

Corporate Credit Rating

New Update

Sector: Factoring

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

* Assigned by JCR on Aug 18, 2022

Kent Finans Faktoring A.Ş.

JCR Eurasia Rating, has evaluated "Kent Finans Faktoring A.Ş." in the high investment level category and affirmed the Long-Term National Issuer Credit Rating at 'A+ (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.

Kent Finans Faktoring A.Ş. (hereinafter referred to as 'Kent Faktoring' or 'the Company') is a Süzer Group company operating in Turkish Faktoring market since 1997. Based in Istanbul, Kent Faktoring provides receivable financing to domestic firms for more than 20 years. The Company is a member of FCI, the international factoring and credit finance industry association. Kent Faktoring's business model offers trade finance and export factoring services to large-scale companies after a thorough credit analysis. As a Süzer Group company, Kent Faktoring has a strong and experienced partnership structure.

As of FYE2022, the main shareholder of the Company is **Süzer Holding A.Ş.** (hereinafter referred to as 'Süzer Group' or 'the Group'), which owns 75% of the total shares. The Süzer Group is a conglomerate operating in various sectors such as finance, energy, construction, real estate development and tourism.

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

Strengths

- Sustainability of income and profit generation capacity,
- Satisfactory level of net interest margin continuing to outperform the sector,
- Substantial collateral coverage diminishing the credit risk in a certain extent,
- Above sector average equity to total asset ratio though performing a downward trend over the reporting period,
- Diversified borrowing profile through debt security issuances,
- Existence of Süzer Holding as dominant shareholder and the synergy created within the Group,

Constraints

- NPL ratio exceeding sector average in FYE2022,
- Short term borrowing profile in parallel with the sector,
- 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,
- Global recession and monetary tightening across the globe deteriorating growth projections.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'A+ (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.

