

Corporate Credit & Issue Rating

New Update

Sector: Factoring
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Analyst(s)

Head of Group

Zeki Metin Çoktan

+90 212 352 56 73

zekic@jcrer.com.tr

Assistant Analyst

Ersin Kılıçkap

+90 212 352 56 73

ersinkilickap@jcrer.com.tr

RATINGS

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

*Affirmed by JCR on November 10, 2017

Sardes Faktoring A.Ş.

Company Overview

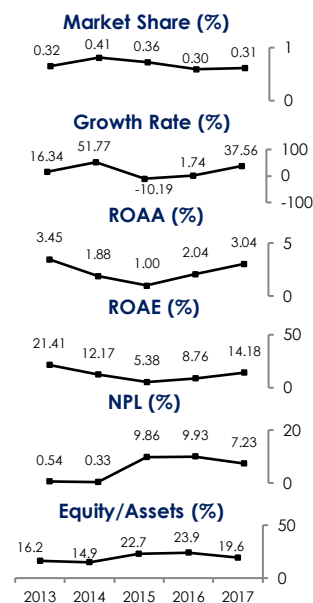
Financial Data	2017*	2016*	2015*	2014*	2013*
Total Assets (000 USD)	35,436	27,793	33,183	46,331	33,228
Total Assets (000 TRY)	135,027	98,160	96,484	107,436	70,788
Equity (000 TRY)	26,448	23,504	21,903	15,990	11,472
Net Profit (000 TRY)	2,944	1,601	813	1,393	1,726
Market Share (%)	0.31	0.30	0.36	0.41	0.32
ROAA (%)	3.04	2.04	1.00	1.88	3.45
ROAE (%)	14.18	8.76	5.38	12.17	21.41
Equity/Assets (%)	19.59	23.94	22.70	14.88	16.21
NPL (%)	7.23	9.93	9.86	0.33	0.54
Growth Rate (%)	37.56	1.74	-10.19	51.77	16.34

*End of year

Sardes Faktoring A.Ş. (hereinafter referred to as “Sardes Faktoring”, or the “Company”) was established in 2010 to operate in the Turkish Factoring Sector. The sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006.

The major qualifying shareholders of the company as of December 31, 2017, were Mr. Emin Hakan Eminsoy (71.46%), Mr. Kazım Cenk Tülümen (19.04%) and Mr. Celalettin Çağlar (9.50 %). The Company provided domestic and recourse or non-recourse factoring facilities through a staff force of 12 people as of FYE2017 (As of December 31, 2016: 13). The Company carries out its fully domestic and revocable factoring transactions through its headquarters in Istanbul.

The Company, with a total asset size of TRY 135.02 mn, had a 0.31 % market share in the factoring sector worth a total of TRY 43.7 bn in FYE2017.



Strengths

- Almost twofold increase in net profit
- Service to many customers in different sectors
- Expanded funding opportunities and efforts to diversify funding channels through projected bond issuance
- Sufficient equity level above sector averages
- Qualified management team's broad experience in Turkish Financial Sector

Constraints

- Low market share
- Strong competition in the market
- Lack of branch network considering the domination of bank affiliated companies
- Increasing interest rate environment, potentially tightening the net interest margin
- High NPL ratio above the sector average, despite improvement

1. Rating Rationale

The ratings assigned by JCR Eurasia Rating for Sardes Faktoring are a reflection of the Company's independent audit reports prepared in conformity with Banking Regulation and Supervision Agency (BRSA) Accounting and Financial Reporting Regulation, on and off-balance sheet figures, general market conditions in its fields of activity, information and clarifications provided by the Company, and non-financial considerations.

BRSA regulates and oversees the activities of the Turkish Factoring Sector since 2006. The Leasing, Factoring and Financing Companies Law No. 6361, the Factoring Sector's first, came into effect on December 13, 2012. Moreover, a regulation regarding organization and operating principals of financial leasing, factoring and financing companies entered into force on April 24, 2013. According to BRSA statistics, the total asset size of the Turkish Factoring Sector was TRY 43.7bn and involved 61 factoring companies as of FYE2017.

The Company's balance sheet composition, asset quality, risk management practices, business profile, liquidity management, history in the sector, profitability figures, revenues, debt structure, growth rates, off-balance sheet commitments, and the financial and non-financial positions of the main shareholders were taken into consideration while determining the risk assessment of the long-term international local currency and foreign currency ratings as well as national ratings. Considering the fact that there will be no additional legal or financial collateral guarantees provided separately for the repayment of the bonds-to-be-issued, the note assigned for potential TRY dominated bond issuances is assigned as the same as the Company's Long and Short Term National Local Ratings.

Fundamental rating considerations are as below;

Impact of Macro-Based Government Incentives Including Credit Guarantee Fund backed Loans on the Factoring Sector

Several incentive packages have been initiated so as to tackle economic headwinds in economy, most prominent of which is the CGF backed loans underwritten by the banking sector, exceeding TRY 220bn. While the Fund

backed loans provided a much-needed relief to the corporates and supported the loanbook and profitability growth of the banks, the factoring sector's growth acceleration has been somewhat tampered with the influx of additional banking loans. However, given the resource-based constraints on the banks, the expansion of the aforementioned loans is deemed unlikely, potentially helping factoring sector recover its momentum.

Transparent and Competent Management with Strong Internal Control Mechanisms

Sardes Faktoring places a noticeable value to corporate governance. The Company regularly assembles committees to ensure the compliance with predefined credit limits, asset and liability management, concentration levels and overall accountability purposes. Sardes Faktoring has already built its internal control environment by defining risks and the controls associated with them as well as regularly exercising internal control practices to seize transparency, corporate governance and accountability.

Increasing Net Profit

Sardes Faktoring's asset growth rate reached to 37.56% as of FYE2017. In addition, the company shows faster profitability growth than asset growth. The Company's net profit reached to TRY 2.94mn with an increase of 83.89% as of FYE2017 compared to previous year record.

Sufficient Equity Level

In FY2017, the Company has 19.59% standard ratio (equity to total assets) higher than the sector – average figure of 13.23%. In addition, the Company's ratio of 'equity to total liabilities' realized a value of 24.36% which was above the sector-average of 15.24%. Its current equity level remains relatively high compared to the wider sector and is expected to support the Company's future growth through greater leverage opportunity.

Diversified Funding Base Through Bond Issue

The Company has a diversified borrowing structure through bank loans and capital market instruments such as debt issuances. The bond issuances, particularly in a factoring sector with scarce alternative funding sources, presented the advantages of reducing funding costs, relieving the balance sheet and lengthening the maturity of borrowings, leading to a positive effect on liquidity management. For the ongoing year, the Company has

planned to continue to use capital market instruments of bond issuances.

High NPL ratio above the sector average

Sardes Faktoring's NPL ratio displayed an above sector average pattern over the last three-year period, despite improvement in FY2017. This figure decreased to 7.23% from 9.93%, still above the sector average of 3.48% as of FYE2017.

Strong Competition Throughout the Sector

Currently, 61 companies actively operate in the factoring sector. Compared to non-bank factoring companies, bank-related factoring companies have easy access to a large clientele of banks in a diversified geographical area, funding sources and lower cost of funding.

Volatility in Macroeconomic Indicators through Ongoing Regional Tensions

Recent depreciation of the TRY against the USD, political fluctuations, state of emergency in the country, turbulence in the Middle East, and possible increases in future costs of borrowing due to the rise in interest rates by the Federal Reserve are expected to lead contraction in economic activities and liquidity in the following periods.

With respect to the mentioned factors above, JCR Eurasia Rating has upgraded National Local Rating Note of Sardes Faktoring A.Ş. to **'BBB+(Trk)'** from **'BBB (Trk)'** in the Long Term, which donates an investment grade and assigned **'A-2(Trk)'** in the short term with a **'Stable'** outlook. The Company's Long Term International Foreign Currency and Local Currency notes have been affirmed as the country ceiling of **'BBB- '**.

2. Outlook

JCR Eurasia Rating has assigned a **'Stable'** outlook on the short and long term national and international ratings perspectives of Sardes Faktoring considering the Company's adequate capital levels, risk and liquidity management policies, distribution of assets and liabilities, efforts to diversify fund resources through bond issuance, projected growths in assets, equity and net profit figures for the ongoing year along with the current outlook of Turkey's sovereign ratings and growth prospects in the Turkish economy.

Improvements in profitability ratios, liquidity and capital adequacy ratios and enhancement in practices in corporate governance principals, improvements in the global financial climate as well as growth prospects in the Turkish economy and competitive environment in the sector, and management of additional risks combined with the growth of the Company are driving factors that may be taken into consideration for any future positive changes in ratings and outlook status.

3. Sponsor Support and Stand-Alone Assessment

The financial strength and expected support of the Company's shareholders lay the foundation of its Sponsor Support assessment. The main controlling corporate shareholders, Mr. Emin Hakan Eminsoy, Kazım Cenk Tülümen and Celalettin Çağlar, are considered to be able to provide support to Sardes Faktoring in case of a liquidity requirement.

The Company's Stand-Alone grade has been constituted with respect to the Company's market shares, growth rates, asset quality, equity structure, risk management practices, and the development of existing risks in the markets and business environment by using its internal sources. When the factors above are considered, our opinion is that Sardes Faktoring has reached a level of adequate experience and facilities to manage the occurring risks in its balance sheet through internal means without any assistance by its shareholders, provided that it maintains the current customer level and efficiency in the market. The Stand-Alone rating has been affirmed as **'B'**, signifying a strong company, sustainable profitability, successful management and good operating environment. Moreover, JCR Eurasia Rating will monitor developments in regard to the proposed projection and will evaluate the Company's business strategy

4. Company Profile

a) History & Activities

The Company was founded by E. Hakan Eminsoy and K. Cenk Tülümen, senior finance professionals with specialized knowledge of the Turkish financial sector, on December 10, 2010 in order to provide factoring services of financing through prepayments, guaranteeing,

intermediating to collection and consulting by purchase, sale, assignment or acquisition of the customer receivables based on invoices or other certifying documents representing the domestic commercial sales of goods and services. All factoring operations carried out by the Company are revocable and domestic transactions.

The establishment of the Company was approved by the BRSA on 16 December 2010 and activities began on August 25, 2011 according to the provision of Article 131.

b) Organization & Employees

Sardes Faktoring's organizational structure consists of the units of operations, financial & administration affairs, information technology, credits, marketing and internal control & auditing. All units are positioned under the common goals and strategies in order to increase the Company's efficiency. In addition, all departments are staffed by educated and experienced employees.

Board Members of Sardes Faktoring

E.Hakan Eminsoy	Chairman
K. Cenk Tülümen	Vice Chairman
Berna Bayındır	Board Member
Selami Özcan	Board Member

The Company's headquarter is located in Istanbul, with no additional physical offices. Sardes has a workforce of 12 as of FYE2017 with a stable senior management over the years.

c) Shareholders, Subsidiaries & Affiliates

The majority shareholder, Mr. Emin Hakan EMINSOY who has a broad experience in finance sector, held a 71.46 % interest in the Company. In addition, the shares of Mr. Celalettin Çağlar rose to 9.50% as of FYE2017 from 5.00 % as of FYE2016.

Shareholders – FYE 2017

	(%)	(000 TRY)
E. Hakan Eminsoy	71.46	14,364
K. Cenk Tülümen	19.04	3,827
Celalettin Çağlar	9,50	1,909

As of reporting date, the Company had no subsidiaries or affiliates.

d) Corporate Governance

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

Sardes Faktoring has established committees and internal audit systems to supervise the operations and provide reasonable assurance concerning the coverage and performance of internal control procedures. Sardes 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, vision, mission, strategy, the Board, minutes of annual general assemblies, shareholder structure and organizational structure. In addition, the Company does not have an effective policy of social responsibility highlighted on its website.

As per adoption of corporate management culture, the Company's human resources policy and job descriptions are established on the Company's website, 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 Board of Directors of Sardes Faktoring consists of 4 members, including the chairman and vice chairman of Sardes Faktoring and two board members.

The Company publishes an annual report, detailing its activities, important events and financials.

e) The Company Strategies

Sardes Faktoring highlights protective asset and credit quality while increasing its customer number. In addition, the Company's main strategy is based upon liability management, which aims to redress the balance in liability and create assets. The Company aims to be at the forefront of innovation and improvement in implementing factoring facilities by ensuring maximum customer satisfaction in the financial sector.

5. Sector Overview & Operational Environment

The Turkish factoring sector is comprised of 61 companies. As of FYE2017, the total asset size and equity of the Turkish Factoring Sector amounted to TRY 43.7bn (USD 11.47bn) TRY 5.78bn (USD 1.52bn) respectively. Containing 61 companies of various sizes, turn-over in the sector recorded an increase of 27.25% in comparison to the previous year and realized a value of TRY 42.52bn.

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

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

BRSA make management policies in the sector more difficult.

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

Turnover (000/TRY) Sectoral Break-down			
Factoring Sector	2015	2016	2017
Manufacturing	15,334,465	21,419,970	20,235,112
Services	11,476,551	12,050,371	17,859,298
Agriculture	478,855	519,672	580,040
Financial Intermediation	1,058,808	1,103,661	1,835,966
Others	926,353	1,579,590	2,010,045
Total	29,275,032	36,673,264	42,520,461
Turnover Sectoral Distribution %			
Factoring Sector	2015	2016	2017
Manufacturing	52.38%	58.41%	47.59%
Services	39.20%	32.86%	42.00%
Agriculture	1.64%	1.42%	1.36%
Financial Intermediation	3.62%	3.01%	4.32%
Others	3.16%	4.31%	4.73%
Total	100.00%	100.00%	100.00%

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

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

Some factoring companies are subsidiaries or associates of banks. The fundamental characteristic of factoring companies which are bank subsidiaries is that they operate with a lower level of equity, higher level of external resources, wide capability to reach loans and customers, higher level of assets, take-over of risks belonging to lower

profile firms, and low profitability. The fundamental characteristics of non-bank subsidiaries are that they operate with a lower level of assets, higher NPR level and interest margin, lower financing, and higher equity level and profitability and have a narrow credit-customer reaching capability.

The principles relating to the establishment and working conditions of factoring companies are regulated by the BRSA and is organized under the Financial Institutions Union. It remains a legal requirement that the sector management structures contain people that are educated and have sufficient professional experience, establish sound information systems, and identify and evaluate the risks they are exposed to. The implementation of a centralized invoice registry system in factoring transactions prevented the duplicate transfer of receivables arising from sale of goods and services and as such increased transparency. The establishment of the Central Invoice Recording System under the **“Financial Institutions Union”** and the improvement of conditions in the process of obtaining data from the information pool in the Risk Centre within the Turkish Banking Union increase the capability to reach more accurate intelligence by the sector, contributing to the increase and preservation of the sector’s asset quality.

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

The bond market in Turkey has provided factoring companies with the opportunity to diversify their funding resources since 2010. Non-Banking Financial Institutions exhibit the fundamental characteristic of obtaining funding

externally and from the Turkish Banking System. However, their tendency to raise funding from capital markets via debt issuances is on an increasingly upward trend.

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

THE KEY INDICATORS OF TURKISH FACTORING SECTOR

(000.000)	2017	2016	2015	2014	2013	2012	2011
Asset Size-TRY	43,712	33,080	26,716	26,515	21,790	18,146	15,622
Asset Size-USD	11,472	9,400	9,155	11,395	10,228	10,208	8,270
Equity-TRY	5,781	5,082	4,627	4,442	4,015	3,856	3,377
P/L-TRY	929	670	377	616	495	581	447
ROAA %	3.00	2.84	1.86	3.12	2.97	4.50	3.43
ROAE %	21.23	17.47	10.94	17.82	15.08	21.00	16.87
NPL Ratio%	3.47	4.62	5.49	4.83	4.70	4.69	3.94
Equity / T. Sources	13.23	15.36	17.32	16.75	18.42	21.25	21.00

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

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

Factoring receivables occupy the highest share among sector’s assets with a rate of 95.81% while loans occupy the highest share among resources at 72.78%. The sector meets

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

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

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

The performance of the factoring sector has maintained a faster upward acceleration in comparison to the banking sector since FY2016. The ratios of "ROA (avg.)" and "ROE (avg.)" were 2.05% and 18.61% respectively in the banking sector whilst the same ratios in the factoring sector were 3% and 21.23%, respectively. When the ratio of equity to total assets is taken into consideration, the factoring sector has a higher level of equity. The "Equity/Total

Assets" ratio stood at 13.23% in 2017 whilst the same ratio for the banking sector was 11.02%. Similarly, the special provisioning ratios for the impaired receivables across the factoring sector rose to a level above that of the banking sector since FY2012.

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

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

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

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

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

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

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

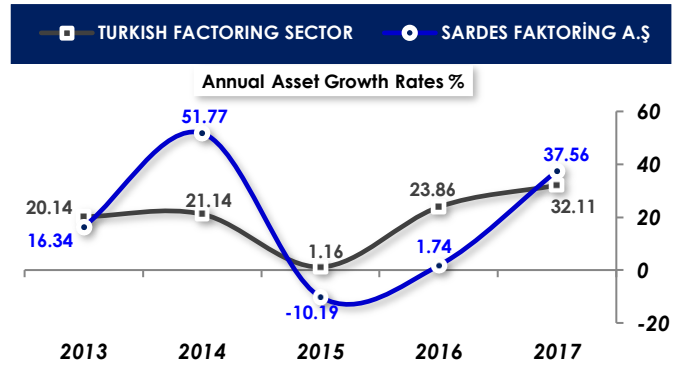
6. Financial Foundation

a) Financial Indicators & Performance

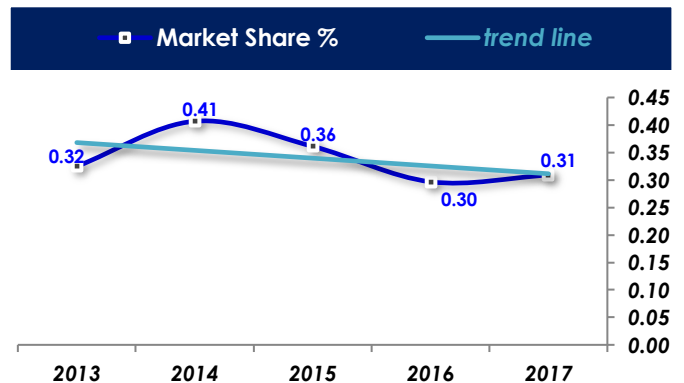
i. Indices relating to size

While the sector has increased its assets by 32.11%, Sardes Faktoring’s total assets significantly increased from TRY 98.16mn to TRY 135.02mn with an above sector growth rate of 37.56% as of FYE2017. The Company maintained positive growth rates over the reporting period with the exception of a negative growth rate in FYE2015 due to constrained national and global economic performance experienced in 2015. Moreover, factoring receivables reached TRY 127.74mn as of FYE2017, displaying an increase of 43.70% compared to the sector’s 34.09% rise.

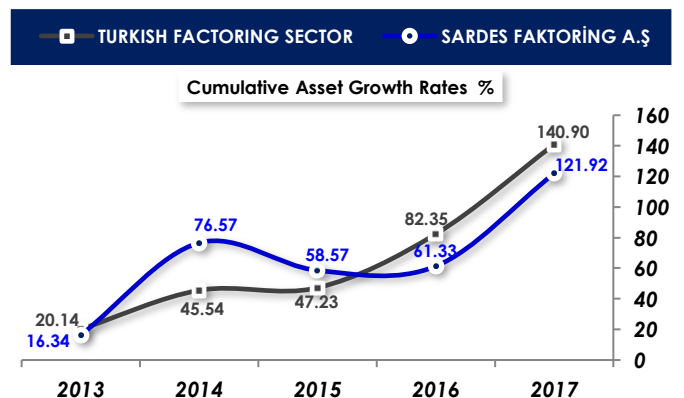
On the other hand, we note that the market is highly fragmented and skewed, with bank owned factoring companies constituting a large share of total factoring loans. BRSA mandated minimum capital requirement of TRY 20mn has resulted in exit and acquisition of certain factoring companies, a trend we expect to continue.



The Turkish factoring sector is comprised of 61 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 and operational capacities on a local and/or international scale. In this intensely competitive sector, Sardes Faktoring tiny increased its market share of 0.31% as of FYE2017.

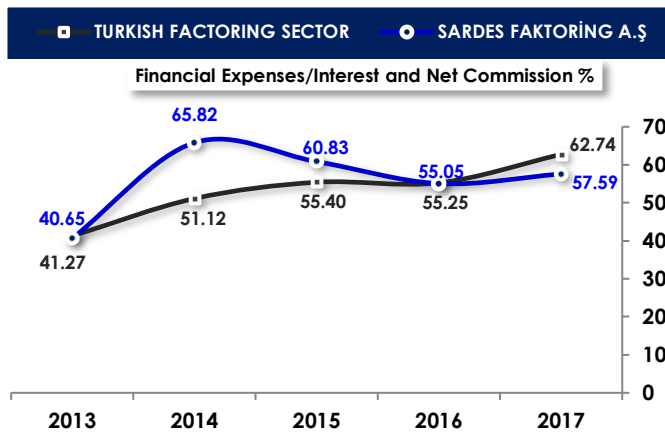


Between 2013 and 2017, Sardes Faktoring achieved a cumulative growth of 121.92% while that of the factoring sector was 140.90%.

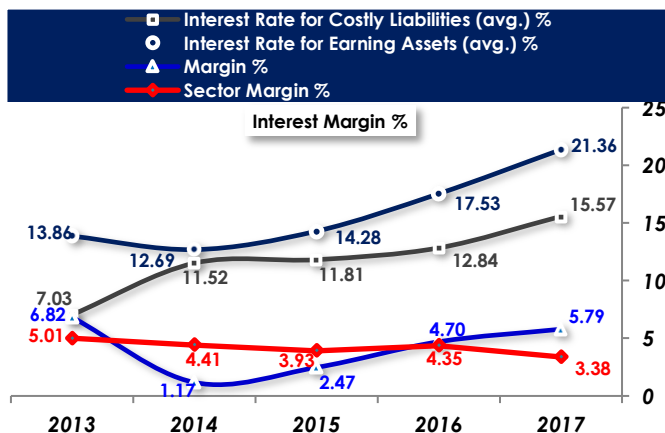


ii. Indices relating to profitability

The Company's net profit increased from TRY 1.60mn to TRY 2.94mn with a sharp increase of 83.89% compared to the previous year's net profit as of FYE2017. On the other hand, Sardes Faktoring performed below the sector with regard to the ratio of financial expenses to net interest and commission income over the reporting period. Sardes Faktoring's financial expenses corresponded to 57.59% of interest and net commission income while the sector averaged 62.74%.

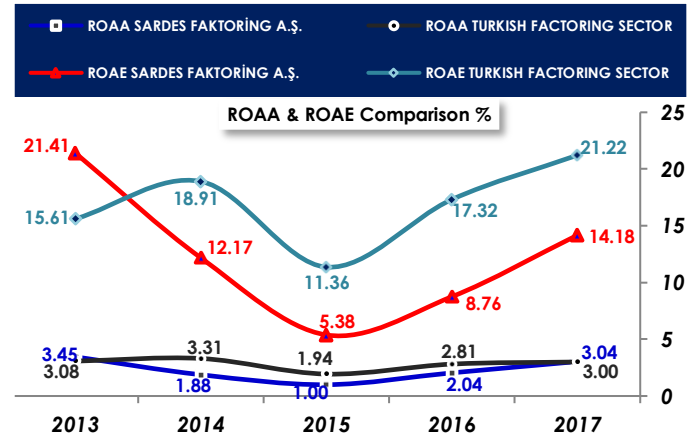


The Company's interest margin increased to 5.79% as of FYE2017 from 4.70% as of FYE2016 and stands above the sector average of 3.38%.



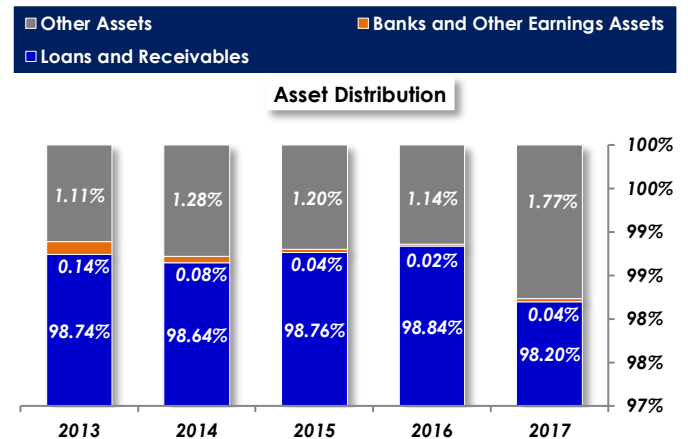
Sardes Faktoring's profitability ratios, measured in ROAA and ROAE both recorded an increase as of FY2017. The return on average asset (ROAA) increased to 3.04% above the sector averages as of FY2017. Although the return on

average equity (ROAE) ratio also showed an increase, reached to 14.18% as of FY2017, remaining below the sector averages.

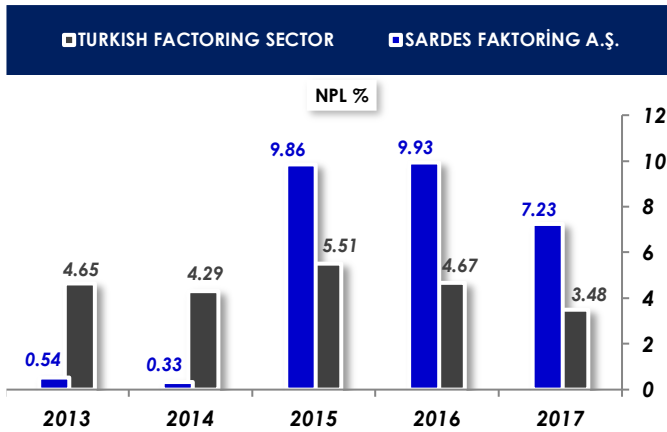


b) Asset quality

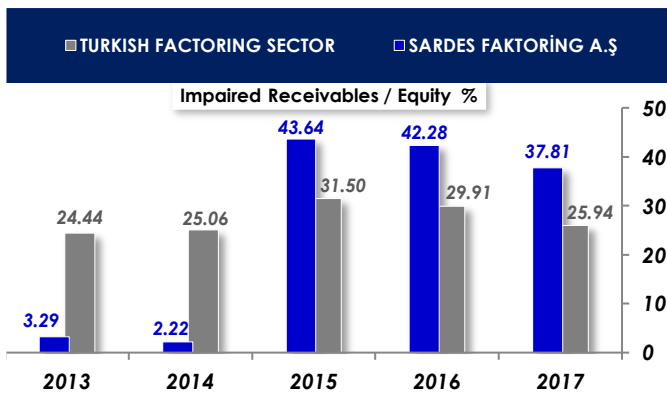
The Company's 2017 year-end total assets size amounted to TRY 135.02mn and exhibited a dispersion of 98.23% earning assets and 1.77% non-earning assets against sector figures of 97.35% and 2.65%, respectively. The earning assets weighted dispersion contributed to the Company's asset quality. Among earning assets, factoring receivables accounted for 96.31%, a figure slightly below that of the sector average of 97.75%.



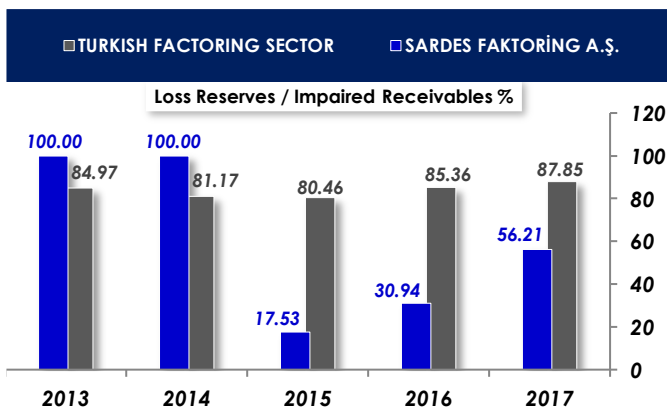
Along with its diminished figure, the Company NPL ratio displayed an above sector average pattern over the last three-year period. This figure decreased to 7.23% from 9.93%, still above the sector average of 3.48% as of FYE2017.



While the ratio of impaired receivables to equity decreased both for the Company and the sector for the last two periods, it remained far above the sector average of 25.94% as of the reporting period.

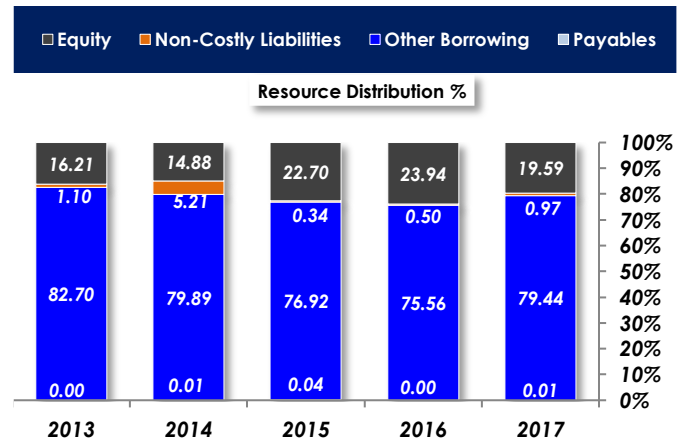


BRSA regulations require 20%, 50% and 100% provision coverage to impaired receivables which are past due by up to 180 days, 1 year and more than 1 year, respectively. Although the provisioning level of the Company exhibited a growth to 56.21% as of FYE2017, the Company's figure is below the sector figure in FYE2017.

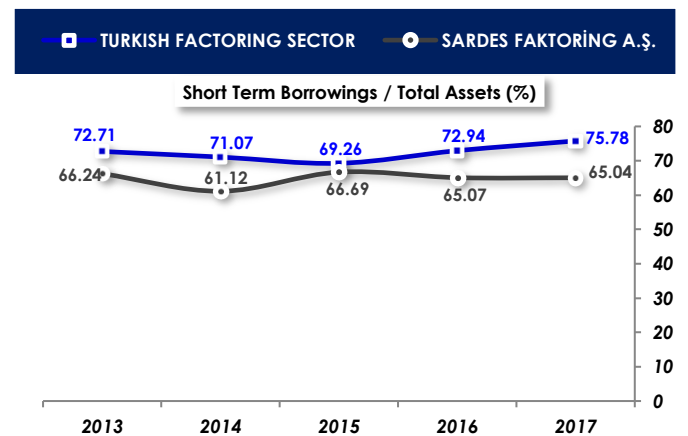


c) Funding & Adequacy of Capital

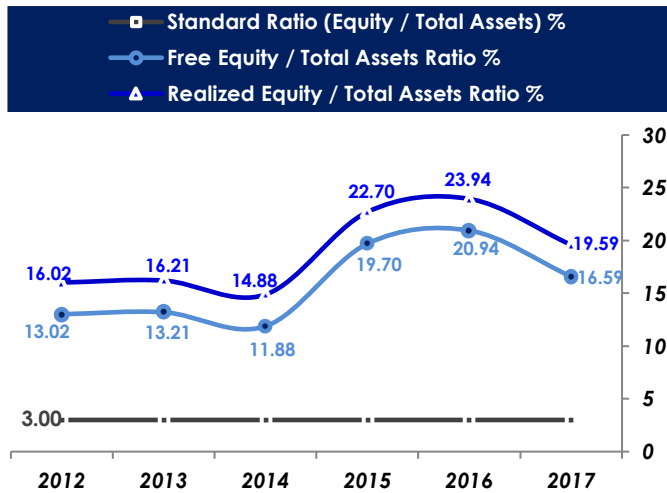
Bank loans, bonds and equity are the primary funding source of the operations of Sardes Faktoring. 98.86% of the bank loans have a maturity date of less than three months. Moreover, bonds issued to diversify funding sources amounted to TRY 19.44mn as of FYE2017. The Company formed a strong and diversified funding structure through alternative channels.



Short term borrowings including bank loans (TRY 86.82mn) and issued bonds (TRY 10.00mn) had a total value of TRY 96.82mn, constituting 88.77% of total liabilities as of FYE2017.



Factoring companies operating in Turkey are required by law to maintain an equity to assets ratio, otherwise known as the standard ratio, of at least 3%. The Company achieved a standard ratio of 19.59% as of FYE2017, staying above the sector average of 13.23%.



7. Risk Profile and Management

a) Risk Management Organization & its Function – General Information

Sardes Faktoring is primarily exposed to credit, interest, liquidity and operational risk stemming from its activities and use of financial instruments. Factoring receivables and bank loans are the major obligations of the Company. The Company's risk management policies are monitored by the Internal Control Department which assists the Board of Directors in identifying, defining, measuring and managing potential risks. Measures to be taken are reported to the Board of Directors. The operations of the Company are followed closely on a daily basis. Moreover, the Company's efforts to comply with the corporate governance best practices and principles contribute to the effectiveness risk management activities through increased transparency, segregation of duties and information.

The Company operates under the strict regulations of the BRSA along with its own effective internal control system, auditing and risk management activities. Additionally, Company operations are audited by Independent Auditing firms on a semi - annual basis. The Company's risk management policies are formed to identify and analyze the potential risk exposures and aim to create appropriate risk limit controls, monitor risks and comply with the limits for the Company risks.

b) Credit Risk

Sardes Faktoring's activities mainly expose the Company to credit, liquidity, market and operational risks. The establishment and surveillance of the risk management structure is under the responsibility of the Board and senior management. The credit risk exposed by the Company is monitored daily and managed according to certain standards, thresholds and limits.

As of FYE2017, the Company's exposure to its 10 largest customers represented 38%, the top 20 customers 61%, and top 50 customers 94% of the total receivables portfolio as of FYE2017, showing a high concentration. In addition, the 10 largest drawees constituted 40%, the top 20 56%, and the top 50 75% of the total receivables portfolio.

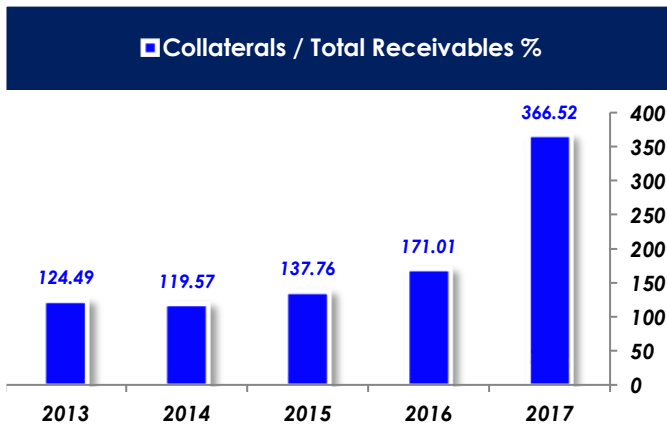
As of December 31, 2017	
Customer List	Share in Total Receivables (%)
First 10 - Customer	38
First 20 - Customer	61
First 50 - Customer	94

Credit risk mainly derived from short term factoring receivables. The total credit risk exposure of the Company was TRY 127.74mn at the end of FY2017, an increase from TRY 89.89mn as of FYE2016.

The following table gives the sectoral base diversification of the receivable portfolio of the company. Construction held the largest share with a rate of 26.56% followed by manufacture industry with a share of 15.38% as of FYE2017.

Gross Factoring Receivables Concentration Table	2017	%	2016	%
Construction	38,228	26.56	18,838	18.37
Wholesale and Retail Motor Vehicles	5,958	4.14	6,061	5.91
Manufacture Industry	22,146	15.38	14,336	13.98
Transport Activities	15,274	10.61	6,549	6.39
Textiles and Textile Products Industry	8,084	5.62	8,252	8.04
Vehicles Industry	880	0.61	243	0.24
Other-Tourism	4,961	3.45	1,757	1.71
Metals and Other Mining Industry	5,678	3.94	12,023	11.73
Medicine Pharmaceutical Industry	3,636	2.53	10,479	10.22
Food, Beverages and Tobacco Industry	6,941	4.82	3,485	3.40
Wholesale Trading and Brokerage Operations	3,200	2.22	6,958	6.79
Machinery and Equipment Industry	2,241	1.56	1,655	1.61
Agriculture and Forestry	2,977	2.07	2,745	2.68
Computer and Related Activities	2,463	1.71	1,300	1.27
Mining Activities	9,722	6.75	2,398	2.34
Culture, Entertainment and Sport Activities	5,390	3.74	5,454	5.32
Electricity Contracting	2,685	1.87	-	-
Office, Accounting and Computing Machinery	3,487	2.42	-	-
Total	143,951	100	102,533	100

The Company ratio of ‘Collaterals to Total Receivables’ maintained its full coverage over the review period and increased over the reporting period as of FYE2017. While the Company’s collaterals to total receivables ratio increased from 171.01% to 366.52% as of FYE2017, coverage is ensured over the years. Factoring receivables amounting to TRY 127.74mn have been collateralized in the amount of TRY 372.06mn tangible collateral in the form of cheques, mortgage, vehicle pledges, securities and notes.



c) Market Risk

Within the framework of market risk, interest and foreign currency mismatch risks are potential risk factors. The Company’s major interest bearing assets and liabilities are factoring receivables and bank loans.

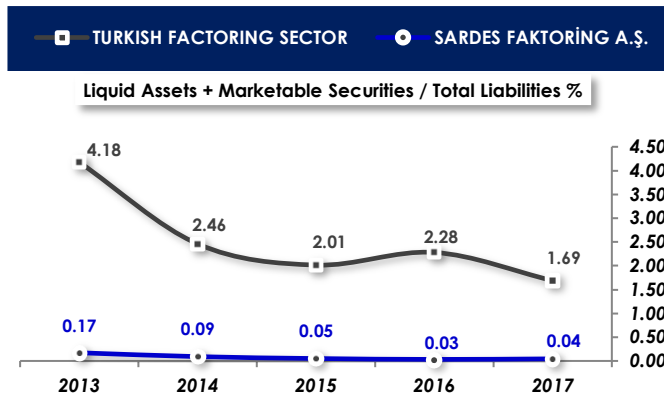
Assets and liabilities denominated in foreign currencies create foreign exchange risk. The Company carries a certain amount of foreign exchange position arising from the transactions it has carried out in accordance with its activities. The company constantly follows the foreign currency position on the balance sheet in order not to take foreign currency risk. As of December 31, 2017, the Company has a foreign currency surplus amounting to TRY 154k (As of December 31, 2016: 52k).

d) Liquidity Risk

Principally, the timeline of cash outflows and inflows and the uncertainties concerning the size and timeliness of cash flow requirements generates liquidity risk. Sardes Faktoring is exposed to liquidity risk during the funding of its operations and manages its liquidity risk through regular monitoring of forecasted and actual cash flows, matching the maturity profiles of financial assets and liabilities and providing the continuation of adequate funding sources as well as maintaining the adequate credit lines. The Company meets its funding needs through its own equity, bond issuances and loans from financial institutions and continuously analyses liquidity risk by monitoring the changes in funding sources as well as the collection and payment schedule.

The Company has credit lines from various major financial institutions, supporting liquidity management. As of 3 March 2018, credit lines of the Company were provided by 18 different financial institutions worth TRY142.91mn. 57.96% of this total line was used with a free line amounting to 42.04% enabling adequate and available credit lines and providing comfort in liquidity management.

The liquid assets level of the Company continuously stayed below sector averages following 2013 in accordance with the management strategy of ensuring minimum idle balance and avoiding additional market risk.



Additionally, the company has carried out its efforts to diversify credit lines through a bond issuance.

e) Operational, Legal Regulatory & Other Risks

Primary operational risk factors mainly arise from the transactions prior to the loan underwriting and due diligence & document collection processes. To minimize the human errors and potential risk exposures, operational risks are managed with the implementation of automated processes, specialized software and internal control mechanisms.

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

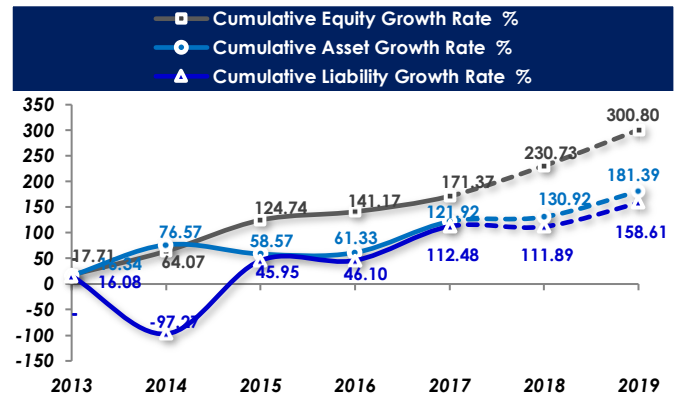
In addition to periodic reporting and transaction-based controls, the Company aims to minimize the operational processes so as to eliminate redundancies.

8. Budget & Debt Issue

Sardes Faktoring’s strategic focus has been set as profitability for the upcoming years. The Company has projected 2018 year-end financial statements figures of TRY 6.05mn net profit and TRY 140.50mn total asset size. Sardes Faktoring’s projection for 2017 was TRY 3.15mn net profit as stated in JCR Eurasia Rating’s previous rating report. Although the Company has exceeded the target by realizing a TRY135.02mn total asset size, the company did not reach TRY2.94mn net profit in 2017.

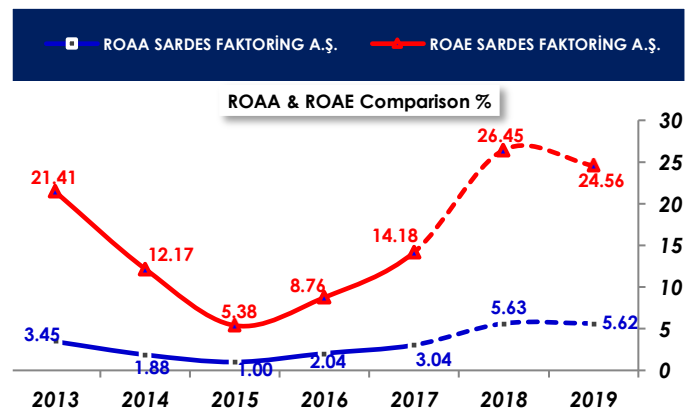
Based on budgeted statements supplied by the Company, growth rates for the last five years’ growth series are

expected to result in cumulative asset growth rates of 130.92% and 181.39% for 2018 and 2019, respectively.



Sardes Faktoring’s short term borrowings from banks and bond issuances will remain as the main sources of funding as in the previous years. November 3, 2017, the bond with a nominal value of TRY 10.00mn with a maturity of 175 days was issued for qualified investors. In addition, On January 19, 2018 the bond with a nominal value of TRY 13.00mn with a maturity of 179 days was issued. Additionally, The Company also plan to make new bond issues during the 2018.

During FY2018 and FY2019 the main profitability indicators of ROAA and ROAE are projected to be 5.63%, 5.62%, and 26.45%, 24.56%, respectively.



Sardes Faktoring A.Ş. BALANCE SHEET - ASSET TRY (000)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	As % of	As % of	As % of	2017	2016	2015
	2017	2017	2017	2016	2016	2015	2015	2014	2017	2016	2015	2017	2016	2015
	USD	TRY	TRY	TRY	TRY	TRY	TRY	TRY	Assets	Assets	Assets	Growth	Growth	Growth
	(Converted)	(Original)	(Average)	(Original)	(Average)	(Original)	(Average)	(Original)	(Original)	(Original)	(Original)	Rate	Rate	Rate
A-TOTAL EARNING ASSETS (I+II+III)	34,810.26	132,641.00	114,842.00	97,043.00	96,186.00	95,329.00	100,696.00	106,063.00	98.23	98.86	98.80	36.68	1.80	-10.12
I- LOANS AND RECEIVABLES (net)	34,797.66	132,593.00	114,806.00	97,019.00	96,155.00	95,291.00	100,635.50	105,980.00	98.20	98.84	98.76	36.67	1.81	-10.09
a) Factoring Receivables	33,525.35	127,745.00	108,821.50	89,898.00	88,520.50	87,143.00	96,447.00	105,751.00	94.61	91.58	90.32	42.10	3.16	-17.60
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	2,624.13	9,999.00	9,968.00	9,937.00	9,748.00	9,559.00	4,957.00	355.00	7.41	10.12	9.91	0.62	3.95	2,592.68
e) Others	123.08	469.00	364.00	259.00	262.00	265.00	247.00	229.00	0.35	0.26	0.27	81.08	-2.26	15.72
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 (-)	-1,474.91	-5,620.00	-4,347.50	-3,075.00	-2,375.50	-1,676.00	-1,015.50	-355.00	-4.16	-3.13	-1.74	82.76	83.47	372.11
II-BANKS AND OTHER EARNING ASSETS	12.60	48.00	36.00	24.00	31.00	38.00	60.50	83.00	0.04	0.02	0.04	100.00	-36.84	-54.22
a) Banks	12.60	48.00	36.00	24.00	31.00	38.00	60.50	83.00	0.04	0.02	0.04	100.00	-36.84	-54.22
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	626.18	2,386.00	1,751.50	1,117.00	1,136.00	1,155.00	1,264.00	1,373.00	1.77	1.14	1.20	113.61	-3.29	-15.88
a) Cash and Cash Equivalents	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) 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	44.50	89.00	44.50	0.00	0.00	0.00	n.a	0.09	n.a	-100.00	n.a	n.a
d) Other	626.18	2,386.00	1,707.00	1,028.00	1,091.50	1,155.00	1,264.00	1,373.00	1.77	1.05	1.20	132.10	-11.00	-15.88
- Intangible Assets	9.19	35.00	49.50	64.00	79.00	94.00	125.00	156.00	0.03	0.07	0.10	-45.31	-31.91	-39.74
- Property and Equipment	88.70	338.00	334.00	330.00	244.00	158.00	206.50	255.00	0.25	0.34	0.16	2.42	108.86	-38.04
- Deferred Tax	502.83	1,916.00	1,248.50	581.00	617.00	653.00	694.00	735.00	1.42	0.59	0.68	229.78	-11.03	-11.16
- Other	25.46	97.00	75.00	53.00	151.50	250.00	238.50	227.00	0.07	0.05	0.26	83.02	-78.80	10.13
TOTAL ASSETS	35,436.44	135,027.00	116,593.50	98,160.00	97,322.00	96,484.00	101,960.00	107,436.00	100.00	100.00	100.00	37.56	1.74	-10.19

Sardes Faktoring A.Ş. BALANCE SHEET-LIABILITIES+EQUITY TRY (000)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	(Year end)	As % of	As % of	As % of	2017	2016	2015
	2017	2017	2017	2016	2016	2015	2015	2014	2017	2016	2015	2017	2016	2015
	USD (Converted)	TRY (Original)	TRY (Average)	TRY (Original)	TRY (Average)	TRY (Original)	TRY (Average)	TRY (Original)	Assets (Original)	Assets (Original)	Assets (Original)	Growth Rate	Growth Rate	Growth Rate
C- COST BEARING RESOURCES (I+II)	28,152.16	107,271.00	90,718.00	74,165.00	74,210.50	74,256.00	80,050.00	85,844.00	79.44	75.56	76.96	44.64	-0.12	-13.50
I-PAYABLES	2.36	9.00	4.50	0.00	20.00	40.00	26.50	13.00	0.01	n.a	0.04	n.a	-100.00	207.69
a) Factoring Payables	2.36	9.00	4.50	0.00	20.00	40.00	26.50	13.00	0.01	n.a	0.04	n.a	-100.00	207.69
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	28,149.80	107,262.00	90,713.50	74,165.00	74,190.50	74,216.00	80,023.50	85,831.00	79.44	75.56	76.92	44.63	-0.07	-13.53
a) Fund Borrowed-Short Term	23,046.92	87,818.00	75,845.50	63,873.00	64,090.50	64,308.00	64,980.00	65,652.00	65.04	65.07	66.65	37.49	-0.68	-2.05
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)	5,102.88	19,444.00	14,868.00	10,292.00	10,100.00	9,908.00	15,043.50	20,179.00	14.40	10.48	10.27	88.92	3.88	-50.90
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	343.27	1,308.00	899.50	491.00	408.00	325.00	2,963.50	5,602.00	0.97	0.50	0.34	166.40	51.08	-94.20
a) Provisions	37.00	141.00	118.00	95.00	83.50	72.00	55.50	39.00	0.10	0.10	0.07	48.42	31.94	84.62
b) Current & Deferred Tax Liabilities	58.26	222.00	202.00	182.00	196.50	211.00	254.50	298.00	0.16	0.19	0.22	21.98	-13.74	-29.19
c) Trading Liabilities (Derivatives)	0.00	0.00	46.50	93.00	46.50	0.00	20.00	40.00	n.a	0.09	n.a	-100.00	n.a	-100.00
d) Other Liabilities	248.01	945.00	533.00	121.00	81.50	42.00	2,633.50	5,225.00	0.70	0.12	0.04	680.99	188.10	-99.20
E- TOTAL LIABILITIES	28,495.43	108,579.00	91,617.50	74,656.00	74,618.50	74,581.00	83,013.50	91,446.00	80.41	76.06	77.30	45.44	0.10	-18.44
F- 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
F- EQUITY	6,941.00	26,448.00	24,976.00	23,504.00	22,703.50	21,903.00	18,946.50	15,990.00	19.59	23.94	22.70	12.53	7.31	36.98
a) Prior Year's Equity	6,168.38	23,504.00	22,703.50	21,903.00	18,946.50	15,990.00	13,731.00	11,472.00	17.41	22.31	16.57	7.31	36.98	39.38
b) Equity (Internal & external resources added during the year)	0.00	0.00	0.00	0.00	2,550.00	5,100.00	4,112.50	3,125.00	n.a	n.a	5.29	n.a	-100.00	63.20
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	772.62	2,944.00	2,272.50	1,601.00	1,207.00	813.00	1,103.00	1,393.00	2.18	1.63	0.84	83.89	96.92	-41.64
TOTAL LIABILITY+EQUITY	35,436.44	135,027.00	116,593.50	98,160.00	97,322.00	96,484.00	101,960.00	107,436.00	100.00	100.00	100.00	37.56	1.74	-10.19
USD 1 = TRY		3.8104		3.5318		2.9076		2.3189						

Sardes Faktoring A.Ş. INCOME STATEMENT TRY (000)	2017	2016	2015
Net Interest Income	10,402.00	7,340.00	4,928.00
A) Interest income	24,527.00	16,865.00	14,384.00
a) Factoring Interest Income	24,527.00	16,865.00	14,384.00
b) Financing Loans Interest Income	0.00	0.00	0.00
c) Lease Income	0.00	0.00	0.00
d) Banks	0.00	0.00	0.00
B) Financial Expense	14,125.00	9,525.00	9,456.00
Net Fee and Commission Income	1.00	436.00	1,161.00
a) Fee and Commission Income	271.00	584.00	1,295.00
b) Fee and Commission Expense	270.00	148.00	134.00
Total Operating Income	22.00	446.00	180.00
Interest Income from Other Operating Field	0.00	0.00	0.00
Foreign Exchange Gain or Loss (net) (+/-)	9.00	15.00	54.00
Gross Profit from Retail Business	0.00	0.00	0.00
Gains or Loss on Derivative Instruments (+/-)	0.00	0.00	0.00
Income on Sale of Equity Participations and Consolidated Affiliates	0.00	0.00	0.00
Gains from Investment Securities (net)	0.00	0.00	0.00
Other Operating Income	13.00	431.00	126.00
Taxes other than Income Tax	0.00	0.00	0.00
Dividend	0.00	0.00	0.00
Provisions	2,544.00	1,507.00	1,424.00
Provision for Impairment of Loan and Trade Receivables	2,544.00	1,507.00	1,424.00
Other Provision	0.00	0.00	0.00
Total Operating Expense	4,340.00	4,727.00	3,825.00
Salaries and Employee Benefits	2,457.00	2,461.00	2,316.00
Depreciation and Amortization	145.00	82.00	195.00
Other Expenses	1,738.00	2,184.00	1,314.00
Profit from Operating Activities before Income Tax	3,541.00	1,988.00	1,020.00
Income Tax – Current	597.00	387.00	207.00
Income Tax – Deferred	0.00	0.00	0.00
Net Profit for the Period	2,944.00	1,601.00	813.00
Total Income	10,425.00	8,222.00	6,269.00
Total Expense	4,340.00	4,727.00	3,825.00
Provision	2,544.00	1,507.00	1,424.00
Pretax Profit	3,541.00	1,988.00	1,020.00

Sardes Faktoring A.Ş. FINANCIAL RATIO %	2017	2016	2015
I. PROFITABILITY & PERFORMANCE			
1. ROA - Pretax Profit / Total Assets (avg.)	3.04	2.04	1.00
2. ROE - Pretax Profit / Equity (avg.)	14.18	8.76	5.38
3. Total Income / Equity (avg.)	41.74	36.21	33.09
4. Total income / Total Assets (avg.)	8.94	8.45	6.15
5. Provisions / Total Income	24.40	18.33	22.71
6. Total Expense / Total Resources (avg.)	4.74	6.33	4.61
7. Net Profit for the Period / Total Assets (avg.)	2.53	1.65	0.80
8. Total Income / Total Expenses	240.21	173.94	163.90
9. Non Cost Bearing Liabilities + Equity- Non Earning Assets / Assets	18.79	23.31	21.84
10. Non Cost Bearing Liabilities - Non Earning Assets / Assets	-0.80	-0.64	-0.86
11. Total Operating Expenses / Total Income	41.63	57.49	61.01
12. Interest Margin	9.06	7.63	4.89
13. Operating ROAA = Operating Net Incomes / Assets (avg.)	15.15	11.83	10.27
14. Operating ROAE = Operating Net Incomes / Equity Capital (avg.)	70.73	50.71	55.29
15. Interest Coverage – EBIT / Interest Expenses	125.07	120.87	110.79
16. Net Profit Margin	28.24	19.47	12.97
17. Gross Profit Margin	33.97	24.18	16.27
18. Market Share	0.31	0.30	0.36
19. Growth Rate	37.56	1.74	-10.19
II. CAPITAL ADEQUACY (year end)			
1. Equity Generation / Prior Year's Equity	0.00	0.00	31.89
2. Internal Equity Generation / Previous Year's Equity	12.53	7.31	5.08
3. Equity / Total Assets (Standard Ratio)	19.59	23.94	22.70
4. Equity / Total Liabilities	24.36	31.48	29.37
5. Free Equity / Total Receivables Ratio	19.67	23.82	22.72
6. Tangible Assets / Total Assets	0.25	0.34	0.16
7. Intangible Assets / Total Assets	0.03	0.07	0.10
8. Equity / Total Guarantees and Commitments + Equity	100.00	100.00	100.00
III. LIQUIDITY (year end)			
1. Liquid Assets + Marketable Securities / Total Assets	0.04	0.02	0.04
2. Liquid Assets + Marketable Securities / Total Liabilities	0.04	0.03	0.05
3. Short Term Borrowings / Total Assets	65.04	65.07	66.69
4. Net Interest and Commission / Total Assets	7.70	7.92	6.31
5. Liquid Assets + Marketable Securities / Equity	0.18	0.10	0.17
IV. ASSET QUALITY			
1. Loan and Receivable's Loss Provisions / Total Loans and Receivables	4.07	3.07	1.73
2. Total Provisions / Profit Before Provision and Tax	41.81	43.12	58.27
3. Impaired Receivables / Gross Receivables	7.23	9.93	9.86
4. Impaired Receivables / Equity	37.81	42.28	43.64
5. Loss Reserves for Receivables / Impaired Receivables	56.21	30.94	17.53
6. Collaterals / Total Receivables	366.52	171.01	137.76
7. Total FX Position / Total Assets	0.11	0.05	0.26
8. Total FX Position / Equity	0.58	0.22	1.13
9. Assets / Total Guarantees and Commitments + Assets	100.00	100.00	100.00



**JCR
Eurasia Rating,**

**Sardes Faktoring
A.Ş. ile ‘Mevcut ve
Planlanan Tahvil
İhraçlarının’ periyodik
gözden geçirme
sürecinde**

**Uzun Vadeli Ulusal
Notu’nu “BBB (Trk)”
den “BBB+ (Trk)” ya
yükseltmiş, not
görünümü ise ‘Stabil’
olarak belirlemiştir.**



Basın Açıklaması İstanbul – 29 Mart 2018

JCR Eurasia Rating, Sardes Faktoring A.Ş. ile ‘Mevcut ve Planlanan Tahvil İhraçlarının’ periyodik gözden geçirme sürecinde, yatırım yapılabilir kategori içerisinde değerlendirerek Uzun Vadeli Ulusal Notu’nu **‘BBB(Trk)’**den **‘BBB+(Trk)’**ya yükseltmiş, not görünümü ise **‘Stabil’** olarak belirlemiştir. Diğer taraftan, Uzun Vadeli Uluslararası Yabancı Para ve Uzun Vadeli Uluslararası Yerel Para Notlarını **‘BBB-’** olarak teyit etmiştir.

Makroekonomik koşullardaki dalgalanmalardan ve istikrarsızlıktan etkilenme seviyesi yüksek olan faktoring sektöründe ekonomik konjonktürdeki değişiklikler ve BDDK’nın regülasyon çalışmaları yönetim politikaları üzerinde belirleyici olmaktadır. Diğer taraftan, yapılan reformlar doğrultusunda, etkin gözetim ve denetim açısından sektörün yasal altyapısı iyileştirilerek, bilgi sistemlerinin, risk ölçüm sistemlerinin ve iç kontrol süreçlerinin tesis edilmesinin zorunlu tutulması özellikle, sektörün kurumsal yapısının gelişimine, finansal raporlamaların kalitesinin, standardizasyonunun ve şeffaflığının artırılmasına ve rekabet eşitliğinin sağlanmasına yönelik pozitif yönde ivme kazandırmıştır. Faktoring şirketlerinin esas gelirlerini reel sektörün oluşturduğu dikkate alındığında, yurt dışı ve yurt içi ekonomik-politik ve jeopolitik gelişmelerin piyasalarda yarattığı volatilitenin ve teşvik edici politikalar ile desteklenen büyüme ortamının faktoring sektörü üzerindeki etkileri yakından izlenmesi gereken husus olarak ortaya çıkmaktadır.

Sardes Faktoring, 2011 yılında faaliyetlerine başlamış olup operasyonlarını İstanbul’da yer alan merkez ofisinde sürdürmektedir. Deneyimli yönetici kadrosu ile firmaların kredi gereksinimlerini karşılayan Şirketin piyasada bilinirliği artmaya devam etmektedir.

Sardes Faktoring, operasyonel maliyetlerin azaltılması, aktif kalitesinin geliştirilmesi, sorunlu alacaklara yönelik tahsilat girişimlerinin yoğunlaştırılması ve kredi portföyünün geliştirilmesini öne çıkartan politikalarıyla iç kaynak üretim performansını geçmişe nazaran çok daha yüksek oranda geliştirmiştir. Bununla birlikte, gerçekleştirmiş olduğu başarılı tahvil ihraçları ile fon çeşitliliği yaratarak likidite ihtiyacını rahatlatmaya devam etmektedir. Gelişim gösteren tatmin edici aktif kalitesi, sektör ortalamaları üzerindeki özkaynak seviyesi, maliyetlerin geçmiş dönemlere nazaran sınırlanması, masraf tabanlarının düşüklüğü, gerçekleştirmiş olduğu başarılı tahvil ihraçları ve NPL oranındaki düşüşe eşlik eden net dönem karındaki iyileşme, **Sardes Faktoring’in ‘BBB+ (Trk)’** olarak yukarı yönlü revize edilen Uzun Vadeli Ulusal Notunun ana dayanaklarını oluşturmaktadır. Risk ve likidite yönetim politikalarındaki rasyonalite, varlık ve yükümlülüklerinin istikrarlı dağılımı ve makro düzeydeki sektörel gelişmelerin paralelinde şirketin kısa ve uzun dönem notlarının görünümü **‘Stabil’** olarak belirlenmiştir. İhraç yoluyla elde edilmesi planlanan kaynaklar şirket bilançosunda taşınacağı için ayrı bir ihraç rating raporu düzenlemeyip kredi derecelendirme raporu içerisinde analiz edilmiştir. İhraç edilecek tahvilin şirketin diğer yükümlülüklerine göre hukuksal ve teminat açısından bir farklılaştırılması olmadığı için şirketin kurumsal yapısının notları ihraç rating’ini de temsil etmektedir. Ancak, ihraç ratingi notları yapılandırılmış finansman enstrümanlarını kapsamamaktadır. İhraca ilişkin notlar gerek dolaşımdaki gerekse de ihraç edilecek borçlanma enstrümanlarına atanmış olup vadelerine kadar olan değerlendirmeleri içermektedir.

Bütçe hedeflerinin gerçekleştirilme performansı, sektörel gelişmelerin ve faiz oranlarındaki değişikliklerinin şirketin iç kaynak üretim gücü ve varlık kalitesi üzerinde yaratacağı etkiler ve operasyonel maliyetlerin seyri not ve görünüm üzerindeki etkileri JCR Eurasia Rating’in izleyeceği öncelikli alanlar arasında yer almaktadır. İlaveten, Şirket’in takipteki alacaklarına ilişkin olarak devam eden ve müspet sonuçların alınması halinde önemli bir tahsilat girdisi sağlayacak olan davalara yönelik gelişmeler yakından izlenmeye devam edecektir.

Sardes Faktoring’in hissedarlarının firmaya operasyonel ve finansal destek sağlama güç ve arzusunu belirten ‘Desteklenme Notu’, firmanın ortaklık yapısını elinde bulunduran **Emin Hakan Eminsoy , Kazım Cenk Tülümen ve Celalettin Çağlar**’ın ihtiyaç halinde **Sardes Faktoring’e**, finansal güçlerinin yeterliliğine bağlı olarak, uzun vadeli likidite veya özkaynak temin edebilecek arzuya ve ayrıca etkili operasyonel destek sunma deneyimine sahip olduğu dikkate alındığında **JCR Eurasia Rating** notasyonu içerisinde **(3)** olarak teyit edilmiştir.

Şirketin ortaklarından herhangi bir destek sağlanıp sağlanamayacağına bakılmaksızın, içsel kaynak yaratma potansiyeli, sermayeleşme düzeyi ve likidite profili dikkate alındığında, piyasadaki etkinliğini koruması ve makroekonomik seviyenin bu haliyle devam etmesi kaydıyla üstlendiği yükümlülükleri yönetebilecek yeterli deneyim ve altyapıya ulaştığı düşünülmektedir. Bu kapsamda, **JCR Eurasia Rating** notasyonu içerisinde, **Sardes Faktoring’in** Ortaklardan Bağımsızlık notu **(B)** olarak teyit edilmiştir.

Derecelendirme neticeleriyle ilgili daha fazla bilgi Kuruluşumuzun <http://www.jcrer.com.tr> adresinden sağlanabilir veya Kuruluşumuz grup başkanı **Sn. Zeki Metin ÇOKTAN** ve analist yardımcısı **Sn. Ersin KILIÇKAP** ile iletişim kurulabilir.

JCR EURASIA RATING
Yönetim Kurulu

NOTLAR

		Uzun Vade	Kısa Vade
Uluslararası	Yabancı Para	BBB-	A-3
	Türk Parası	BBB-	A-3
	Görünüm	YP Stabil TP Stabil	Stabil
	İhraç Notu	-	-
Ulusal	Ulusal Not	BBB+ (Trk)	A-2 (Trk)
	Görünüm	Stabil	Stabil
	İhraç Notu	BBB+ (Trk)	A-2 (Trk)
Desteklenme Notu	3	-	
Ortaklardan Bağımsızlık Notu	B	-	

Sektör: Faktoring

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Analistler

Grup Başkanı

Zeki Metin Çoktan

+90 212 352 56 73

zekic@jcrer.com.tr

Asistan Analist

Ersin Kılıçkap

+90 212 352 56 73

ersinkilickap@jcrer.com.tr