gökhan İYİGÜN / +90 212 352 56 73
gokhani@jcrer.com.tr
Orkun İNAN / +90 212 352 56 73
orkuni@jcrer.com.tr



Strengths

- Interest margin continuing to outperform that of the sector average
- Optimum level of balanced assets and liabilities in terms of maturity dates
- Found obtained via planned capital injection underpinning the capitalization level
- Eased liquidity management regarding term structure of borrowings via bond issue
- Despite the intensified competition mainly driven by from commercial banks, factoring receivables grew by a very strong, generates sustained profitability.
- Turkey's SME-dominated commercial structure and recent sector legislation together with low level of sector penetration promising room for future sector growth
- A robust experienced management team as well as specialized knowledge of the Turkish financial sector

Constraints

- Persistently rising levels of non-performing loans (NPLs) exert pressure on asset quality and profitability –triggering potential write off,
- Deficiency in capitalization level consistent with sector averages partly due to deterioration in profitability indicators amid raised loan loss provisions as evidenced by downward trend in interest margins of the sector- albeit the Company outperforming the sector,
- Lopsided customer concentration of factoring receivables increasing vulnerability on asset quality,
- Reversal of flow of funds from emerging markets given the concerns over US quantitative easing, squeezing the national currency,
- Scarce operating channels compared to bank-related companies,
- Improvements needed in corporate governance principles,

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"Global Knowledge supported by Local Experience"