Corporate Credit Rating

(Update)

Factoring

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

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

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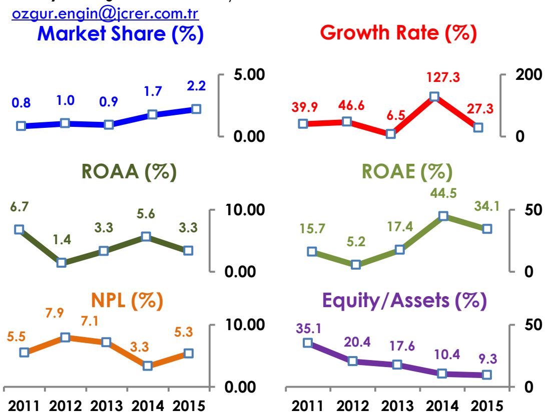


ÇAĞDAŞ FAKTORİNG A.Ş.					
Financial Data	**2015***	**2014***	**2013***	**2012***	**2011***
Total Assets (000 USD)	217,440	197,897	94,781	106,626	68,440
Total Assets (000 TRY)	584,110	458,904	201,921	189,538	129,277
Equity (000 TRY)	54,231	47,531	35,489	38,597	45,343
Net Profit (000 TRY)	13,426	14,407	3,657	2,079	5,817
Market Share (%) (by asset size)	2.19	1.74	0.93	1.04	0.83
ROAA (%)	3.32	5.59	3.29	1.37	6.70
ROAE (%)	34.07	44.46	17.36	5.20	15.74
Equity/Assets (%)	9.28	10.36	17.58	20.36	35.07
NPL (%)	5.33	3.31	7.11	7.90	5.46
Growth Rate (%)	27.28	127.27	6.53	46.61	39.88

*Audited, Year-End

Overview

Çağdaş Faktoring A.Ş. (hereinafter referred to as Çağdaş Faktoring or the Company), continues to operates as one of the prominent non-bank owned factoring companies with its market share qualifying for the 2% and higher bracket in a fragmented market. The Company's experience in the sector exceeds 20 years, underpinning its profile as one of 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 and Barokas Families, with 80% and 20% respective shares and several projects to improve its corporate governance policies and standards have been undertaken in the recent years.

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 13 branches located in major cities. As of FYE2015, the Company had 155 employees.

Strengths

- Ability to generate and preserve Sector outperforming interest margins, boosting the returns and supporting the equity base with internally generated resources
- Steady loanbook and turnover growth, surpassing the Sector amidst of volatile business environment,
- Acceptable borrower and cheque drawer concentration, despite an increase over the previous year,
- Stable and experienced management team with an emphasis on adoption of corporate governance best practices & efficient internal control mechanisms
- Insignificant foreign currency position, granting near immunity to volatilities in the FX market

Constraints

- Rising impaired receivables balance and ratio, reflecting the constrained business environment
- Facilitation of relatively more costly factoring borrowings, raising the total financing costs
- Predominantly short-term funding structure, though commonly observed in the Sector
- High level of competition in Turkish Factoring Sector and pressures to continuously squeeze costs
- Constrained economic global outlook due to volatilities in the markets, uncertainties covering interest rate policies and security risks

1. Rating Rationale

This report is based on the independent audit report of Çağdaş Faktoring, in addition to the statistical data on the sector produced by BRSA. Additionally, JCR Eurasia's own analyses, estimations and calculations were incorporated into the report. The clarifications related with the current operations and updates to the corporate structure of Çağdaş Faktoring are provided by the Company 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 26.7bn and involved 66 factoring companies.

The national and international ratings are determined with respect to the Company's asset quality, loan book growth, profitability indicators, interest margin, capitalization level, indebtedness ratio and funding sources on the financial side; while the business position, branch network, risk management system and processes, projections of the management and external factors such as macroeconomic outlook and regional developments are integrated into the analysis.

Primary drivers of the rating are;

Consistently Above Average Interest Margins, Creating Superior Returns on Assets and Equity

Çağdaş Faktoring operates with notably larger interest margins compared to the Sector averages due to its business model. The Company has been able to maintain an average interest margin of approximately 9%, whereas the Sector figures stood around 5%. While the larger non-equity financing and use of factoring borrowings pushed the financing costs of the Company, Çağdaş Faktoring manages to extract additional value per committed loan from its customers. Consequently, the Company's return on assets and equity were considerably higher than its peers.

Sustainable Loan Book Growth, Capitalizing on the Branch Network Investments and Sales Force

Çağdaş Faktoring upsized its branch network in the previous periods in an effort to increase its penetration in key market and enter into new markets in different regions. The concentrated efforts of the Company to boost its loan book yielded noteworthy asset growth performance. The compound annual growth rate of Çağdaş Faktoring between 2010-2015 period was 44.59% with the latest annual growth rate reaching 27.28%. The relatively pressurized economic outlook and uncertainties

Dispersed & Growing Customer Base and Acceptable Cheque Drawer Concentration

The active customer base of the Company has been steadily increasing in tandem with the asset size, reflecting the diversified loan book portfolio rather than reliance on sizable loans. The Company's internal guidelines, risk concentration limits and diversification policy prevents potentially risky levels of concentration. The clustering in terms of the cheque drawers, the ultimate obligors of the factoring receivables, displayed an increase over the previous year. However, the concentration limits are found within acceptable levels. The breakdown of the loan portfolio with respect to the sectors of the borrowers displays similarities to the local economy's dynamics.

Effective Use of Money Market Issuances and Diversified Borrowing Profile

The Company's funding structure comprises of bank loans, factoring borrowings and bond issuances, in addition to the equity base corresponding to 9.28% of assets. Çağdaş Faktoring is a frequent user of the money markets, diversifying its fund mix with various sources. While the factoring borrowings are relatively more costly than traditional bank loans, the flexibility provided via the fund mix allows operational efficiencies to the Company. Çağdaş Faktoring plans to continue bond issuances in the following periods, provided that the market conditions do not deteriorate.

Insignificant Foreign Currency Position, Effectively Eliminating the FX Risk

Çağdaş Faktoring's functional currency is TRY and the Company does not have foreign currency exposure on its balance sheet. In this regard, the Company is virtually impervious to the sharp volatilities in the FX markets. While the erosive effects of foreign currency appreciation constrains the financial viability of borrowers/customers with notable short positions, potentially impacting Çağdaş Faktoring's loan book composition; resilience of the Company to such movements support the overall asset quality.

Raising NPL Balance and Ratio as the Economic Conditions are Constrained, Pressurizing the Borrowers' Financial Viability

In the wake of scanty customer confidence, rapid depreciation of TRY, political uncertainties and limited global economic performance several sectors and commercial entities, SMEs in particular suffered notably. The deterioration in the liquidity conditions and debt service capacity of the borrowers were reflected on the factoring sector as in larger impaired receivables balances. Consequently, the NPL ratios displayed an increase in 2015. The constrained economic outlook and uncertainties are considered as downside risk factors for the following periods.

Notable Leverage Level, Fueled by Rapid Growth in the Recent Years, Despite of the Legally Compliant Capitalization

Accelerated growth performance of the Company was mainly fueled with external funding, raising the asset to equity ratio to 10.77 as of FYE2015 from 9.65 in 2014. The leverage distribution of the Sector is right skewed due to outliers yet the median ratio is around 5, denoting the notably high leverage of Çağdaş Faktoring. On the other side, the Company's shareholders maintain a retention ratio of above 50% and systematically increase the paid-in capital via internal funds, supporting the equity base to a certain extent.

Potential and Ongoing Uncertainties Arising from Domestic and Global Economic and Political Risks, Disrupting the Risk Appetite and Asset Quality of Lenders

Factoring sector is sensitive to the economic prospects and the consumer confidence due to the fast paced nature of the business. The political and economic uncertainties, growing insurgency in the Middle East and spillovers, disappointing global economic performance and volatile currency rates with decoupled monetary policies of developed countries are evaluated as potential downward risk factors. The subsequently tightened or potentially altered policies of the banking sector as a reaction to aforementioned downside risks might disrupt the liquidity chain of the economy. On the flipside, migration to the factoring sector might provide growth opportunities, provided that the riskiness of the borrowers and the cheque drawers are prudently evaluated.

Accounting for the aforementioned factors, affirmed 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

JCR Eurasia Rating has affirmed the **'Stable'** outlook on the National Long Term Rating of **Çağdaş Faktoring A.Ş.** based on the global and domestic macroeconomic prospects of Turkey, decoupled and uncertain monetary policies of the developed countries and their potential impact on the local economy, volatilities in the FX markets, the Sector's growth projections, financial leverage of the Company and the corporate governance structure. The outstanding and planned debt instruments issuances are also evaluated in the determination of the outlook.

JCR Eurasia Rating evaluated The Company's International Long and Short Term Local Currency Ratings in line with the Long Term Sovereign Rating outlook of the Republic of Turkey.

Potential loss of flexibility in financing, deteriorating asset quality and liquidity profile, decreasing investor appetite and growing turmoil in the domestic and international markets, inability to preserve interest margins are evaluated as potential factor necessitating downward pressure on the outlook.

Conversely, further amelioration of profitability indicators particularly due to rapid collections of impaired receivables and further interest margin premium, solid growth, reduction in the financing costs and robust economic growth in the domestic and international markets are possible factors a positive rating outlook. However, the Company's already high rating denotes the need for exceptional developments to rationalize an even further upward rating action.

3. Sponsor Support & Stand Alone Assessment

The willingness and the capacity of the shareholders to provide support to the Company in case of need is evaluated with respect to the financial strength of the key shareholders, the long track record of the Company, the historical profitability performance and dividend payout & retention policy. In this regard, the Sponsor Support Grade is affirmed as **'2'** reflecting an adequate financial and operational support by the shareholders.

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

4. Company Profile

a) History & Activities

Çağdaş Faktoring is one of the first factoring companies in Turkey, founded as Çağdaş Finans Faktoring Hizmetleri A.Ş. in early 1994. It is renamed as Çağdaş Faktoring in 2012. The Company's capital base, supported with internally generated revenues, exceeded the minimum threshold required by the BRSA before the regulation took effect in 2015.

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.

b) Organization & Employees

Çağdaş Faktoring is organized as a head office and branches across country, reporting to the centre. The central 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.

Cagdas Faktoring had 13 branches in 10 cities, including Istanbul, Ankara, Bursa, Izmir, Gaziantep, Samsun, Adana, Antalya, Konya, Kocaeli. The Company's branch count and the subsequent size of operations increased in the previous periods. Accounting for the macroeconomic outlook and pressing uncertainties, Cagdas Faktoring does not plan to expand its network in 2016.

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. As of December 2015, the Company employed 120, on average.

c) Shareholders, Subsidiaries & Affiliates

The Company is owned by Gülmezgil and Barokas Families, commanding 80% and 20% of shares respectively. The paid-in capital of Çağdaş Faktoring was TRY 30mn, in excess of the TRY 20mn threshold required by the BRSA. The Company did not have any subsidiaries or affiliates as of FYE2015. The details of the shareholding structure are displayed in the table below. The Company plans to increase the paid-in capital to TRY 40mn by the end of 1Q2016.

Çağdaş Faktoring A.Ş.	Share %			
Shareholding Structure	2015*	2014	2013	2012
Dikran GÜLMEZGİL	58.80	58.80	59.77	59.74
Metin BAROKAS	20.00	20.00	30.00	30.00
Melissa GÜLMEZGİL BAĞ	19.00	19.00	9.00	9.00
Nadya GÜLMEZGİL	1.20	1.20	1.20	1.20
Other	1.00	1.00	0.03	0.06
Total	100.00	100.00	100.00	100.00
Paid Capital (TRY 000)	30,000	28,000	20,000	20,000

* Paid-in capital will be increased to TRY 40mn via internal resources in March 2016.

d) Corporate Governance

BRSA regulates the factoring sector in Turkey and defines the minimum disclosure requirements. Their financial reporting is done in accordance with the BRSA template and is audited by independent audit companies. In this regard, the reporting standards, transparency and overall corporate governance quality of the factoring companies satisfy fundamental expectations.

Cagdas 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. Çağdaş Faktoring has a clearly defined risk management, credit allocation and internal control policy where the responsibilities of the functions are organized within a certain framework. The Company's corporate webpage hosts and publishes information about the financial statements, senior management, the Board, minutes of annual general assemblies. On the other hand, the webpage does not have an English version catering to the international investors.

The Company's human resources policy is documented and made written, providing a baseline for fundamental HR activities such as recruitment, performance appraisal, promotion, compensation and dismissals, and it aims to establish an objective and widely accepted management structure. The responsibilities of each position are stated in the aforementioned policy. The executive team of the Company are experienced in their respective areas and financial sector.

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.

The Company improved the corporate governance quality in the recent years with the adoption of several standards and policies concerning transparency, disclosure, internal & external reporting and internal control systems.

e) The Company & Its Group Strategies

Çağdaş Faktoring is focused on sustainability and profitability, emphasizing the long term vision of the Company. The Company established risk monitoring, market intelligence procedures in order to accurately and pre-emptively manage the risks of the factoring receivables due from its customer portfolio. 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 64 companies with different ownership and management structures, customer bases, scope of services, operational business models and strategies, profitability and risk preferences, branching facilities, access opportunities to customers and markets, funding sufficiency, operational capacities on a local and/or international scale. As of FYE2015, the sector reached a total asset size of TRY 26.7bn and equity of TRY 4.6bn.

Providing guarantees, financing and collection services faster than banks in return for the assignment of spot and deferred receivables arising from the sale of products and services domestically and overseas, the sector continued its institutionalization, branching and extension of customer base activities in 2015.

However, a significant number of companies operating in the sector do not possess the necessary capabilities to provide "collection" services and export factoring. The certification of part of the assignment claims via postdated checks has transformed the business model of some factoring companies into one which is predominantly occupied with the discount of small volume checks.

The practice of selling non-performing receivables to asset management companies is increasingly utilized by factoring companies in a similar fashion to that of banks. The Factoring Sector displays a higher level of sensitivity to changes in economic conjecture in comparison to banks, while regulatory pressures from the Banking Regulation and Supervision Agency (BRSA) continues to create difficulties in management policies across the sector.

Demand for Factoring Sector services result from the predominance of Small and Medium Sized Enterprises (SME) in production activities. The sector mainly concentrates on the energy, textile, transportation vehicles, main metal and machinery industries. Although the energy sector, covering nuclear fuel, petroleum and coal products, dominated the factoring sector in 2015, the energy sector's share fell in comparison to 2014.

Expectations of greater consolidation in the sector, as a result of obligatory increases in minimum capital levels to TRY 20mn, were somewhat realized in 2015. Some companies operating in the sector have either halted operations or merged with other companies from within the sector, eliminating further consolidation risk. Funding costs continue to maintain their principal importance for the sector while risk preferences and risk management practices are factoring firms' major determinants of the end of the year performance. A total of 12 firms exited the sector and been decertified due principally to the increase in the paid in capital obligation and sector-wide profitability problems, decreasing the number of factoring companies from 76 to 64 in 2015. However, the total asset size and market share of these companies are not considered as significant to affect the factoring system in general. On the other hand, the capital structures of the remaining companies have been strengthened as a result of the minimum capital level obligation.

Although non-performing receivables, collection problems and decreasing profit margins have created difficulties for the sector in 2015, factoring companies are expected to adjust to these changes with the help of the adaptable nature of the sector. Growth in both customer numbers and operational volume is expected to continue at an increased pace in 2016.

A significant number of factoring companies operate as subsidiaries of banks or bank affiliated firms. The principal feature of such factoring companies is their ability to carry out operations with lower equity, higher external resources, access to large loans and customers, large asset levels and possession of risks with lower profile and lower levels of profitability. On the other hand, non-bank subsidiary factoring companies are characterized by low asset and high NPL levels, high interest margins, low external financing, high equity and profitability levels along with narrow opportunities for access to loans and customers.

The establishment and working conditions of factoring companies are regulated by the BRSA and are organized under the Financial Institutions Union. The employment of managers with good education and sufficient vocational experience, establishment of sound information systems and the identification and evaluation of risks remain legal requirements of the sector. Following the adoption of a centralized billing system, the duplicate assignment of receivables arising from the sale of products and services have been prevented and thus transparency increased. A law introducing the establishment of a Centralized Billing Recording System under the **"Financial Institutions Union"** and enhanced opportunities to gather data from the Risk Center under the Turkish Banking Union is expected to improve the sector's ability to access higher quality data, contributing to its asset quality.

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. Greater progress than the current achievements regarding the sector's effectiveness and standardization will be in line with the performance expected from the **"Financial Institutions Union"**.

The Turkish bond market has provided Turkish factoring companies opportunities to diversify their funding streams since FY2010. However, the principal sources of funding for non-banking financial institutions are external and are provided through the Turkish Banking System, while the trend to access funds from capital markets via debt instruments remains rather weak.

Turkey is currently ranked 13th in the world and 8th in Europe in terms of the size of its factoring sector. Turkey is also ranked 2nd on a global basis in export factoring transactions after China. The shareholder structure and management teams of factoring companies are subject to rapid changes due to a comparatively large market entry and exits derived from the intensely competitive environment in which they operate.

The Factoring Sector exhibits one of the highest levels of vulnerability to fluctuations in macroeconomic circumstances and instability. Management policies in the sector become more difficult mainly due to changes in economic conjuncture and regulatory pressures from the BRSA.

THE KEY INDICATORS OF TURKISH FACTORING SECTOR							
(000.000)	2015	2014	2013	2012	2011	2010	2009
Asset Size-TRY	26,716	26,515	21,790	18,146	15,622	14,463	10,490
Asset Size-USD	9,155	11,395	10,228	10,208	8,270	9,406	7,053
Equity-TRY	4,627	4,442	4,015	3,856	3,377	2,940	2,537
P/L-TRY	395	616	477	581	447	368	309
ROAA %	1.93	3.20	2.97	4.50	3.43	3.98	4.62
ROAE %	11.34	18.25	15.08	21.00	16.87	18.11	17.22
NPL Ratio%	5.49	4.83	4.70	4.69	3.94	4.07	5.88
Equity / T. Sources	17.32	16.75	18.42	21.25	21.00	20.33	24.19

The Factoring Sector has a relatively low free floating rate and enjoys a small share across the wider Turkish financial services sector. 63 of the total 64 companies are located in Istanbul while 1 is based in the capital, Ankara.

Funds obtained by the Factoring Sector largely belong to companies that are subsidiaries of banks or ones that have banks among the wider group, making it more difficult for non-bank affiliated factoring companies to carry out their intermediary function.

As of FYE2015, the total asset size of Turkish factoring companies was TRY 26,716mn, with an equity of TRY 4,627mn. Throughout its 26-year history, the Turkish Factoring Sector has maintained a consistent growth trend with the exception of 1994 and 2001 during which the sector underwent contractions of 10.31% and 40.23%, respectively. Between 2006 and 2015, the Factoring Sector exhibited a cumulative growth rate of 404.08%. The growth rate for the last financial year was 0.76%.

Factoring receivables constitute the largest item among the sector's assets with a share of 95%, whilst loans enjoyed the largest share among its resources with a 67.39% share. The sector primarily utilizes short-term bank loans in order to meet its funding requirements and its inability to diversify its resource base remains an inherent feature of the sector. However, bond issues began to slowly gather momentum since 2008 and accelerated in 2012. As a result, bond issuances comprised 12.25% of the sector's total asset size in 2014. The share of equity among total resources of the sector stood at 17.32% and displayed a downward trend within total liabilities. In line with the new regulations, factoring companies are obliged to have a standard ratio which dictates that the share of equity to total assets shall not fall below 3%.

In 2014, the risk concentration of factoring companies primarily focused on the manufacturing industry with a share of 56.50%, the largest sectors being nuclear fuel, oil and coal products, textile and textile products, metal industry, processed material products, and transportation vehicles. Across the services sector, the largest levels of concentration were observed in the sectors of wholesale and retail trade, motor vehicle services, construction, logistics, storage, and communications.

The sector's non-performing receivables to total receivables ratio increased from 4.83% in 2014 to 5.49% in 2015. However, speculation in the market exists regarding the level of additional non-performing receivables that have not yet been recorded to the balance sheets of the sector. The ratio of non-performing receivables to equity reached 31.5% in the sector. Provisions made regarding the non-performing receivables increased from 32.04% in 2014 to 50.37% in 2015, which has negatively influenced the financial performance of the sector. The main reason for the increase in non-performing receivables is the decreasing growth rate of the economy.

Factoring sector profitability indicators are currently following a downward trend and stood below those of FY2014 and of the Banking Industry as of FY2015. **ROAA** (Return on Average Assets) and **ROAE** (Return on Average Equity) indicators attained values of 1.52% and 13.39%, respectively, for the Banking Sector in comparison to the Factoring Sector's ratios of 1.93% and 11.34%, respectively. When the share of equity to total assets is taken into consideration, the Factoring Sector has a higher level of equity compared to the Banking Sector. As such, the Equity/Total Assets ratio for the Factoring Sector in 2015 attained a value of 17.32% in comparison to the Banking Sector's value of 11.12%. The provision rates for the non-performing loans across the factoring sector outpaced that of the Banking Sector from FY2012 onward.

Bank affiliated factoring companies carry a competitive advantage in comparison to non-bank affiliated firms with regards to competition, access to funding, scale of service provision and alternative distribution channels, resulting to a competitive distortion. The return on loans and assets across the sector underwent significant changes throughout FY2015 and as the increases in asset returns could not cope with the increases in interest rate sensitive resources, break-even interest rate settled at 12.34%. The most important outcome was the rapid decline of the net interest rate margin from 1.31% to 0.74%.

RETURN - COST RATIO ANALYSIS FOR FACTORING INDUSTRY

Asset Return	2015	2014	2013
Loans Interest Yield	13.10%	11.68%	8.48%
Return of the Commissions	1.18%	1.07%	1.00%
FX Return or Cost	0.21%	-0.03%	0.30%
Return/Cost of other Operations	1.59%	2.04%	1.18%
Loans Total Return	**16.08%**	**14.77%**	**10.96%**
Cost of Non-Earning Asset	**-0.50%**	**-0.46%**	**-0.34%**
Asset Return	**15.58%**	**14.31%**	**10.62%**

Cost of Liabilities	2015	2014	2013
Interest Cost for Cost Bearing Resources	9.48%	7.77%	4.70%
Commission Cost of Cost Bearing Resources	0.00%	0.00%	0.00%
Return on Non-Cost Bearing Resources	-0.54%	0.17%	1.09%
Cost of Liabilities	**8.94%**	**7.94%**	**5.79%**

Net Profit Margin	2015	2014	2013
Interest and Commission Margin	**6.65%**	**6.37%**	**4.83%**
The Cost of Provisioning Expenses	-1.96%	-1.37%	-1.14%
The Cost of Activities Expenses	-3.95%	-3.69%	-3.41%
Net Profit Margin	**0.74%**	**1.31%**	**0.28%**

Break-Even Analysis	2015	2014	2013
Break-even point in Terms of Interest	**12.34%**	**11.39%**	**10.95%**
Break-even point in Terms of Loan size-TL	**24,292.98**	**20,413.98**	**18,406.96**

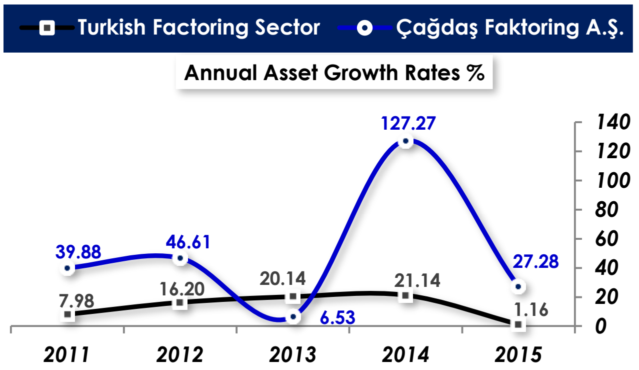
As of 2015, regulations allowing factoring companies to benefit from Central Bank sourced export rediscount credits through Türk Eximbank on export related operations has ended the sector's disadvantage in terms of export financing operations.

6. Financial Foundation

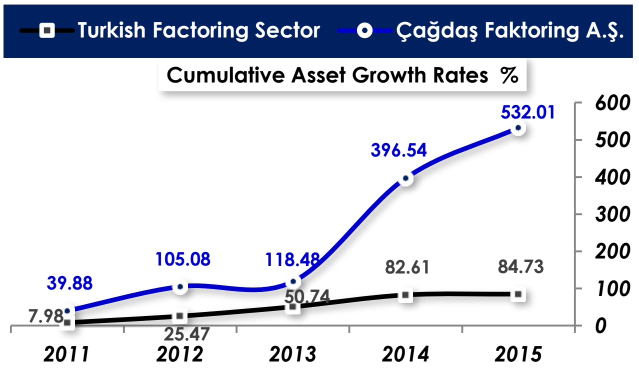
a) Financial Indicators & Performance

- **Indices Relating to Size**

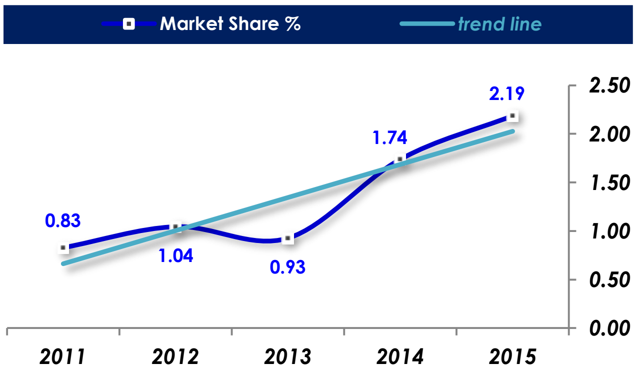
The constrained national and global economic performance experienced in 2015 and the large base effect in the previous year was translated into a relatively smaller yet strong asset base growth through FYE2015. The Company's both active and total customer base increased notably, 2.54% and 15.87% respectively. The factoring receivables reached TRY 525.70mn as of FYE2015, displaying an increase of 19.10% compared to 1.15% of the Sector's.



Over 2011-2015, Çağdaş Faktoring achieved a cumulative growth of 532% indicating a CAGR of 44.59%, while the factoring sector grew 84.73% cumulatively, denoting a CAGR of 13.06%. The Company's strong and steady growth allows for greater operational flexibility and more efficient use of operation resources, as evidenced by declining operating expenses to average assets.



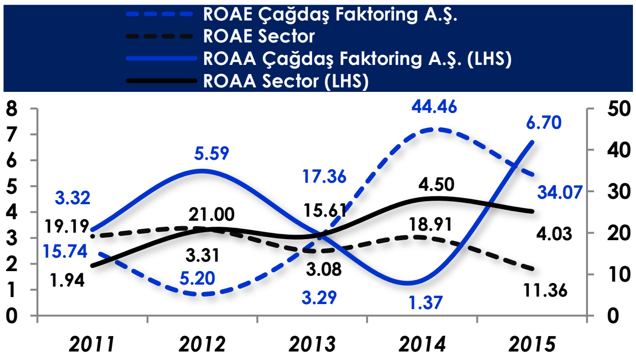
Çağdaş Faktoring's steadily increasing asset base and faster growth performance compared to the Sector helped penetrate the market a further notch in 2015. As of FYE2015, the Company's market share by assets and factoring receivables were 2.19% and 2.20%, respectively. The Company expects to boost the factoring receivable market share further to 2.20% and 2.86% in 2016 and 2017.



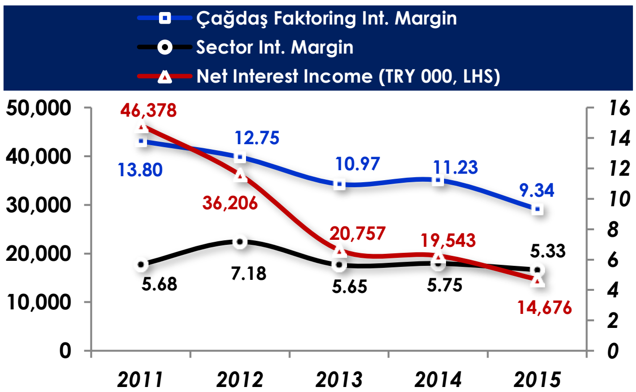
The Company aims to maintain the concentration in terms of factoring borrower and cheque drawer. The cumulative balance of the top 50 customers and drawers were 33.49% and 15.27% respectively as of FYE2015. The sustainable growth of the loanbook without violation the existing concentration thresholds necessitate continuous expansion of the marketing activities.

- **Indices Relating to Profitability**

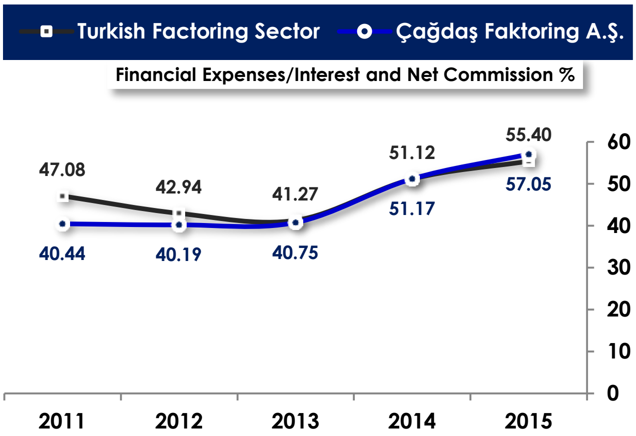
The Company's net interest income increased by 28.09% to TRY 46.38mn as of FYE2015 as the average factoring receivables grew by 52.86% in the last two periods. The notable loan book growth as passed on the to the interest income, helping the Company to report superior return on asset and equity metrics in 2015. On the other side, pressurized global and local economic performance and other macroeconomic risk factors affecting the financial viability of the borrowers might limit the growth opportunities for the sector as a whole or increase the downside risks related with non-performing receivables and subsequent provision expenses.



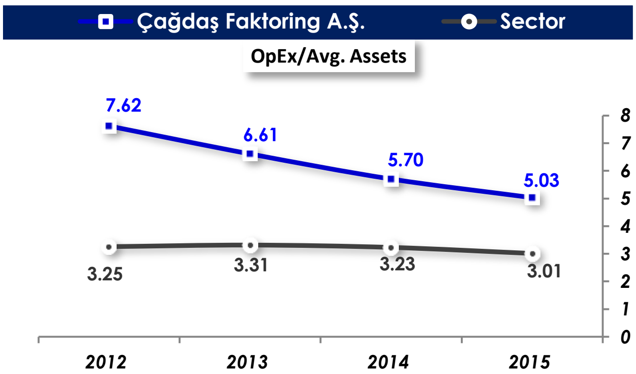
The Company's interest margin evaluated as net interest income to average earning assets was 9.34%, indicating the risk/return profile of the customer base and lucrative business model. On the flipside, riskiness of the high margin customers might induce pressure on the asset quality in the following periods, considering the uncertainties & macroeconomic stress factors.



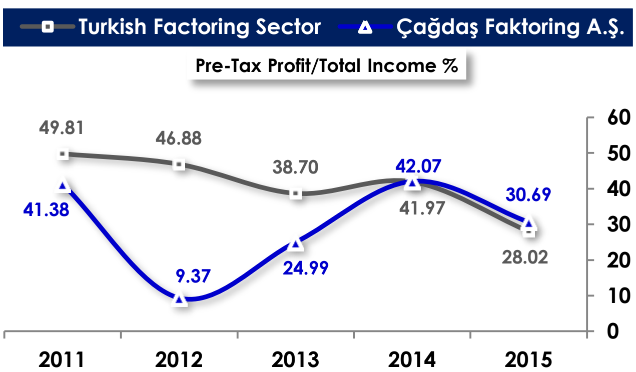
Interest expenses to interest and commission income positively decoupled from the Sector in the last two periods. The ability of Çağdaş Faktoring to charge higher rates compared to the Sector, despite its smaller earning assets to costly liabilities level due to greater use of leverage. As a caveat, the existence of certain outliers in the Sector is acknowledged, raising the average equity to assets level.



The operating expenses to average assets continued to display improvement due to positive marginal revenue supported via economies of scale. Preservation of the existing operational cost structure is expected to allow further efficiency improvements.

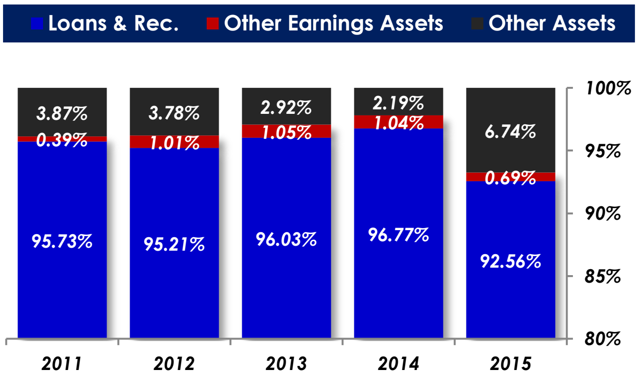


Contracting pre-tax profits to total income illustrates the difficulties experienced in the Sector due to tightening economic conditions. Nevertheless Çağdaş Factoring maintained its superior edge compared to the Sector average as of FYE2015. The outlook of 2016 and the liquidity conditions, coupled with the extent of the deterioration of the financial viability of borrowers will be influential on the bottom-line profitability of the factoring companies.

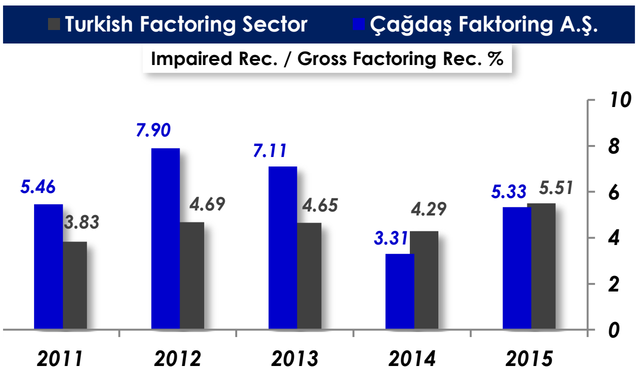


b) Asset Quality

The Company acquired an office building in 2015 for TRY 26.35mn in 2015, altering the asset composition to a certain extent as of year-end. The real estate investment, planned to be used as head office in 2017, supported the resilience of the asset structure to impairments. Moreover, the building's upward valuation potential and the ability to engender liquidity via sell-leaseback or other financing methods would support the funding structure.



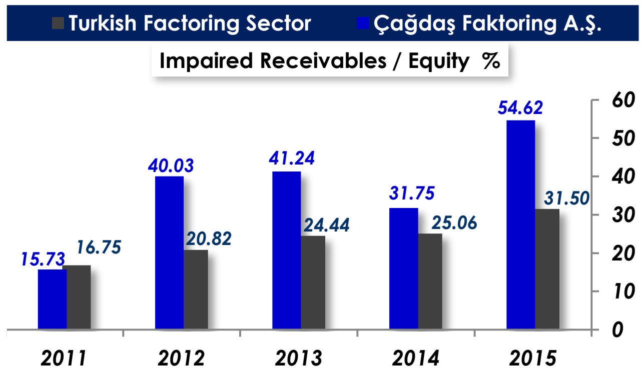
All of the Company's 13 branches were leased, hence the low share of the fixed assets. Factoring receivables of Çağdaş Faktoring, predominantly with recourse clauses, accounted for 92.56% of total assets as of FYE2015. As of 2015 year-end, gross impaired receivables amounted to TRY 29.62mn, increasing from TRY 15.09mn in the previous year. The provisions grew by 18.28%, reaching TRY14.64mn as of FYE2015. The unfavourable and sharp foreign currency fluctuations, meagre consumer sentiment and uncertainties pressurized the liquidity conditions and disrupted the market sentiment, consequently pushing the impaired receivables upwards across the Sector. Çağdaş Faktoring also suffered from rising impaired receivables, and the collection performance of the past-due receivables will have a large impact on the profitability in the upcoming periods due to larger provision coverage requirements across longer delays. Assuming 1% conversion rate of receivables and limited collections, the receivables that have become impaired in 2015 and new additions in 2016 would incur a provision expense of TRY 15-18mn.



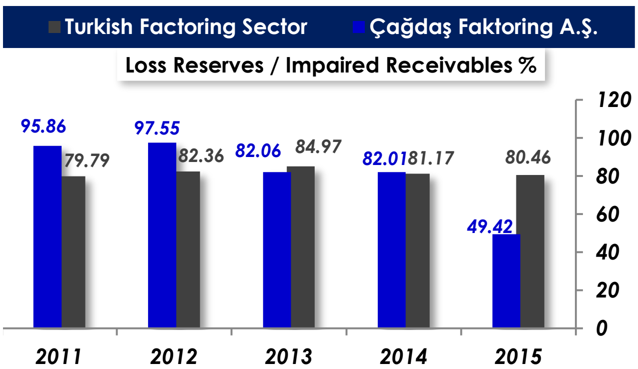
The Company's impaired receivable balance and the net movement of the provisions is displayed in the table below. In 2015, the Company transferred TRY 6.31mn of impaired loans and written off TRY 3.49mn of receivables, which had been completely provisioned.

Non-Performing Loans Ageing Table (TRY-000)			
Year	Annual Turnover	Net Change in Impaired Receivables	Net Change in Provision Balance
...		12,002	8,591
2009	84,337	1,196	4,607
2010	118,450	-4,533	-4,589
2011	514,715	-1,532	-1,771
2012	589,647	8,318	8,235
2013	672,293	-816	-3,064
2014	1,359,280	457	368
2015	1,703,000	14,530	2,262
TOTAL		**29,622**	**14,639**

In 2015, contribution of internally generation resources, equity increased by 9.28%, falling short of the growth of impaired receivable balance, effectively reducing the equity coverage of impaired loans. Nevertheless, the Company is approaching the industry average with its growing equity base.



BRSA regulations require 20%, 50% and 100% provision coverage to impaired receivables which are past due by up to 180 days, 1 year and more than 1 year, respectively. The Company complies with the legal requirements and provisioned at the lower end of the spectrum as the bulk of the delinquent loans were recent additions qualifying for lower provision amounts. Therefore, the Company fell behind the Sector average, though legally compliant. On the other hand, we expect the ratio to recover to the Sector normal as the delinquency period increases and the Company increases the provision amounts allocated to the aforementioned loans.

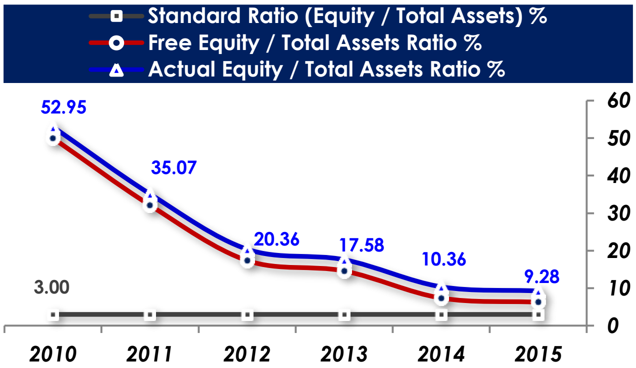


The breakdown of the total factoring receivables in terms of total loan size thresholds and total ticket size are displayed below.

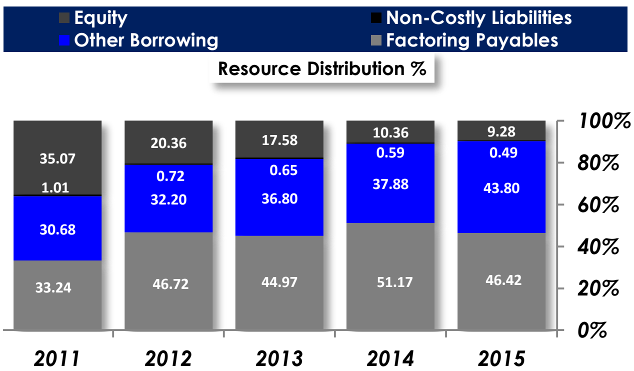
(000 TRY)	Customer Risk Concentration Per Category			Total Ticket Size Per Category		
Size	Count	Loan Size	%	Ticket Count	Value	%
0-250	3,321	172,711	33	24,164	454,526	87
250-500	199	65,596	12	143	44,103	8
500-1,000	100	67,055	13	11	7,312	1
1,000 +	96	219,983	42	23	19,403	4
Total	**3,716**	**525,344**	**100**	**24,341**	**525,344**	**100**

c) Funding & Adequacy of Capital

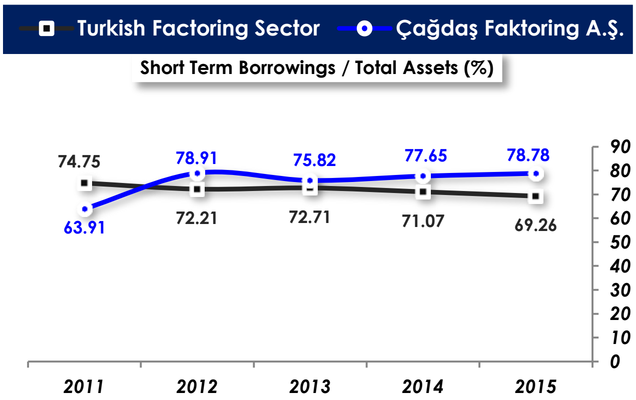
Rapid asset growth of Çağdaş Faktoring in the recent years underpins the reducing standard ratio. While the asset to equity of the Company increased considerably, its paid-in capital of TRY 30mn exceeds the threshold determined by BRSA, TRY 20mn. The management plans to increase the paid-in capital to TRY 40mn in 2016, via the internal funds.



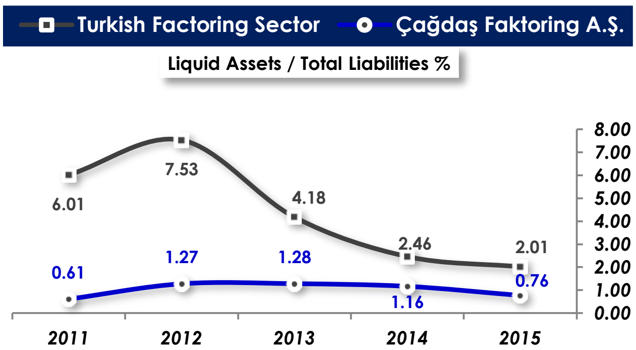
The Company's increasing operational size and receivables were funded with a diversified base comprising factoring payables, bank loans, bond issuances. As of FYE2015, the funds derived from other factoring companies accounted for 46.42% of total assets. The average funding cost of the Company was around 16-17%. The management expects the preserve the margins at around 9% over the estimated funding costs of 16.7-17.7%.



Short term funding is the norm in the Sector, with borrowings with less than 1 year maturity accounting for 69.26% of the assets as of FYE2015. Çağdaş Factoring's maturity profile is more concentrated in the short term due smaller equity funding share. Nevertheless, the Company manages to rollover the bond issuances, effectively using them as long term funds.



The liquidity cushion accounted for 1.16% of total assets as of FYE2015. Due to the quick cash conversion rate of the receivables, estimated as approximately 105 days as of FYE2015, the Company is able to engender funds from its operations in a short period of time. The average maturity of the payables is reported as 152 days.



7. Risk Profiles & Management

a) Risk Management Organization & Its Function – General Information

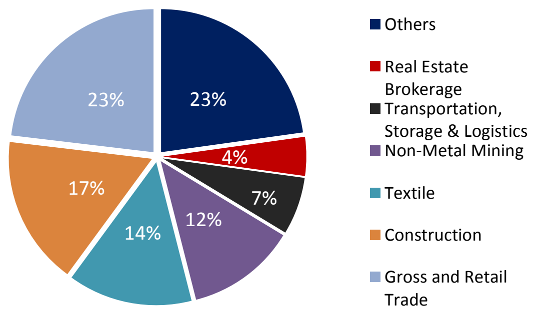
Çağdaş Faktoring is primarily exposed to credit, interest, liquidity and operational risk stemming from its activities and use of financial instruments. The risk management framework is created and maintained at the Board of Directors level and executed at the senior management level. The committees 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.

As of 2015 year end, the concentration of top 10, 20 and 50 customers were 14.17%, 21.82% and 33.49% respectively (FYE2014: 10.72%, 16.08%, 26.13%). The cheque drawer concentration levels were 8.51%, 10.90% and 15.27% as of FYE2015. The reported figures displayed a more concentrated loanbook in 2015, compared to the previous year. While the current concentration limits are not considered problematic, further cluttering of the receivables might induce downside risks.

The customer base of the Company increased to 3,716 in 2015, from 3,624 in the previous year. The majority of the loans were concentrated on customers operating in gross & retail trade, construction and textile sectors, reflecting the concentration of the business activity in the general economy.



c) Market Risk

Çağdaş Factoring exclusively operates in local currency (LCY), eliminating the currency risk within the scope of market risk. However, the use borrowings from the money markets, factoring institutions, and banks along with factoring operations engender interest risk. Çağdaş Faktoring borrows from other factoring companies and bank predominantly on fixed rates; however the bond issuances carry float rates.

As of FYE2015, the float rate liabilities accounted for 9.59% of total cost bearing liabilities (FYE2014: 12.78%). The relatively small share of float-rate liabilities reduces the sensitivity of the Company's borrowing costs to the market rates.

d) Liquidity Risk

Potential mismatch between the timeline of cash outflows and inflows and the uncertainties concerning the size and timeliness of cash flow requirements is a factor for liquidity risk generation. However, the 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 of January 2016, the Company had used 76.74% of the allocated credit lines. On the other hand, the Company's business model of mixing factoring and bank financing along with money market issuances allows Çağdaş Faktoring to create liquidity effectively. It is also noted that the selfliquidating nature of the factoring receivables provides considerable liquidity capabilities.

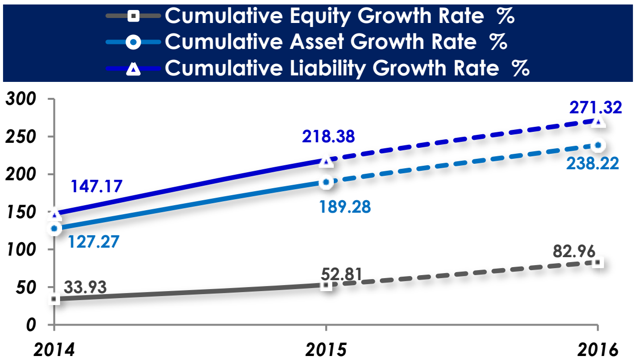
Since April 2015, leasing, factoring and consumer finance companies have become members in the Clearing System and entitled to enter into borrowing/lending transactions in the Takasbank Money Market (TPP) based on certain limits and identified collaterals beginning with the enactment of the Takasbank Money Market Regulation and Procedure. This practice is expected to provide the factoring companies in Turkey with access to alternative funding channels and to improve systemic support level.

8. Budget & Debt Issue

The budget forecast of the Company and estimations are presented below. The Company expects to realize approximately 17% growth in 2016.

TRY (000)	2016
Banks, Cash and Cash Equ.	**32,544**
Factoring Receivables	**594,148**
Net Non-Performing Loans	**6,930**
- Non-Performing Loans	39,572
- Provisions for NPL	-32,643
Other Assets	**49,311**
Total Assets	**682,933**
Bank Loans	**253,564**
Factoring Borrowings	**276,000**
Issued Debt Instruments	**80,000**
- Bonds	80,000
Other Liabilities	**8,438**
Equity	**64,931**
- Paid-In Capital	40,000
- Net Profit for the Period	14,806
- Others	10,125
Total Liabilities	**682,933**
Pre-tax Profit	**17,942**
Annual Asset Growth (%)	**16.92**
Equity/Total Asset (%)	**9.51**
ROAA – Pre-tax (%)	**2.83**
ROAE – Pre-tax (%)	**30.11**
NPL (%)	**6.31**

Çağdaş Faktoring grew 12.04% in 2015 and recorded a CAGR of 44.59% in the past 5 years. Therefore, the Company is considered to have the means and capabilities to realize the target asset increase, provided that the macroeconomic conditions and the spillovers of the political uncertainties and the insurgency in the region do not deteriorate.



Çağdaş Faktoring has been able enjoy a notable interest margin due to its business model and customer base, allowing to generate above average returns. The interest margin is expected to be preserved in 2016, even though the interest costs might increase slightly, due to global macroeconomic conditions.

TRY (000)	Actual 2015	Forecast 2016
Total Income	**127,082**	**159,519**
Factoring Interest	116,969	151,657
Factoring Commissions	6,776	7,712
Repo Interest	150	150
Other	3,187	-
Total Expenses	**113,656**	**144,713**
Financing Costs	70,591	94,535
Salary & Wages	15,889	17,839
Other	-	1,276
Depreciation	580	495
SG&A	9,738	9,432
Provisions	12,947	18,000
Corporate Tax	3,911	3,136
Net Income	**13,426**	**14,806**

Çağdaş Faktoring uses capital markets effectively and frequently. As of FYE2015, the Company had two bills outstanding at TRY 30mn and TRY 20mn nominal value, maturing at 15.03.2016 and 05.08.2016 respectively. The cash flows generated via activities is deemed sufficient to cover the principal and coupon requirements of the bills, considering the annual turnover of TRY 1.7bn in the previous year and forecasted turnover of TRY 1.85bn in 2016.

Çağdaş Faktoring A.Ş. BALANCE SHEET - ASSETS TRY (000)	Year end 2015 USD (Converted)	Year end 2015 TRY (Original)	2015 TRY (Average)	Year end 2014 TRY (Original)	2014 TRY (Average)	Year end 2013 TRY (Original)	2013 TRY (Average)	Year end 2012 TRY (Original)	As % of 2015 Assets (Original)	As % of 2014 Assets (Original)	As % of 2013 Assets (Original)	2015 Growth Rate	2014 Growth Rate	2013 Growth Rate
A-TOTAL EARNING ASSETS (I+II+III)	**187,347**	**544,729**	**496,799**	**448,868**	**322,450**	**196,031**	**189,205**	**182,379**	**93.26**	**97.81**	**97.08**	**21.36**	**128.98**	**7.49**
I- LOANS AND RECEIVABLES (net)	**185,953**	**540,678**	**492,383**	**444,088**	**318,996**	**193,903**	**187,180**	**180,456**	**92.56**	**96.77**	**96.03**	**21.75**	**129.03**	**7.45**
a) Factoring Receivables	180,800	525,695	483,534	441,373	316,325	191,277	185,678	180,078	90.00	96.18	94.73	19.10	130.75	6.22
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	10,188	29,622	22,357	15,092	14,864	14,635	15,043	15,451	5.07	3.29	7.25	96.28	3.12	-5.28
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 (-)	-5,035	-14,639	-13,508	-12,377	-12,193	-12,009	-13,541	-15,073	-2.51	-2.70	-5.95	18.28	3.06	-20.33
II-BANKS AND OTHER EARNING ASSETS	**1,393**	**4,051**	**4,416**	**4,780**	**3,454**	**2,128**	**2,026**	**1,923**	**0.69**	**1.04**	**1.05**	**-15.25**	**124.62**	**10.66**
a) Banks	1,393	4,051	4,416	4,780	3,454	2,128	2,026	1,923	0.69	1.04	1.05	-15.25	124.62	10.66
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	**13,544**	**39,381**	**24,709**	**10,036**	**7,963**	**5,890**	**6,525**	**7,159**	**6.74**	**2.19**	**2.92**	**292.40**	**70.39**	**-17.73**
a) Cash and Cash Equivalents	0	0	3	5	3	1	1	1	n.a	0.00	0.00	-100.00	400.00	0.00
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)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
d) Other	13,544	39,381	24,706	10,031	7,960	5,889	6,524	7,158	6.74	2.19	2.92	292.59	70.33	-17.73
- Intangible Assets	47	136	161	185	148	110	131	152	0.02	0.04	0.05	-26.49	68.18	-27.63
- Property and Equipment	11,031	32,073	17,002	1,930	1,792	1,654	2,023	2,391	5.49	0.42	0.82	1,561.81	16.69	-30.82
- Deferred Tax	94	273	693	1,113	1,814	2,514	3,276	4,037	0.05	0.24	1.25	-75.47	-55.73	-37.73
- Other	2,373	6,899	6,851	6,803	4,207	1,611	1,095	578	1.18	1.48	0.80	1.41	322.28	178.72
TOTAL ASSETS	**200,891**	**584,110**	**521,507**	**458,904**	**330,413**	**201,921**	**195,730**	**189,538**	**100.00**	**100.00**	**100.00**	**27.28**	**127.27**	**6.53**

Çağdaş Faktoring A.Ş. BALANCE SHEET-LIABILITIES+EQUITY TRY (000)	Year end 2015 USD (Converted)	Year end 2015 TRY (Original)	2015 TRY (Average)	Year end 2014 TRY (Original)	2014 TRY (Average)	Year end 2013 TRY (Original)	2013 TRY (Average)	Year end 2012 TRY (Original)	As % of 2015 Assets (Original)	As % of 2014 Assets (Original)	As % of 2013 Assets (Original)	2015 Growth Rate	2014 Growth Rate	2013 Growth Rate
C- COST BEARING RESOURCES (I+II)	**181,253**	**527,012**	**467,836**	**408,660**	**286,885**	**165,110**	**157,340**	**149,570**	**90.22**	**89.05**	**81.77**	**28.96**	**147.51**	**10.39**
I-PAYABLES	**93,257**	**271,155**	**252,990**	**234,825**	**162,817**	**90,808**	**89,678**	**88,547**	**46.42**	**51.17**	**44.97**	**15.47**	**158.60**	**2.55**
a) Factoring Payables	93,257	271,155	252,990	234,825	162,817	90,808	89,678	88,547	46.42	51.17	44.97	15.47	158.60	2.55
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	**87,996**	**255,857**	**214,846**	**173,835**	**124,069**	**74,302**	**67,663**	**61,023**	**43.80**	**37.88**	**36.80**	**47.18**	**133.96**	**21.76**
a) Fund Borrowed-Short Term	65,004	189,006	155,270	121,534	91,913	62,291	61,657	61,023	32.36	26.48	30.85	55.52	95.11	2.08
b) Fund Borrowed-Long Term	5,582	16,230	8,115	0	0	0	0	0	2.78	n.a	n.a	n.a	n.a	n.a
c) Marketable Securities For Issued (net)	17,410	50,621	51,461	52,301	32,156	12,011	6,006	0	8.67	11.40	5.95	-3.21	335.44	n.a
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	**986**	**2,867**	**2,790**	**2,713**	**2,018**	**1,322**	**1,347**	**1,371**	**0.49**	**0.59**	**0.65**	**5.68**	**105.22**	**-3.57**
a) Provisions	293	851	544	237	229	220	210	199	0.15	0.05	0.11	259.07	7.73	10.55
b) Current & Deferred Tax Liabilities	471	1,369	1,697	2,024	1,296	567	604	641	0.23	0.44	0.28	-32.36	256.97	-11.54
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	223	647	550	452	494	535	533	531	0.11	0.10	0.26	43.14	-15.51	0.75
E- TOTAL LIABILITIES	**182,239**	**529,879**	**470,626**	**411,373**	**288,903**	**166,432**	**158,687**	**150,941**	**90.72**	**89.64**	**82.42**	**28.81**	**147.17**	**10.26**
F- MINORITY INTEREST	**0**		**0**		**0**		**0**		**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
F- EQUITY	**18,651**	**54,231**	**50,881**	**47,531**	**41,510**	**35,489**	**37,043**	**38,597**	**9.28**	**10.36**	**17.58**	**14.10**	**33.93**	**-8.05**
a) Prior Year's Equity	16,347	47,531	41,510	35,489	37,043	38,597	41,970	45,343	8.14	7.73	19.11	33.93	-8.05	-14.88
b) Equity (Internal & external resources added during the year)	-2,313	-6,726	-4,546	-2,365	-4,565	-6,765	-7,795	-8,825	-1.15	-0.52	-3.35	184.40	-65.04	-23.34
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	4,618	13,426	13,917	14,407	9,032	3,657	2,868	2,079	2.30	3.14	1.81	-6.81	293.96	75.90
TOTAL LIABILITY+EQUITY	**200,891**	**584,110**	**521,507**	**458,904**	**330,413**	**201,921**	**195,730**	**189,538**	**100.00**	**100.00**	**100.00**	**27.28**	**127.27**	**6.53**
USD 1 = TRY		**2.9076**		**2.3189**		**2.1304**		**1.7776**						

Çağdaş Faktoring A.Ş. INCOME STATEMENT TRY (000)	2015	2014	2013
Net Interest Income	**46,378**	**36,206**	**20,757**
A) Interest income	116,969	79,259	37,074
a) Factoring Interest Income	116,969	79,259	37,069
b) Financing Loans Interest Income	0	0	0
c) Lease Income	0	0	0
d) Banks	0	0	5
B) Fınancial Expense	70,591	43,053	16,317
Net Fee and Commission Income	**6,776**	**4,884**	**2,967**
a) Fee and Commission Income	6,776	4,884	2,967
b) Fee and Commission Expense	0	0	0
Total Operating Income	**3,337**	**2,778**	**2,010**
Interest Income from Other Operating Field	150	0	0
Foreign Exchange Gain or Loss (net) (+/-)	1,449	104	43
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	1,738	2,674	1,967
Taxes other than Income Tax	0	0	0
Dividend	0	0	0
Provisions	**12,947**	**6,583**	**6,371**
Provision for Impairment of Loan and Trade Receivables	12,947	6,583	6,371
Other Provision	0	0	0
Total Operating Expense	**26,207**	**18,831**	**12,931**
Salaries and Employee Benefits	15,889	10,899	7,156
Depreciation and Amortization	0	0	619
Other Expenses	10,318	7,932	5,156
Profit from Operating Activities before Income Tax	**17,337**	**18,454**	**6,432**
Income Tax – Current	3,911	2,646	1,252
Income Tax – Deferred	0	1,401	1,523
Net Profit for the Period	**13,426**	**14,407**	**3,657**
Total Income	**56,491**	**43,868**	**25,734**
Total Expense	**26,207**	**18,831**	**12,931**
Provision	**12,947**	**6,583**	**6,371**
Pretax Profit	**17,337**	**18,454**	**6,432**

ÇAĞDAŞ FAKTORİNG A.Ş. FINANCIAL RATIOS %	2015	2014	2013
I. PROFITABILITY & PERFORMANCE			
1. ROAA – Pre-tax Profit / Total Assets (avg.)	3.32	5.59	3.29
2. ROAE – Pre-tax Profit / Equity (avg.)	34.07	44.46	17.36
3. Total Income / Equity (avg.)	111.03	105.68	69.47
4. Total income / Total Assets (avg.)	10.83	13.28	13.15
5. Provisions / Total Income	22.92	15.01	24.76
6. Total Expense / Total Resources (avg.)	5.57	6.52	8.15
7. Net Profit for the Period / Total Assets (avg.)	2.57	4.36	1.87
8. Total Income / Total Expenses	215.56	232.96	199.01
9. Non Cost Bearing Liabilities + Equity- Non Earning Assets / Assets	3.03	8.76	15.31
10. Non Cost Bearing Liabilities - Non Earning Assets / Assets	-6.25	-1.60	-2.26
11. Total Operating Expenses / Total Income	46.39	42.93	50.25
12. Interest Margin	9.34	11.23	10.97
13. Operating ROAA = Operating Net Incomes / Assets (avg.)	16.86	18.62	11.62
14. Operating ROAE = Operating Net Incomes / Equity Capital (avg.)	172.81	148.17	61.41
15. Interest Coverage = EBIT / Interest Expenses	124.56	142.86	139.42
16. Net Profit Margin	23.77	32.84	14.21
17. Gross Profit Margin	30.69	42.07	24.99
18. Market Share	2.19	1.74	0.93
19. Growth Rate	27.28	127.27	6.53
II. CAPITAL ADEQUACY			
1. Equity Generation / Prior Year's Equity	-14.15	-6.66	-17.53
2. Internal Equity Generation / Previous Year's Equity	28.25	40.60	9.47
3. Equity / Total Assets (Standard Ratio)	9.28	10.36	17.58
4. Equity / Total Liabilities	10.23	11.55	21.32
5. Free Equity / Total Receivables Ratio	4.07	10.23	17.39
6. Tangible Assets / Total Assets	5.49	0.42	0.82
7. Intangible Assets / Total Assets	0.02	0.04	0.05
8. Equity / Total Guarantees and Commitments + Equity	100.00	100.00	100.00
III. LIQUIDITY			
1. Liquid Assets + Marketable Securities / Total Assets	0.69	1.04	1.05
2. Liquid Assets + Marketable Securities / Total Liabilities	0.76	1.16	1.28
3. Short Term Borrowings / Total Assets	78.78	77.65	75.82
4. Net Interest and Commission / Total Assets	9.10	8.95	11.75
5. Liquid Assets + Marketable Securities / Equity	7.47	10.07	6.00
IV. ASSET QUALITY			
1. Loan and Receivable's Loss Provisions / Total Loans and Receivables	2.64	2.71	5.83
2. Total Provisions / Profit Before Provision and Tax	42.75	26.29	49.76
3. Impaired Receivables / Gross Receivables	5.33	3.31	7.11
4. Impaired Receivables / Equity	54.62	31.75	41.24
5. Loss Reserves for Receivables / Impaired Receivables	49.42	82.01	82.06
6. Collaterals / Total Receivables	598.49*	102.54	106.46
7. Total FX Position / Total Assets	0.00	0.00	0.01
8. Total FX Position / Equity	0.00	0.00	0.06
9. Assets / Total Guarantees and Commitments + Assets	100.00	100.00	100.00

* Includes the full nominal value of the pledges taken as collaterals