

## Corporate Credit Rating

New Update

**Sector:** Factoring

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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	-
ISRs (Issue Specific Rating Profile)	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
Sovereign*	Local Currency	BB (Negative)	-

\* Assigned by JCR on Aug 18, 2022

## Kent Finans Faktoring A.Ş.

JCR Eurasia Rating, has evaluated "Kent Finans Faktoring A.Ş." in the investment level category and revised the Long-Term National Issuer Credit Rating to 'AA- (tr)' from 'A+ (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.

**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 FYE2023, 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.

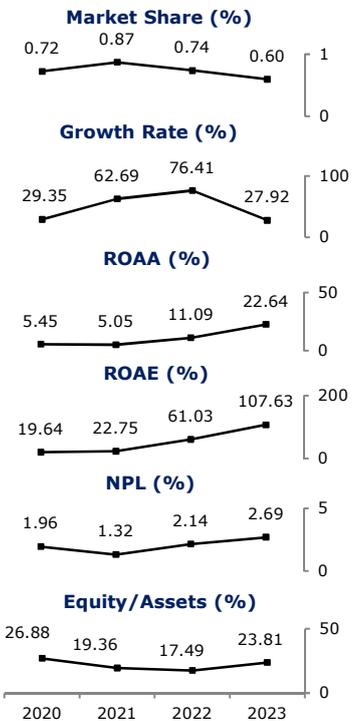
Key rating drivers, as strengths and constraints, are provided below.

### Strengths

- Ability to generate and preserve interest margins outperforming the sector, underpinning core operational profitability,
- Equity to total asset ratio standing above sector averages backed by solid internal equity generation capacity,
- Reasonable collateral coverage to a certain extent diminishing the credit risk,
- Diversified borrowing profile through debt security issuances,
- Existence of Süzer Holding as dominant shareholder and the synergy created within the Group.

### Constraints

- NPL ratios still exceeding the sector averages,
- 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 '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'. 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.