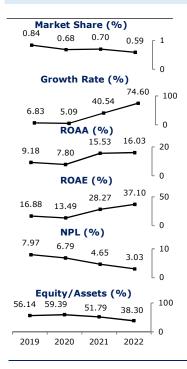
## **Corporate Credit Rating**

□New ⊠Update

Sector: Factoring Publishing Date: 24/03/2023 Manager Ömer SUCU +90 212 352 56 73 omer.sucu@jcrer.com.tr Analyst Ezgi Çiçek YILMAZ +90 212 352 56 73 ezgi.yilmaz@jcrer.com.tr Analyst İsa YILMAZ +90 212 352 56 73 Isa.yilmaz@jcrer.com.tr

RATINGS		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	-	
	International LC ICR	BB	-	
	International LC ICR Outlooks	Negative	-	
ISRs (Issue Specific Rating Profile)	National ISR	AA- (tr) (Stable)	J1+(tr) (Stable)	
	International FC ISR	-	-	
	International LC ISR	-	-	
Sovereign*	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 very high investment level category and affirmed the Long-Term National Issuer Credit Rating at **'AA- (tr)'** and the 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 assigned as **'BB/Negative'** in line with international ratings and outlooks of Republic of Türkiye.

JCR Eurasia Rating

**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 FYE2022. The Company maintains its operations by average workforce of 32 employees in FY2022 (FY2021: 32).

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

Strengths	Constraints	
<ul> <li>Ability to generate and preserve interest margins outperforming the sector, underpinning core operational profitability,</li> <li>Above sector average equity to total asset ratio though performing a downward trend over the reporting period,</li> <li>Experienced management team and wellestablished risk management infrastructure,</li> <li>Access to various financing sources including local and foreign Ex-Im banks.</li> </ul>	<ul> <li>Despite improvement, NPL ratios still exceeding the sector averages,</li> <li>Short term borrowing profile in parallel with the sector,</li> <li>Need for increase in customer granularity to reduce high concentration risk,</li> <li>Decrease in market share,</li> <li>High competition in the sector dominated by bank-owned factoring companies with wide branch network and lower borrowing costs,</li> <li>Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating</li> </ul>	

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at **'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'**. The Company's financial structure, attainability of the Company's budgeted projections, especially the collection of receivables from companies located in the earthquake zone, the possible impacts of the Russia-Ukraine War on the global and Türkiye's economy and its effects on the Company's activities will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

growth projections.

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