

Corporate Credit Rating

New Update

Sector: Factoring
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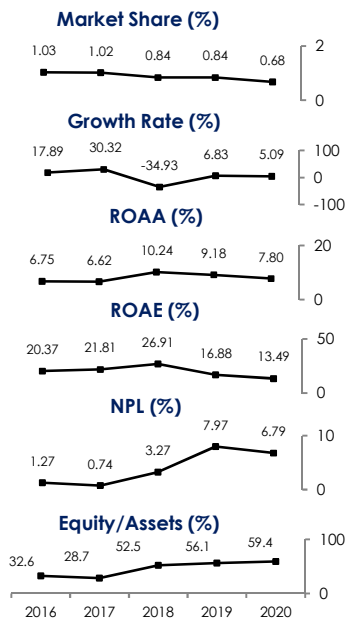
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RATINGS

		Long Term	Short Term	
International	Foreign Currency	BB+	B	
	Local Currency	BB+	B	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
Issue Rating	-	-		
National	Local Rating	A+ (Trk)	A-1 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	-	-	
Sponsor Support		2	-	
Stand-Alone		B	-	
Sovereign*	Foreign Currency	BB+	-	
	Local Currency	BB+	-	
	Outlook	FC	Negative	-
LC		Negative	-	

*Assigned by JCR on April 10, 2020



Ekspo Faktoring A.Ş.

JCR Eurasia Rating, has evaluated Ekspo Faktoring A.Ş. in investment-level category on the national scale and affirmed the ratings on the Long-Term National Scale as **'A+ (Trk)'** and the Short Term National Scale to **'A-1 (Trk)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as **'BB+'** with **'Negative'** outlooks, positioned same as the country ceiling.

Ekspo Faktoring, offers trade finance and export/import factoring and refactoring services to domestic customers since 2000. Ekspo has an established presence in the Turkish factoring sector, a highly fragmented and mostly bank-owned subsidiary dominated market. The Sector is supervised by Banking Regulation and Supervision Agency of Turkey (BRSA) and market players are members of Associations of Financial Institutions, an umbrella organization for factoring, leasing and consumer finance companies.

The Company operates with notable equity to assets, compared to the sector averages and maintains an equity base well above the mandatory capital level required by BRSA. Ekspo has arrangements with various international ECAs such as US Ex-Im Bank and Black Sea Trade and Development Bank.

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

Strengths

- Notably low leverage, significantly surpassing sector averages for assets to equity
- Experienced management team and well-organized risk management infrastructure
- Very low impairment in 2020 in nominal and in comparison with turnover, though fully provisioned NPL stock is above the sector averages
- Low financing expenses due to equity-heavy funding mix, contributing to profitability
- Access to Various Financing Institutions Including Development Banks & Export/Import Creditors

Constraints

- Pressure on global economic outlook and asset quality of companies due to uncertainties arising from the global Covid-19 pandemic
- High competition in the Sector dominated by bank-owned factoring companies with wide branch network and lower borrowing costs
- Declining trend in market share in line with the prudent management and deleveraging strategy, though we expect flexibility to upscale as conditions improve

Considering the aforementioned factors, Company's the Long Term National Rating has been assigned at **'A+ (Trk)'**. The Company's revenue generation capacity, asset quality, capital adequacy, leverage level, liquidity profile, net interest margin level, improvement in risk management implementations together with low level of risk exposure and the general outlook of the sector are primary pillars of the rating and the outlooks for Long and Short Term National ratings are determined as **'Stable'**. JCR-ER will monitor the global and domestic macroeconomic indicators, Covid-19 pandemic and geopolitical risks-driven uncertainties and collection performance of problematic receivables and the NPL level.

It is considered that the Company's main shareholder, Tümay Family has the propensity to offer financial support within their financial capability when liquidity needs arise in the short or long-term perspective. In this regard, the Company's Sponsor Support grade has been affirmed as **(2)** on JCR Eurasia Rating's notation scale.

Ekspo Faktoring's 'stand-alone rating' has been determined with regard to the Company's organizational structure, level of capitalization, asset quality, risk management policies, corporate governance practices, market shares, growth rates, profitability ratios and the trends of the existing risks in the markets and the business environment. Within this context, the Stand Alone note of Ekspo Faktoring has been determined as **(B)** in the JCR Eurasia Rating notation system.