

PRESS RELEASE

İstanbul – March 29, 2016

JCR Eurasia Rating

has revised the credit ratings of “**Çağdaş Faktoring A.Ş.**” and ‘**Cash Flows of the Bond Issuance**’ and affirmed the ratings as “**A- (Trk)/Stable**” on the Long Term National Local Scale and as “**BBB-/Stable**” on the Long Term International Foreign Currency Scale.

JCR Eurasia Rating has revised the credit ratings of “**Çağdaş Faktoring A.Ş.**” and ‘**Cash Flows of the Bond Issuances**’ and affirmed the high investment grade ratings as “**A- (Trk)/Stable**” Long Term National Scale. The details of the affirmed ratings are listed in the table below:

Long Term International Foreign Currency	:	BBB- / (Stable Outlook)
Long Term International Local Currency	:	BBB-/ (Stable Outlook)
Long Term National Local Rating	:	A- (Trk) / (Stable Outlook)
Short Term International Foreign Currency	:	A-3 / (Stable Outlook)
Short Term International Local Currency	:	A-3 / (Stable Outlook)
Short Term National Local Rating	:	A-1 (Trk) / (Stable Outlook)
Sponsor Support	:	2
Stand Alone	:	B

The Factoring Sector exhibits one of the highest levels of vulnerability to fluctuations in macroeconomic circumstances and instability. Management policies in the sector are strongly influenced by the changes in economic outlook and regulatory pressures from the Banking Regulation and Supervision Agency (BRSA). In line with the undertaken reforms, the sector’s legal infrastructure has been improved with regards to effective surveillance and control. As such, the mandatory installation of information, risk measurement and internal control systems made a positive contribution to the improvement of the sector’s institutional set-up, and the quality, standardization and transparency of financial reporting practices and facilitated fair competition.

Continuously diversifying its customer base, **Çağdaş Faktoring A.Ş.** currently provides domestic factoring services to SMEs and micro enterprises via its headquarters based in Istanbul and 13 branches located in major cities. The building purchased in 2015 to be used as the new headquarters is expected to be functional in 2017, upon renewal and renovations. The new head office complex, situated in a location with high valuation potential is expected support the balance sheet structure in the following periods.

Çağdaş Faktoring A.Ş. maintained its low risk concentration per customer driven by its large active customer base, despite of rapid asset growth period. The existence of several risk limits per sector, customer and cheque drawer guides the receivable portfolio management of the Company which managed to maintain its asset and equity returns owing to its high interest margins. On the other side, the global and domestic macroeconomic pressures, sharp foreign currency movements and the volatilities in 2016 incurred erosive effects on the manufacturing and services, pressurizing the asset quality if the Sector and raising the impaired receivable balance. In tandem with the Sector, **Çağdaş Faktoring**’s impaired receivable balance and NPL ratio displayed an increase and coupled with the large leverage level pressurized the rating to a certain extent. Nevertheless, the Company’s solid asset growth, efficient risk management, corporate governance structure supported with positive developments particularly in 2015 and effective management profile, above average interest margins and asset quality along with the diversified funding base comprise the foundations of the affirmation of “**A- (Trk)/Stable**” Long Term National Rating.

Asset quality, interest margin and liquidity availability of the factoring sector, which is firmly dependent to macroeconomic outlook, expectations and uncertainties of the domestic market, are expected to influence the Company’s operational environment. **JCR ER** will continue to monitor the sales volume, funding, maturity structure, interest margin, financial leverage and asset quality of **Çağdaş Faktoring** whose risk oriented corporate governance structure is helpful for elimination of the drawbacks of the Sector to a certain extent.

Sponsor support potential has been evaluated considering the financial and operational power and willingness of shareholders. In this context, regarding the business background of the main shareholder Dikran GÜLMEZGİL, profitability, dividend payment policy and growth performance of the Company, **Çağdaş Faktoring**’s Sponsor Support Grade has been assigned as **(2)**, which indicates adequate level. Stand Alone Rating of the company demonstrates the capacity to generate resources internally without depending its shareholders or any other entity. Considering the interest margin, liquidity level and maturity structure of liabilities and internal resources of the Company, Stand Alone Rating of **Çağdaş Faktoring** has been determined as **(B)** that corresponds to satisfactory level.

For more information regarding the rating results, you may visit our internet site <http://www.jcrer.com.tr> or contact our analysts **Mr. Özgür Fuad ENGIN**.

JCR EURASIA RATING
Administrative Board