Corporate Credit Rating

Factoring

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

*Affirmed by Japan Credit Rating Agency, JCR on July 11, 2014

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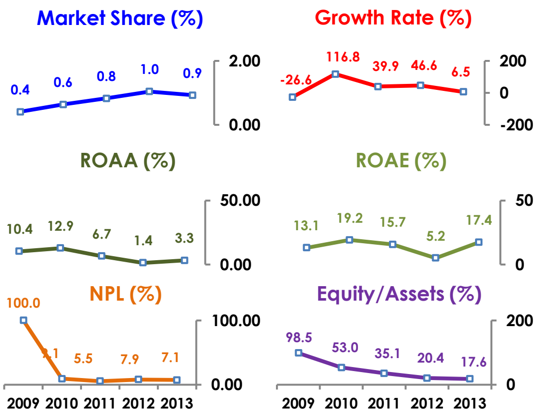


ÇAĞDAŞ FAKTORİNG A.Ş.

Financial Data	June, 2014**	2013*	2012*	2011*	2010*	2009*
Total Assets (000 USD)	175,676	94,781	106,626	68,440	60,107	28,661
Total Assets (000 TRY)	372,890	201,921	189,538	129,277	92,421	42,628
Equity (000 TRY)	41,596	35,489	38,597	45,343	48,937	41,996
Net Profit (000 TRY)	6,110	3,657	2,079	5,817	6,941	4,669
Market Share (%) (by asset size)	n.a.	0.93	1.04	0.83	0.64	0.41
ROAA (%)	n.a.	3.29	1.37	6.70	12.91	10.36
ROAE (%)	n.a.	17.36	5.20	15.74	19.18	13.15
Equity/Assets (%)	11.16	17.58	20.36	35.07	52.95	98.52
NPL (%)	3.61	7.11	7.90	5.46	9.13	100.00
Growth Rate (%)	84.67	6.53	46.61	39.88	116.81	-26.57

*Audited Year-End ** Semi-annual BRSA Notice

Overview

Çağdaş Faktoring A.Ş. (hereinafter referred to as Çağdaş Faktoring or the Company), founded in 1994 under the trade name Çağdaş Finans Faktoring Hizmetleri A.Ş., operates in the Turkish Factoring Sector which was regulated and supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006.

The Company changed its trade name to Çağdaş Faktoring A.Ş. in July 2012. The existing shareholding structure includes Dikran GÜLMEZGİL and Metin BAROKAS with stakes of 59.77% and 30%, respectively. The utmost shareholder, Dikran **GÜLMEZGİL**, is also the chairman of the Company.

The Company performs its fully domestic and revocable operations through its headquarters (Istanbul) and 8 branches (Istanbul-5, Ankara, Antalya and Samsun), 5 of which were established in the current year. Çağdaş Faktoring employed a staff of 125 and had no subsidiaries or affiliates as of the report date.

Strengths

- Continuously above sector interest margin together with improving and exceeding sector average profitability ratios contributing to profit generation capacity
- Comparatively low credit risk concentration contributing to asset quality and risk level
- Negligible levels of risk exposure arising from changes in the interest rate and foreign exchange rates
- Absence of off-balance sheet commitments and contingencies contributing to risk level
- Above sector four-year cumulative assets growth leading to increasing market efficiency together with a noteworthy semi-annual figure despite last year's below average figure
- Turkey's SME-dominated commercial structure and recent sector legislation together with low level of sector penetration promising room for future sector growth

Constraints

- Downward trend in equity level falling below the sector averages despite meeting the legal requirements regarding standard ratio and minimum paid-capital by the end of 2015
- Funding needs for further growth together with the short-term projections of debt security insurance and improving loan limits
- Above sector operating and total expenses level despite improvements pressuring profit generation capacity
- Relatively high movement range of provisions and deferred taxes generating volatility potential on profitability
- High level of competition in Turkish Factoring Sector
- Volatile market indicators and decelerated growth in national economy leading to sector-wide potential of diminishing profit margin through rising NPLs

Publication Date: August 11, 2014

1. Rating Rationale

The Turkish Factoring Sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006. The Financial 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 updated February 25, 2014, the total 2013 year-end asset size of the Turkish Factoring Sector was TRY 21.80bn and involved 77 factoring companies, three of which were listed on the Borsa Istanbul (BIST) as of 1H2014.

The Company's independent audit report prepared in conformity with BRSA regulations, statistical data on the sector produced by BRSA and updated on February 25, 2014, JCR Eurasia Rating's own studies and records, information and clarifications provided by the Company and non-financial figures constitute the major basis of Çağdaş Faktoring's ratings.

In addition to the Company's profitability and performance figures, asset size and quality, equity level and structure, liquidity profile, market shares, growth rates and expected support, the main shareholders' financial and non-financial positions, corporate governance and risk management practices, the growth potential of the sector, level of exposure to risks, the development of internal and external risks in the market were also taken into consideration while determining the risk assessment of the long-term international local currency and foreign currency grades as well as national grades.

Prominent Rating Considerations are;

Recent Legal Regulations and Low Penetration Contributing to Sector Outlook
Recent legislative regulations reinforced the representative capability and power of the Non-Banking Financial Sector, consisting of 122 financial institutions, 77 of which are factoring companies, by gathering them under a single roof. Moreover, they contributed to the sector's corporate structure, quality of financial reports and levels of standardization and transparency. This legal infrastructure is expected to increase the efficiency of supervision and effectiveness of audit systems in the sector. The accelerating growth of the Turkish Factoring Sector mainly focusing on the finance of SMEs when combined with the SME dominated commercial structure of Turkey and the sector's low level of penetration have provided a positive sector outlook.

Steadily Above Average Interest Margin Contributing to Profit Generation Capacity
Although the interest margin of the Company diminished over the last two years, it maintained its above sector figure (6.16%) standing with a 2013 year-end value of 10.97% mostly through SME weighted customer portfolio which are less sensitive to interest rates.

Comparatively Low Credit Risk Concentration
The Company's top 10 customers composed 16.10%, the top 20 22.52% and the top 50 34.04% of the total receivables portfolio as of FYE2013. The concentration ratios in all brackets are below the national reference indices, representing a well-diversified customer portfolio contributing to asset quality. Moreover, the Company's securities portfolio composed of checks subject to factoring transactions had a better drawee concentration with the ratios of 14.15% in the top 10 drawees, 17.53% in top 20 and 24.43% in top 50, lessening the credit risk level.

Negligible Risk Exposure Levels
The Company's risk exposure arising from changes in the interest rate and foreign exchange rates are at negligible levels. Interest rates of the Company's receivables and payables are almost completely changed at the end of their term (fixed interest rated) and have almost complete due date matching. Accordingly, The Company's interest rate risk exposure has a high manageability due to its assets and liabilities with the same repricing maturities and its interest margin of approximately 9% which is remarkably above the sector average of 5%. Moreover, the Company had a negligible net foreign exchange position of TRY 20k as of FYE2013. The absence of off-balance sheet commitments and contingencies provides additional contribution to risk level.

Below Sector Growth for the First Time over the Last Four Years and Increasing Market Efficiency
The Company performed a 6.53% asset growth against a 20.14% sector figure, the first below sector growth for over four years. On the other hand, the previous years' remarkably above sector growths led to a four-year cumulative growth which is one and a half times higher than that of the sector. Although the Company's asset size market share was below 1%, it increased by 45.31% from 0.64% in 2010 to 0.93% in 2013. Moreover, the semiannual turnover of the Company reached to 87.44% of 2013 year-end turnover amount of TRY 672mn, prognosticating a noteworthy year-end growth.

Downtrend in Legally Adequate Equity Level
Under the recent set of legislations, a factoring company's standard ratio (equity to total assets) must be sustained at a minimum of 3% and the minimum paid-capital must be TYR 20mn by the end of 2015. Although the Company's TRY 20mn paid-capital and 17.58% standard ratio meets the above stated legal requirements, equity level of the Company regarding total asset size decreased by 49.87% from 35.07% in 2011 to 17.58% in 2013 due to increasing transaction volume mostly funded with external sources and ongoing dividend payouts over the last three years.

Funding Needs for Further Growth
The Company funded 82.42% of its total assets with external sources, in line with the sector figure of 81.59% as of FYE2013. On the other hand, as of July 14, 2014, 86% of cash credit lines amounting to TRY 369.5mn has been drawn upon, with a free cash line amounting to TRY 51.6mn, decreasing the radius of action. Additionally, the Company tries to manage it through projected bond issuances and paid-capital increase in 2014 along with ongoing processes to raise bank limits and improve credit terms.

Comparatively High Expenses Level Pressuring Profit Generation Capacity
Although the Company ratio of 'total operating expenses to total income' improved in the completed fiscal year, it

maintained its above sector position restraining the profit generation capacity. While the total operating expenses increased by 6.52% through increasing salaries and employee benefits, the total income increased by 10.43% through decreasing provisions along with increasing net interest and other operating incomes.

Volatile Market Indicators and Decelerated Growth in the National Economy
Ongoing political tension, unrest in neighbouring countries, an upcoming presidential election, a fall in investor risk appetite, slowing capital inflows to Emerging Countries following the FED's tapering policy, increasing volatility in interest and exchange rates, decelerating economic growth have all created the potential for diminishing profit margins through increasing NPLs in the sector as a whole.

With respect to the above mentioned factors, JCR Eurasia Rating has assigned the long term international foreign currency and local currency ratings as **'BBB-'**, the same as that of the sovereign ratings of the Republic of Turkey, and the long term national local ratings as **'BBB (Trk)'** in JCR Eurasia Rating's notation system.

2. Outlook

JCR Eurasia Rating has assigned a **'Positive'** outlook on the National Long Term Rating perspectives of **Çağdaş Faktoring A.Ş.** based on the expanding branch network, semi-annual financial indicators outperforming 2013 year-end figures regarding asset size and net profit, BRSA application for paid-capital increase, short-term projections of TRY 90mn debt instrument issuance and sell of TRY 6mn NPL and improvements in corporate governance practices within the scope of ongoing restructuring processes. Moreover, the positive outlook of the sector derived from low level of sector penetration and recently changed sector legislation is the other supportive factor of the Company's outlook in the long-term national perspective.

Additionally, JCR Eurasia Rating has assigned a **'Stable'** outlook on the International Long and Short Term Local Currency Rating perspectives of the Company, which is in line with the Long Term Sovereign Rating outlook of the Republic of Turkey.

The main driving forces that can call forth a revision in the current outlook status include Company related issues affecting profitability, capital adequacy, asset quality and liability profile, along with Turkey's sovereign rating which is highly responsive to domestic and foreign political and economic uncertainties, tensions and developments.

3. Sponsor Support & Stand Alone Assessment

Sponsor Support notes and risk assessments reflect the financial and non-financial positions and expected assistance of two utmost shareholders of Çağdaş Faktoring, **Mr. Dikran GÜLMEZGİL** and **Mr. Metin BAROKAS**, respectively. It is considered that the Company's real person shareholders have the willingness to supply long term liquidity and equity within their financial capability when financial needs arise and have sectoral experience to provide operational support to the Company when required.

The Stand Alone grade has been constituted particularly with respect to Çağdaş Faktoring's organizational structure along with the ongoing reorganization processes, asset quality, equity level and structure, funding structure and sources, risk management practices and growth rates together with market shares, profitability ratios and the development of existing risks in the markets and business environment.

Under these assessments, JCR Eurasia Rating has assigned the Sponsor Support grade as **'3'** reflecting financial and non-financial states and expected support by the shareholders, and a Stand Alone grade of **'BC'** with the opinion that Çağdaş Faktoring has reached the level of adequate experience and facilities to manage the incurred risks on its balance sheet without any assistance from its shareholders, on condition that it improves the current customer level, profitability and efficiency in the market.

4. Company Profile

a) History & Activities

Çağdaş Factoring was founded on February 3, 1994 in Istanbul under the trade name Çağdaş Finans Faktoring Hizmetleri A.Ş. to provide factoring services and commenced operations in the same year. Company operations were suspended for approximately one year between April 2009 and July 2010 by the BRSA. The Company changed its trade name to Çağdaş Faktoring A.Ş. in 2012. Çağdaş Faktoring offers only the recourse domestic factoring services of follow-up, collection and financing of receivables through prepayments in line with its management strategy. The Company is in a progressing reorganization period following the appointment of new general manager in late 3Q2013.

b) Organization & Employees

The organizational chart of the Company consists of seven main units structured under three deputy general managements; financial analysis & intelligence, credits & risk monitoring, financial affairs & operations & human resources, fund management, IT, branches & corporate marketing and public relations & advertising. Moreover, the organizational chart covers four additional units; internal audit and internal control reporting directly to the Company's Board, legal affairs reporting to general manager and SME marketing reporting to the related group manager.

Çağdaş Faktoring carries out its factoring operations via its headquarters in Istanbul and 8 branches deployed in the cities of Istanbul (5), Ankara, Antalya and Samsun, five of which was established in 2014.

Çağdaş Faktoring's Board has 5 members including the general manager, one of which is independent. The biggest and only qualified shareholder of the Company, Dikran GÜLMEZGİL, is also the board chairman. The Company had a work force of 125 as of the report date.

c) Shareholders, Subsidiaries & Affiliates

The following table provides the Company's 2013 year-end shareholding structure and realized changes over time. The Company's paid capital increased from TRY 10mn to TRY

20mn in 2010. The shareholding structure and the utmost qualified shareholder remained unchanged over the last two years. Additionally, Çağdaş Faktoring had no subsidiaries and affiliates as of FYE2013. A TRY 8mn paid-capital increase with internal sources is in the Company's short-term agenda.

Çağdaş Faktoring A.Ş. Shareholders Structure	Share %			
	2013	2012	2011	2010
Dikran GÜLMEZGİL	59.77	59.74	80.74	87.34
Metin BAROKAS	30.00	30.00	9.00	9.00
Melissa GÜLMEZGİL BAĞ	9.00	9.00	9.00	0.00
Nadya GÜLMEZGİL	1.20	1.20	1.20	1.20
Other	0.03	0.06	0.06	2.46
TOTAL	100.00	100.00	100.00	100.00
Paid Capital (TRY/000)	20,000	20,000	20,000	10,000

d) Corporate Governance

As the Company is not a publicly traded company, the 'corporate governance principles' is not a field that is legally required to be taken into consideration. On the other hand, BRSA enforces strict regulation and supervision on the Turkish Factoring Sector, enforcing the establishment of a corporate organizational structure, comprehensive internal control system and a risk management system. The Company aligns all of its records and reports in line with BRSA regulations and procures an independent audit service. The periodical financial statements are disclosed to the public via its website. The Company is undergoing a progressing reorganization period following the appointment of new general manager in late 3Q2013 to increase the effectiveness of procedures and policies, set authorization limits and increase compliance level to corporate governance principles. Moreover, the internal audit manager has been appointed recently in June, 2014.

We, as JCR Eurasia Rating, are of the opinion that the senior management of the Company is adequate in terms of education, experience and managerial skills. In addition, the processes of recruitment, appointment, promotion, dismissal and training of employees are performed in accordance with human resources written policies and practices and requirements are based on objective criteria. The Company provides continuing in-service training. Accordingly, the motivation of employees, continuity of their development, career planning, equal opportunities and performance-fee balance are the keystones of the Company's human resource policies.

The Board of Çağdaş Faktoring consists of 5 members including the general manager and one independent member appointed in the current year. It is anticipated that the qualifications of the Board Members are adequate to accomplish their duties and that the Board successfully performs its duties of leading, supervising and inspecting. The Board of the Company does not contain the required committees, Corporate Governance and Early Detection of Risks, stated in the 'Corporate Governance Principals'. On the other hand, The Company has internal audit and internal control departments which regularly report to the Board.

The renovation of the Company's website included in the reorganization plan is in its short-term agenda following the completion of integration process with Centralized Bill System. As it stands, the website provides information and disclosed documentation including audit reports, mission-vision, articles of association, official authorization of BRSA and documents related to securities issued. On the other hand, the shortcomings of the Company's website such as the absence of an organizational chart, shareholder structure, board structure, personal backgrounds of board members and executive managers, codes of conduct and ethical principles and documents related to the general meetings significantly weakens the transparency level of the Company. Moreover, the disclosure policies and remuneration policy regarding board members and executive managers should be disclosed to the public via the website to realize the principles of corporate governance. Within the scope of social responsibility, the Company has no direct project.

e) The Company & Its Group Strategies

The Company's main strategy is to ensure a sustainable and profitability driven growth through the efficiency based and cost oriented operating processes, broad customer base enhanced with improving branch network, competitive funding costs by robust equity level and diversified funding sources. Within the scope of the stated strategy, The Company initiated a still-continuing organizational restructuring, established five new branches in the current year and appealed to legal authorities for debt instrument issuance and paid-capital increase.

5. Sector Overview & Operational Environment

The Turkish Factoring Sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006. The Financial Leasing, Factoring and Financing Companies Law came into effect in December 2012 has presented positive developments in the sector's corporate structure, quality of financial reports, standardization and transparency, and the assurance of competitive equality. With the recent regulations, companies in the Factoring Sector are defined as 'non-bank financial institutions'. This legal infrastructure is expected to increase the efficiency of supervision and effectiveness of audit systems in the sector.

Under the stated regulations;

- The minimum paid-in capital per company has been increased to TRY 20mn with a compliance deadline of December 31, 2015,
- The establishment and operations of Leasing, Factoring and Financing Companies has been consolidated under a single law and these companies are defined as 'non-bank financial institutions',
- Factoring companies, described as non-bank financial institutions, have been consolidated under the umbrella of 'Leasing, Factoring and Financing Companies Association' characterized as a professional organization with public institution status,
- Establishment requirements for new companies have been aggravated,
- Companies have been required to establish the necessary legal infrastructure, information systems, risk assessment and internal control systems in order to carry out effective supervision and audit,

- The minimum professional experience and education levels required for the company board members, general managers and assistant general managers have been updated,
- The establishment of a Central Record Billing Systems under the Union has been proposed in order to prevent the repeated use of invoices by different companies,
- The conditions for the acquisition of information from the database of the Risk Management Department operating under the Banks Association of Turkey have been improved, enabling the sector to enjoy greater access to reliable data,
- It has been clarified that the opening up domestic and abroad branches by companies are subject to permission and the companies cannot be organized under any names other than branches and cannot appoint agencies,
- It was determined that cash credit lending authority shall not exceed 1% of paid capital, and
- The stipulation that the utilization of loans may not exceed equities by more than 30 times has been removed and replaced by the obligation that the ratio of equity to total assets must be sustained at 3%.

The rates of entry and exit and change in ownership structure and executive staff remain relatively high in the sector. The Factoring Sector is based on intensive competitive working conditions, small businesses are prominent and the use of term checks and bonds in payment and collateral is common.

The Factoring Sector is one of the most highly affected sectors from the fluctuations and uncertainties in Turkey's macroeconomic conditions. Administration policies in the sector are becoming increasingly difficult due to BRSA regulations and changes in the economic cycle.

The Turkish Factoring Sector, a growing source of external funding for small and medium sized enterprises, reached an asset size of TRY 21.8bn in 2013. Factoring services date back to 1983, initially regulated under the Undersecretariat of the Treasury of Turkey. The first factoring company was established in 1990. After the Turkish Banking Law came into force in 2005, factoring services came under the rule of the Banking Regulation and Supervision Agency (BRSA). According to the data published by BRSA, 77 factoring companies have official authorization to operate in Turkey as of the report date.

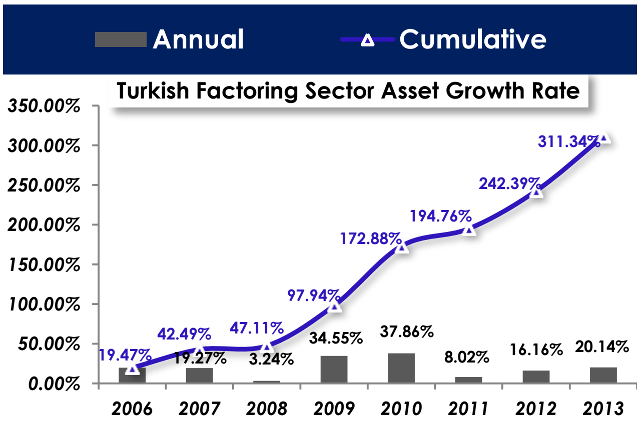
THE KEY INDICATORS OF TURKISH FACTORING SECTOR						
(000,000)	March, 2014	2013	2012	2011	2010	2009
Asset Size-TRY	21,225	21,801	18,146	15,622	14,463	10,491
Asset Size-USD	9,846	10,233	10,208	8,271	9,406	7,054
Equity-TRY	3,914	4,013	3,856	3,377	2,940	2,537
P/L-TRY	127	492	610	493	412	329
ROAA %	n.a.	3.07	4.50	4.03	3.98	4.62
ROAE %	n.a.	15.58	21.00	19.18	18.11	17.22
NPL Ratio%	4.97	4.64	4.69	3.82	4.07	5.88
Equity / T. Assets	18.44	18.41	21.25	21.62	20.33	24.19

In the Turkish Factoring Sector, few companies are publicly traded and the Sector's share in the total Turkish Financial Sector remains comparatively low. 74 companies are based in Istanbul and 3 in Ankara and Izmir. Every factoring company is obliged to be a member of "Financial Leasing, Factoring and Financing Companies Association" under the recent legislation.

The fact that a substantial amount of total funds are generated by bank related factoring companies exerts increasing strain on the ability of no-bank affiliated companies and the sector to provide services as financial intermediaries. However, recent years has seen an increase in the interest of investors in the Factoring Sector and the amount of licenses obtained from the BRSA.

The composition of factoring companies' short-term balance sheet has created a significant disadvantage in liquidity management. Therefore, successful swift maneuvers to increase or decrease asset size and adaptation to economic situations through tight monitoring of customers' cash flow are important necessities for the management of factoring companies. Another decisive feature of the factoring sector is the differences in organizations and customer bases in terms of service and operation strategies, leading to the differentiation in fields of competition.

As of the end of 2013, the sector's asset size was TRY 21,801mn and equity size was TRY 4,013mn. With the exception of decreases of 10.31% in 1994 and 40.23% in 2001, the Factoring Sector has experienced a continuous growth for the last 24 years. Cumulatively, the Factoring Sector recorded a 311.34% growth between 2006 and 2013. The latest growth rate was 20.14%.



Factoring receivables constituted the largest portion of sector assets with a share of 93.07% and credits obtained formed the highest amount of resources with a share of 70.92%. The sector, whose most important feature is the inability to create resource diversification, met the largest part of its resource needs from short-term bank loans. However, bond issuances starting in 2008 have gained acceleration in 2012 and 7.09% of total funds are comprised of issued bonds as of 2013.

Moreover, the ratio of equity to total resources stood at 18.41% and is continuously decreasing. The legislation provision of a factoring company's total receivables cannot exceed a rate of 30 times their equity was revised. New regulations state that the standard ratio, the ratio of the company's equity to total assets, must be at least 3%.

As of 2013, the sector risk concentration of factoring companies focused on the production industry, including the fields of nuclear fuel and petroleum production, coal production, textile production, main metal industry, refined material industry and transportation, at a share of 55.58%. In the service sector, the most important fields were the wholesale and retail trade motor vehicle servicing facilities, construction sector, transportation, warehousing and intercommunication services, respectively.

The ratio of non-performing loans (NPL) to total receivables of the sector was 4.64% as of 2013, above that of the Banking Sector. Moreover, the share of NPLs in equity was 24.44%, signaling the factoring sector's increasing risk perception and weakening asset quality. The most important macro reason behind the increase in NPLs was the loss of momentum in the general economy in terms of the growth.

The superior emphasis given to auditing facilities has contributed to the improvement of the Factoring Sector. On the other hand, despite higher 2013 profitability indicators than those of the Banking Sector, the performance of the Factoring Sector began to follow a downward trend in 2013. While the ratio of ROAA and ROAE of the Banking Sector were 2.01% and 16.62%, respectively, these ratios remained 3.07% and 15.61%, respectively, in the Factoring Sector. Similarly, a downward trend was observed in the "Interest Coverage Ratio" and "Net/Gross Profit Margin". However, if we consider the ratio of equity to total assets, we can observe that the Factoring Sector had a higher equity. Likewise, the ratio of the "Equity/Total Asset" for the Factoring Sector was 18.41% in 2012 and 11.19% in the Banking Sector. The ratio of private reserve ratios to the non-performing loans stood over those of the Banking Sector since 2012.

Bank related factoring companies carry privileges over non-bank companies that create competition inequality in subjects such as access to funds, network scale and alternative distribution channels. The ratio of the credit and return on assets of the Factoring Sector did not change substantially in 2013 although the break-even interest rates declined from 12.15% to 9.55% in 2013 due to improvements in the costs of interest bearing resources. However, this improvement in the composition of financial statements has not been equally reflected into the profits of the balance sheets as a result of the increase in operating expenses.

RETURNS - COST RATIOS ANALYSIS FOR TURKISH FACTORING SECTOR			
ASSET RETURN	**2013**	**2012**	**2011**
Loans İnterest Yield	11,31%	12,33%	9,42%
Return the Commission	1,33%	1,33%	1,31%
FX Return or Cost	0,39%	-0,01%	-0,18%
Return or the Cost of Other Operations	1,76%	1,09%	1,23%
Loans Total Return	**14,78%**	**14,74%**	**11,77%**
Cost of Non-Earning Asset	**-0,51%**	**-0,51%**	**-0,41%**
Asset Return	**14,27%**	**14,23%**	**11,37%**
COST OF LIABILITIES	**2013**	**2012**	**2011**
Interest Cost for Cost Bearing Resources	6,50%	7,29%	6,28%
Cost of the Commission for Cost Bearing	0,00%	0,00%	0,00%
Return on Non Cost Bearing Resources	0,00%	0,26%	0,76%
Cost of Liabilities	**6,50%**	**7,56%**	**7,04%**
NET PROFIT MARGIN	**2013**	**2012**	**2011**
Interest and Commission Margin	**7,77%**	**6,68%**	**4,33%**
The Cost of Provisioning Expenses	-1,56%	-1,54%	-0,60%
The Cost of Activities Expenses	-4,51%	-3,14%	-2,79%
Net Profit Margin	**1,70%**	**1,99%**	**0,94%**

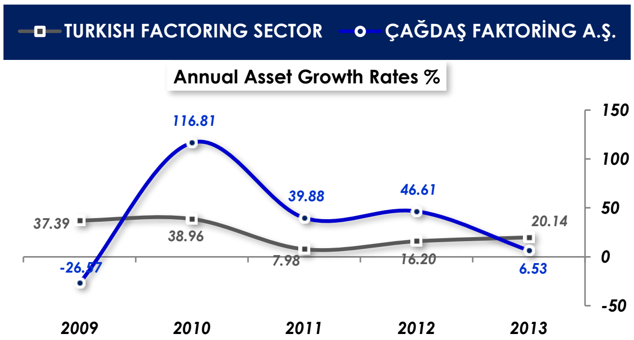
Break-Even Point in Terms of Interest	2013	2012	2011
Break-Even Point in Terms of Interest	9,55%	12,15%	11,26%
Break-Even Point in Terms of Loan Size-TRY	16.289,1	13.075,4	12.477,0

6. Financial Foundation

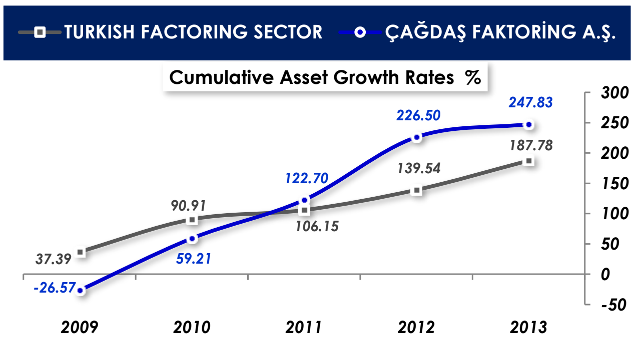
a) Financial Indicators & Performance

- **Indices Relating to Size**

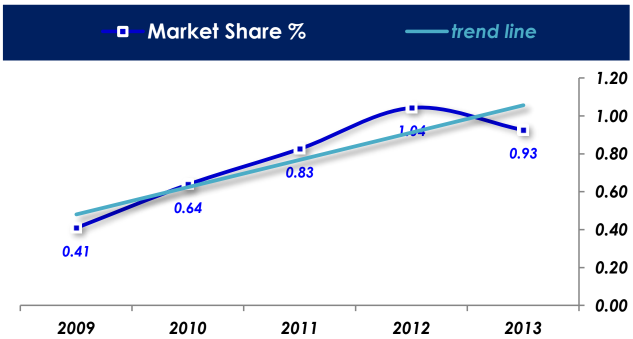
The 2013 year-end asset growth of the Company displayed a below sector (20.14%) performance and stood at 6.53% following a three-year above sector growth period. On the other hand, the Company's 2014 semi-annual asset growth was 84.67% against the 1Q2014 sector figure of -2.71%.



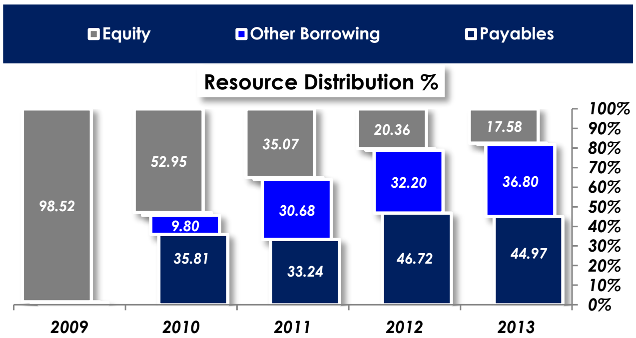
Additionally, the Company's five-year cumulative growth exceeded the sector figure in 2011 and maintained its above sector standing over the last three years with a 2013 year-end value of 247.83% against the sector figure of 187.78%. Moreover, the 2014 semiannual turnover of the Company reached 87.44% of the 2013 year-end turnover amount of TRY 672mn, prognosticating a noteworthy year-end growth.



Accordingly, the Company's market share has performed a 126.83% increase since 2009 and exhibited an upward trend over the last four years, resulting from the remarkably above sector average growths between 2010 and 2012. Additionally, the noteworthy improvements in semi-annual turnover and asset size figures of the Company prognosticate a continuing upward trend in the short-term.

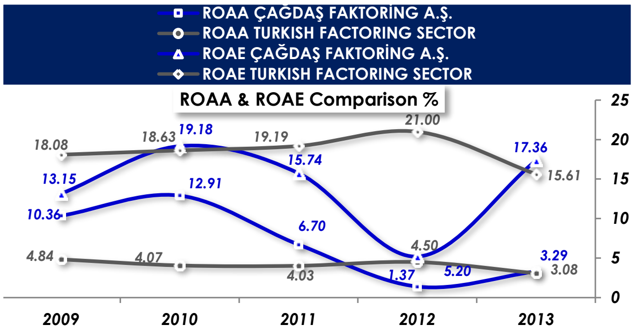


The Company's resource structure exhibited the characteristics of start-up and continuously growing companies with decreasing equity and increasing borrowings and payables. Accordingly, the remarkably below sector leverage ratio of 0.89 in 2010 increased to 4.69 as of FYE2013, slightly above the sector figure of 4.43. Additionally, the rapid asset growth (84.67%) funded completely with external sources in 1H2014 accelerated the deterioration in equity level with a ratio of 11.16% as of June 30, 2014. On the other hand, a paid-capital increase with internal sources in 2H2014 is on the Company's short-term agenda.

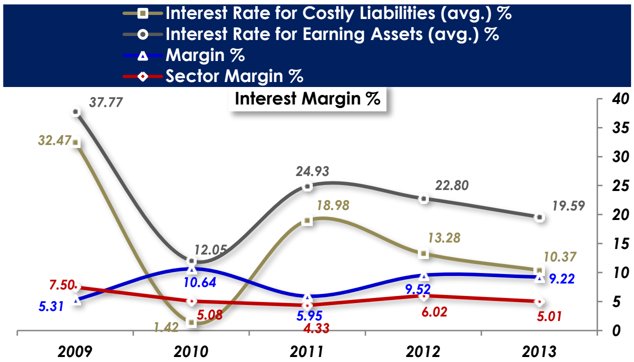


- **Indices Relating to Profitability**

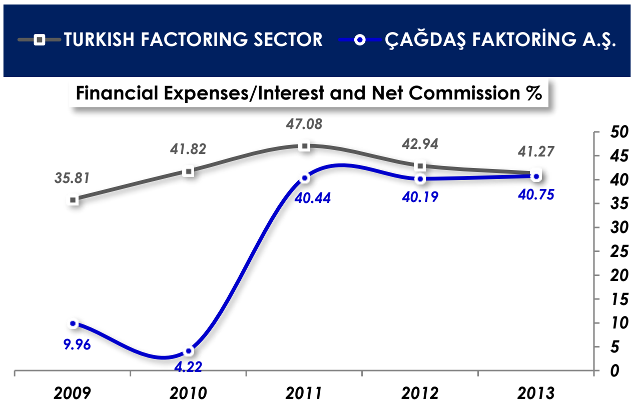
Both the Company profitability ratios ROAA and ROAE displayed a correction following a remarkable deterioration in 2012 and exceeded the sector figures slightly with the 2013 year-end values of 3.29% and 17.36%, respectively. A 70.59% decrease in pre-tax profit derived from a remarkable increase in provisions along with a 43.81% increase in average assets were the main factors of deterioration in 2012. The Company's pre-tax profit increased by 194.64% in 2013 to TRY 6.43mn from TRY 2.18mn through the increasing net interest and other operating incomes together with decreasing provisions. Additionally, while the average total assets increased by 22.79%, the average equity decreased by 11.74% in 2013 leading to a steeper correction in ROAE. Moreover, the semi-annual pre-tax profit of the Company exceeded the year-end figure by 17.21% and amounted to TRY 7.54mn, contributing to profit generation capacity.



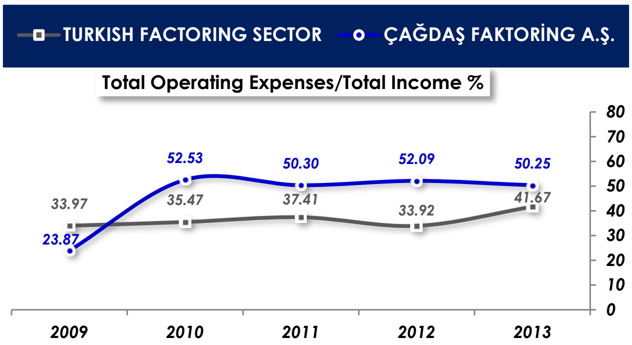
The Company's interest margin continuously stood above the sector average since 2010, the year of recommenced operations, and stood above the sector average (5.01%) value at 9.22% as of FYE2013. Both the Company interest rates for earning assets and costly liabilities displayed an above sector and decreasing trend over the last three years.



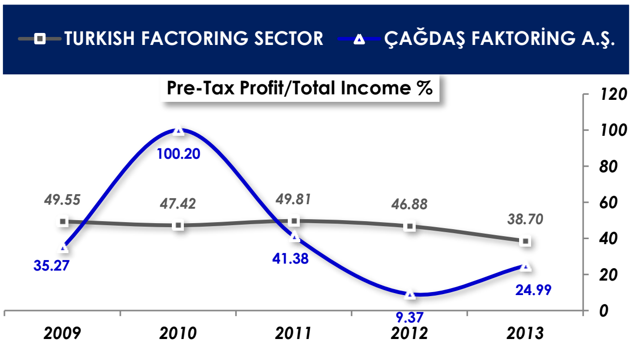
The Company ratio of 'financial expenses to interest and commission' exhibited a steep increase in 2011 following the commencement of operations in 2H2010 and displayed a similar performance with the sector trend over the last three years with a 2013 year-end value of 40.75%.



The Company's total operating expenses level in total income stayed above the sector figure since 2010, pressuring the profit generation capacity. A 10.43% increase in total income due to increasing net interest and other operating incomes along with a 6.52% increase in total expenses due to increasing salaries and employee benefits led to an improvement in the stated ratio of the Company against deteriorating sector figure in 2013.

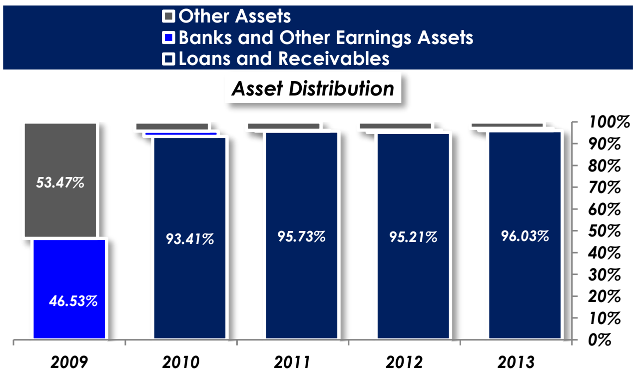


The Company ratio of 'pre-tax profit to total income' improved remarkably against a deteriorating sector figure in 2013 through a higher increase (194.64%) in numerator (pre-tax profit) than increase (10.43%) in denominator (total income). Prominent factors of remarkable increase in numerator were increasing net interest and other operating incomes along with decreasing provisions.

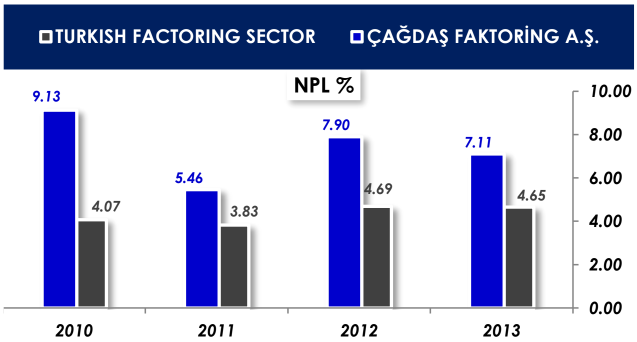


b) Asset Quality

Following the recommencement of operations in 2010, the Company's assets structure displayed a loans and receivables weighted structure. The Company's financial statements had a total assets size of TRY 201.92mn with a dispersion of 97.08% earning assets and 2.92% non-earning assets as of FYE2013. The related 2013 year-end sector figures were 96.30% and 2.56%, respectively. The earning assets weighted dispersion contributes to the Company's asset quality.



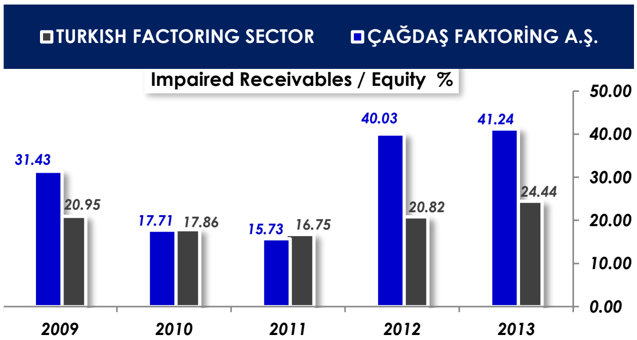
The NPL ratio of the Company displayed a continuously above sector pattern over the last four years. Although a 6.22% increase in gross receivables and a 5.28% decrease in non-performing loans resulted in an improvement in the Company's NPL, it maintained its above sector standing with a value of 7.11% as of FYE2013. 2009 was ignored in the following graph due to the absence of factoring receivables. Additionally, the rapid asset growth derived from an increasing transaction volume in 1H2012 resulted in an improved NPL ratio of 3.61% as of June 30, 2014.



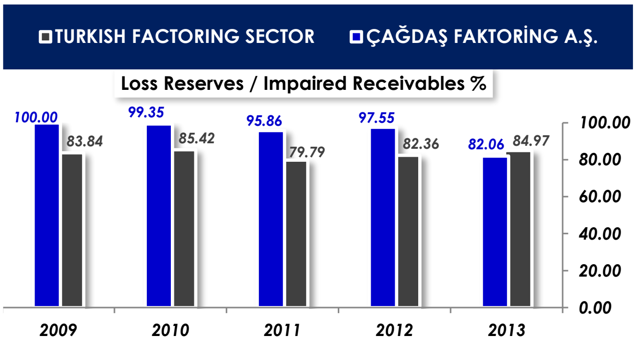
The ageing table submitted by the Company regarding non-performing loans with a balance of TRY 14,635mn in 2013 audit report is as follows. In this context, the overdue loans relating to 2009 and earlier constitute approximately the 43% of gross overdue loans (TRY 14.64mn) as of FYE2013. Moreover, the sale of TRY 6mn NPL is in the Company's short-term agenda, contributing to asset quality of upcoming periods.

Non-Performing Loans Ageing Table (TRY-000)				
Year	Annual Turnover	Non-Performing Loans		Provision Amount
		Amount	# of Customers	
...		6,979		6,979
2008	337,950	5,023	149	1,612
2009	84,337	1,196	328	4,607
2010	118,450	-4,533	277	-4,589
2011	514,715	-1,532	237	-1,771
2012	589,647	8,318	375	8,235
2013	672,293	-816	284	-3,064
TOTAL		**14,635**		**12,009**

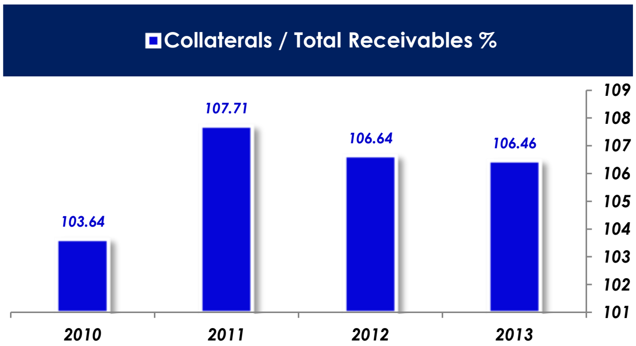
The Company ratio of 'impaired receivables to equity' displayed a steep increase in 2012 due to a 116.61% increase in gross overdue loans along with a 14.88% decrease in equity. Although, the gross overdue loans decreased by 5.28% in 2013, a higher decrease (8.05%) in equity resulted in a slight increase in the stated ratio. It is expected that the stated ratio will improve in the following periods through the projections of TRY 6mn NPL sale and paid-capital increases with retained earnings.



The Company's overdue loans and provisions decreased by 5.28% and 20.33% in 2013, respectively. Accordingly, a higher decrease in provisions led to a decrease in the Company's above sector ratio of 'loss reserves to impaired receivables', approximating it to the sector figure. The Company's provisioning policy is compatible with the related BRSA circular.

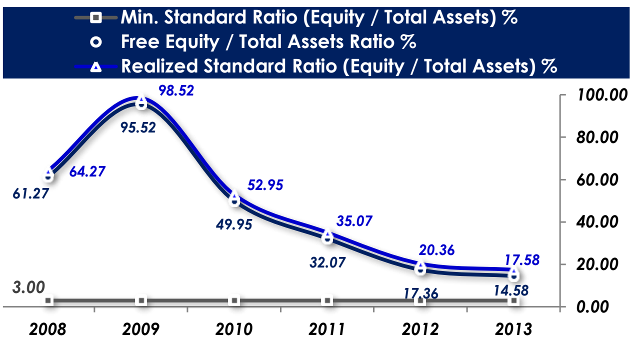


The Company ratio of 'Collaterals to Total Receivables' ensured full coverage but stayed below the sector figure (134.92%) with a 2013 year-end value of 106.46%.

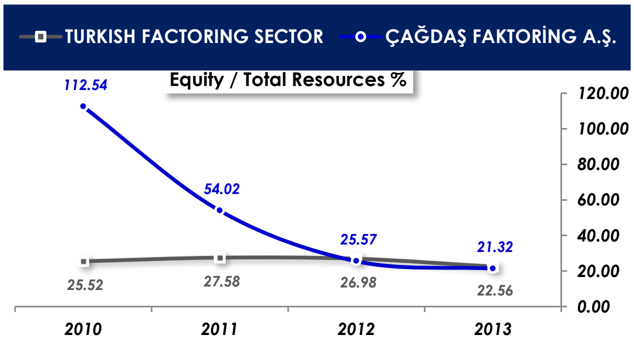


c) Funding & Adequacy of Capital

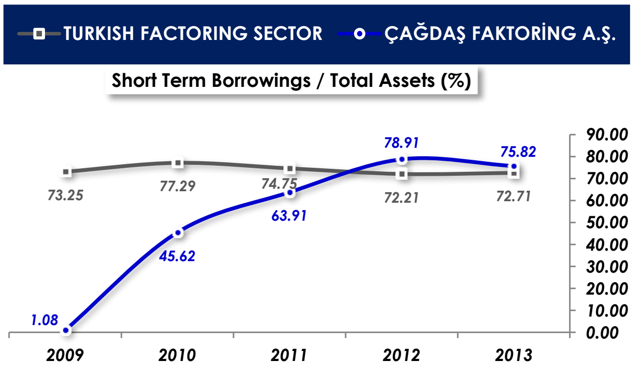
Recent BRSA regulations regarding the equity ratio (standard ratio) state that the ratio of a company's equity to total assets should be at least 3%. Although the Company's standard ratio met the legal requirements, it exhibited an ongoing decreasing trend since 2009 and approximated the sector average (18.41%) with a value of 17.58% as of FYE2013. On the other hand, the stated ratio decreased to 11.16% in 1H2014 due to 84.67% asset growth completely funded with external sources.



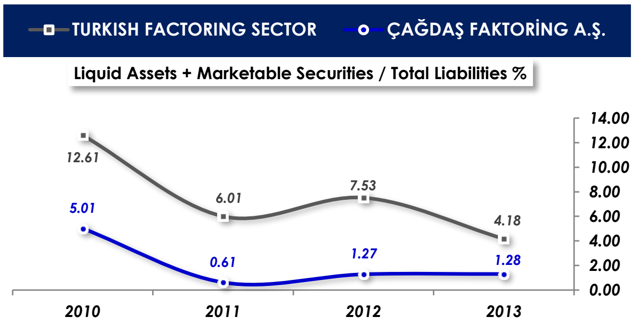
Likewise, the Company's equity to total resources ratio exhibited a downtrend following the recommencement year (2009) due to increasing transaction volume funded mostly with external sources and approximated the sector value (22.56%) with a 2013 year-end ratio of 21.32%.



Short-term borrowing structure which is one of the major characteristics of Turkish Factoring Sector holds true for the Company. The short-term weighted receivables structure together with the due date matching efforts within the concern of interest rate exposure, resulted in a short-term weighted borrowing structure. On the other hand, debt instrument issuance projections in 2014 would probably contribute to the Company's borrowing structure in the upcoming periods.



The liquid assets level of the Company continuously stayed below sector averages over the years in accordance with the management strategy of ensuring a minimum idle balance and avoiding additional market risk.



7. Risk Profiles & Management

a) Risk Management Organization & Its Function – General Information

The Company is exposed to credit, liquidity, market and operational risks derived from its factoring activities. The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the risk management framework. The Company's risk management policies have been established to identify and analyse the risks exposure, and aims to create appropriate risk control limits and to monitor risks and compliance level to limits. The Company has attempted to assemble staffs that are aware of their duties and responsibilities through the creation a disciplined and constructive control environment by various training and management standards and processes. The Company has established the units of audit and internal control reporting directly to the Board. On the other hand, the Company is in a progressing reorganization period following the appointment of a new general manager in late of 3Q2013 to increase the effectiveness of procedures and policies, set authorization limits and increase compliance level to corporate governance principles. Moreover, the internal audit manager was appointed in June 2014.

b) Credit Risk

Çağdaş Faktoring is exposed to credit risk deriving from its factoring transactions. The Credits & Risk Monitoring department of the Company is responsible for credit risk management. The Company has a credit risk strategy created in accordance with the Board and Credit Committee decisions which are taken within the scope of market conditions as well as the Company's risk appetite and the level of sources available for lending operations. Credit risk is continuously monitored through credit risk management methods developed for the processes before the credit allocation and credit monitoring. It is not entered into a credit relationship with firms that do not meet the credit allocation criteria. Early warning systems have been developed to monitor the allocated credits. Customer credibility assessment studies are held regularly in pre-determined periods. The Credit Committee meets every week to perform credit evaluation studies. Moreover, the Company's credit risk monitoring processes are supported with a computer program.

Credit risk concentration occurs depending on the number of companies operating in similar business areas, taking part in the same geographical region or which are similarly affected by changes in economics, politics or other conditions. The Company's factoring receivables were spread across diverse sectors with no concentration in a specific sector or geographic region as of December 31, 2013. All Company factoring transactions were revocable and domestic as of FYE2013. The Company's top 10 customers composed 16.10%, the top 20 22.52% and the top 50 34.04% of the total receivables portfolio as of FYE2013. The concentration ratios in all brackets are relatively below the national reference indices, representing a well-diversified customer portfolio contributing to asset quality. Moreover, the Company's securities portfolio composed of checks subject to factoring transactions had a better drawee concentration with the ratios of 14.15% in the top 10 drawees, 17.53% in the top 20 and 24.43% in the top 50, lessening the credit risk level. Additionally, the checks sent by the customers for their receivables had an approximately 60% acceptance rate by the Company following the completion of drawee intelligence. The comparatively large customer base covering 20,300+ firms, 2,700+ of which are active as of the reporting date, is another issue contributing to the Company's credit risk level.

c) Market Risk

The Company monitors its market risk under the headings of currency and interest rate risks. Foreign currency transactions lead to currency risk. The Company had a negligible net foreign exchange position of TRY 20k as of FYE2013. Accordingly, the financial statements of the Company had a minor variance range of (+/-) TRY 2k on pre-tax profit in the case of 10% increase or decrease in exchange rates as of FYE2013.

The Company's major interest bearing assets and liabilities are factoring receivables and borrowings from banks and factoring companies. Interest rates of the Company's receivables and payables are almost completely changed at the end of their term (fixed interest rated) and the Company tries to minimize the interest rate risk through due date matching efforts of its receivables and payables accordingly. The Company's interest rate risk exposure has a high manageability due to its assets and liabilities with similar repricing maturities and its interest margin of approximately 9% which is remarkably above the sector average of 5%.

As of FYE2013, all the Company's financial assets and liabilities, excluding issued debt instruments with a balance of TRY 12mn, were fixed interest rated. Accordingly, the sensitivity analysis of 1% change in interest rate resulted with a negligible variance range of (+/-) TRY 120k in the Company's 2013 year-end net profit.

d) Liquidity Risk

The ultimate responsibility for liquidity risk management belongs to the Board. The Company is exposed to liquidity risk during the funding of its operations. The Company meets its funding needs from banks and factoring companies. Moreover, a TRY 90mn bond issuance in 2014 is in the Company's short-term agenda. The Company continuously evaluates its liquidity risk by steadily monitoring the changes in funding sources and cash flows. The Company manages its liquidity risk through regularly monitoring forecasted and actual cash flows on weekly basis, matching the maturity profiles of financial assets and liabilities and providing the continuation of adequate funding sources.

The share of the Company's short term borrowings in total assets (75.82%) was in line with the sector figure of 72.71% as of FYE2013. Additionally, all Company factoring receivables were short term as of FYE2013 as in the overall sector. Additionally, it should be expected that the stated ratio will be improved by the end of current year upon the realization of projected TRY 90mn bond issuance. As of July 14, 2014, cash credit lines amounting TRY 369.50mn have been extended to Çağdaş Faktoring, TRY 139mn from 20 different banks and TRY 230.50mn from 7 factoring companies. 86% of this total line has been drawn upon, with a free cash line amounting to TRY 51.6mn, decreasing the radius of action and increasing the liquidity risk potential. On the other hand, the Company tries to manage it through projected bond issuances and paid-capital increase along with ongoing processes to raise bank limits and improve credit terms.

Additionally, there is no large amount of lawsuits filed against the Company and its shareholders that may affect its financial status, liquidity position and operations, contributing to risk level.

8. Budget & Debt Issue

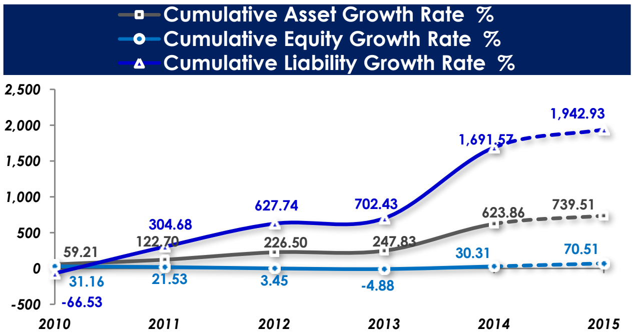
Çağdaş Faktoring projects a total of TRY 90mn debt instrument issuance in three tranches with equal amounts of TRY 30mn in the short term, following the approval from the CMB. The Company aims to increase its profitability by improving its interest margin through decreasing funding from other factoring companies which gives rise to funding costs. Accordingly, the Company plans to utilize the fund that will be provided from debt instrument issuance through mostly reducing factoring borrowings rather than increase placement.

The estimated budget projection submitted by the Company is shown in the table below. The budget projection covers bond issuance related issues. All other figures are compatible with the balance of current financial statements. The Company has projected year-end balance sheet figures and net profits of TRY 420.21mn / TRY 12mn and TRY 487.34mn / TRY 15mn in 2014 and 2015, respectively.

TRY (000)	Actual 2013	Budgeted 2014	Budgeted 2015
Banks and Cash	**2,128**	**877**	**1,053**
Factoring Receivables	**191,277**	**414,885**	**480,000**
Net Non-Performing Loans	**2,626**	**4,439**	**5,327**
Non-Performing Loans	14,635	24,340	29,208
Provision for NPL	-12,009	-19,901	-23,881
Others	**5,890**	**7**	**962**
Total Assets	**201,921**	**420,208**	**487,342**
Bank Borrowings	**62,291**	**125,000**	**180,000**
Factoring Borrowings	**90,808**	**160,000**	**135,000**
Issued Debt Instruments	**12,011**	**71,880**	**90,000**
Bond, Bill	0	60,000	90,000
Asset Guaranteed Sec.	12,011	11,880	0
Other Liabilities	**1,322**	**14,710**	**18,724**
Equity	**35,489**	**48,618**	**63,618**
Paid-Capital	20,000	28,000	35,000
Net Profit&Loss for the Period	3,657	12,000	15,000
Total Liability	**201,921**	**420,208**	**487,342**
Annual Asset Growth %	**6.53**	**108.11**	**15.98**
Equity/Total Asset %	**17.58**	**11.57**	**13.05**
ROAA %	**3.29**	**4.82**	**4.13**
ROAE %	**17.36**	**35.67**	**33.41**
NPL %	**7.11**	**5.54**	**5.74**

All assumptions regarding market indicators used in the preparation of the aforementioned budget projection are within their volatility range and contribute to the realization probability of the budget. Moreover, 2014 semi-annual financial indicators support the realization probability of 2014 year-end projection. Additionally, the 2015 year-end asset growth projection of 15.98% is quite achievable and conservative.

Integrating the above stated projected growth with the last four years' growth series results in a cumulative assets growth rate of 623.86% compared to 2009 as of FYE2014.



There are no plans for any capital increase in cash in budget projections. On the other hand, the expected profits of 2014 and 2015 would not be subject to dividend payments and would remain within the Company. The stated growth projection will be financed mostly through available credit lines and probable bond issuances. The cash outflows deriving from realized bond issuances are compatible with the financial strength, internal resource generation capacity and anticipated cash inflows of Çağdaş Faktoring.

ÇAĞDAŞ FAKTORİNG A.Ş. BALANCE SHEET - ASSET TRY (000)	(Year-end) 2013 USD (Converted)	(Year-end) 2013 TRY (Original)	(Year-end) 2013 TRY (Average)	(Year-end) 2012 TRY (Original)	(Year-end) 2012 TRY (Average)	(Year-end) 2011 TRY (Original)	(Year-end) 2011 TRY (Average)	(Year-end) 2010 TRY (Original)	As % of 2013 Assets (Original)	As % of 2012 Assets (Original)	As % of 2011 Assets (Original)	2013 Growth Rate	2012 Growth Rate	2011 Growth Rate
A-TOTAL EARNING ASSETS (I+II+III)	**92,016.05**	**196,031.00**	**189,205.00**	**182,379.00**	**153,323.50**	**124,268.00**	**106,385.50**	**88,503.00**	**97.08**	**96.22**	**96.13**	**7.49**	**46.76**	**40.41**
I- LOANS AND RECEIVABLES (net)	**91,017.18**	**193,903.00**	**187,179.50**	**180,456.00**	**152,109.00**	**123,762.00**	**105,045.00**	**86,328.00**	**96.03**	**95.21**	**95.73**	**7.45**	**45.81**	**43.36**
a) Factoring Receivables	89,784.55	191,277.00	185,677.50	180,078.00	151,772.50	123,467.00	104,869.50	86,272.00	94.73	95.01	95.51	6.22	45.85	43.11
b) Financing Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
c) Lease Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
d) Over Due Loans	6,869.60	14,635.00	15,043.00	15,451.00	11,292.00	7,133.00	7,899.00	8,665.00	7.25	8.15	5.52	-5.28	116.61	-17.68
e) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
f) Receivable from Customer due to Brokerage Activities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
g) Allowance for Loan and Receivables Losses (-)	-5,636.97	-12,009.00	-13,541.00	-15,073.00	-10,955.50	-6,838.00	-7,723.50	-8,609.00	-5.95	-7.95	-5.29	-20.33	120.43	-20.57
II-BANKS AND OTHER EARNING ASSETS	**998.87**	**2,128.00**	**2,025.50**	**1,923.00**	**1,214.50**	**506.00**	**1,340.50**	**2,175.00**	**1.05**	**1.01**	**0.39**	**10.66**	**280.04**	**-76.74**
a) Banks	998.87	2,128.00	2,025.50	1,923.00	1,214.50	506.00	1,340.50	2,175.00	1.05	1.01	0.39	10.66	280.04	-76.74
b) Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
c) Balance With Banks-Current Accounts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
III-SECURITIES AT FAIR VALUE THROUGH P/L	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**n.a**	**n.a**	**n.a**	n.a	n.a	n.a
a) Treasury Bills and Government Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
b) Other Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
c) Repurchase Agreement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
B- INVESTMENTS IN ASSOCIATES (net)+EQUITY SHARE	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
a) Investments in Associates (net)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
b) Equity Share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
C-NON-EARNING ASSETS	**2,764.74**	**5,890.00**	**6,524.50**	**7,159.00**	**6,084.00**	**5,009.00**	**4,463.50**	**3,918.00**	**2.92**	**3.78**	**3.87**	**-17.73**	**42.92**	**27.85**
a) Cash and Cash Equivalents	0.47	1.00	1.00	1.00	2.00	3.00	4.00	5.00	0.00	0.00	0.00	0.00	-66.67	-40.00
b) Financial Assets at Fair Value through P/L	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
c) Asset Held For Sale And Discontinued Operations (net)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
d) Other	2,764.27	5,889.00	6,523.50	7,158.00	6,082.00	5,006.00	4,459.50	3,913.00	2.92	3.78	3.87	-17.73	42.99	27.93
- Intangible Assets	51.63	110.00	131.00	152.00	129.00	106.00	101.00	96.00	0.05	0.08	0.08	-27.63	43.40	10.42
- Property and Equipment	776.38	1,654.00	2,022.50	2,391.00	2,356.00	2,321.00	2,327.00	2,333.00	0.82	1.26	1.80	-30.82	3.02	-0.51
- Deferred Tax	1,180.06	2,514.00	3,275.50	4,037.00	3,039.00	2,041.00	1,733.50	1,426.00	1.25	2.13	1.58	-37.73	97.80	43.13
- Other	756.20	1,611.00	1,094.50	578.00	558.00	538.00	298.00	58.00	0.80	0.30	0.42	178.72	7.43	827.59
TOTAL ASSETS	**94,780.79**	**201,921.00**	**195,729.50**	**189,538.00**	**159,407.50**	**129,277.00**	**110,849.00**	**92,421.00**	**100.00**	**100.00**	**100.00**	**6.53**	**46.61**	**39.88**

ÇAĞDAŞ FAKTORİNG A.Ş. BALANCE SHEET-LIABILITIES+EQUITY TRY (000)	(Year-end) 2013 USD (Converted)	(Year-end) 2013 TRY (Original)	(Year-end) 2013 TRY (Average)	(Year-end) 2012 TRY (Original)	(Year-end) 2012 TRY (Average)	(Year-end) 2011 TRY (Original)	(Year-end) 2011 TRY (Average)	(Year-end) 2010 TRY (Original)	As % of 2013 Assets (Original)	As % of 2012 Assets (Original)	As % of 2011 Assets (Original)	2013 Growth Rate	2012 Growth Rate	2011 Growth Rate
C- COST BEARING RESOURCES (I+II)	**77,501.88**	**165,110.00**	**157,340.00**	**149,570.00**	**116,098.50**	**82,627.00**	**62,393.50**	**42,160.00**	**81.77**	**78.91**	**63.91**	**10.39**	**81.02**	**95.98**
I-PAYABLES	**42,624.86**	**90,808.00**	**89,677.50**	**88,547.00**	**65,758.00**	**42,969.00**	**38,034.00**	**33,099.00**	**44.97**	**46.72**	**33.24**	**2.55**	**106.07**	**29.82**
a) Factoring Payables	42,624.86	90,808.00	89,677.50	88,547.00	65,758.00	42,969.00	38,034.00	33,099.00	44.97	46.72	33.24	2.55	106.07	29.82
b) Lease Payables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
c) Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
II-BORROWING FUNDING LOANS & OTHER	**34,877.02**	**74,302.00**	**67,662.50**	**61,023.00**	**50,340.50**	**39,658.00**	**24,359.50**	**9,061.00**	**36.80**	**32.20**	**30.68**	**21.76**	**53.87**	**337.68**
a) Fund Borrowed-Short Term	29,239.11	62,291.00	61,657.00	61,023.00	50,340.50	39,658.00	24,359.50	9,061.00	30.85	32.20	30.68	2.08	53.87	337.68
b) Fund Borrowed-Long Term	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
c) Marketable Securities For Issued (net)	5,637.91	12,011.00	6,005.50	0.00	0.00	0.00	0.00	0.00	5.95	n.a	n.a	n.a	n.a	n.a
d) Securities Sold Under Repurchase Agreements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
e) Subordinated Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
D- NON COST BEARING RESOURCES	**620.54**	**1,322.00**	**1,346.50**	**1,371.00**	**1,339.00**	**1,307.00**	**1,315.50**	**1,324.00**	**0.65**	**0.72**	**1.01**	**-3.57**	**4.90**	**-1.28**
a) Provisions	103.27	220.00	209.50	199.00	186.50	174.00	155.00	136.00	0.11	0.10	0.13	10.55	14.37	27.94
b) Current & Deferred Tax Liabilities	266.15	567.00	604.00	641.00	653.00	665.00	640.50	616.00	0.28	0.34	0.51	-11.54	-3.61	7.95
c) Trading Liabilities (Derivatives)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
d) Other Liabilities	251.13	535.00	533.00	531.00	499.50	468.00	520.00	572.00	0.26	0.28	0.36	0.75	13.46	-18.18
E- TOTAL LIABILITIES	**78,122.42**	**166,432.00**	**158,686.50**	**150,941.00**	**117,437.50**	**83,934.00**	**63,709.00**	**43,484.00**	**82.42**	**79.64**	**64.93**	**10.26**	**79.83**	**93.02**
F- MINORITY INTEREST	**0.00**		**0.00**		0.00		**0.00**		**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
F- EQUITY	**16,658.37**	**35,489.00**	**37,043.00**	**38,597.00**	**41,970.00**	**45,343.00**	**47,140.00**	**48,937.00**	**17.58**	**20.36**	**35.07**	**-8.05**	**-14.88**	**-7.34**
a) Prior Year's Equity	18,117.25	38,597.00	41,970.00	45,343.00	47,140.00	48,937.00	45,466.50	41,996.00	19.11	23.92	37.85	-14.88	-7.34	16.53
b) Equity (Internal & external resources added during the year)	-3,175.46	-6,765.00	-7,795.00	-8,825.00	-9,118.00	-9,411.00	-4,705.50	0.00	-3.35	-4.66	-7.28	-23.34	-6.23	n.a
c) Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
d) Profit & Loss	1,716.58	3,657.00	2,868.00	2,079.00	3,948.00	5,817.00	6,379.00	6,941.00	1.81	1.10	4.50	75.90	-64.26	-16.19
TOTAL LIABILITY+EQUITY	**94,780.79**	**201,921.00**	**195,729.50**	**189,538.00**	**159,407.50**	**129,277.00**	**110,849.00**	**92,421.00**	**100.00**	**100.00**	**100.00**	**6.53**	**46.61**	**39.88**
USD 1 = TRY		**2.1304**		**1.7776**		**1.8889**		**1.5376**						

ÇAĞDAŞ FAKTORİNG A.Ş. INCOME STATEMENT TRY (000)	2013	2012	2011	2010	2009
Net Interest Income	**20,757.00**	**19,543.00**	**14,676.00**	**6,227.00**	**12,826.00**
A) Interest income	37,074.00	34,958.00	26,517.00	6,529.00	14,361.00
a) Factoring Interest Income	37,069.00	34,958.00	26,515.00	5,469.00	13,146.00
b) Financing Loans Interest Income	0.00	0.00	0.00	0.00	0.00
c) Lease Income	0.00	0.00	0.00	0.00	0.00
d) Banks	5.00	0.00	2.00	1,060.00	1,215.00
B) Fınancial Expense	16,317.00	15,415.00	11,841.00	302.00	1,535.00
Net Fee and Commission Income	**2,967.00**	**3,393.00**	**2,761.00**	**635.00**	**1,046.00**
a) Fee and Commission Income	2,967.00	3,393.00	2,761.00	635.00	1,046.00
b) Fee and Commission Expense	0.00	0.00	0.00	0.00	0.00
Total Operating Income	**2,010.00**	**368.00**	**498.00**	**1,841.00**	**910.00**
Interest Income from Other Operating Field	0.00	0.00	0.00	0.00	0.00
Foreign Exchange Gain or Loss (net) (+/-)	43.00	31.00	275.00	4.00	77.00
Gross Profit from Retail Business	0.00	0.00	0.00	0.00	0.00
Gains or Loss on Derivative Instruments (+/-)	0.00	0.00	0.00	0.00	0.00
Income on Sale of Equity Participations and Consolidated Affiliates	0.00	0.00	0.00	0.00	0.00
Gains from Investment Securities (net)	0.00	0.00	0.00	0.00	0.00
Other Operating Income	1,967.00	337.00	223.00	1,837.00	833.00
Taxes other than Income Tax	0.00	0.00	0.00	0.00	0.00
Dividend	0.00	0.00	0.00	0.00	0.00
Provisions	**6,371.00**	**8,981.00**	**1,491.00**	**-4,589.00**	**6,039.00**
Provision for Impairment of Loan and Trade Receivables	6,371.00	8,981.00	1,491.00	-4,589.00	6,039.00
Other Provision	0.00	0.00	0.00	0.00	0.00
Total Operating Expense	**12,931.00**	**12,140.00**	**9,022.00**	**4,572.00**	**3,529.00**
Salaries and Employee Benefits	7,156.00	6,187.00	4,826.00	1,810.00	1,626.00
Depreciation and Amortization	619.00	605.00	547.00	470.00	335.00
Other Expenses	5,156.00	5,348.00	3,649.00	2,292.00	1,568.00
Profit from Operating Activities before Income Tax	**6,432.00**	**2,183.00**	**7,422.00**	**8,720.00**	**5,214.00**
Income Tax – Current	1,252.00	2,100.00	2,220.00	1,303.00	1,805.00
Income Tax – Deferred	1,523.00	-1,996.00	-615.00	476.00	-1,260.00
Net Profit for the Period	**3,657.00**	**2,079.00**	**5,817.00**	**6,941.00**	**4,669.00**
Total Income	**25,734.00**	**23,304.00**	**17,935.00**	**8,703.00**	**14,782.00**
Total Expense	**12,931.00**	**12,140.00**	**9,022.00**	**4,572.00**	**3,529.00**
Provision	**6,371.00**	**8,981.00**	**1,491.00**	**-4,589.00**	**6,039.00**
Pre-tax Profit	**6,432.00**	**2,183.00**	**7,422.00**	**8,720.00**	**5,214.00**

ÇAĞDAŞ FAKTORİNG A.Ş. FINANCIAL RATIO %	2013	2012	2011
I. PROFITABILITY & PERFORMANCE			
1. ROAA – Pre-tax Profit / Total Assets (avg.)	3.29	1.37	6.70
2. ROAE – Pre-tax Profit / Equity (avg.)	17.36	5.20	15.74
3. Total Income / Equity (avg.)	69.47	55.53	38.05
4. Total income / Total Assets (avg.)	13.15	14.62	16.18
5. Provisions / Total Income	24.76	38.54	8.31
6. Total Expense / Total Resources (avg.)	8.15	10.34	14.16
7. Net Profit for the Period / Total Assets (avg.)	1.87	1.30	5.25
8. Total Income / Total Expenses	199.01	191.96	198.79
9. Non Cost Bearing Liabilities + Equity- Non Earning Assets / Assets	15.31	17.31	32.21
10. Non Cost Bearing Liabilities - Non Earning Assets / Assets	-2.26	-3.05	-2.86
11. Total Operating Expenses / Total Income	50.25	52.09	50.30
12. Interest Margin	10.97	12.75	13.80
13. Operating ROAA = Operating Net Incomes / Assets (avg.)	11.62	11.04	17.38
14. Operating ROAE = Operating Net Incomes / Equity Capital (avg.)	61.41	41.93	40.86
15. Interest Coverage – EBIT / Interest Expenses	139.42	114.16	162.68
16. Net Profit Margin	14.21	8.92	32.43
17. Gross Profit Margin	24.99	9.37	41.38
18. Market Share	0.93	1.04	0.83
19. Growth Rate	6.53	46.61	39.88
II. CAPITAL ADEQUACY			
1. Equity Generation / Prior Year's Equity	-17.53	-19.46	-19.23
2. Internal Equity Generation / Previous Year's Equity	9.47	4.59	11.89
3. Equity / Total Assets (Standard Ratio)	17.58	20.36	35.07
4. Equity / Total Liabilities	21.32	25.57	54.02
5. Free Equity / Total Receivables Ratio	17.39	19.98	34.68
6. Tangible Assets / Total Assets	0.82	1.26	1.80
7. Intangible Assets / Total Assets	0.05	0.08	0.08
8. Equity / Total Guarantees and Commitments + Equity	100.00	100.00	100.00
III. LIQUIDITY			
1. Liquid Assets + Marketable Securities / Total Assets	1.05	1.02	0.39
2. Liquid Assets + Marketable Securities / Total Liabilities	1.28	1.27	0.61
3. Short Term Borrowings / Total Assets	75.82	78.91	63.91
4. Net Interest and Commission / Total Assets	11.75	12.10	13.49
5. Liquid Assets + Marketable Securities / Equity	6.00	4.98	1.12
IV. ASSET QUALITY			
1. Loan and Receivable's Loss Provisions / Total Loans and Receivables	5.83	7.71	5.24
2. Total Provisions / Profit Before Provision and Tax	49.76	80.45	16.73
3. Impaired Receivables / Gross Receivables	7.11	7.90	5.46
4. Impaired Receivables / Equity	41.24	40.03	15.73
5. Loss Reserves for Receivables / Impaired Receivables	82.06	97.55	95.86
6. Collaterals / Total Receivables	106.46	106.64	107.71
7. Total FX Position / Total Assets	0.01	0.08	0.18
8. Total FX Position / Equity	0.06	0.38	0.51
9. Assets / Total Guarantees and Commitments + Assets	100.00	100.00	100.00