

## Corporate Credit & Issue Rating

New  Update

Sector: Factoring

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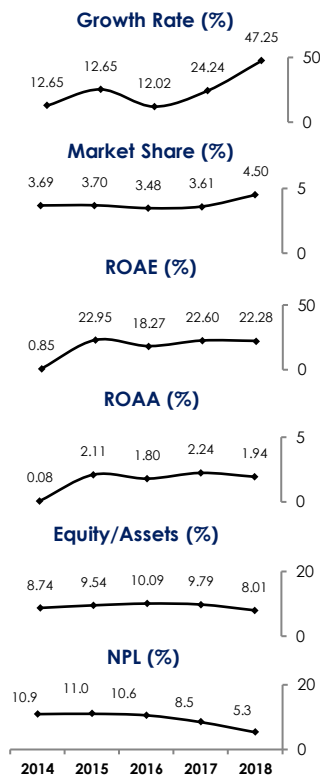
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### RATINGS

		Long	Short	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Neg.	Neg.
		LC	Neg.	Neg.
Issue Rating	n.a	n.a		
National	Local Rating	A-(Trk)	A-1(Trk)	
	Outlook	Stable	Stable	
	Issue Rating	A-(Trk)	A-1(Trk)	
Sponsor Support	1	-	-	
Stand-Alone	AB	-	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Neg.	-
LC		Neg.	-	

\*Affirmed by JCR on November 27, 2018



## Vakıf Finansal Kiralama A.Ş. And Its Subsidiary

### Company Overview

Financial Data	2018*	2017*	2016*	2015*	2014*
Total Assets (000 USD)	584,269	555,521	477,528	517,811	518,160
Total Assets (000 TRY)	3,085,523	2,095,369	1,686,534	1,505,588	1,201,561
Equity (000 TRY)	247,159	205,138	170,103	143,644	104,972
Net Profit (000 TRY)	40,015	33,847	23,281	23,679	-3,822
Market Share (%)	4.50	3.61	3.48	3.70	3.69
ROAA (%)	1.94	2.24	1.80	2.11	0.08
ROAE (%)	22.28	22.60	18.27	22.95	0.85
Equity/Assets (%)	8.01	9.79	10.09	9.54	8.74
NPL (%)	5.32	8.45	10.56	11.03	10.93
Growth Rate (%)	47.25	24.24	12.02	25.30	12.65

\* Audited consolidated financial statements

The Company, **Vakıf Finansal Kiralama A.Ş.**, was founded in 1988 to provide leasing services to real sector firms, particularly to Small and Medium Size Enterprises (SMEs), for their investments regarding assets and capital goods. The Company has been publicly traded since 1991 (with a 22.53% free float rate of its TRY 140mn paid-capital as of FYE2018).

The Company is a subsidiary of **Türkiye Vakıflar Bankası T.A.O.**, a large-scale and mostly publicly capitalized commercial bank in Turkey, with a 58.71% stake. **Güneş Sigorta A.Ş.** holds 15.65% of the Company shares. Both the stated shareholders of the Company are listed on the Borsa Istanbul (BIST). Vakıf Leasing had a subsidiary named **Vakıf Sigorta Aracılık Hizmetleri Ltd.Şti.** with a 84.85% stake and a staff force of 75 as of FYE2018.

The Company performs its activities through its headquarters in Istanbul and five branches in Ankara, Adana, Bursa, Izmir and Antalya as well as in the widespread branch network of Vakıfbank.

The Company's long-term national grade was affirmed as '**A- (Trk)**' with a '**Stable**' outlook.

#### Strengths

- Noteworthy increase in market share supported with rising efforts aiming to increase intra-group synergy
- Ongoing improvement in equity quality
- Improved asset quality thanks to NPL ratio falling below the sector averages and increased collateral level
- Diversified funding sources and better maturity structure of total liabilities compared to sector, relieving liquidity management and risk exposure
- Opportunities of being a bank affiliate company
- Comparatively high compliance level with corporate governance principles
- Strong and reputable shareholding structure
- Improved operating profitability figures resulted in increased income generation level

#### Constraints

- Below sector average equity level, which is common to bank related financial institutions
- Provisions doubling its share in total income and restraining profitability
- Increased volatility potential on future income generation level
- Above sector average financial and operating expenses level
- Challenging market conditions where investor risk appetite and real sector firms' debt service capabilities decreased