

Corporate Credit Rating

New Update

Sector: Factoring

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	A+ (tr)	J1+ (tr)
	National ICR Outlooks	Positive	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Negative	-
	National ISR	A+ (tr) (Positive)	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

Ulusal Faktoring Anonim Şirketi

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

Ulusal Faktoring Anonim Şirketi (referred to as 'the Company' or 'Ulusal Faktoring') was founded in 1999 to operate in Türkiye Factoring Sector. The Factoring Sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006. In December 2011, the investment company Pine Bridge Eurasia Financial Investment S.a.r.l. purchased 46.99% of its shares. Besides, shares of the Company, corresponding to 36.33%, were offered to the public in 2021 and it is traded on the Main Market with the ticker symbol of 'ULUFA' as of reporting date. Ulusal Faktoring organizes its activities through its headquarters located in İstanbul and 25 branches across Türkiye with 310 employees as of FYE2022. Moreover, Ulusal Faktoring has 7,592 of active clients as of FYE2022 (FYE2022: 7,656) which has one of the highest number of customers including bank-owned factoring companies. The Company have no affiliates or subsidiaries in analyzed periods.

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

Strengths

- Positive impact of increasing annual turnover on income generation capacity and asset growth in 2022,
- Upward trend in return on average assets (ROAA) and return on average equity (ROAE) ratios thanks to enhancing net profit margin though remaining below the sector average,
- Slight improvement in the NPL ratio though exceeding the sector average and not transferring of non-performing receivables portfolio in last three years,
- Diversified funding base with bond issuances,
- Well-diversified portfolio with manageable customer concentration and developing branch network,
- Experienced management team and well-organized risk management infrastructure,
- High level of compliance with corporate governance practices supported by sustainability efforts,

Constraints

- High level of operating expenses above the sector average arising from increasing branch network and number of personnel,
- High competition in the sector dominated by bank-owned factoring companies with lower borrowing costs,
- Contraction in market share,
- Tight financial conditions, accompanied by global banking concerns, disrupt global growth projections.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'A+ (tr)'. JCR Eurasia Rating has affirmed the outlook for the Long-Term National Rating of Ulusal Faktoring A.Ş. as "Positive" taking into account the increasing profitability indicators and improving NPL ratio as well as internal revenue generation capacity and adequate provisioning policy. JCR Eurasia Rating has affirmed the outlook for the Short-Term National Rating of Ulusal Faktoring A.Ş. as "Stable" based on the reputable shareholder structure, asset quality, reasonable level of risk appetite, internal revenue generation capacity.

