

**Corporate Credit & Issue Rating**

**Factoring**

PARAFINANS FAKTORING		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
	Issue Rating	n.a.	n.a.	
National	Local Rating	BBB (Trk)	A-3 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	BBB (Trk)	A-3 (Trk)	
Sponsor Support		2	-	
Stand Alone		BC	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

Parafinans Faktoring A.Ş.					
Financial Data	3Q2017**	2016*	2015*	2014*	2013*
Total Assets (000 USD)	85,061	66,001	64,167	88,132	69,030
Total Assets (000 TRY)	302,146	233,104	186,571	204,369	147,063
Equity (000 TRY)	24,604	22,030	18,537	23,116	18,887
Net Profit (000 TRY)	2,499	3,458	-4,478	4,321	2,062
Market Share (%)	0.83	0.70	0.70	0.77	0.67
ROAA (%)	n.a	1.57	-2.28	3.09	1.89
ROAE (%)	n.a	16.25	-21.40	25.86	13.84
Equity/Assets (%)	8.14	9.45	9.94	11.31	12.84
NPL (%)	2.85	5.66	7.53	3.19	5.61
Growth Rate (%)	29.62	24.94	-8.71	38.97	11.46

\*End of Year \*\*Interim figures

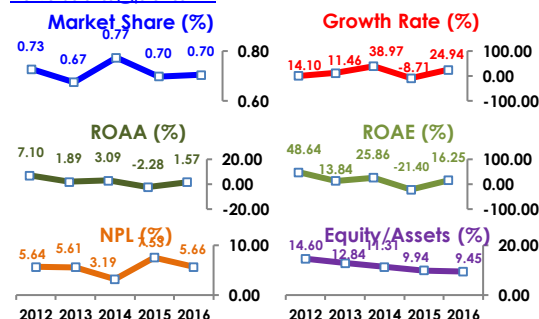
**Overview**

Parafinans Faktoring Anonim Şirketi (referred to as 'the Company' or 'Parafinans Faktoring') has operated in the Turkish Factoring sector since 1997 as a non-bank owned factoring company. From 2006, the Turkish Factoring Sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA).

The Company is owned by the Değirmenci Family. With an increasing total asset size of TRY 233.10mn, the Company maintained its small market share of 0.70% in the factoring sector worth a total of TRY 33.09bn in FYE2016. The Company is mainly focused on funding micro, small and medium sized enterprises. Currently, headquartered in Istanbul with a staff force of 115 and 9 branches in different regions, the Company provides funding to its customer portfolio via financing invoiced/documentated receivables based in Turkey.

\*Assigned by Japan Credit Rating Agency, JCR on November, 10 2017  
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**Strengths**

- In-house developed strong system infrastructure setting the Company as an innovative factoring company through different methods
- Contributions to asset quality of the improved NPL level
- Diversified portfolio providing a fair risk concentration in terms of customers and track record customer base
- Improved profitability contributing to internal equity generation capacity and promising further growth
- Efforts to diversify funding channels through projected bond issuances enabling long-term funding and relieving liquidity management
- Broad branch network, diversifying geographical risk and supporting the loan book and turnover growth
- Qualified management team with an emphasis on adoption of corporate governance best practices & efficient internal control mechanisms

**Constraints**

- High level of dependency on external financing mainly dominated by factoring borrowings, increasing financing costs
- Steadily decreasing and below sector equity level
- Low market share despite above sector average growth
- Sector-wide short-term funding structure
- Highly competitive operating environment and scarce network channels compared to bank-owned factoring companies
- Constrained economic global outlook due to volatilities in the markets, uncertainties covering interest rate policies and security risks

**Publication Date: November 23, 2017**

**"Global Knowledge supported by Local Experience"**