

**Corporate Credit Rating
(Update)**

**Non-Banking Financial Institution
Factoring**

SARDES FACTORING		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	STABLE
Sponsor Support		3	-
Stand Alone		B	-
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC	STABLE
		LC	STABLE

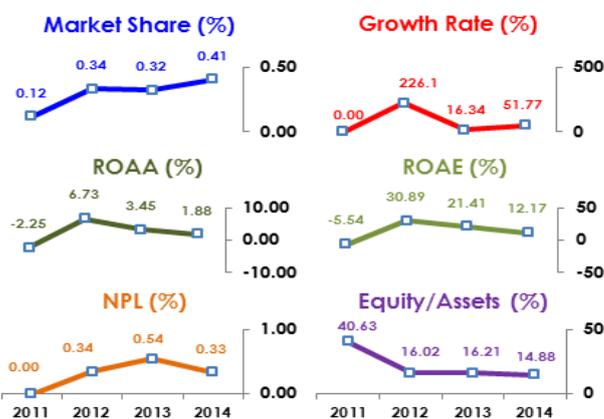
*Assigned by Japan Credit Rating Agency, JCR on July 11, 2014

Senior Analyst: Şevket GÜLEÇ/ +90 212 352 56 73

sevket.gulec@jcrer.com.tr

Assistant Analyst: Ersin KILIÇKAP/+90 212 352 56 73

ersin.kilickap@jcrer.com.tr



Strengths

- Robust performance with respect to asset and loan growth beating sector averages
- Remarkably low level of non-performing receivables, stood at far below sector averages, despite sturdy growth rates in factoring receivables
- Constant increase in equity base resulting principally from cash equity injection
- The roll of past bond issuance in the diversification of external fund resources planned to be maintained in the on-going financial year
- Skilled and experienced senior management team with successful established track record in the Turkish financial sector,
- Strong emphasis on risk management approach and implementations along with conscious asset and loan growth strategy

SARDES FAKTORİNG A.Ş.				
Financial Data	2014*	2013*	2012*	2011*
Total Assets (000 USD)	46,331	33,228	34,229	9,879
Total Assets(000 TRY)	107,436	70,788	60,846	18,660
Equity(000 TRY)	15,990	11,472	9,746	7,581
Net Profit (000 TRY)	1,393	1,726	2,165	-169
Market Share (%)	0.41	0.32	0.34	0.12
ROAA (%)	1.88	3.45	6.73	-2.25
ROAE (%)	12.17	21.41	30.89	-5.54
Equity/Assets (%)	14.88	16.21	16.02	40.63
NPL (%)	0.33	0.54	0.34	0.00
Growth Rate (%)	51.77	16.34	226.08	n.a

*End of year

Company Overview

Sardes Faktoring A.Ş. (hereinafter referred to as "Sardes Faktoring", or the "Company"), was founded in 2010 to operate in the Turkish Factoring Sector regulated and is supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006. The Company 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. The Company provided domestic and recourse or non-recourse factoring facilities through a work force of 14 people as of FYE2014.

The qualified shareholders of the company as of December 31, 2014, were Mr. Emin Hakan Eminsoy (76.52%) and Mr. Kazım Cenk Tülümen (23.48%). In accordance with the BRSA regulations regarding the minimum capital requirement, Sardes Faktoring strengthened its equity base through principally cash equity injection and paid in capital increased to TRY 19.1mn as of March 2015.

The Company, with a total asset size of TRY 107.43 mn, had a 0.41 % market share in the factoring sector worth a total of TRY 26.41 bn in FYE2014.

Constraints

- Highly volatile profitability levels with recently below sector average profitability indicators
- Remarkable decline in net interest revenues and net profit, despite sturdy factoring receivables growth
- Exceptional increase in financial expenses exerting severe pressure on profitability
- A high credit risk concentration among the top 10 factoring receivables customers increasing vulnerability
- Despite meeting legal requirements regarding standard ratio, descending and below sector average equity level,
- Fierce competition throughout the sector
- Need for improvement in the level of compliance with Corporate Governance Practices
- Persistent political and economic stresses along with regional tensions hosting uncertainties and exerting downward pressure on business prospects

Publication Date: March 26, 2015

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