

Corporate Credit Rating

New Update

Sector: Factoring

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Team Leader

Firat TUNÇ

+90 212 352 56 73

firat.tunc@jcrer.com.tr

Analyst

İsa YILMAZ

+90 212 352 56 73

Isa.yilmaz@jcrer.com.tr

R A T I N G S		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
	National ISR	AA (tr) Stable	J1+ (tr) Stable
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

Ekspo Faktoring A.Ş.

JCR Eurasia Rating, has evaluated "Ekspo Faktoring A.Ş." in the high investment level category and revised the Long-Term National Issuer Credit Rating to 'AA (tr)' from 'AA- (tr)' and the affirmed Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as 'BB/Negative' in line with sovereign ratings and outlooks of Republic of Türkiye.

Ekspo Faktoring A.Ş. (hereinafter referred to as 'Ekspo Faktoring' or 'the Company') offers trade finance and export/import factoring and refactoring services to domestic customers since 2000. The Company has an established presence in the Turkish factoring sector which itself is a highly fragmented and predominantly bank-owned subsidiary dominated market. The Sector is supervised by Banking Regulation and Supervision Agency of Türkiye (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.

Tümay Family is the primary shareholder of the Company as of FYE2023. The Company maintains its operations by average workforce of 32 employees in FY2023 (FY2022: 32).

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

Strengths

- Maintaining a strong equity level above sector averages, supported by internal equity generation capacity over the period analysed,
- Ability to generate and preserve interest margins outperforming the sector,
- Continued decline in the NPL ratio supporting asset quality in FY2023,
- Reasonable collateral coverage to a certain extent diminishing the credit risk,
- Experienced management team and well-established risk management infrastructure.

Constraints

- Need for increase in customer granularity to reduce high concentration risk,
- High competition in the sector dominated by bank-owned factoring companies with wide branch network and lower borrowing costs,
- Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised to 'AA (tr)' from 'AA- (tr)'. The Company's revenue generation capacity, asset quality, capital adequacy, risk management infrastructure supported by internal control systems, high provision level, experienced management team together with the general outlook of the sector have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. Attainability of the Company's budgeted projections, 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, improvements in receivable portfolio granularity to reduce the concentration exposure, the general outlook of the sector collection performance of problematic receivables and the NPL level will be closely monitored by JCR Eurasia Rating in upcoming periods.

