

Corporate Credit & Issue Rating

☐ New ☒ Update

Sector: Factoring

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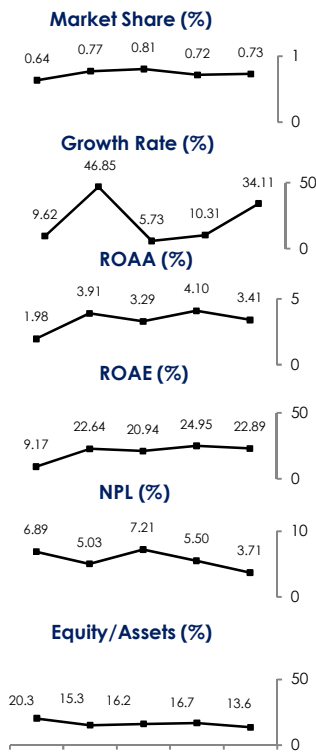
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RATINGS

		Long	Short
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	FC Stable	Stable
		LC Stable	Stable
	Issue Rating	-	-
National	Local Rating	A-(trk)	A-1(trk)
	Outlook	Positive	Stable
	Issue Rating	A-(trk)	A-1(trk)
Sponsor Support	Stand-Alone	3	-
		B	-
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC Stable	-
		LC Stable	-

*Affirmed by JCR on November 10, 2017



Atılım Faktoring A.Ş.

Company Overview

Financial Data	2017*	2016*	2015*	2014*	2013*
Total Assets (000 USD)	84,581	67,357	74,167	87,954	65,192
Total Assets (000 TRY)	319,031	237,893	215,649	203,956	138,885
Equity (000 TRY)	43,250	39,752	34,846	31,135	28,132
Net Profit (000 TRY)	7,249	6,803	5,465	5,329	1,359
Market Share (%)	0.73	0.72	0.81	0.77	0.64
ROAA (%)	3.41	4.10	3.29	3.91	1.98
ROAE (%)	22.89	24.95	20.94	22.64	9.17
Equity/Assets (%)	13.56	16.71	16.16	15.27	20.26
NPL (%)	3.71	5.50	7.21	5.03	6.89
Growth Rate (%)	34.11	10.31	5.73	46.85	9.62

*End of year

Founded in 1993, **Atılım Faktoring A.Ş.** (hereinafter referred to as Atılım Faktoring, or the Company) gained its current ownership status in 2001. The Company's experience in the sector exceeds 24 years, underpinning its profile as one of the first factoring companies in Turkey. Since 2006, the Turkish Factoring Sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA).

Atılım Faktoring provides funding to its customer portfolio based in Turkey through the financing of their invoiced/documentated receivables. The Company is mainly focused on funding medium and large sized enterprises. **Atılım Faktoring** actively uses capital markets as means of alternative financing source. Total nominal outstanding issue volume amounted to TRY 84mn as of FYE2017

The Dinler and Dalva Families are the utmost shareholders of the Company, each owning 50% of the total shares. The ownership structure of the Company is fairly stable. The Company is headquartered in Istanbul, where the majority of the operations take place, with offices located in Ankara, Antalya and Samsun. As of December 2017, the Company employed a staff of 54 (FYE 2016:60).

Strengths

- Cumulative asset growth outperforming the sector while maintaining a prudential scale
- Ability to generate and preserve interest margins outperforming the sector, supporting the equity base with internally generated resources
- Main profitability indicators settling above the sector averages
- Improvement in the NPL ratio and majority of the balance sheet items being composed of earning assets contributing to asset quality
- Diversified funding opportunities through debt issuances contributing to borrowings term structure and relieving liquidity management
- Resilience to fluctuations in foreign currency risks due to absence of non-TRY denominated liabilities
- Stable and experienced management team with an emphasis on adoption of corporate governance best practices & efficient internal control mechanisms

Constraints

- Increasing leverage due to growing share of external funds among resources, despite an above-threshold capital adequacy
- Rising financial expenses pressurizing profitability
- High operating expenses by scale and pressures to continuously squeeze costs
- Increasing interest rate environment
- Intensive competitive environment dominated by bank-owned companies which have a comparative advantage with wide branch networks and low borrowing costs
- Ongoing uncertainties arising from domestic and global economic and political risks, pressurizing the risk appetite and asset quality of lenders