

## PRESS RELEASE

### Istanbul – August 11, 2014

#### JCR Eurasia Rating

has assigned the credit ratings and outlooks of **ÇAĞDAŞ FAKTORİNG A.Ş.**  
as '**BBB (Trk)**' / **Positive** on the Long Term National Scale  
and '**BBB-**' / **Stable** on the Long Term International Scale  
regarding '**Cash Flows on Prospective Bond Issue**'

JCR Eurasia Rating has assigned investment grade credit ratings of '**BBB (Trk)**' / **Positive** on the Long Term National Scale and '**A-3 (Trk)**' / **Stable** on the Short Term National Scale to "**Çağdaş Faktoring A.Ş.**". JCR Eurasia Rating has assessed the Long Term International Foreign Currency and Local Currency ratings as '**BBB-**'. Other notes and details of the ratings are given in the table below:

Long Term International Foreign Currency	: <b>BBB-</b> / (Stable Outlook)
Long Term International Local Currency	: <b>BBB-</b> / (Stable Outlook)
Long Term National Local Rating	: <b>BBB (Trk)</b> / (Positive Outlook)
Short Term International Foreign Currency	: <b>A-3</b> / (Stable Outlook)
Short Term International Local Currency	: <b>A-3</b> / (Stable Outlook)
Short Term National Local Rating	: <b>A-3 (Trk)</b> / (Stable Outlook)
Sponsor Support	: <b>3</b>
Stand Alone	: <b>BC</b>

The transformation period of the Factoring Sector began with the takeover of supervisory and regulatory activity by the Banking Regulatory and Supervisory Authority (BRSA) in 2006 and continued with the new legal framework that came into force at the end of FY2012. The reputation of the sector was enhanced through the identification of factoring companies as financial institutions. As such, nearly 122 non-banking financial institutions, including 77 factoring companies, were brought together under a single association constituted by the new legal framework, improving its overall standing and reputation and forming the necessary legal foundations for its effective oversight and regulations. The sector, which primarily aims to meet the financing needs of Small and Medium Sized Enterprises (SMEs), maintained its continuous growth since 1988 with the exception of recessions and exhibits a positive future outlook, despite short-term challenges, through its ability to rapidly adapt to changes in market conditions owing to its short-term receivables dominated balance sheet structure, SME- dominated commercial environment of Turkey and low level of penetrations along with the support offered by the current legal regulations governing activity.

**Çağdaş Faktoring A.Ş.**, which went into business in 1994, maintains its activities on a national scale via its headquarters and network of 8 branches, 5 of which became operational in the current fiscal year which is considered to be relatively far-reaching across non-bank affiliated companies in the factoring sector, traditionally dominated by bank-affiliated companies and characterized by highly intense competition. The Company managed to overcome the negative impact of relatively high financing expenses on its profitability performance and the comparatively high share of operational expenses among total revenues despite the recent improving trend through an effective pricing policy enabled by a large customer base which contributed to its asset quality and credit risk level. The Company re-focused on its operations in 1H2010 following a one-year break and had an equity level that maintained a downward trend due to the heavy dependence on external funding, despite managing to meet the minimum legally required level and ratios. Low level of customer concentration, a balance sheet structure that forms a negligible market risk and the absence of off-balance sheet commitments and contingencies are the major factors contributing to risk levels.

The re-structuring efforts that aim to increase the effectiveness of the operational, corporate and risk management practices following the changes in the executive management in the last quarter of 2013, the expanding network which grew further via the opening of five additional branches, the short-term projections of paid-in capital increase, sale of the NPL portfolio and debt instrument issuance in line with the current balance sheet composition and 1H2014 results which exceeded 2013 year-end results with respect to asset size and net profit formed the principle factors underlying the '**Positive**' assignment of its Long-Term National Ratings.

It is considered that the major controlling shareholder, Dikran **GÜLMEZGİL**, has the willingness and experience to ensure long term liquidity and equity within his financial capability when required and to provide operational support to **Çağdaş Faktoring A.Ş.** if necessary. In this regard, the Company's Sponsor Support Grade has been assigned as **(3)** in the JCR Eurasia Rating notation system.

On the other hand, taking into account the Company's improving organizational structure, rising market efficiency, broad customer base and low credit risk concentration, JCR Eurasia Rating has reached the conclusion that the Company has the sufficient experience and infrastructure to manage its obligations regardless of any assistance that may be provided by the shareholders, providing that it maintains its customer base, improves market efficiency and reflects its revenue generation capacity to profitability. Within this context, the Stand Alone grade of the Company has been determined as **(BC)** in the JCR Eurasia Rating notation system.

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

#### JCR EURASIA RATING Administrative Board