

## Corporate Credit Rating

New Update

**Sector:** Factoring

**Publishing Date:** 22.04.2022

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1 (tr)
	National ICR Outlooks	Positive	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
ISRs (Issue Specific Rating Profile)	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency Local Currency	BB (Stable)	-
Sovereign*	Local Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 31, 2021

## Ulusal Faktoring Anonim Şirketi

JCR Eurasia Rating, has evaluated the "Ulusal Faktoring A.Ş." in the high-investment level category and affirmed the Long-Term National Issuer Credit Rating as 'A+ (tr)' and determined the Short-Term National Issuer Credit Rating as 'J1 (tr)'. JCR Eurasia Rating has affirmed the outlook for the Short-Term National Issuer Credit Rating of the Company as 'Stable' and has revised the outlook for the Long-Term National Issuer Credit Rating of Ulusal Faktoring A.Ş. as 'Positive'. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Stable' as parallel to international ratings and outlooks of Republic of Turkey.

**Ulusal Faktoring Anonim Şirketi** (referred to as 'the Company' or 'Ulusal Faktoring') was founded in 1999 to operate in the Turkish Factoring Sector. In December 2011, the investment company PineBridge Eurasia Financial Investment S.a.r.l. purchased 46.99% of its shares. Shares of the Company, corresponding to 36.33%, were offered to the public in 2021, and as of November 11, 2021, the shares started to be traded in Borsa İstanbul A.Ş. ("BIST"). It is traded on the Main Market as of 31 December 2021.

Ulusal Faktoring performs its activities through its headquarters located in İstanbul and 22 branches in 15 provinces as of April 2022. Staff force of the Company is 243 employees as of FYE2021 (FYE2020: 223). The customer base of the Company is 7,656 as of FYE2021 (FYE2020: 6,390). In terms of number of customers, the Company has one of the highest number of customers, including bank-owned factoring companies. The Company had no affiliates or subsidiaries. The Factoring Sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006.

Key rating drivers, as strengths and constraints, are provided below.

### Strengths

- Notable asset growth outperforming the sector in FYE2021
- Increasing Return on Average Assets (ROAA) and Return on Average Equity (ROAE) figures though below the sector average
- Improvement in the NPL ratio
- Diversified funding base with bond issuances
- Well-diversified portfolio with manageable customer concentration and developing branch network
- Experienced management team and well-organized risk management infrastructure

### Constraints

- Increasing financial expenses stemming from borrowing costs pressuring interest margin in FY2021
- High competition in the sector dominated by bank-owned factoring companies with lower borrowing costs
- The geopolitical risks stemming from the Russia-Ukraine tension weakening the risk appetite

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed as 'A+ (tr)'. Reputable shareholder structure, long business track record and high level of sustainability of activities bolstered by particularly the Company's adequate level of risk appetite, effective internal control mechanisms and risk management infrastructure supported by internal control systems; high provision level; experienced and structured management team; decrease in the NPL ratio, above sector averages asset growth are the factors that taking into account in the determining of Short Term Notes of Company with 'Stable' outlook. JCR Eurasia Rating has revised the outlook for the Long-Term National Issuer Credit Rating of Ulusal Faktoring A.Ş. as 'Positive' considering on increase in profitability indicators in FY2021 and solid growth expectation for the current year. On the other hand, Ulusal Faktoring's turnover and asset development, interest margin trend, market share, profit margin, capitalization level, maturity and indebtedness structure, the growth in the number of customers in the competitive market, receivable portfolio granularity, the general outlook of the sector, collection performance of doubtful receivables and the NPL level are subjects to be monitored by JCR Eurasia Rating.

