

**Corporate Credit Rating**

**Factoring**

<b>CAGDAS</b> factoring		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
National	Local Rating	A- (Trk)	A-1 (Trk)	
	Outlook	Stable	Stable	
Sponsor Support		2	-	
Stand Alone		B	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

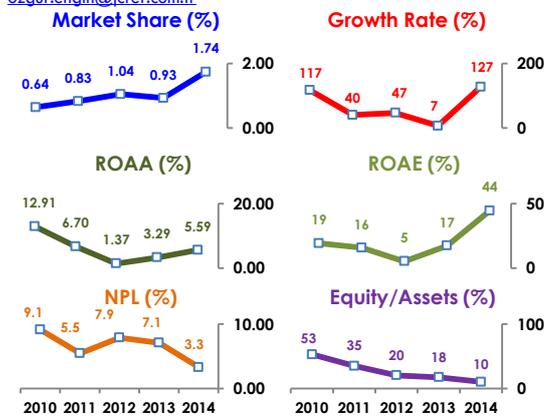
\*Affirmed by Japan Credit Rating Agency, JCR on July 11, 2014

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**Strengths**

- Favourable and better than sector average interest margins, supporting profitability and internal resource generation capacity,
- Noteworthy asset and turnover growth, exceeding sector performance,
- Resilience to fluctuations in the foreign currency risks owing to insignificant net FX position
- Growing branch network and national presence, diversifying geographical risk and supporting loan book growth
- Improvement in the NPL ratio due to doubtful receivables sales and more than doubling loan balance,
- Progress in compliance levels with corporate governance and efforts to establish an effective internal control systems
- Fair concentration risk in terms of customers and cheques & bill drawers

**Constraints**

- Increasing leverage due to growing share of external funds among resources, while the capital adequacy is above the legal threshold,
- Sizable operational expenses and higher than sector average opex/total income ratio pressurizing the profitability,
- Large share of relatively costly factoring borrowings, increasing the total financing costs
- Conservative economic growth forecasts and the impact of anticipated tightening of FED's monetary policy on the emerging markets,
- Short-term borrowing profile, though commonly observed in the Sector
- Intense competition in Turkish Factoring Sector

<b>ÇAĞDAŞ FAKTORİNG A.Ş.</b>						
Financial Data	2014*	2013*	2012*	2011*	2010*	2009*
Total Assets (000 USD)	197,897	94,781	106,626	68,440	60,107	197,897
Total Assets (000 TRY)	458,904	201,921	189,538	129,277	92,421	458,904
Equity (000 TRY)	47,531	35,489	38,597	45,343	48,937	47,531
Net Profit (000 TRY)	14,407	3,657	2,079	5,817	6,941	14,407
Market Share (%) (by asset size)	1.74	0.93	1.04	0.83	0.64	1.74
ROAA (%)	5.59	3.29	1.37	6.70	12.91	5.59
ROAE (%)	44.46	17.36	5.20	15.74	19.18	44.46
Equity/Assets (%)	10.36	17.58	20.36	35.07	52.95	10.36
NPL (%)	3.31	7.11	7.90	5.46	9.13	3.31
Growth Rate (%)	127.27	6.53	46.61	39.88	116.81	127.27

\*Audited, Year-End

**Overview**

Founded in 1994 as one of the first factoring companies, **Çağdaş Faktoring A.Ş.** (hereinafter referred to as Çağdaş Faktoring or the Company), offers domestic and revocable factoring services to its continuously growing customer base. The Turkish Factoring Sector is regulated and supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006.

The Company changed its trade name to Çağdaş Faktoring A.Ş. in July 2012. The existing shareholding structure is defined by the majority ownership of Dikran GÜLMEZGİL and Metin BAROKAS with stakes of 58.80% and 20%, respectively. The utmost shareholder, Dikran **GÜLMEZGİL**, is also the chairman of the Company. The Company increased its paid-in capital, which already satisfied the legal requirement of TRY 20mn, to TRY 28mn funded with the internally generated revenues.

The Company performs its fully domestic and revocable operations through its headquarters (Istanbul) and 12 branches (Istanbul-9, Ankara, Antalya and Samsun), 9 of which were established in 2014 and 2015 while 1 branch was under construction as of report date. Çağdaş Faktoring employed a staff of 120 and had no subsidiaries or affiliates as of the report date.

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*"Global Knowledge supported by Local Experience"*