Corporate Credit & Issue Rating

☐New ☒Update

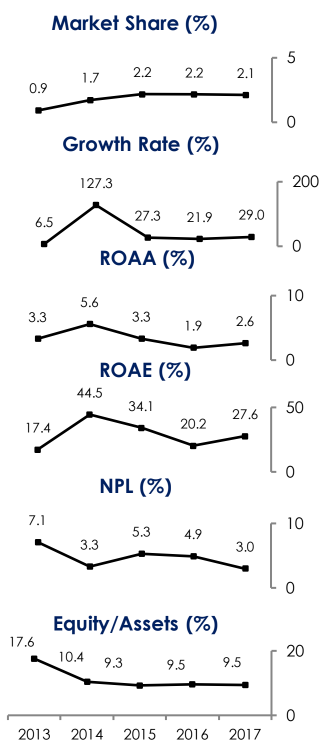
Sector: Factoring
Publishing Date: 20/03/2018

Analyst(s)
Özgür Fuad Engin, CFA
+90 212 352 56 73
ozgur.engin@jcrer.com.tr

RATINGS

			Long	Short
International	Foreign Currency		BBB-	A-3
	Local Currency		BBB-	A-3
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
	Issue Rating		-	-
National	Local Rating		A (Trk)	A-1 (Trk)
	Outlook		Stable	Stable
	Issue Rating		A (Trk)	A-1 (Trk)
Sponsor Support			2	-
Stand-Alone			B	-
Sovereign*	Foreign Currency		BBB-	-
	Local Currency		BBB-	-
	Outlook	FC	Stable	-
		LC	Stable	-

*Affirmed by JCR on November 10, 2017



Çağdaş Faktoring A.Ş.

Company Overview

Financial Data	2017*	2016*	2015*	2014*	2013*
Total Assets (000 USD)	241,014	201,556	200,891	197,897	94,781
Total Assets (000 TRY)	918,361	711,854	584,110	458,904	201,921
Equity (000 TRY)	87,054	67,823	54,231	47,531	35,489
Net Profit (000 TRY)	17,047	12,706	13,426	14,407	3,657
Market Share (%)	2.10	2.15	2.19	1.74	0.93
ROAA (%)	2.63	1.90	3.32	5.59	3.29
ROAE (%)	27.64	20.21	34.07	44.46	17.36
Equity/Assets (%)	9.48	9.53	9.28	10.36	17.58
NPL (%)	2.96	4.92	5.33	3.31	7.11
Growth Rate (%)	29.01	21.87	27.28	127.27	6.53

* Audited financial statements, end of year

In the highly fragmented factoring market in Turkey, Çağdaş Faktoring A.Ş. (hereinafter referred to as Çağdaş Faktoring or the Company), is one of the prominent non-bank owned factoring companies with its average market share qualifying for the 2% bracket in the highly fragmented market. Founded in 1994, the Company's is among the first factoring companies in Turkey. Since 2006, the Turkish Factoring Sector is regulated and supervised by the Banking Regulation and Supervision Agency (BRSA).

The Company is owned by the Gülmezgil Family. Çağdaş Faktoring provides funding to its customer portfolio based in Turkey via financing their invoiced/documented receivables. The Company is headquartered in Istanbul and operates through 14 branches located in major cities. As of FYE2017, the Company had 162 employees.

Strengths

- Well capitalized balance sheet, surpassing the Sector average growth rates
- Reasonable net interest margin, providing internal resource generation capacity
- Moderate turnover to impairment conversion
- Diversified funding base with access to capital markets and various financial institutions
- Office network reaching various customers across Turkey
- Transparent and competent management with strong internal control mechanisms

Constraints

- High leverage stemming from rapid asset growth achieved in the trailing periods
- Highly fragmented market structure
- Persistent headwinds in the medium term macroeconomic outlook despite significant incentives and solid growth
- Increasing interest rate environment, potentially tightening the net interest margin
- Volatilities imposed on the non-bank FIs' asset and net income growth by several incentives such as Credit Guarantee Fund (CGF)

1. Rating Rationale

This rating report is based on the independent audit reports of Çağdaş Faktoring and statistical data on the sector compiled by Association of Financial Institutions and BRSA. Additionally, JCR Eurasia's own analyses, estimations and calculations were incorporated into the report. Additionally, information concerning loan book concentration and borrowing term structure, along with base line projections are provided by Çağdaş Faktoring management.

The Banking Regulation and Supervision Agency (BRSA) regulates and oversees the activities of the Turkish Factoring Sector since 2006. The Leasing, Factoring and Financing Companies Law No. 6361, the Factoring Sector's first, came into effect on December 13, 2012. Moreover, a regulation regarding organization and operating principals of financial leasing, factoring and financing companies entered into force on April 24, 2013. According to BRSA statistics, the total asset size of the Turkish Factoring Sector was TRY 43.7bn and involved 61 factoring companies.

No separate rating report has been compiled as the resources obtained from the bond issue will be carried in the Company's balance sheet and has been subject to analysis in the corporate credit rating report. The planned bond issue carries no difference in comparison to the Company's other liabilities with respect to its legal standing and collateralisation. As such, the notations outlined in the corporate credit rating report also reflect the issue rating but do not cover any structured finance instruments.

Çagdaş Faktoring's business profile, customer segments, interest margin, liquidity structure, solvency indicators, the capitalization level, asset quality, risk management policies, the management and ownership profile have been taken into consideration for assigning the long term national and international local and foreign currency grades.

Primary drivers of the rating are;

Strong Asset Growth with Moderate Interest Margins, Exceeding Sector Averages

In 2017, factoring sector achieved 32% growth, fueled by additional liquidity injected via stimulus packages. Çağdaş reported 29% growth in the same period, aiming to match the Sector growth. The Company's CAGR for 2012-2017 was 37.11%, as opposed 19.22% of the Sector.

Due to strong core inflation and sharp currency depreciation, interest rates followed an increasing trend, translating into higher borrowing rates. Consequently, the average borrowing rate of the Company has increased in the recent years, narrowing the margin.

On the other side, internal profitability of Çağdaş supports internal capital generation. NIM of the Company was 6.12%, as opposed to 4.68% of the Sector.

Emphasis on Small-Ticket Size Loans, Dispersing the Risk Across a Wide Customer Base

Çağdaş Faktoring's loan-book exceeding TRY 800mn is comprised of low per customer and low cheques & invoiced receivables per transaction. This model limits the risk exposure from singular borrower credit events.

The Company's office network comprises 14 branches, covering cities with strong economic activities. The concentration levels with respect to borrowers is low as well, with average per borrower risk floating below TRY 200K.

Well-funded Balance Sheet with Diversified Funding Mix, Granting Flexibility

Çağdaş Faktoring has a diversified funding mix including lines from various banks & factoring companies along with capital market instruments such as bills and bonds. While borrowings from factoring companies could be costlier as opposed to bank financing, the flexibility provided from the former helps the liquidity management considerably.

In addition to funds borrowed from the financial sector, Çağdaş Faktoring taps into capital markets for additional funding with various maturities, ranging from 6 months to 1 year. As of date, Çağdaş Faktoring has TRY 45mn of bills and bonds.

Relatively Short Average Collection Period, Translating into a Positive Liquidity Cycle

Çağdaş Faktoring works with a large customer base, granting borrowing on short-term for low ticket receivables. As of 2017, the Company's average underwritten loan maturity was approx. 120 days, more than one month shorter than the Company's own average borrowing maturity. This favorable gap provides Çağdaş with a reasonable room for liquidity management.

Local Currency Financed Assets, Sheltering the Company from FX Movements

Çağdaş Faktoring's functional currency is TRY and the Company has virtually zero foreign currency exposure on its balance sheet. Threfore, the Company is not affected by to the sharp volatilities in the FX markets. We still note deteriorative impact of FX depreciation on the debt service capacity of Çağdaş's borrowers/customers with notable short positions.

High Leverage Level, Surpassing Sector Averages

Çağdaş has realized notable asset growth in the past 5 years, reaching a loan book of TRY 812mn as of YE2017 with a CAGR of 37.11% in this period. Due to this rapid growth, the Company's leverage has increased considerably and assets to equity reached 10.55, comparing highly to 7.56 of the Sector. While we view Çağdaş's debt service sufficient due to strong cash flows and profitability, high leverage is a rating-negative consideration due to additional financial pressure. The management plans to increase the retention ratio so as to supply the equity base with internally generated revenues.

Increasing Borrowing Costs, Despite Sector Beating Margins and Tight Monetary Policies of Developed Economies

Interest rates have been increasing due to strong inflationary pressures and pass through mechanism of FX basket, reflecting to the borrowing costs. The rising interest pressures were not reflected onto the factoring borrowers fully, resulting in a narrower margin, yet reasonable. We expect the continuation of the upward interest rate trend, potentially pressurizing the borrowing costs and NIM of the Company.

In addition, the monetary normalization by the US Fed with incremental rate hikes and more importantly balance sheet reduction operation along with a similar schedule by ECB in the horizon are potential factors pressurizing the global liquidity and required rates.

Considering the rating drivers mentioned above, JCR-ER assigns Çağdaş Faktoring's Long Term National Grade as **'A (Trk)'.** The Company's Long Term International Foreign and Currency ratings are affirmed at the country ceiling, **"BBB-".**

2. Outlook

The Long-Term National Rating of Çağdaş Faktoring A.Ş. is affirmed as **"Stable"** based on the granular loan book, solid asset growth, reasonable interest margins, reasonable retention ratio, strong internal revenue generation capacity, along with leverage levels and global projections and domestic macroeconomic expectations of Turkey, normalizing yield curve spearheaded by the US Fed and the Sector's growth projections.

Significant factors that may be taken into consideration for any future change in ratings and outlook status:

Positive:
-Reducing leverage,
-Amelioration of profitability indicators,
-More efficient operational costs,
-Material reduction in the financing costs,
-Robust economic growth in the domestic and international markets

Negative:
-Further increases in asset to equity,
-Unexpected increases in the non-performing loans,
-Potential loss of flexibility in financing,
-Decreasing investor appetite and growing turmoil in the domestic and international markets
-Inability to preserve interest margins

JCR Eurasia Rating will continue to monitor developments in regard to the proposed projections and the factors listed above.

3. Sponsor Support and Stand-Alone Assessment

Sponsor Support Grade of the Company is affirmed as **"2",** with respect to the willingness and the capacity of the shareholders to provide support due to the financial strength of the key shareholders, the long track record of the Company, the historical profitability performance and dividend payout & retention policy. This level indicates an adequate financial and operational support by the shareholders.

Stand Alone rating of Çağdaş, reflecting the ability to service its obligations and commitments without resorting to external support is affirmed as **"B"**. This category underlines the Company's strong cash flows, internal resource generation capacity, sizable interest margin and funding structure.

4. Company Profile

a) History & Activities

The Company is founded in 1994, Çağdaş Faktoring operates as one of the oldest factoring companies in the Sector.

Çağdaş Faktoring mainly provides recourse financing of invoiced/documented receivables stemming from domestic sales or services. The majority of the Company's business is generated in Istanbul, while its branch network is extending to cover prominent cities in Turkey. The senior management actively works to diversify the loan base across the various operational branches so as to limit geographical exposure.

b) Organization & Employees

Çağdaş has various offices across Turkey, 14 as of FYE2017. The main base of operations is Istanbul, with 4 offices, followed by Ankara (2) and other prominent cities. The Company has more than 160 employees.

The Group's physical network growth plans account for macroeconomic outlook and focuses on break-even profitability analysis.

The general management of the Company is divided into core functions such as Public Relations & Legal Affairs, Credit Risk Monitoring & Financial Analysis, Fund Management, Financial Affairs, Operations and Human Resources, Information Technologies, Corporate Marketing and SME Marketing. In addition to these executive functions and units, the Company has an Internal Audit Department, reporting to the Board of Directors.

The Board of Directors of Çağdaş Faktoring comprises 5 members, two of which are independent. The Company's general manager is a member as well, while the largest shareholder Dikran GÜLMEZGİL chairs the Board.

c) Shareholders, Subsidiaries & Affiliates

Çağdaş Factoring is owned by Gülmezgil Family. The paid-in capital of Çağdaş Faktoring is TRY 40mn, double the TRY 20mn threshold required by the BRSA. The Company did not have any subsidiaries or affiliates as of FYE2017. The details of the shareholding structure are displayed in the table below.

Çağdaş Faktoring A.Ş.	Share %	
Shareholding Structure	2017	2016
Dikran GÜLMEZGİL	69	59
Metin BAROKAS	-	20
Melissa GÜLMEZGİL BAĞ	29.9	19.9
Alen BAĞ	1	1
Other	0.1	0.1
Total	**100**	**100**
Paid Capital (TRY 000)	**40,000**	**40,000**

d) Corporate Governance

Supervision and regulation of BRSA, the factoring sector in Turkey has a minimum set of disclosure requirements and corporate governance policies. Financial reporting is done in accordance with the BRSA template and is audited by independent audit companies. Therefore, the reporting standards, transparency and overall corporate governance quality of the factoring companies satisfy fundamental expectations.

Çağdaş Faktoring has established several committees and internal audit systems to supervise the operations and provide reasonable assurance concerning the coverage and performance of internal control procedures so as to manage the inherent financial and operational risks embedded in the factoring sector. The Company has a clearly defined risk management, credit allocation and internal control policy where the responsibilities of the functions are organized within a certain framework. Information about the financial statements, senior management, the Board, minutes of annual general assemblies are accessible via the Company's corporate webpage. However, the webpage does not have an English version catering to the international investors.

The Board of Directors of Çağdaş Faktoring's Board of Directors consists of 5 members, including the general manager of Çağdaş Faktoring and two independent members. Internal Audit, Corporate Governance and Early Detection of Risk Committees are formed within the Board of Directors, comprised by the independent members.

e) The Company Strategies

The Company is building its financial foundation on sustainable and profitable growth, aiming to maintain the asset quality. Çağdaş has opened offices across Turkey to widen the customer base.

In order to achieve its return and growth objectives, Çağdaş Faktoring has established risk monitoring, market intelligence procedures. The Company's main policy is to maximize risk adjusted return and minimize operational cost per revenue.

On the financing side, the Company management and treasury closely monitors the market developments and aim to minimize the average funding costs. In this regard Cagdas Faktoring actively uses money markets.

5. Sector Overview & Operational Environment

The Turkish factoring sector is comprised of 61 companies As of FYE2017, the total asset size and equity of the Turkish Factoring Sector amounted to TRY 43.7bn (USD 11.59bn) TRY 5.78bn (USD 1.53bn) respectively Containing 61 companies of various sizes, turn-over in the sector recorded an increase of 27.25% in comparison to the previous year and realized a value of TRY 42.52bn.

The factoring sector provides faster "guarantee", "financing", and "collection" services in comparison to the banking industry via the transfer of spot and forward receivables stemming from the sales of goods and services domestic and overseas. The sector maintained its efforts in the fields of corporate institutionalization and the extension of branch network and customer base throughout FY2017. However, a significant number of companies operating in the Turkish Factoring Sector do not possess the necessary infrastructure to provide collection services nor the capability to carry out export factoring activities. The certification of a significant portion of assigned receivables via post-dated checks has turned the business model of some factoring companies into one where numerous small amount checks are discounted partially or completely.

Factoring companies increasingly maintain the practice of transferring their non-performing (uncollectible) receivables to asset management companies in resemblance to the banking sector. The factoring sector exhibits a higher level of susceptibility to economic conjecture in comparison to the banking industry whilst changes in economic conjecture and regulatory pressures from the BRSA make management policies in the sector more difficult.

The realization of manufacturing activities primarily by SMEs is the most fundamental reason underlying the dynamism of the demand for factoring services. When the distribution of factoring services turn-over across different sectors is examined, it's observed that the manufacturing sector occupies the leading position with a share of 58.41% in 2016 and 47.59% in 2017. The services sector, on the other hand, reached a share of 32.86% in 2016 and 42.00% in 2017. The significant rises in the activities of retail trade, motor vehicle services, and construction are the major contributors to the increase in the share of services sector.

Turnover (000/TRY) Sectoral Break-down			
Factoring Sector	**2015**	**2016**	**2017**
Manufacturing	15,334,465	21,419,970	20,235,112
Services	11,476,551	12,050,371	17,859,298
Agriculture	478,855	519,672	580,040
Financial Intermediation	1,058,808	1,103,661	1,835,966
Others	926,353	1,579,590	2,010,045
Total	**29,275,032**	**36,673,264**	**42,520,461**

Turnover Sectoral Distribution %			
Factoring Sector	**2015**	**2016**	**2017**
Manufacturing	52.38%	58.41%	47.59%
Services	39.20%	32.86%	42.00%
Agriculture	1.64%	1.42%	1.36%
Financial Intermediation	3.62%	3.01%	4.32%
Others	3.16%	4.31%	4.73%
Total	**100.00%**	**100.00%**	**100.00%**

The transport vehicles industry is ranked first under the wider manufacturing sector, followed by textiles while the wholesale and retail motor vehicles service sector is ranked first among the wider services sector followed by the construction sector.

Non-performing receivables, collections, rapid credit growth of the banking sector, fast and flexible structure, and rising profit margins provided relief for the factoring sector throughout 2017 and consequently the ratio of non-performing receivables was reduced. We anticipate that the sector's growth trend will continue throughout 2018 with respect to both the number of customers and transaction volume.

Some factoring companies are subsidiaries or associates of banks. The fundamental characteristic of factoring companies which are bank subsidiaries is that they operate with a lower level of equity, higher level of external resources, wide capability to reach loans and customers, higher level of assets, take-over of risks belonging to lower profile firms, and low profitability. The fundamental characteristics of non-bank subsidiaries are that they operate with a lower level of assets, higher NPR level and interest margin, lower financing, and higher equity level and profitability and have a narrow credit-customer reaching capability.

The principles relating to the establishment and working conditions of factoring companies are regulated by the BRSA and is organized under the Financial Institutions Union. It remains a legal requirement that the sector management structures contain people that are educated and have sufficient professional experience, establish sound information systems, and identify and evaluate the risks they are exposed to. The implementation of a centralized invoice registry system in factoring transactions prevented the duplicate transfer of receivables arising from sale of goods and services and as such increased transparency. The establishment of the Central Invoice

Recording System under the **"Financial Institutions Union"** and the improvement of conditions in the process of obtaining data from the information pool in the Risk Centre within the Turkish Banking Union increase the capability to reach more accurate intelligence by the sector, contributing to the increase and preservation of the sector's asset quality.

In accordance with the implemented reforms, the legal infrastructure of the sector has been improved from an effective supervision and governance perspective and the obligations for the establishment of risk measurement systems and internal control processes provided the sector with a positive acceleration with regards to the improvement in its corporate structure, improvement in the quality, standardisation, and transparency of financial reporting, and the provision of competition equality. With regards to the sector's effectiveness and standardisation, it is anticipated that further progress from the current level of gains will be parallel to the expected performance from the **"Financial Institutions Union"** to an important extent.

The bond market in Turkey has provided factoring companies with the opportunity to diversify their funding resources since 2010. Non-Banking Financial Institutions exhibit the fundamental characteristic of obtaining funding externally and from the Turkish Banking System. However, their tendency to raise funding from capital markets via debt issuances is on an increasingly upward trend.

Based on overall size, the Turkish Factoring Sector is ranked 13th on a global scale and 8th in Europe. In the field of export factoring, it is ranked 2nd globally behind China. Factoring companies which operate in an environment characterised by intense levels of competition have high levels of entry and while displaying high turn-over rates in their shareholder structure and management teams.

THE KEY INDICATORS OF TURKISH FACTORING SECTOR

(000.000)	2017	2016	2015	2014	2013	2012	2011
Asset Size-TRY	43,712	33,080	26,716	26,515	21,790	18,146	15,622
Asset Size-USD	11,589	9,400	9,155	11,395	10,228	10,208	8,270
Equity-TRY	5,781	5,082	4,627	4,442	4,015	3,856	3,377
P/L-TRY	929	670	377	616	495	581	447
ROAA %	3.00	2.84	1.86	3.12	2.97	4.50	3.43
ROAE %	21.23	17.47	10.94	17.82	15.08	21.00	16.87
NPL Ratio%	3.47	4.62	5.49	4.83	4.70	4.69	3.94
Equity / T. Sources	13.23	15.36	17.32	16.75	18.42	21.25	21.00

The factoring sector has a relatively low free float rate and occupies a rather small share in the general finance sector. Location wise, 61 factoring companies are based in Istanbul and 1 in Ankara.

Taking into consideration the fact that the funds supplied by the factoring companies are largely provided by bank-subsidiary factoring firms or those that contain banks within their groups, it becomes difficult for non-bank subsidiary factoring companies and the sector to carry out their intermediary function. As of FYE2017, the total asset size of factoring companies was TRY 43.71bn along with an equity size of TRY 5.78bn. In its 28-year history, the factoring sector has grown consistently, with the exception of 1994 and 2001 in which it contracted by 10.31% and 40.23%, respectively. The factoring sector exhibited a cumulative growth rate of 724.76% in the 2006-17 period. The growth rate in the last year was 32.14%.

Factoring receivables occupy the highest share among sector's assets with a rate of 95.81% while loans occupy the highest share among resources at 72.78%. The sector meets a significant part of its resource needs through the short-term loans obtained from banks and is characterized by its inability to generate resource diversity. However, bond issuances slowed down starting in FY2008 but began to gather momentum as an aggregate sum in FY2012 before somewhat declining in 2016 and re-entering a phase of growth in FY2017. As of FY2017, issued bonds comprised 10.2% of total resources. The share of equity among total resources stands at 13.23% while its share among total resources is declining steadily. The practice of standard ratio was adopted across factoring companies with the new regulations and the rules brought into place dictated that the ratio of equity to the total assets of factoring companies should not fall below 3%.

Risk concentration is principally focused on the manufacturing sector with a rate of 42.76% with a pre-dominance of the textile and textile products, transport vehicles, nuclear fuel, metals, and processed goods manufacturing sectors. The highest level of concentration among the wider services industry is observed in the sectors of wholesale and retail trade, motor vehicles services, construction, transportation, warehousing, and communication.

NPL ratios are reflected on the sector's balance sheets and declined from 5.49% in FY2015 to 4.62% and 3.47% in 2016 and 2017, respectively. However, it is widely known that there are impaired receivables in the market which are not yet treated on the sector's balance sheets as non-performing. The ratio of impaired receivables across the sector to its equity reached 25.94%. The level of provisioning for non-performing receivables was 85.23% in FY2015 and rose to 87.85% in 2017. The current rigidity of non-performing receivables underwent a comparative decline in line with the acceleration of economic growth throughout FY2017.

The performance of the factoring sector has maintained a faster upward acceleration in comparison to the banking sector since FY2016. The ratios of **"ROA** (avg.)**"** and **"ROE** (avg.)**"** were 2.05% and 18.61% respectively in the banking sector whilst the same ratios in the factoring sector were 3% and 21.23%, respectively. When the ratio of equity to total assets is taken into consideration, the factoring sector has a higher level of equity. The **"Equity/Total Assets"** ratio stood at 13.23% in 2017 whilst the same ratio for the banking sector was 11.02%. Similarly, the special provisioning ratios for the impaired receivables across the factoring sector rose to a level above that of the banking sector since FY2012.

The privileged position of bank-originated factoring companies in areas such as competition, access to funding, scale of service provision, and alternative distribution channels generate competitive distortions with other factoring companies. The return rates on loans and assets across the sector recorded a significant increase throughout 2017. As the increase in the cost of interest-bearing resources could be compensated by the increase in asset returns, the break-even point in terms of interest did not display a significant change in comparison to the previous year and was balanced at the level of 11.69%. Most importantly, net profit margins underwent a rapid rise from the level of 0.94% to 2.01%.

RETURNS - COST RATIOS ANALYSIS FOR FACTORING INDUSTRY

ASSET RETURN	2017	2016	2015
Loans Interest Yield	13.77%	10.77%	9.08%
Return the Commission	1.05%	0.87%	0.82%
FX Return or cost	-0.11%	0.47%	0.14%
Return or the cost of other operations	1.71%	1.24%	1.06%
Loans Total Return	**16.42%**	**13.36%**	**11.09%**
Cost of Non-Earning Asset	**-0.50%**	**-0.40%**	**-0.33%**
Asset Return	**15.92%**	**12.95%**	**10.76%**

COST OF LIABILITIES	2017	2016	2015
Interest Cost for Cost Bearing resources	10.77%	7.43%	6.34%
Cost of the Commission for Cost Bearing Resources	0.00%	0.00%	0.00%
Return on Non-cost Bearing resources	-0.66%	0.13%	0.58%
Cost of Liabilities	**10.11%**	**7.56%**	**6.92%**

NET PROFIT MARGIN	2017	2016	2015
Interest and Commission Margin	**5.81%**	**5.40%**	**3.83%**
The cost of provisioning expenses	-0.72%	-1.08%	-1.36%
The cost of Activities Expenses	-3.07%	-3.38%	-2.74%
Net Profit Margin	**2.01%**	**0.94%**	**-0.26%**

Break-even	2017	2016	2015
In Terms of Interest	**11.69%**	**12.63%**	**13.49%**
In Terms of Loan Size-TL	**31,620.20**	**25,522.85**	**26,902.25**

The growth of the factoring sector throughout FY2018 will be dependent on specially awaited new legal regulations, the contribution of technological infrastructure works, improvement in supplier finance, and success in the fields of export factoring works in addition to conjectural developments at the macro level. New regulations concerning "the reduction of transaction costs regarding the investment climate" and "the abolition of different applications among financial institutions" will contribute positively to the sector.

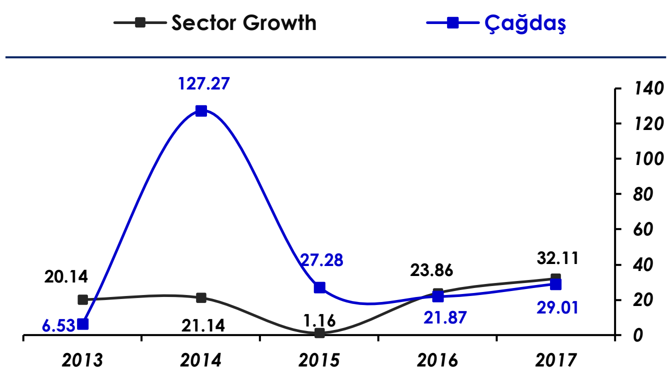
"The supply chain finance" method developed by the sector will support the trade cycle and increase the transaction volume of the factoring sector throughout 2018. This method will enable all financial institutions, purchasers, and suppliers to meet in the same electronic platform to be established within the Financial Institutions Union and suppliers will be able to finance transactions based on the credibility of the sides to which sales were undertaken without the need to wait for the maturity set by financial institutions.

6. Financial Foundation

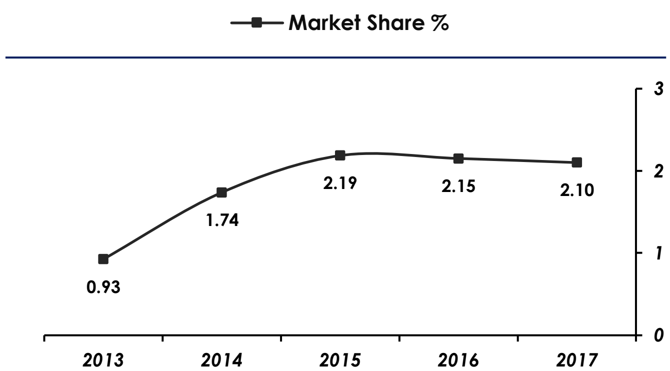
a) Financial Indicators & Performance

i. Indices relating to size

Turkish factoring sector has achieved significant growth in the past years, with a CAGR of 19.22% between 2017-2012. Çağdaş's asset growth had been much faster, with a CAGR of 37.11% between 2017-2012 year-ends. Consequently, the market share of the firm exceeded 2% threshold. We note that the market is highly fragmented and skewed, with bank owned factoring companies constituting a large share of total factoring loans. BRSA mandated minimum capital requirement of TRY 20mn has resulted in exit and acquisition of certain factoring companies, a trend we expect to continue.

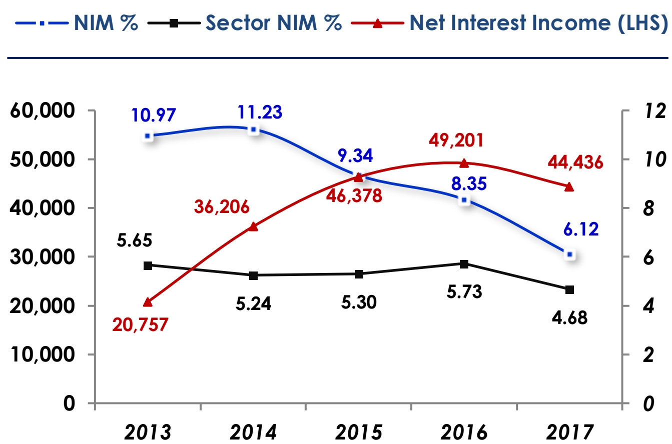


Çağdaş has a small-ticket focused, diversified loan portfolio and maintains strong shareholder support. In this regard, the Company is well positioned with adequate capitalization and stable revenue growth performance. The firm's annual turnover has exceeded TRY 2.3bn as of YE2017. The Company works a large customer pool due to the nature of its business strategy, approaching 4,500 customers as of FYE2017.

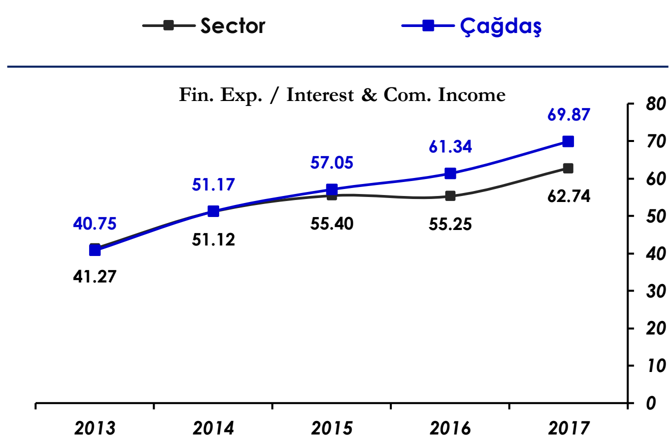


ii. Indices relating to profitability

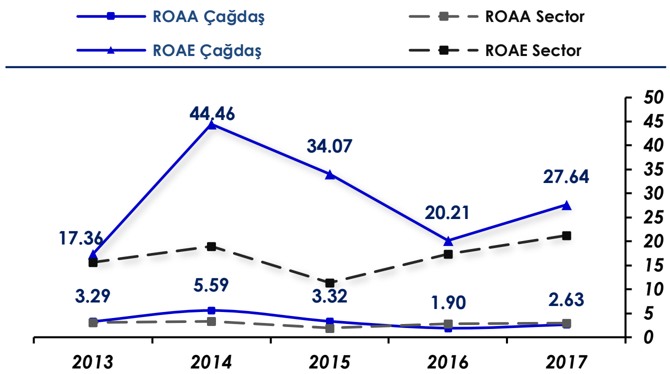
Net interest margin (NIM) of the sector is more restricted due to narrow margins of bank-owned factoring companies. Our NIM calculation excludes revenues reported as commissions and focuses solely on interest income received and interest expenses incurred for comparison across the Sector. As of YE2017, Çağdaş reported TRY 8.6mn net commission revenues, supporting profitability.



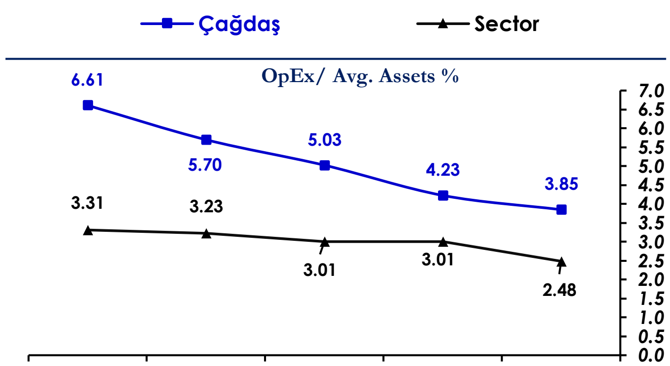
NIM of the Company has declined following the Sector trend, with the rising borrowing rates and considerable competitive forces. Rising interest rate environment in Turkey, despite pressures to keep rates low might tighten the margin further. However, we note Çağdaş's ability to pass through the increasing borrowing costs to its customers owing to market structure and low maturity of the loans underwritten (~120 days) allowing rapid repricing.



Increasing borrowing costs over the years is translated into decoupling from the Sector average with respect to FinEx to Fin. Inc. The Sector ratios are skewed by bank-owned factoring companies with facilitated access to funding.

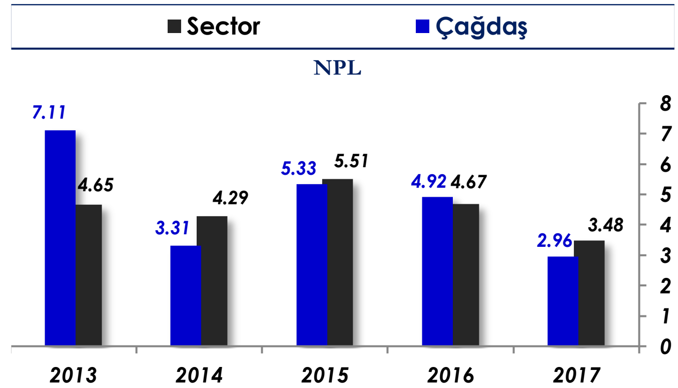


We use operating expenses to average assets to gauge the operational efficiency and economies of scale. While the Sector ratio is skewed by bank-owned companies, Çağdaş is positioned well among the Companies of its asset base. The offices placed across Turkey and staff size increases the OpEx. However, given the small ticket operations of the Company, we believe the investments in such infrastructure is necessary.



b) Asset quality

The Company has established underwriting policies and limits per borrowers. Owing to high circulation of the receivables and small ticket size of average loans ~ TRY 30K. Given TRY 2.3 billion turnover in 2017, the additional impairment of TRY 10.79mn in the same period is low, pointing out to strong asset quality.

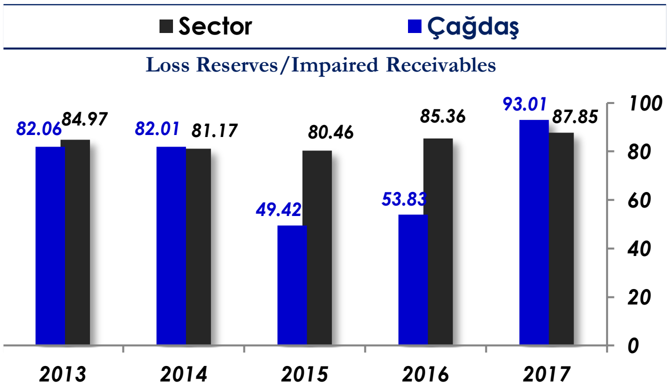


Average maturity of the Company's receivables was ~120 days in 2017. The breakdown of the borrowers with respect to loan balance category indicates a leaning on low end. Average loan per borrower is TRY 187K, as of FYE2017.

Category	Borrowers	Balance	of Total
0-250.000	3,542	229,548	28%
250.000-500.000	422	130,674	16%
500.000-1.000.000	227	143,676	18%
1 Mio -3 Mio	119	184,952	23%
3 Mio-6 Mio	19	72,584	9%
6.000.000+	5	50,843	6%
Total	**4,334**	**812,277**	**100%**

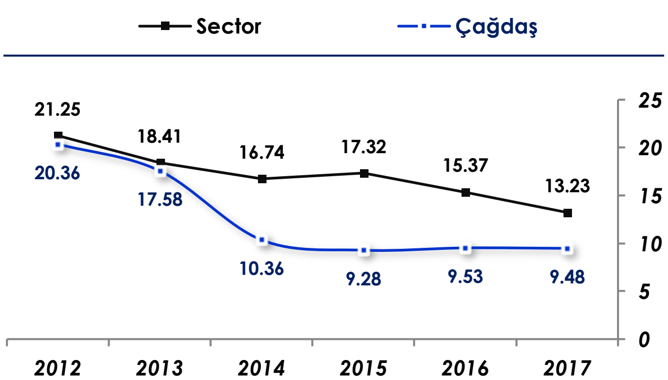
Owing to low loan concentration, top customer account for less than 15% of the receivables. Internally enforced limits on borrowers, sectors, and risk groups support asset quality to a great extent.

It should further be noted that the Credit Guarantee Fund backed loans underwritten by banks in 2017, reaching TRY 220bn provided a much-needed relief to the corporates, which in turn alleviated the funding pressures and increased the debt service of many factoring companies' borrowers, albeit for a brief period. Given the absence of this liquidity package, at least at this magnitude, we expect a higher pressure and need for more thorough due diligence.



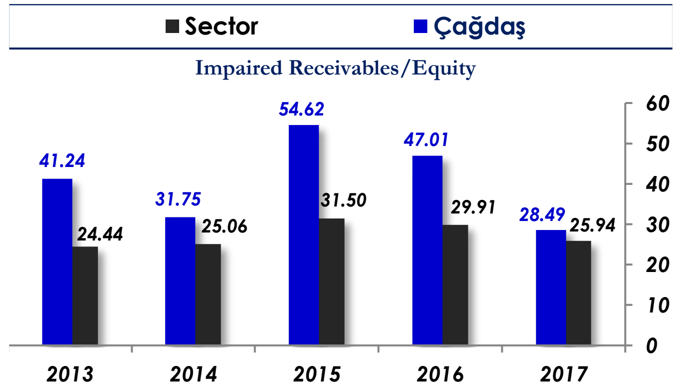
c) Funding & Adequacy of Capital

Sector's capitalization is marked with bank-owned factoring companies with limited requirement for equity due to greater access to financing sources. Therefore, the Sector leverage is skewed indicating high overall leverage use, with short borrowing shaping the term structure.



Çağdaş Faktoring operates with significant leverage levels, even considering the bank-owned companies in the Sector. However, Çağdaş has solid liquidity management and inherent profitability to maintain reasonable debt service.

Equity supported with internally generated resources covers the impaired loans more than threefold. We believe the funding base is strong enough to cover impairments.



The Factoring Sector at large has been able to draw funds from Clearing System and entitled to enter into borrowing/lending transactions in the Takasbank Money Market (TPP) based on certain limits and identified collaterals beginning with the enactment of the Takasbank Money Market Regulation and Procedure. While not widely adopted by the market, this practice provides the factoring companies in Turkey with access to alternative funding channels and to improve systemic support level. Çağdaş however is initiating an additional line from Takasbank with LC underwritten by an insurance company, further diversifying the funding base.

7. Risk Profile and Management

a) Risk Management Organization & its Function – General Information

Çağdaş Faktoring is primarily exposed to credit, interest, liquidity and operational risk stemming from its activities and use of financial instruments. The risk management framework is created and maintained at the Board of Directors level and executed at the senior management level. Several committees formed under the Board provide management and monitoring support. Furthermore, the internal audit units reporting to the Internal Audit Committee help the corporate risk management mandate at an operational level.

b) Credit Risk

The credit risk exposed by the Company is monitored daily and managed according to certain standards, thresholds and limits. The Company management has predefined concentration limits with respect to customers, cheque drawers and sectors. The Board of Directors has the ultimate authority in credit allocation decisions. The credit lines committed to borrowers are reviewed periodically and revised upwards or downwards in case of acquisition of material information concerning the creditworthiness of the borrower.

Çağdaş Faktoring works with a large number of customer base with relatively low average loans. Average loan size is around TRY 30K, while average total loan per customer is around TRY 190K, as of YE2017. Self-liquidating nature of factoring receivables and granular loan portfolio support the asset base.

Çağdaş has a wide customer base, diversified across various sectors and borrowers. The majority of the loans are concentrated on customers operating in wholesale & retail, construction & contracting and textile.

c) Market Risk

Within the framework of market risk, interest and foreign currency mismatch risks are potential risk factors. Çağdaş Factoring operates in local currency and has no FX exposure.

Borrowings from the money markets and banks along with factoring operations engender interest risk. Çağdaş Faktoring borrows predominantly on fixed rates; while certain bond issuances carry float rates.

As of YE2017, float rate liabilities accounted for only 3.03% of total cost bearing liabilities. Reduction of the float borrowing in the funding mix supports profitability in the rising interest rate environment, though short borrowing period induces repricing risk. Furthermore, the average maturity of loans underwritten are ~120 days while average borrowing of the Company is around 160 days, which gives the Company ample room for repricing.

We expect an upward pressure in the interest rates in 2018, given the strong core inflation and depreciation of TRY against FX basket. However, as mentioned above, we expect Çağdaş to maintain its net interest margin owing to pass-through capacity.

d) Liquidity Risk

Çağdaş Faktoring has a positive liquidity gap, owing to short collection periods of receivables. Furthermore, the Company closely monitors the liquidity position on a daily basis and models the cash requirements.

As a Company with a long track record, Çağdaş has ample credit lines from various major financial institutions, supporting liquidity management. Additionally, the self-liquidating nature of the factoring receivables provides considerable liquidity capabilities.

e) Operational, Legal Regulatory & Other Risks

Primary operational risk factors mainly arise from the transactions prior to the loan underwriting and due diligence & document collection processes. So as to minimize the human errors and potential risk exposures, the Company has invested in automation and decision support software.

Emergency policies and back-up systems are in place in the company to ensure physical security and crisis management. Systems are designed to minimize the risk that arises from human based errors. The operational risks are mitigated through the detective and preventive controls conducted by internal control unit of the Company.

According to information received, the Company did not receive penal action by the regulatory and supervisory authorities, within the scope of legal risk.

8. Budget & Debt Issue

The budget forecast of the Company and estimations are presented below. The Company expects to realize approx. 20% asset growth in 2018.

TRY (000)	2018
Banks, Cash and Cash Equ.	**192**
Factoring Receivables	**957,662**
Net Non-Performing Loans	**18**
-Non-Performing Loans	32,498
-Provisions for NPL	32,480
Other Assets	**146,614**
Total Assets	**1,104,486**
Bank Loans	**339,084**
Factoring Borrowings	**495,393**
Issued Debt Instruments	**145,000**
Other Liabilities	**14,728**
Equity	**110,281**
-Paid-In Capital	40,000
-Net Income	20,709
-Others	49,572
Total Liabilities	**1,104,486**
Pre-tax Profit	**27,795**
Annual Asset Growth (%)	**20.27**
Equity/Total Asset (%)	**9.98**
ROAA – Pre-tax (%)	**2.75**
ROAE – Pre-tax (%)	**28.17**
NPL (%)	**3.28**

Due to the dynamics of the Sector, achieving asset growth is not challenge, yet the preservation of asset quality and interest margin while fulfilling the growth objective requires prudent management. Given the track record of Çağdaş and the dispersed customer base, the Company is expected to maintain its financial resilience.

TRY (000)	Forecast 2018
Total Income	**281,738**
Factoring Income	274,932
Other	6,806
Total Expenses	**261,028**
Financing Costs	202,849
Salary & Wages	25,217
Other	13,526
SG&A	10,033
Provisions	9,403
Pre-Tax Income	**27,774**
Corporate Tax	7,065
Net Income	**20,709**

No separate rating report has been compiled as the resources obtained from the bond issue will be carried in the Company's balance sheet and has been subject to analysis in the corporate credit rating report. The planned bond issue carries no difference in comparison to the Company's other liabilities with respect to its legal standing and collateralisation. As such, the notations outlined in the corporate credit rating report also reflect the issue rating but do not cover any structured finance instruments. Therefore, the rating assigned for the TRY dominated bond issuance is assigned as the same as the Company's Long and Short Term National Local Ratings which are **'A (Trk)'** and **'A-1'**.

Çağdaş Faktoring A.Ş. BALANCE SHEET - ASSET TRY (000)	(Year end) 2017 USD (Converted)	(Year end) 2017 TRY (Original)	2017 TRY (Average)	(Year end) 2016 TRY (Original)	2016 TRY (Average)	(Year end) 2015 TRY (Original)	2015 TRY (Average)	(Year end) 2014 TRY (Original)	As % of 2017 Assets (Original)	As % of 2016 Assets (Original)	As % of 2015 Assets (Original)	2017 Growth Rate	2016 Growth Rate	2015 Growth Rate
A-TOTAL EARNING ASSETS (I+II+III)	**214,638**	**817,858**	**725,794**	**633,730**	**589,230**	**544,729**	**496,799**	**448,868**	**89.06**	**89.03**	**93.26**	**29.05**	**16.34**	**21.36**
I- LOANS AND RECEIVABLES (net)	**213,629**	**814,012**	**722,757**	**631,501**	**586,090**	**540,678**	**492,383**	**444,088**	**88.64**	**88.71**	**92.56**	**28.90**	**16.80**	**21.75**
a) Factoring Receivables	213,174	812,277	714,530	616,782	571,239	525,695	483,534	441,373	88.45	86.64	90.00	31.70	17.33	19.10
b) Financing Loans	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
c) Lease Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
d) Over Due Loans	6,510	24,805	28,344	31,883	30,753	29,622	22,357	15,092	2.70	4.48	5.07	-22.20	7.63	96.28
e) Others	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
f) Receivable from Customer due to Brokerage Activities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
g) Allowance for Loan and Receivables Losses (-)	-6,054	-23,070	-20,117	-17,164	-15,902	-14,639	-13,508	-12,377	-2.51	-2.41	-2.51	34.41	17.25	18.28
II-BANKS AND OTHER EARNING ASSETS	**1,009**	**3,846**	**3,038**	**2,229**	**3,140**	**4,051**	**4,416**	**4,780**	**0.42**	**0.31**	**0.69**	**72.54**	**-44.98**	**-15.25**
a) Banks	1,009	3,846	3,038	2,229	3,140	4,051	4,416	4,780	0.42	0.31	0.69	72.54	-44.98	-15.25
b) Other	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
c) Balance With Banks-Current Accounts	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
III-SECURITIES AT FAIR VALUE THROUGH P/L	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	n.a	n.a	n.a
a) Treasury Bills and Government Bonds	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
b) Other Investment	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
c) Repurchase Agreement	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
B- INVESTMENTS IN ASSOCIATES (net)+EQUITY SHARE	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
a) Investments in Associates (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
b) Equity Share	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
C-NON-EARNING ASSETS	**26,376**	**100,503**	**89,314**	**78,124**	**58,753**	**39,381**	**24,709**	**10,036**	**10.94**	**10.97**	**6.74**	**28.65**	**98.38**	**292.40**
a) Cash and Cash Equivalents	1	2	2	2	1	0	3	5	0.00	0.00	n.a	0.00	n.a	-100.00
b) Financial Assets at Fair Value through P/L	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
c) Asset Held For Sale And Discontinued Operations (net)	1,567	5,969	10,316	14,662	7,331	0	0	0	0.65	2.06	n.a	-59.29	n.a	n.a
d) Other	24,809	94,532	78,996	63,460	51,421	39,381	24,706	10,031	10.29	8.91	6.74	48.96	61.14	292.59
- Intangible Assets	57	219	269	318	227	136	161	185	0.02	0.04	0.02	-31.13	133.82	-26.49
- Property and Equipment	19,869	75,710	58,834	41,957	37,015	32,073	17,002	1,930	8.24	5.89	5.49	80.45	30.82	1,561.81
- Deferred Tax	0	0	182	363	318	273	693	1,113	n.a	0.05	0.05	-100.00	32.97	-75.47
- Other	4,882	18,603	19,713	20,822	13,861	6,899	6,851	6,803	2.03	2.93	1.18	-10.66	201.81	1.41
TOTAL ASSETS	**241,014**	**918,361**	**815,108**	**711,854**	**647,982**	**584,110**	**521,507**	**458,904**	**100.00**	**100.00**	**100.00**	**29.01**	**21.87**	**27.28**

Çağdaş Faktoring A.Ş. BALANCE SHEET-LIABILITIES+EQUITY TRY (000)	(Year end) 2017 USD (Converted)	(Year end) 2017 TRY (Original)	2017 TRY (Average)	(Year end) 2016 TRY (Original)	2016 TRY (Average)	(Year end) 2015 TRY (Original)	2015 TRY (Average)	(Year end) 2014 TRY (Original)	As % of 2017 Assets (Original)	As % of 2016 Assets (Original)	As % of 2015 Assets (Original)	2017 Growth Rate	2016 Growth Rate	2015 Growth Rate
C- COST BEARING RESOURCES (I+II)	**216,613**	**825,382**	**727,086**	**628,790**	**577,901**	**527,012**	**467,836**	**408,660**	**89.88**	**88.33**	**90.22**	**31.27**	**19.31**	**28.96**
I-PAYABLES	**144,622**	**551,066**	**475,810**	**400,554**	**335,855**	**271,155**	**252,990**	**234,825**	**60.01**	**56.27**	**46.42**	**37.58**	**47.72**	**15.47**
a) Factoring Payables	144,622	551,066	475,810	400,554	335,855	271,155	252,990	234,825	60.01	56.27	46.42	37.58	47.72	15.47
b) Lease Payables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
c) Other	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
II-BORROWING FUNDING LOANS & OTHER	**71,991**	**274,316**	**251,276**	**228,236**	**242,047**	**255,857**	**214,846**	**173,835**	**29.87**	**32.06**	**43.80**	**20.19**	**-10.80**	**47.18**
a) Fund Borrowed-Short Term	60,239	229,534	196,830	164,126	176,566	189,006	155,270	121,534	24.99	23.06	32.36	39.85	-13.16	55.52
b) Fund Borrowed-Long Term	0	0	0	0	8,115	16,230	8,115	0	n.a	n.a	2.78	n.a	-100.00	n.a
c) Marketable Securities For Issued (net)	11,753	44,782	54,446	64,110	57,366	50,621	51,461	52,301	4.88	9.01	8.67	-30.15	26.65	-3.21
d) Securities Sold Under Repurchase Agreements	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
e) Subordinated Loans	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D- NON COST BEARING RESOURCES	**1,555**	**5,925**	**10,583**	**15,241**	**9,054**	**2,867**	**2,790**	**2,713**	**0.65**	**2.14**	**0.49**	**-61.12**	**431.60**	**5.68**
a) Provisions	304	1,160	1,126	1,092	972	851	544	237	0.13	0.15	0.15	6.23	28.32	259.07
b) Current & Deferred Tax Liabilities	1,100	4,192	2,931	1,670	1,520	1,369	1,697	2,024	0.46	0.23	0.23	151.02	21.99	-32.36
c) Trading Liabilities (Derivatives)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
d) Other Liabilities	150	573	6,526	12,479	6,563	647	550	452	0.06	1.75	0.11	-95.41	1,828.75	43.14
E- TOTAL LIABILITIES	**218,168**	**831,307**	**737,669**	**644,031**	**586,955**	**529,879**	**470,626**	**411,373**	**90.52**	**90.47**	**90.72**	**29.08**	**21.54**	**28.81**
F- EQUITY	**22,846**	**87,054**	**77,439**	**67,823**	**61,027**	**54,231**	**50,881**	**47,531**	**9.48**	**9.53**	**9.28**	**28.35**	**25.06**	**14.10**
a) Prior Year's Equity	17,799	67,823	61,027	54,231	50,881	47,531	41,510	35,489	7.39	7.62	8.14	25.06	14.10	33.93
b) Equity (Internal & external resources added during the year)	573	2,184	1,535	886	-2,920	-6,726	-4,546	-2,365	0.24	0.12	-1.15	146.50	-113.17	184.40
c) Minority Interest	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
d) Profit & Loss	4,474	17,047	14,877	12,706	13,066	13,426	13,917	14,407	1.86	1.78	2.30	34.16	-5.36	-6.81
TOTAL LIABILITIES+EQUITY	**241,014**	**918,361**	**815,108**	**711,854**	**647,982**	**584,110**	**521,507**	**458,904**	**100.00**	**100.00**	**100.00**	**29.01**	**21.87**	**27.28**
USD 1 = TRY		**3.8104**		**3.5318**		**2.9076**		**2.3189**						

Çağdaş Faktoring A.Ş. INCOME STATEMENT TRY (000)	2017	2016	2015
Net Interest Income	**44,436**	**49,201**	**46,378**
A) Interest income	167,409	138,075	116,969
a) Factoring Interest Income	167,409	138,075	116,969
b) Financing Loans Interest Income	0	0	0
c) Lease Income	0	0	0
d) Banks	0	0	0
B) Financial Expense	122,973	88,874	70,591
Net Fee and Commission Income	**8,601**	**6,814**	**6,776**
a) Fee and Commission Income	8,601	6,814	6,776
b) Fee and Commission Expense	0	0	0
Total Operating Income	**10,539**	**3,093**	**3,337**
Interest Income from Other Operating Field	125	167	150
Foreign Exchange Gain or Loss (net) (+/-)	997	544	1,449
Gross Profit from Retail Business	0	0	0
Gains or Loss on Derivative Instruments (+/-)	0	0	0
Income on Sale of Equity Participations and Consolidated Affiliates	0	0	0
Gains from Investment Securities (net)	0	0	0
Other Operating Income	9,417	2,382	1,738
Taxes other than Income Tax	0	0	0
Dividend	0	0	0
Provisions	**10,794**	**19,393**	**12,947**
Provision for Impairment of Loan and Trade Receivables	10,794	19,393	12,947
Other Provision	0	0	0
Total Operating Expense	**31,379**	**27,384**	**26,207**
Salaries and Employee Benefits	21,426	18,101	15,889
Depreciation and Amortization	0	0	0
Other Expenses	9,953	9,283	10,318
Profit from Operating Activities before Income Tax	**21,403**	**12,331**	**17,337**
Income Tax – Current	4,356	-375	3,911
Income Tax – Deferred	0	0	0
Net Profit for the Period	**17,047**	**12,706**	**13,426**

Total Income	**63,576**	**59,108**	**56,491**
Total Expense	**31,379**	**27,384**	**26,207**
Provision	**10,794**	**19,393**	**12,947**
Pretax Profit	**21,403**	**12,331**	**17,337**

Çağdaş Faktoring A.Ş. FINANCIAL RATIO %	2017	2016	2015
I. PROFITABILITY & PERFORMANCE			
1. ROA - Pretax Profit / Total Assets (avg.)	2.63	1.90	3.32
2. ROE - Pretax Profit / Equity (avg.)	27.64	20.21	34.07
3. Total Income / Equity (avg.)	82.10	96.86	111.03
4. Total income / Total Assets (avg.)	7.80	9.12	10.83
5. Provisions / Total Income	16.98	32.81	22.92
6. Total Expense / Total Resources (avg.)	4.25	4.67	5.57
7. Net Profit for the Period / Total Assets (avg.)	2.09	1.96	2.57
8. Total Income / Total Expenses	202.61	215.85	215.56
9. Non Cost Bearing Liabilities + Equity- Non Earning Assets / Assets	-0.82	0.69	3.03
10. Non Cost Bearing Liabilities - Non Earning Assets / Assets	-10.30	-8.83	-6.25
11. Total Operating Expenses / Total Income	49.36	46.33	46.39
12. Interest Margin	6.12	8.35	9.34
13. Operating ROAA = Operating Net Incomes / Assets (avg.)	17.71	15.62	16.86
14. Operating ROAE = Operating Net Incomes / Equity Capital (avg.)	186.44	165.84	172.81
15. Interest Coverage – EBIT / Interest Expenses	117.40	113.87	124.56
16. Net Profit Margin	26.81	21.50	23.77
17. Gross Profit Margin	33.67	20.86	30.69
18. Market Share	2.10	2.15	2.19
19. Growth Rate	29.01	21.87	27.28
II. CAPITAL ADEQUACY (year end)			
1. Equity Generation / Prior Year's Equity	3.22	1.63	-14.15
2. Internal Equity Generation / Previous Year's Equity	25.13	23.43	28.25
3. Equity / Total Assets (Standard Ratio)	9.48	9.53	9.28
4. Equity / Total Liabilities	10.47	10.53	10.23
5. Free Equity / Total Receivables Ratio	1.37	4.05	4.07
6. Tangible Assets / Total Assets	8.24	5.89	5.49
7. Intangible Assets / Total Assets	0.02	0.04	0.02
8. Equity / Total Guarantees and Commitments + Equity	7.91	10.31	16.04
III. LIQUIDITY (year end)			
1. Liquid Assets + Marketable Securities / Total Assets	0.42	0.31	0.69
2. Liquid Assets + Marketable Securities / Total Liabilities	0.46	0.35	0.76
3. Short Term Borrowings / Total Assets	85.00	79.33	78.78
4. Net Interest and Commission / Total Assets	5.78	7.87	9.10
5. Liquid Assets + Marketable Securities / Equity	4.42	3.29	7.47
IV. ASSET QUALITY			
1. Loan and Receivable's Loss Provisions / Total Loans and Receivables	2.76	2.65	2.64
2. Total Provisions / Profit Before Provision and Tax	33.52	61.13	42.75
3. Impaired Receivables / Gross Receivables	2.96	4.92	5.33
4. Impaired Receivables / Equity	28.49	47.01	54.62
5. Loss Reserves for Receivables / Impaired Receivables	93.01	53.83	49.42
6. Collaterals / Total Receivables	1,017.56	831.96	598.49
7. Total FX Position / Total Assets	0.00	0.00	0.00
8. Total FX Position / Equity	0.00	0.00	0.00
9. Assets / Total Guarantees and Commitments + Assets	47.54	54.68	100.00