

# Corporate Credit Rating

## Annual Review

# Factoring

BAŞER FAKTORİNG		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Issue Rating	n.a	n.a		
National	Local Rating	BBB+ (Trk)	A-2 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	BBB+ (Trk)	A-2 (Trk)	
Sponsor Support		3	-	
Stand-Alone		B	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
LC		Stable	-	

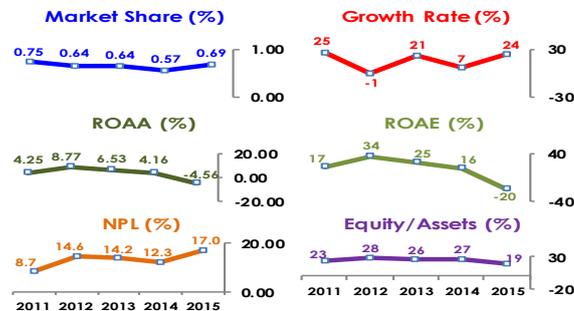
\*Assigned by Japan Credit Rating Agency, JCR on August 28, 2015

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### Strengths

- Recovery in the Company's profitability performance to positive levels in the 1Q2016
- Implementation of re-structuring strategies anticipated to reflect positively on operating productivity and profitability in the current fiscal year
- Maintenance of an above sector-average interest margin contributing to internal equity generation capacity
- Above sector average level of provisioning and collateralization contributing to asset quality along with a balanced risk concentration and customer segmentation
- Well-defined work processes and achieved level of progress in the field of compliance with Corporate Governance Practices
- Ongoing difficulties in the real sector due to the economic slowdown anticipated to result in a greater demand for factoring services

### Constraints

- Formation of losses in the completed financial year weakening the internal equity generation capacity
- Rise in the NPL ratio throughout FY2016 and maintenance of a higher than sector-average level exerting downward pressure on asset quality
- Exposure to foreign currency risk through a long-term leasing loan used in investment property acquisition with the potential to create volatility on future profitability performance
- Increase in operating expenses over the last 2 years placing stress on profitability
- Intensity of competition throughout the sector exerting pressure on margins with further consolidation expected in the upcoming period
- Effects of the ongoing economic slowdown and political instability in the real sector which constitutes the majority of the factoring sector's customers

BAŞER FAKTORİNG A.Ş.						
Financial Data	03/2016**	2015*	2014*	2013*	2012*	2011*
Total Assets (000 USD)	54,720	63,699	64,602	65,791	65,040	61,611
Total Assets (000 TRY)	154,580	185,211	149,805	140,161	115,615	116,377
Equity (000 TRY)	35,929	34,388	40,577	35,854	32,261	27,278
Net Profit (000 TRY)	1,540	-6,132	4,720	6,429	8,008	3,511
Market Share (%)	N/A	0.69	0.57	0.64	0.64	0.75
ROAA (%)	1.05	-4.56	4.16	6.53	8.77	4.25
ROAE (%)	5.46	-20.38	15.77	24.53	34.18	17.48
Equity/Assets (%)	23.24	18.57	27.09	25.58	27.90	23.44
NPL (%)	N/A	17.01	12.31	14.15	14.64	8.70
Growth Rate (%)	-34.35	23.63	6.88	21.23	-0.65	24.73

\*End of year

\*\* Unaudited

### Company Overview

Founded in 1995, Baser Faktoring A.S. (hereinafter named as Baser Faktoring or the Company), is among the non-bank affiliated operators in the Turkish Factoring Sector, supervised and regulated by the Banking Regulatory and Supervisory Authority (BRSA). The Company provides collection services, guarantee payments of its receivables on behalf of debtors based on invoices or other certifying documents representing the domestic sales of goods and services.

Following the deterioration in the economic and political circumstances and its subsequent effects on the Turkish Factoring Sector, Baser Faktoring put in place a re-structuring program focusing on restoring profitability and operating productivity. In this regard, it closed down 4 branches in the 1Q2016 and strengthened its senior management and marketing team at the headquarters. The Company employed 53 personnel as of April, 2016 with a total asset size of TRY 185.21mn in the Turkish Factoring Sector with a total asset size of TRY 26.72bn as of FYE2015. **Mr. Atilla BASER** is the qualified individual shareholder and Chairman of the Company through the indirect shares owned in Bica Holding A.Ş. In line with the legal requirements across the sector, the Company raised its paid-in capital to TRY 28.80mn in FY2015.

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