


Corporate Credit Rating

**Non-Banking Financial Institution
Factoring**

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

SARDES FAKTORİNG ANONİM ŞİRKETİ			
Financial Data	2013*	2012*	2011*
Total Assets (000 USD)	33,228	34,229	9,879
Total Assets (000 TRY)	70,788	60,846	18,660
Equity (000 TRY)	11,472	9,746	7,581
Net Profit (000 TRY)	1,726	2,165	-169
Market Share (%)	0.32	0.34	0.12
ROAA (%)	3.45	6.73	-2.25
ROAE (%)	21.41	30.89	-5.54
Equity/Total Assets (%)	16.21	16.02	40.63
NPL (%)	0.54	0.34	0
Growth Rate (%)	16.34	226.08	n.a

*End of year

*Assigned by Japan Credit Rating Agency, JCR on May 23, 2013

Analysts: Gökhan İYİĞÜN / +90 212 352 56 73

gokhani@jcrer.com.tr

Orkun İNAN / +90 212 352 56 73

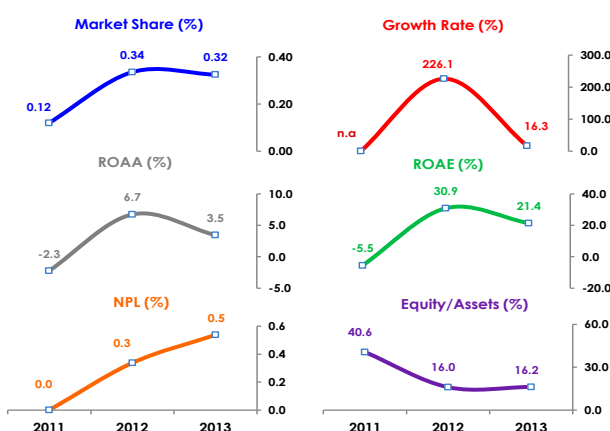
orkuni@jcrer.com.tr

Company Overview

Sardes Faktoring Anonim Şirketi (hereinafter referred to as "Sardes Faktoring", or the "Company"), founded in 2010, operates in the Turkish Factoring Sector and offers cash financing to sellers in return for their receivables, based on invoices or other certifying documents representing the domestic sales of goods and services, by undertaking their collection. The activities of the Company are regulated and supervised by the Banking Regulation and Supervision Agency (BRSA).

The Company's real person shareholding structure covers 2 individuals, the main controlling shareholders, Mr. Emin Hakan Eminsoy (76.52%) and Kazım Cenk Tülümen (23.48%), as of FYE2013. The Company provided domestic and recourse or non-recourse factoring facilities through its headquarters in İstanbul with a staff force of 15 people as of March, 2014. The Company, with a total asset size of TRY 70.79mn, had a 0.32% market share in the factoring sector worth a total of TRY 21.80 bn in FYE2013.

The Company's long term national grade has upgraded one notch to 'BBB (Trk)' with a 'Stable' outlook.



Strengths

- Upward trend in growth rates during the previous three years,
- Well-developed credit culture resulted in a low level of non-performing loans through conscious asset growth strategy creating comparative advantages,
- Establishment of institutional units with a view to improving risk management and monitoring system creating comparative advantages,
- Efficient cost management supports the bottom line,
- Eased liquidity management via bond issue,
- Professional senior finance management team and specialized knowledge of the Turkish financial sector,
- An improvement corporate governance and transparency

Constraints

- Deficiency in capitalization level consistent with sector averages partly due to deterioration in profitability indicators as evidenced by downward trend in interest margins of the sector, during recent years - albeit the Company outperforming the sector,
- Scarce operating channels compared to bank-related companies,
- Despite meeting legal requirements, descending and below sector equity level,
- Lopsided customer concentration of factoring receivables increasing vulnerability on asset quality

Publication Date: May 23, 2014

"Global Knowledge supported by Local Experience"

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 Sector and Financing Companies Law No. 6361, the factoring sector's first, came into effect on December 13, 2012. Moreover, the Regulation regarding organization and operating principals of financial leasing, factoring and financing companies entered into force on April 24, 2013.

According to the most recent BRSA statistics, the total asset size of the Turkish Factoring Sector was TRY21.80bn and involved 76 factoring companies, 73 of which are located in Istanbul as of FYE2013.

Independent auditor's reports prepared in conformity with BRSA regulations, information, projections and clarifications provided by the Company itself, sector statistical data provided by the BRSA and Factoring Association, JCR Eurasia Rating's own research and records and other non-financial figures were drawn upon in the determination of the assigned ratings. Independent audit reports prepared in line with IFRS standards have been deployed for the analysis of financial positions whereas special data sets belonging to JCR Eurasia Rating have been utilized in the analysis of the sectorial trends.

The performance of the Turkish factoring system is directly related to domestic macroeconomic conditions. The recent political turmoil and public unrest have clearly demonstrated that political risk is very significant and a key component of financial market analysis. The factoring sector in Turkey boasts solid credit metrics.

Above Sector Interest Margin

Despite following a downward trend, the interest margin continued to outperform the sector average as during the previous 2-years. On the other hand, the Company's profitability indicators such as ROAA and ROAE outperformed the sector averages between FYE2012 and FYE2013.

Sharp Increase in Factoring Receivables

The upward trend in the Company's factoring receivables to total assets supported asset quality and market share. Weighted-average maturity of the Company's factoring receivables was less than one year. Moreover, collateral level and provisions for impaired receivables contributed to asset quality.

Widened Funding Structure

The Company increasingly benefits from opportunities it has created to reduce funding costs through utilizing capital market instruments during the previous 2 years.

Maintained Asset Quality Level

The share of earning assets, particularly that of factoring receivables in the Company's balance sheet composition, were maintained above the sector average.

Trivial NPL Amount

Despite a sharp asset growth rate, NPL ratio stood at 0.54%, below the sector ratio of 4.65%, thanks to effective risk management practices contributing to ratios related to impaired receivables.

Increasing Compliance with Corporate Governance Principles

The Company implements procedures to ensure transparency, provides annual financial statements and organizational chart, shareholder structure, articles of association and code of conduct principles through its web site.

Downward Pressure in Profitability Ratios

The Company's fundamental profitability ratios of ROAA and ROAE remained above the sector in FYE2013. However, rising ratios in FYE2012 harshly dropped in 2013 due to a relatively lower revenue increase despite asset growth.

Declining But Legally Adequate and Above-Sector-Average Equity Level

Under the recent legislation, a Company's standard ratio must be sustained at 3%. Although the Company's equity level has followed a downward trend during recent years due to the meeting of funding needs with mostly external sources, it could have met the legal requirements by far and outperformed the sector averages.

Market Outlook

Upward trend of pressure in the markets through persistent risk caused by social unrest, political instability, financial turmoil and likelihood of depreciation in market outlook.

The Increase in Funding Costs

Turkey Central Bank's support to TRY assets from the interest rate side led to an increase in funding costs. Diminishing credit sources for the companies in this economic structure will be the key driver enhancing factoring companies' activities.

In this regard, JCR Eurasia Rating has revised National Local Rating Note of Sardes Faktoring A.Ş. to 'BBB (Trk)' from 'BBB-(Trk)' in the Long Term and affirmed 'A-3 (Trk)' in the Short Term National Scale in JCR Eurasia Rating's notation system.

2. Outlook

JCR-Eurasia has assigned "Stable" outlooks on the short and long term national and international ratings perspectives of Sardes Faktoring considering: resiliency in the revenue streams supported by a changing creditworthy customer profile; eased liquidity management in its balance sheet composition; limited capitalization level above the legal boundaries set by the regulating authorities; a moderate risk appetite that is expected to be maintained; improvements in credit assessment, risk management and monitoring systems; and positive growth prospects in the Turkish economy even under arising worrisome circumstances.

Downward pressure on future changes in ratings and outlook status are the sovereign rating level of Turkey, probable adversities through downside risks to the already contracting interest margin of the sector, worsening competition conditions and economic slump in the country and market outlooks.

Upgrades in Turkey's country ceiling ratings, improvements in the global financial climate and growth prospects in the Turkish economy, competitive environment in the sector, increases in the equity base through a cash capital injection, sustainable profit increases, decreases in external funding needs and increasing market presence abroad are factors that can contribute to any future positive changes in ratings and outlook status.

3. Sponsor Support and Stand Alone

Sponsor support grades and risk outlooks denote the financial and non-financial states and expected support of the major controlling shareholders of Sardes Faktoring, Mr. Emin Hakan Eminsoy and Kazım Cenk Tülümen. It is considered that Sardes Faktoring's corporate entity and real person shareholders have the willingness to supply long term liquidity or equity within their financial capability when financial needs arise, and have sufficient experience to provide productive operational support to the Company.

On the other hand, within the framework of current legislation regarding the sector, no public authority and professional organization exist to provide the Company

and the sector in general with financial support. Based on these assessments, the Sponsor Support grade of the Company has been affirmed as (3), which denotes an adequate level of external support despite some uncertainties.

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. We, as JCR Eurasia Rating, are of the opinion 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. Within this context, the Stand Alone grade of the Company has been affirmed as (B) in JCR Eurasia's notation system, which denotes support depending on economic conditions.

4. Company Profile

a. History

Sardes Faktoring was founded by Hakan Eminsoy and Kazım Cenk, senior finance professionals with specialized knowledge of the Turkish financial sector, on December 10, 2010. The Company was established 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 Sardes Faktoring was approved by the BRSA on 16 December, 2010 and activities begun on August 25, 2011 according to the provision of Article 131.

b. Organization & Employees

The Company operations are performed locally in Turkey through its headquarters in Istanbul. The Company's Board has 4 members, including the General Manager. As of March, 2014, the actual labor force of the Company was 15.

Since its establishment, the Company continues to operate with the current shareholding structure. Of the stated staff, 20% hold post-graduate degrees, 47% undergraduate degrees, 6% associate degrees, 13% high school diplomas and 13% primary education degrees as of March, 2014.

Sardes Faktoring's organization chart consists of 6 departments; operations, accounting, information technology, loans, finance and customer relationship.

c. Shareholders, Subsidiaries & Affiliates

The Company's real person shareholding structure covers 2 individuals, Mr. Emin Hakan EMİNSOY held the largest share of 76.52% in FYE2013.

The following table provides the Company's shareholder structure between FYE2011 and FYE2013.

Shareholder Structure	2013	2012	2011
Emin Hakan Eminsoy	5,929,913	5.211.998	5.211.998
Kazım Cenk Tülümen	1,820,084	2.537.999	2.537.999
Gülberk Eminsoy	0	1	1
Serhat Kutlu	0	1	1
Berna Bayındır	0	1	1
Çağlar Şendil	1	0	0
Total	100%	100%	100%
Paid Capital (TRY/000)	7.750	7.750	7.500

d. Corporate Governance

Sardes Faktoring is not obliged to fully adopt corporate governance principles. However, the Company has begun to design a governance structure as a non-publicly traded company.

The Factoring Sector has been subject to the regulation and supervision of the Banking Regulation and Supervision Agency (BRSA) in Turkey since January 2006. BRSA involvement has improved the levels of discipline and transparency in the sector. Annual financial statements are disclosed to the public via the Company's website. Sardes Faktoring implements procedures to ensure transparency considering its bond offering in the Turkish bond market. The Company aligns all of its records and reports with international standards and procures an independent audit service. Sardes Faktoring also established a comprehensive internal control, credit committee, legal counsel and risk management system reporting directly to the board, enforced by the regulator.

Information technology systems, company size, activities, offered products and their complexity have been established to comply with the Company. The Company's information is securely stored in an electronic environment. Ensuring the reliability of information systems and needed updates are carried out on a regular basis. Sufficient integration has been performed between the departments of internal control and audit group, marketing, credit, financial and administrative affairs, operation and IT.

The Board of Directors consists of 4 members, 1 of whom is independent and 1 executive with senior managerial positions in the Company. It is concluded that the Board Members have the adequate qualifications to administer their duties and that the Board successfully performs its duties of leading, supervising and inspecting.

Additionally, the Risk Management and Internal Check departments and the 3-member Supervisory Board report to the Board of Directors. The Company has a risk monitoring and internal control department which regularly reports to the Board. Members of the Board of Directors chosen to represent Sardes Faktoring represent A Group shares and members chosen to represent other shareholders represent B Group shares.

The Financial Leasing, Factoring and Financing Companies Law determined the condition of professional experience required for senior management and members of the board of directors. The senior management and board members possess the qualifications expected by the regulator. We, as JCR Eurasia Rating, are of the opinion that the senior management of Sardes Faktoring is adequate in terms of education, experience and managerial skills.

e. The Company & Its Group Strategies

Sardes Faktoring projected a marketing policy depending on widening its customer range through raising its customer number, which will eventually reduce its credit risk. Moreover, Sardes Faktoring is expected to continue its growth strategy in the competitive structure via its business model.

In the second half of the year, the Company has a new bond issuance plan (TRY10mn) and will open 2 branches in 2016 outside Istanbul and expand the number of sales force.

5. Sector Analysis

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 sector companies cannot be organized outside of branches,
- 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, 75 factoring companies are operating in Turkey as of March 2014.

THE KEY INDICATORS OF TURKISH FACTORING SECTOR						
(TRY/000.000)	2013	2012	2011	2010	2009	2008
Asset Size-TRY	21.801	18.146	15.622	14.463	10.491	7.797
Asset Size-USD	10.233	10.208	8.271	9.406	7.054	5.123
Equity-TRY	4.013	3.856	3.377	2.940	2.537	n.a
P/L-TRY	492	610	493	412	329	n.a
ROAA %	3.07	4.50	4.03	3.98	4.62	6.49
ROAE %	15.58	21.00	19.18	18.11	17.22	21.32
NPL Ratio%	4.64	4.69	3.82	4.07	5.88	8.25
Equity / T. Sources	18.41	21.25	21.62	20.33	24.19	30.45

In the Turkish Factoring Sector, few companies are publicly traded and the Sector's share in the total Turkish Financial Sector remains comparatively low. 72 companies are based in Istanbul and 3 in Izmir and Ankara. Every factoring company is obliged to be a member of "Financial Leasing, Factoring and Financing Companies Association" under the recent legislation.

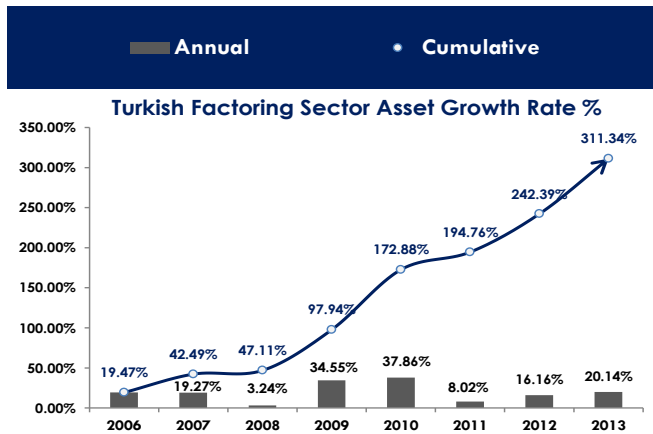
The fact that a substantial amount of total funds are generated by bank related factoring companies exerts increasing strain on the ability of no-bank affiliated

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 FYE2012 and 7.09% of total funds are comprised of issued bonds in FYE2013.

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, petroleum production, coal production industry, 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.

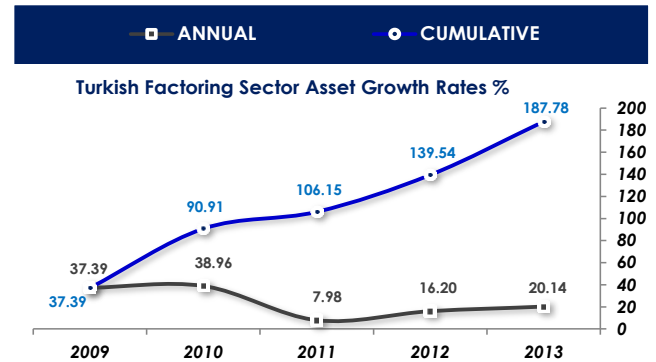
RETURNS - COST RATIOS ANALYSIS FOR TURKISH FACTORING INDUSTRY			
ASSET RETURN	2013	2012	2011
Loans Interest Yield	11.31%	12.33%	9.42%
Return the Commission	1.33%	1.33%	1.31%
FX Return or Cost	0.39%	-0.01%	-0.18%
Return or the Cost of Other Operations	1.76%	1.09%	1.23%
Loans Total Return	14.78%	14.74%	11.77%
Cost of Non-Earning Assets	-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 Resources	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	9551%	12.15%	11.26%
Break-Even Point in Terms of Loan Size-TRY	16,289.13	13075.4	12,477.07

6. Financial Analysis

a. Financial Indicators & Performance

i. Indices Relating to Size

Although Sardes Faktoring recorded a growth rate of 16.34% as of FYE2013, it lagged behind the sector average of 20.14%. With the utilization of alternative funding channels by issuing bonds during FY2013, Sardes Faktoring's total assets increased to TRY 70.79mn in FY2013 from TRY60.85mn in FY2012. Bond issuances starting in FYE2012 have continued in 2013 and 16.46% of total funds are comprised of issued bonds as of 2013. The Company's market share realized a tiny downsizing in FY2013.



Annual Asset Growth Rate %	2013	2012
TURKISH FACTORING SECTOR	20.14	16.20
SARDES FAKTORİNG A.Ş.	16.34	226.08

ii. Indices Relating to Profitability

Company ROAA and ROAE figures decreased to 3.45% and 21.41%, respectively, but remained over the sector averages of .08% and 15.61%, respectively, between FY2012 and FY2013. A 20.28% decrease in net income and 16.34% growth in total assets were the main drivers behind this decline in profitability ratios.

I. PROFITABILITY & PERFORMANCE %	SARDES	SECTOR Avg.	SARDES	SECTOR Avg.
	2013	2013	2012	2012
1. ROAA - Pretax Profit / Total Assets (Avg.)	3.45	3.08	6.73	4.5
2. ROEA - Pretax Profit / Equity (Avg.)	21.41	15.61	30.89	21
3. Total Income / Equity (Avg.)	50.43	40.35	56.82	44.79
4. Total income / Total Assets (Avg.)	8.13	7.95	12.38	9.59
5. Provisions / Total Income	3.27	19.63	4.12	19.04
6. Total Expense / Total Resources (Avg.)	5.26	4.12	6.57	4.16
7. Net Profit / Total Assets (Avg.)	2.62	2.48	5.45	3.61
8. Total Income / Total Expenses	184.23	239.99	240.85	293.37
11. Total Operating Expenses / Total Income	54.28	41.67	41.48	33.92
12. Interest Margin	7.95	6.16	10.09	7.73

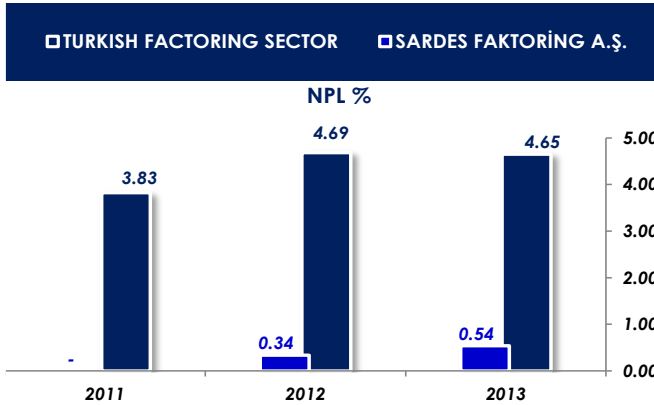
Although the Company's interest margin stayed above sector average in FY2013, the fierce competition inherent in the sector led to a downward trend line in the Company's interest margin in FY2013. Sardes Faktoring's net non-costly liabilities to non-earning assets ratio stood at -0.02% and exercised a slight improvement as of FYE2013. The stated level of the ratio represents the undesirable state of the funding of non-earning assets with mostly cost bearing resources.

The Company's net foreign exchange gain or loss to profit before tax ratio stood at 1.28% in FY2013 and was near zero during the two previous years. These figures are evidence of the Company's strategy of natural hedging through the avoidance of exposure to foreign currency position.

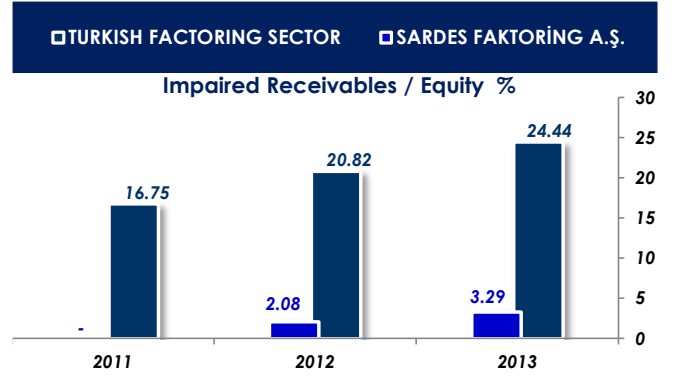
The provisions to total expenses ratio decreased to 3.27% in FY2013 from 4.12% in FY2012 and reached its peak in FY2012. On the other hand, impaired receivables had a low negative effect on the balance sheet and increased to TRY378k in FY2013 from TRY203k in FY2012. Moreover, the Company's provisioning ratio ensured full coverage for the first time since its founding. Accordingly, a 13.79% increase rate in total operating expenses against an 8.67% drop in provisions led to a decrease in the ratio.

b. Asset Quality

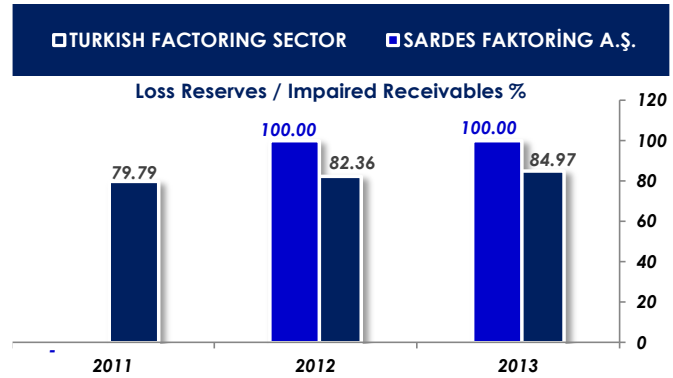
The Company's share of factoring receivables among total assets exhibited a progressively similar pattern which was above the sector average. Sardes Faktoring strengthened its asset quality throughout the years by spreading risks through its portfolio receivables structure. The share of earning assets in the Company's total assets (TRY70mn) stayed at 98.89% in FYE2013, up from 0.38% compared to the previous year.



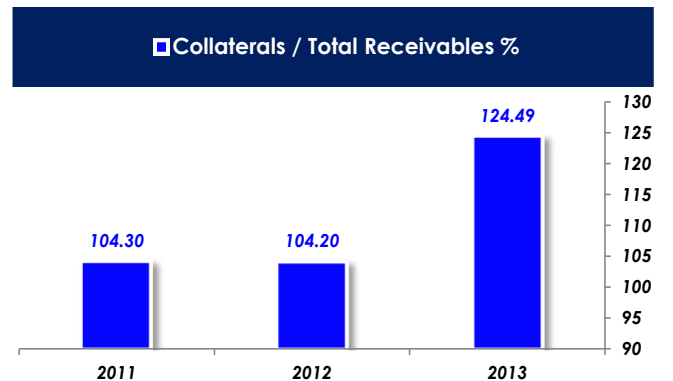
Despite a 16.34% asset growth, Sardes Faktoring's NPL ratio stood at 0.54% while the Turkish factoring sector average was 4.65% in FYE2013. The sector average deteriorated in 2013 and 2012 due to fluctuations in the economic structure along with the country wide issue of an increasing number and volume of dishonored checks. The Company allows provisions for all its uncollectible receivables.



In line with above indicators, the Company's impaired receivables to equity' ratio exhibited a similar pattern with a slight drop to 3.29% in FYE2013 from 2.08% in FYE2012.



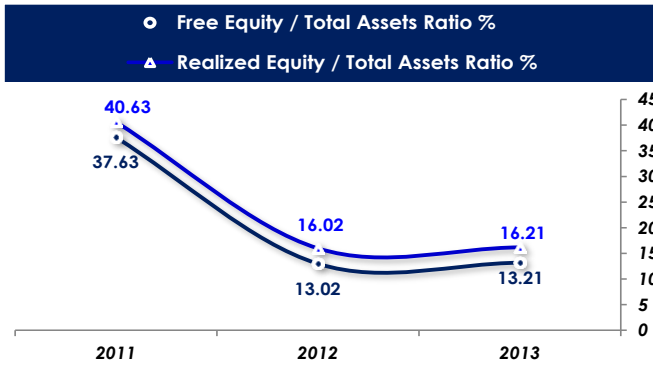
Following an above sector average loss reserve level in FYE2012 and FYE2013, the ratio of loss reserves to impaired receivables was at 100% and outperformed the sector as of FYE2013.



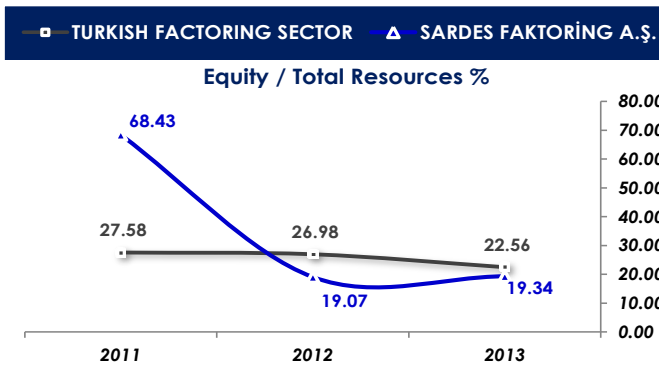
Sardes Faktoring's collaterals to total receivables stood at 124.49% while the Turkish factoring sector average was 134.92% as of FYE2013.

c. Funding & Adequacy of Capital

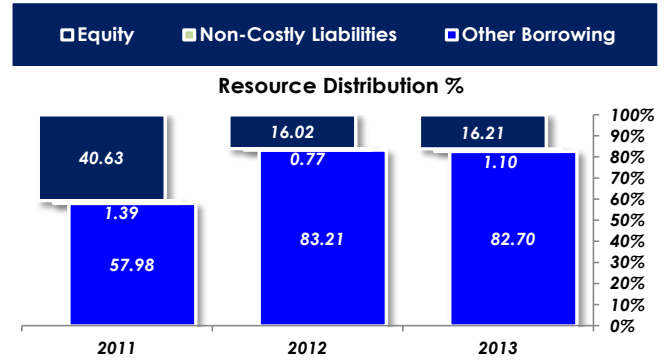
Sardes Faktoring increased the share of external resources in supporting its asset growth. The share of equity in funding assets reached a historically low level, constituting 18.41% of total assets in FYE2013. However, when considering the obligation that the ratio of equity to total assets must be sustained at 3%, we, as JCR Eurasia Rating, expect that the Company will maintain the decreasing trend of the equity in funding its operations.



The Company's realized and free equity to total receivables ratios reached their highest level with a slight increase in FYE2013 due to a 16.48% rise in factoring receivables. However, the stated ratios showed a weak increase and remained above the minimum legal requirements.



Likewise, the equity to total resources ratio of the Company experienced a parallel pattern with the above graph and stood at 19.34 %, underperforming the sector average of 22.56%.



Borrowing to banks continues to be the main source of financing of the Company's operations. Considering its short term receivables portfolio and in order to match the maturity of receivables with the debts, the bank borrowings of the Company are comprised of short-term loans of TRY 46.89mn as of FYE2013 with a raise of 27.28% compared to the previous year. 13.92% of the Company's bank borrowing was foreign currency denominated. Moreover, bond issuances have provided other sources of funding for Sardes Faktoring since FYE2012. Funding through bond issuances reached TRY11.65mn in FYE2013, with a share of 16.46% of total resources.

7. Risk Profile & Management

a. Risk Management Organization & its Function – General Information

The Company is exposed to various risks such as credit, interest, liquidity and market risks derived during its factoring operations. The Company's risk management organization and processes were established based on through mutual internal controlling procedures among departments.

BRSA, the regulation authority, obliges factoring companies to establish efficient operating risk management departments. We, as JCR Eurasia Rating, are of the opinion that Sardes Faktoring has a well-established risk management processes considering;

- The Company's internal and external reporting processes are performed by the Chief Financial Officer and the Finance and Administrative Affairs units,
- Internal daily, weekly, monthly, quarterly and annual reports are prepared due to monitor risks, inform the management team,
- The Company's internal and external reporting process is carried out by the Financial Officer,

the Finance Department and Administrative Affairs units,

- The organizational framework of risk management processes and
- Experienced senior management in the factoring sector.

However, the Company has not hedged itself for the changing market conditions through held for trading financial instruments. Therefore, a possible deterioration in market conditions may increase the foreign exchange and interest rate risk.

b. Credit Risk

Sardes Faktoring's balance sheet was composed of mainly short term factoring receivables on the assets side and short term borrowings on the liabilities side and its financial results are primarily exposed to interest risk and credit risk. The main strategy of the Company in managing the mentioned risks is the efficient management of its operations and consideration of funding alternatives between liabilities and equity in order to increase the profitability of its operations. Sardes Faktoring's weighted average interest rates of factoring receivables was 13.3% and liabilities to banks and bonds were 9.6% and 12.0%, respectively, as of FYE2013, eliminating interest rate risk.

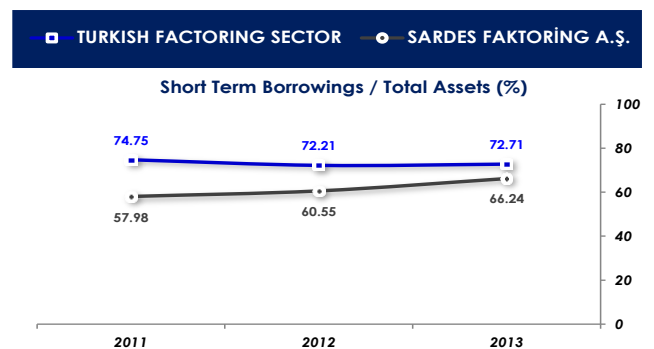
Gross Factoring Receivables Concentration Table	2013	%	2012	%
Construction	21,429	29.72	12,906	20.75
Wholesale and Retail Motor Vehicles	10,73	14.77	22,119	35.56
Manufacture Industry	8,798	12.22	2,677	4.3
Transport Activities	8,017	11.13	0	0
Hotels and Restaurants	4,356	6.05	180	0.29
Textiles and Textile Products Industry	4,172	5.8	1,868	3
Vehicles Industry	3,625	5.04	5,975	9.6
Other-Tourism	2,969	4.12	0	0
Metals and Other Mining Industry	2,621	3.64	308	0.5
Medicine Pharmaceutical Industry	1,536	2.13	0	0
Food, Beverages and Tobacco Industry	1,525	2.12	8,414	13.53
Research, Consultancy & Advertising Services	1000	1.39	600	0.96
Chemical and Chemical Products	999	1.39	318	0.51
Wholesale Trading and Brokerage Operations	173	0.24	0	0
Machinery and Equipment Industry	124	0.17	179	0.28
Logistics, Storage and Communication	52	0.07	6,666	10.72
Total	72,126	100	62,21	100

As of FYE2013, Sardes Faktoring's receivables portfolio diversification by sector is mainly driven by construction (29.72%), wholesale and retail motor vehicles (14.77%) and manufacture industry (12.22%) Sectors had the largest shares in the Company's receivables portfolio as of FYE2013.

Customer List	Share in Total Receivables
First 10-Customer	67.78%
First 20-Customer	90.72%
First 30-Customer	98.76%

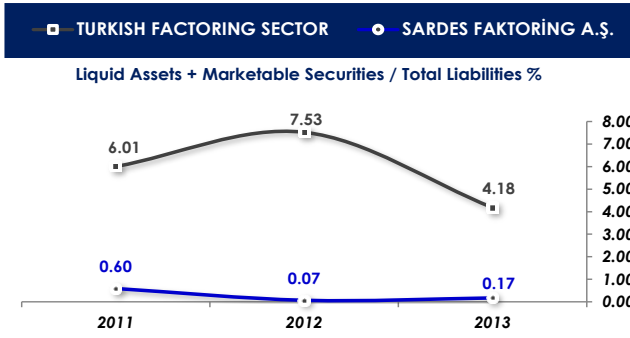
The Company's exposure to its 10, 20 and 30 largest customers represented 67.78%, 90.72% and 98.76% of the total receivables portfolio, respectively, in FYE2013, showing a limited diversification. 4 of the customers risk was over the 5% of the Company's portfolio. However, the number of cheque drawers and invoice debtors that reduce the potential risk level.

c. Liquidity & Market Risk



Sardes Faktoring's short term borrowings to total assets ratio stayed below the sector average since its establishment thanks to its diversified proportional growth structure and successful bond issuance which contributed to the liquidity management of the Company.

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



Moreover, as of March, 2014 the Company had an available credit line of TRY 18.72mn, relieving liquidity management.

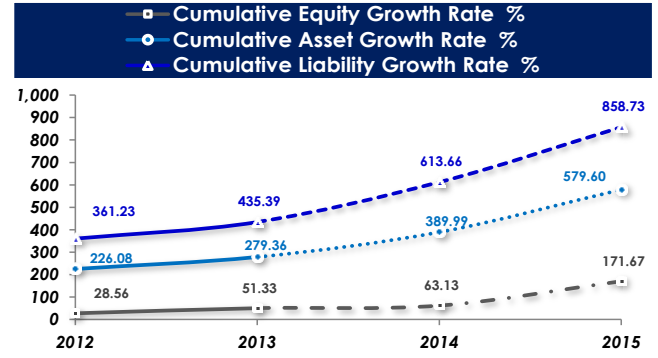
d) Operational, Legal Regulatory & Other Risks

The Company has established well-prepared and detailed implementation procedures for the allocation, utilization and monitoring of its factoring receivables and effective invoice and accounting control processes that reduce operational risk. Internal control functions involving all of the departments are placed under the responsibility of the Internal Control Officer. This unit regularly reports to the Board of Directors.

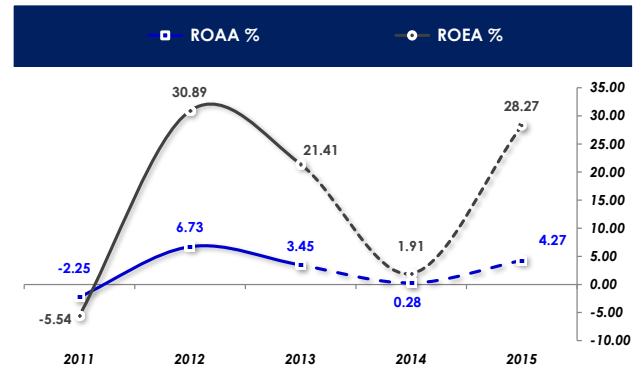
Work flow processes defined in writing and structuring enabled by the system contributes to the Company's operational risk level. Additionally, Company IT procedures and back-up facilities have been established to prevent business interruptions and reduce possible financial loss.

8. Budget & Debt Issue

Sardes Faktoring's budget forecast is the result of a solid process in which the Company's goals for the ongoing year is regarded along with the finest means of funding them. The planned budget and growth strategy projection of FYE2014 and FYE2015 indicate stability and are shown in the following graphs;



The Group projected a 2014 year-end asset size of TRY91.43mn through a 29.16% annual growth rate due to a planned and scheduled growth strategy. In the second half of the year, the Company has a new bond issuance plan (TRY10mn).



Sardes Faktoring's strategy of focusing on increasing its market share in the sector rather than profitability in FY2014 with limited capital buffer for further indebtedness. The profitability ratios of ROAA and ROAE based on the assumptions and parameters are expected to notably decrease in FYE2014 and equity's share within the funding mix is expected to decline.

Asset Quality	2015	2014	2013
NPL	0.62	0.53	0.54
Equity / Total Assets	16.24%	13.53%	16.21%

Moreover, further deleveraging in 2014 will leave a room in liquidity compared to previous year for over performance.




SARDES FAKTORING A.Ş.	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	As % of	As % of	As % of	2013	2012	2011
BALANCE SHEET - ASSET	2013	2013	2013	2012	2012	2011	2011	2010	2013	2012	2011	Growth	Growth	Growth
TRY (000)	USD	TRY	TRY	TRY	TRY	TRY	TRY	TRY	Assets	Assets	Assets	Rate	Rate	Rate
	(Converted)	(Original)	(Average)	(Original)	(Average)	(Original)	(Average)	(Original)	(Original)	(Original)	(Original)			
A-TOTAL EARNING ASSETS (I+II+III)	32,857.68	70,000.00	64,969.50	59,939.00	39,127.50	18,316.00	9,158.00	0.00	98.89	98.51	98.16	16.79	227.25	n.a
I- LOANS AND RECEIVABLES (Net)	32,809.80	69,898.00	64,899.50	59,901.00	39,075.50	18,250.00	9,125.00	0.00	98.74	98.45	97.80	16.69	228.22	n.a
a) Factoring Receivables	32,750.66	69,772.00	64,836.50	59,901.00	39,075.50	18,250.00	9,125.00	0.00	98.56	98.45	97.80	16.48	228.22	n.a
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	177.43	378.00	290.50	203.00	101.50	0.00	0.00	0.00	0.53	0.33	n.a	86.21	n.a	n.a
e) Others	59.14	126.00	63.00	0.00	0.00	0.00	0.00	0.00	0.18	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 (-)	-177.43	-378.00	-290.50	-203.00	-101.50	0.00	0.00	0.00	-0.53	-0.33	n.a	86.21	n.a	n.a
II-BANKS AND OTHER EARNING ASSETS	47.88	102.00	70.00	38.00	52.00	66.00	33.00	0.00	0.14	0.06	0.35	168.42	-42.42	n.a
a) Banks	47.88	102.00	70.00	38.00	52.00	66.00	33.00	0.00	0.14	0.06	0.35	168.42	-42.42	n.a
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	369.88	788.00	847.50	907.00	625.50	344.00	172.00	0.00	1.11	1.49	1.84	-13.12	163.66	n.a
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	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	369.88	788.00	847.50	907.00	625.50	344.00	172.00	0.00	1.11	1.49	1.84	-13.12	163.66	n.a
- Intangible Assets	34.27	73.00	95.00	117.00	111.50	106.00	53.00	0.00	0.10	0.19	0.57	-37.61	10.38	n.a
- Property and Equipment	85.90	183.00	212.00	241.00	155.50	70.00	35.00	0.00	0.26	0.40	0.38	-24.07	244.29	n.a
- Deferred Tax	192.92	411.00	420.00	429.00	290.50	152.00	76.00	0.00	0.58	0.71	0.81	-4.20	182.24	n.a
- Other	56.80	121.00	120.50	120.00	68.00	16.00	8.00	0.00	0.17	0.20	0.09	0.83	650.00	n.a
TOTAL ASSETS	33,227.56	70,788.00	65,817.00	60,846.00	39,753.00	18,660.00	9,330.00	0.00	100.00	100.00	100.00	16.34	226.08	n.a

SARDES FAKTORİNG A.Ş. BALANCE SHEET-LIABILITIES+EQUITY TRY (000)	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	As % of	As % of	As % of	2013	2012	2011
	2013	2013	2013	2012	2012	2011	2011	2010	2013	2012	2011	2013	2012	2011
	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
C- COST BEARING RESOURCES (+H)	27,478.41	58,540.00	54,584.50	50,629.00	30,724.50	10,820.00	5,410.00	0.00	82.70	83.21	57.98	15.63	367.92	n.a
I-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
a) Factoring 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
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	27,478.41	58,540.00	54,584.50	50,629.00	30,724.50	10,820.00	5,410.00	0.00	82.70	83.21	57.98	15.63	367.92	n.a
a) Fund Borrowed-Short Term	22,010.42	46,891.00	41,866.00	36,841.00	23,830.50	10,820.00	5,410.00	0.00	66.24	60.55	57.98	27.28	240.49	n.a
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)	5,467.99	11,649.00	12,718.50	13,788.00	6,894.00	0.00	0.00	0.00	16.46	22.66	n.a	-15.51	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	364.25	776.00	623.50	471.00	365.00	259.00	129.50	0.00	1.10	0.77	1.39	64.76	81.85	n.a
a) Provisions	183.06	390.00	222.00	54.00	27.00	0.00	0.00	0.00	0.55	0.09	n.a	622.22	n.a	n.a
b) Current & Deferred Tax Liabilities	159.59	340.00	312.50	285.00	217.00	149.00	74.50	0.00	0.48	0.47	0.80	19.30	91.28	n.a
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	21.59	46.00	89.00	132.00	121.00	110.00	55.00	0.00	0.06	0.22	0.59	-65.15	20.00	n.a
E- TOTAL LIABILITIES	27,842.66	59,316.00	55,208.00	51,100.00	31,089.50	11,079.00	5,539.50	0.00	83.79	83.98	59.37	16.08	361.23	n.a
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	5,384.90	11,472.00	10,609.00	9,746.00	8,663.50	7,581.00	3,790.50	0.00	16.21	16.02	40.63	17.71	28.56	n.a
a) Prior Year's Equity	4,574.73	9,746.00	8,663.50	7,581.00	3,790.50	0.00	0.00	0.00	13.77	12.46	n.a	28.56	n.a	n.a
b) Equity (Internal & external resources added during the year)	0.00	0.00	0.00	0.00	3,750.00	7,500.00	3,750.00	0.00	n.a	n.a	40.19	n.a	-100.00	n.a
c) Minority Interest	0.00	0.00	0.00	0.00	125.00	250.00	125.00	0.00	n.a	n.a	1.34	n.a	-100.00	n.a
d) Profit & Loss	810.18	1,726.00	1,945.50	2,165.00	998.00	-169.00	-84.50	0.00	2.44	3.56	-0.91	-20.28	-1,381.07	n.a
TOTAL LIABILITY+EQUITY	33,227.56	70,788.00	65,817.00	60,846.00	39,753.00	18,660.00	9,330.00	0.00	100.00	100.00	100.00	16.34	226.08	n.a
USD 1 = TRY		2.1304		1.7776		1.8889		1.5376						

SARDES FAKTORİNG A.Ş. INCOME STATEMENT TRY (000)	2013	2012	2011
Net Interest Income	5,163.00	3,948.00	645.00
A) Interest income	9,003.00	8,188.00	959.00
a) Factoring Interest Income	9,003.00	8,188.00	740.00
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	219.00
B) Financial Expenses	3,840.00	4,240.00	314.00
Net Fee and Commission Income	444.00	1,043.00	105.00
a) Fee and Commission Income	499.00	1,043.00	105.00
b) Fee and Commission Expenses	55.00	0.00	0.00
Total Operating Income	-257.00	-70.00	3.00
Interest Income from Other Operating Field	0.00	0.00	0.00
Foreign Exchange Gain or Loss (net) (+/-)	29.00	-2.00	0.00
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	-286.00	-68.00	3.00
Taxes other than Income Tax	0.00	0.00	0.00
Dividend	0.00	0.00	0.00
Provisions	175.00	203.00	0.00
Provision for Impairment of Loan and Trade Receivables	175.00	203.00	0.00
Other Provision	0.00	0.00	0.00
Total Operating Expense	2,904.00	2,042.00	963.00
Salaries and Employee Benefits	1,989.00	1,438.00	692.00
Depreciation and Amortization	105.00	87.00	28.00
Other Expenses	810.00	517.00	243.00
Profit from Operating Activities before Income Tax	2,271.00	2,676.00	-210.00
Income Tax – Current	527.00	788.00	111.00
Income Tax – Deferred	18.00	-277.00	-152.00
Net Profit for the Period	1,726.00	2,165.00	-169.00
Total Income	5,350.00	4,923.00	753.00
Total Expenses	2,904.00	2,044.00	963.00
Provision	175.00	203.00	0.00
Pretax Profit	2,271.00	2,676.00	-210.00

SARDES FAKTORİNG A.Ş. FINANCIAL RATIOS %	2013	2012	2011
I. PROFITABILITY & PERFORMANCE			
1. ROAA - Pretax Profit / Total Assets (Avg.)	3.45	6.73	-2.25
2. ROEA - Pretax Profit / Equity (Avg.)	21.41	30.89	-5.54
3. Total Income / Equity (Avg.)	50.43	56.82	19.87
4. Total income / Total Assets (Avg.)	8.13	12.38	8.07
5. Provisions / Total Income	3.27	4.12	0.00
6. Total Expense / Total Resources (Avg.)	5.26	6.57	17.38
7. Net Profit for the Period / Total Assets (Avg.)	2.62	5.45	-1.81
8. Total Income / Total Expenses	184.23	240.85	78.19
9. Non Cost Bearing Liabilities + Equity- Non Earning Assets / T.Assets	16.19	15.30	40.17
10. Non Cost Bearing Liabilities - Non Earning Assets / T.Assets	-0.02	-0.72	-0.46
11. Total Operating Expenses / Total Income	54.28	41.48	127.89
12. Interest Margin	7.95	10.09	7.04
13. Operating ROAA = Operating Net Incomes / T. Assets (Avg.)	9.28	17.40	1.11
14. Operating ROAE = Operating Net Incomes / Equity Capital (Avg.)	57.60	79.83	2.74
15. Interest Coverage – EBIT / Interest Expenses	159.14	163.11	33.12
16. Net Profit Margin	32.26	43.98	-22.44
17. Gross Profit Margin	42.45	54.36	-27.89
18. Market Share	0.32	0.34	0.12
19. Growth Rate	16.34	226.08	n.a
II. CAPITAL ADEQUACY (Year End)			
1. Equity Generation / Prior Year's Equity	0.00	0.00	n.a
2. Internal Equity Generation / Previous Year's Equity	17.71	28.56	n.a
3. Equity / Total Assets (Standard Ratio)	16.21	16.02	40.63
4. Equity / Total Liabilities	19.34	19.07	68.43
5. Free Equity / Total Receivables Ratio	16.05	15.67	40.58
6. Tangible Assets / Total Assets	0.26	0.40	0.38
7. Intangible Assets / Total Assets	0.10	0.19	0.57
8. Equity / Total Guarantees and Commitments + Equity	100.00	100.00	100.00
III. LIQUIDITY (Year End)			
1. Liquid Assets + Marketable Securities / Total Assets	0.14	0.06	0.35
2. Liquid Assets + Marketable Securities / Total Liabilities	0.17	0.07	0.60
3. Short Term Borrowings / Total Assets	66.24	60.55	57.98
4. Net Interest and Commission / Total Assets	7.92	8.20	4.02
5. Liquid Assets + Marketable Securities / Equity	0.89	0.39	0.87
IV. ASSET QUALITY			
1. Loan and Receivable's Loss Provisions / Total Loans and Receivables	0.54	0.34	0.00
2. Total Provisions / Profit Before Provision and Tax	7.15	7.05	0.00
3. Impaired Receivables / Gross Receivables	0.54	0.34	0.00
4. Impaired Receivables / Equity	3.29	2.08	0.00
5. Loss Reserves for Receivables / Impaired Receivables	100.00	100.00	n.a
6. Collaterals / Total Receivables	124.49	104.20	104.30
7. Total FX Position / Total Assets	9.22	8.34	0.00
8. Total FX Position / Equity	56.90	52.05	0.00
9. Assets / Total Guarantees and Commitments + Assets	100.00	100.00	100.00

The Rating Results Issued by JCR-ER						
		May 22,2014		May 24,2013		
		Long-Term	Short-Term	Long-Term	Short-Term	
International	Foreign Currency		BBB-	A-3	BB+	B
	Local Currency		BBB-	A-3	BBB-	A-3
	Outlook	FC	Stable	Stable	Stable	Stable
		LC	Stable	Stable	Stable	Stable
National	Local Rating		BBB(Trk)	A-3(Trk)	BBB-(Trk)	A-3(Trk)
	Outlook		Stable	Stable	Positive	Stable
Sponsor Support			3	-	3	-
Stand-Alone			B	-	B	-
Sovereign*	Foreign Currency		BBB-	-	BBB-	-
	Local Currency		BBB-	-	BBB-	-
	Outlook	FC	Stable	-	Stable	-
		LC	Stable	Stable	Stable	Stable
Analysts			(*) Assigned by JCR on May 23, 2013		(*) Assigned by JCR on May 23, 2013	
			Gökhan İYİGÜN Orkun İNAN		Gökhan İYİGÜN Orkun İNAN	

Corporate Credit Rating

**Non-Banking Financial Institution
Factoring**

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

SARDES FAKTORİNG ANONİM ŞİRKETİ			
Financial Data	2013*	2012*	2011*
Total Assets (000 USD)	33,228	34,229	9,879
Total Assets (000 TRY)	70,788	60,846	18,660
Equity (000 TRY)	11,472	9,746	7,581
Net Profit (000 TRY)	1,726	2,165	-169
Market Share (%)	0.32	0.34	0.12
ROAA (%)	3.45	6.73	-2.25
ROAE (%)	21.41	30.89	-5.54
Equity/Total Assets (%)	16.21	16.02	40.63
NPL (%)	0.54	0.34	0
Growth Rate (%)	16.34	226.08	n.a

*End of year

*Assigned by Japan Credit Rating Agency, JCR on May 23, 2013

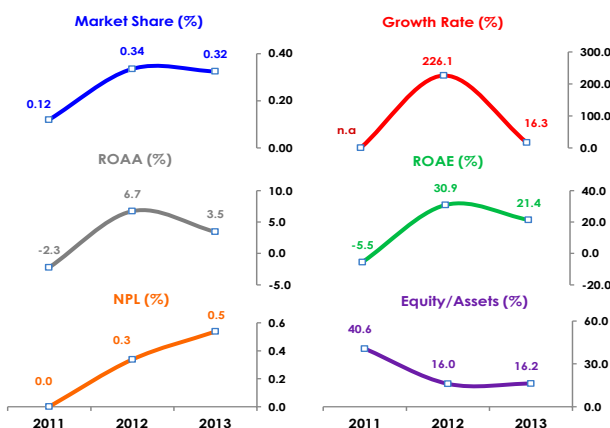
Analysts: Gökhan İYİĞÜN / +90 212 352 56 73
gokhani@jcrer.com.tr
Orkun İNAN / +90 212 352 56 73
orkuni@jcrer.com.tr

Company Overview

Sardes Faktoring Anonim Şirketi (hereinafter referred to as "Sardes Faktoring", or the "Company"), founded in 2010, operates in the Turkish Factoring Sector and offers cash financing to sellers in return for their receivables, based on invoices or other certifying documents representing the domestic sales of goods and services, by undertaking their collection. The activities of the Company are regulated and supervised by the Banking Regulation and Supervision Agency (BRSA).

The Company's real person shareholding structure covers 2 individuals, the main controlling shareholders, Mr. Emin Hakan Eminsoy (76.52%) and Kazım Cenk Tülümen (23.48%), as of FYE2013. The Company provided domestic and recourse or non-recourse factoring facilities through its headquarters in İstanbul with a staff force of 15 people as of March, 2014. The Company, with a total asset size of TRY 70.79mn, had a 0.32% market share in the factoring sector worth a total of TRY 21.80 bn in FYE2013.

The Company's long term national grade has upgraded one notch to 'BBB (Trk)' with a 'Stable' outlook.



Strengths

- Upward trend in growth rates during the previous three years,
- Well-developed credit culture resulted in a low level of non-performing loans through conscious asset growth strategy creating comparative advantages,
- Establishment of institutional units with a view to improving risk management and monitoring system creating comparative advantages,
- Efficient cost management supports the bottom line,
- Eased liquidity management via bond issue,
- Professional senior finance management team and specialized knowledge of the Turkish financial sector,
- An improvement corporate governance and transparency

Constraints

- Deficiency in capitalization level consistent with sector averages partly due to deterioration in profitability indicators as evidenced by downward trend in interest margins of the sector, during recent years - albeit the Company outperforming the sector,
- Scarce operating channels compared to bank-related companies,
- Despite meeting legal requirements, descending and below sector equity level,
- Lopsided customer concentration of factoring receivables increasing vulnerability on asset quality

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"Global Knowledge supported by Local Experience"

BASIN AÇIKLAMASI

İstanbul – 23 Mayıs 2014

**“JCR Eurasia Rating”,
“Sardes Faktoring A.Ş.” ‘yi ve
“Planlanan Tahvil İhracının Nakit Akımları” ‘nı derecelendirerek
Uzun Vadeli Ulusal Notu’nu ‘**BBB (Trk) / Stabil** olarak yukarı revize etmiş ve Uzun Vadeli Uluslararası
Yabancı Para Notu’nu ve görünümünü ise ‘**BBB- / Stabil** olarak teyit etmiştir.**

JCR Eurasia Rating, “Sardes Faktoring A.Ş.”yi ulusal ve uluslararası düzeyde yatırım yapılabilir kategorisinde değerlendirerek, ‘**BBB- (Trk)**’ olan Uzun Vadeli Ulusal Notu’nu ‘**BBB (Trk)**’ ; ‘**BB+**’ olan Uzun Vadeli Uluslararası Yabancı Para Notu’nu ‘**BBB-**’; ‘**B**’ olan Kısa Vadeli Uluslararası Yabancı Para Notu’nu ise ‘**A-3**’ olarak yukarı revize etmiş olup, söz konusu notlara ilişkin görünümünü ise ‘**Stabil**’ olarak belirledi. Diğer notlarla birlikte detayları aşağıda gösterilmiştir.

Uzun Vadeli Uluslararası Yabancı Para	:	BBB- / (Stabil Görünüm)
Uzun Vadeli Uluslararası Yerel Para Notu	:	BBB-/ (Stabil Görünüm)
Uzun Vadeli Ulusal Notu	:	BBB (Trk) / (Stabil Görünüm)
Kısa Vadeli Uluslararası Yabancı Para	:	A-3 / (Stabil Görünüm)
Kısa Vadeli Uluslararası Yerel Para Notu	:	A-3 / (Stabil Görünüm)
Kısa Vadeli Ulusal Notu	:	A-3 (Trk) / (Stabil Görünüm)
Desteklenme Notu	:	3
Ortaklardan Bağımsızlık Notu	:	B

Finansal hizmetlerin çeşitlenmesi, gelişmesi ve derinleşmesi yolunda önem taşıyan bankacılık dışı finansal sektörlerin son yasal düzenlemelerle temsil kabiliyeti ve gücü artmış, etkin gözetim ve denetimi için gerekli yasal altyapı oluşmuş olup, bankacılık dışı finansal kesimin öncü sektörlerinden bir olan ve ağırlıklı KOBİ finansmanını hedefleyen Faktoring Sektörü’nün bu gelişmelere paralel olarak büyüme hızı ivmelenmiş, ülke ekonomisinin artan volatilitesi ve azalan büyüme oranlarının olası negatif etkilerine rağmen düşük penetrasyon seviyesi ve KOBİ ağırlıklı ülke ticari faaliyet yapısı da dikkate alındığında önümüzdeki dönemler için pozitif bir görünüm yaratmıştır. Ülke ekonomisinde yaşanan büyüme yavaşlaması ve yurtdışı politik risklere rağmen faktoring şirketlerinin 2013 yılında da bankacılık dışı finansal sektör içindeki payı artmaya devam etmiş fakat kârlılık performansı aynı başarıyı sergileyememiştir. Faizlerin yukarı yönlü trendi sektörün net faiz marjında bir daralma yaratmış ve kârlılık performansı olumsuz etkilemiştir.

Türkiye’de ki faktoring sektörünün Banka ve Bankalara ait kuruluşlar tarafından domine edilmiş yapısı içerisinde faaliyetlerini yerel bazda yürüten ve mevcut durumda pazar payı küçük olan **Sardes Factoring A.Ş.**, tahvil ihraçlarıyla ölçülü büyümesini desteklemiş ve etkin risk yönetimi uygulamaları ile NPL rasyonlarını maksimum referans değerlerin altında tutabilmiştir. Varlık büyümesinde, öz kaynakların borçluluk oranındaki artışa eşlik edememesi, öz kaynak seviyesini yasal alt seviyelere taşımış ve bu nedenle yakın gelecek dönemlerde sermaye artırımları planlanmıştır. Müşteri konsantrasyonunun yoğun olmasına ve sınırlı müşteri portföyünün faktoring alacaklarının kalitesi üzerinde kırılganlık yaratma potansiyeli taşımaya rağmen risk algısı yüksek yönetim kadrolarının varlığı, çek keşidelerinin ve fatura borçlularının yaygınlığı potansiyel risk seviyesini düşürmektedir. Faktoring sektörünün karlılık ve büyüme rasyolarında bozulma beklentisi ise sektörel açıdan risk unsuru olmaya devam etmektedir.

Kurumsallaşma alanında atılan adımların yanı sıra finansal piyasalardaki tecrübeli yönetim kadrosunun, pasif yönetimindeki başarısı, karlılık rasyolarının olumlu etkilemiş olması ve korunan varlık kalitesi firma notunun JCR-ER tarafından yukarı yönlü revize edilmesine dayanak olmuştur. Diğer taraftan

Ortaklık yapısında kontrolü elinde tutan Emin Hakan Eminsoy ve Cenk Tülümen’in nitelikli ortaklıklarından kaynaklanan finansal güçlerinin yeterliliği, firmanın ölçeği, planlanan yatırımların ve sektörel genişlemenin büyüme yönünden sağlayacağı katkı dikkate alınarak, Sardes Faktoring A.Ş.’yi ‘Desteklenme Notu’ kategorisinde (**3**) ile değerlendirilmiştir. Firmanın üstlendiği riskleri yönetebilme yeteneği, içsel kaynak yaratma, geçmiş yıl karlarının öz sermayeye eklenme planı ve mevcut sermayeleşme düzeyi dikkate alındığında, firmanın ‘Ortaklardan Bağımsızlık Notu’ kategorisindeki notu ise (**B**) olarak belirlenmiştir.

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