

Corporate Credit Rating Update
Non-Banking Financial Institution 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	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 HİZMETLERİ A.Ş.					
Financial Data	2015*	2014*	2013*	2012*	2011*
Total Assets (000 USD)	59,102	78,675	85,622	77,529	23,310
Total Assets (000 TRY)	171,844	182,439	182,409	137,815	44,030
Equity (000 TRY)	27,187	20,086	18,856	16,687	9,726
Net Profit (000 TRY)	-4,265	1,188	2,642	1,961	686
Market Share (%)	0.64	0.69	0.84	0.76	0.28
ROAA (%)	-2.63	1.23	2.55	2.62	2.96
ROAE (%)	-19.72	11.53	22.94	18.03	12.34
Equity/Assets (%)	15.82	11.01	10.34	12.11	22.09
NPL (%)	4.92	9.44	7.03	4.49	2.97
Growth Rate (%)	-5.81	0.02	32.36	213.00	102.31

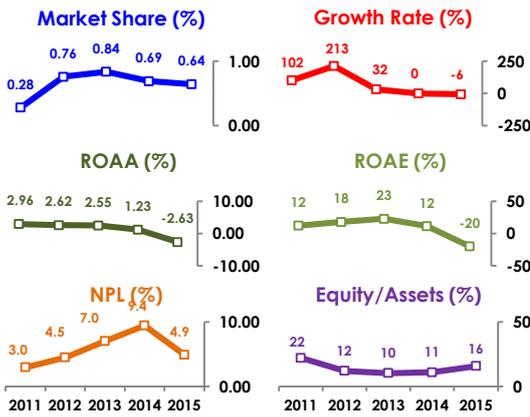
*End of year

 *Assigned by Japan Credit Rating Agency, JCR on August 28, 2015
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Company Overview

Kredi Finans Faktoring Anonim Şirketi (hereinafter referred to as 'Kredi Finans Faktoring', 'Kredi Finans' or 'the Company') was founded in 1998 and has continued its services within the Basaran Group since 2010. The Company operates through its headquarters in Istanbul with a staff force of 32 people as of February 2016.

The Company has a customer portfolio comprised mainly of corporate clients and carries out its fully domestic and revocable operations through its headquarters without a branch network. The activities of the Company are regulated and supervised by the Banking Regulation and Supervision Agency (BRSA).

Kredi Finans is owned by the Basaran and Kumla Families, controlling 84.0% and 14.0% of shares, respectively. The Company had a total asset size of TRY171.84mn, and a 0.64% market share in the factoring sector worth a total of TRY 26.7bn in FYE2015.


Strengths

- Diversified funding mix with bank borrowings and longer term bonds and bills
- Increased paid-in capital beyond the regulatory requirements
- Decline in the NPL ratio with the sale of impaired receivables that lifts the asset quality up
- Expansion in the duration of loans in favor of long term maturity
- Easy access to funding options with the support of the Basaran Group
- Improved standard ratio that enables satisfactory capital adequacy structure with regard to both regulatory limits and sector averages
- Experienced management team and well organized risk management infrastructure
- Decrease in concentration of receivables on specific clients

Constraints

- High net FX loss due to the increase in USD term loans
- Noticeable increase in financial expenses due to interest payments for bank loans and bond issuances
- Net loss figure as of FYE2015 deteriorating capitalization level
- Low loss reserve coverage ratio threatening equity and increasing the risk of loss from impaired receivables
- Downsized factoring receivables that obstruct the asset growth
- Low liquidity ratio far below the sector average
- Macroeconomic uncertainties arising from the tensions & conflicts in the local political environment and neighboring regions
- Intensive competitive environment dominated by bank-owned companies which have comparative advantage with wide branch network and low borrowing costs

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