

## Corporate Credit & Issue Rating

New  Update

Sector: Factoring

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### Analyst(s)

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### RATINGS

		Long	Short	
International	Foreign	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Issue Rating	-	-		
National	Local Rating	BBB+(Trk)	A-2(Trk)	
	Outlook	Stable	Stable	
	Issue Rating	BBB+(Trk)	A-2(Trk)	
Sponsor Support		2	-	
Stand-Alone		B	-	
Sovereign*	Foreign	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

\*Affirmed by JCR on November 10, 2017

## Ak Faktoring A.Ş.

### Company Overview

Financial Data	2017*	2016*	2015*	2014*	2013*
Total Assets (000 USD)	115,452	121,239	138,035	155,804	100,560
Total Assets (000 TRY)	439,918	428,192	401,350	361,295	214,233
Equity (000 TRY)	62,954	59,176	51,909	34,399	17,904
Net Profit (000 TRY)	11,330	12,267	19,040	16,494	7,493
Market Share (%)	1.01	1.29	1.50	1.37	0.98
ROAA (%)	3.26	3.70	6.24	7.17	6.35
ROAE (%)	23.18	27.66	55.11	78.91	66.22
Equity/Assets (%)	14.31	13.82	12.93	9.52	8.36
NPL (%)	7.36	5.11	3.60	1.59	0.45
Growth Rate (%)	2.74	6.69	11.09	68.65	164.36

\* Audited financial statements

**Ak Faktoring Anonim Şirketi** (referred to as 'the Company' or 'Ak Faktoring') has operated in the Turkish Factoring sector since 1992 as a non-bank owned factoring company. Since 2006, the Turkish Factoring Sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA). With a staff force of 47, the Company provides funding to its customer portfolio via financing invoiced/documented receivables based in Turkey.

Altınhas Holding A.Ş., the main shareholder of the Company, operates in the fields of asset management, education, energy, finance, accessories (jewelry), construction, textiles, and factoring. With an increasing total asset size of TRY 439.92mn, the Company held a 1.01% market share in a factoring sector worth TRY 43.71bn in FYE2017.

### Strengths

- Strengthened equity level that surpasses sector averages
- Above sector interest margin, supporting internal resource generation capacity and contributing to core business profitability
- Broad experience of the shareholder and financial and operational support of Group
- Core profitability ratios above the sector level despite a recent downward trend
- Diversified funding channels enabling long-term funding and relieving liquidity management
- Qualified and dedicated senior management team and comprehensive internal reporting procedures

### Constraints

- Below sector asset growth rate leading to a deterioration in market share
- High single party risk with limited customer portfolio generating notable gross risk, though mitigated with credit profile of the borrowers and the need for increased customer granularity
- Rising impaired receivables balance, reflecting the constrained business environment, and a deteriorated NPL level, stressing asset quality
- Increasing borrowing costs affected by market interest rates
- Intensive competitive environment dominated by bank-owned companies
- Ongoing uncertainties arising from domestic and global economic and political risks, pressurizing the risk appetite and asset quality of lenders

