

Corporate Credit & Issue Rating

New  Update

Sector: Factoring  
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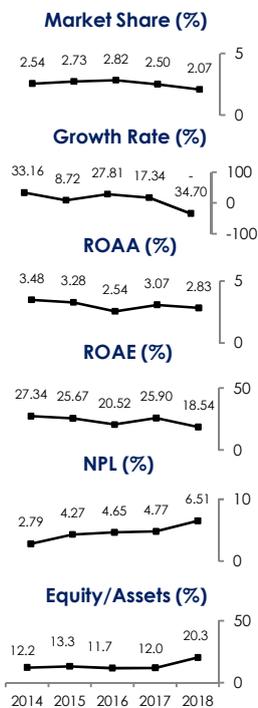
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**RATINGS**

		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
Issue Rating	-	-		
National	Local Rating	AA-(Trk)	A-1+(Trk)	
	Outlook	Stable	Stable	
		Issue Rating	AA-(Trk)	A-1+(Trk)
Sponsor Support	2	-		
Stand-Alone	B	-		
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Negative	-
LC		Negative	-	

\*Affirmed by JCR on November 27, 2018



**Ulusal Faktoring A.Ş.**

**Company Overview**

Financial Data	2018*	2017*	2016*	2015*	2014*
Total Assets (000 USD)	135,914	290,282	264,194	251,093	289,586
Total Assets (000 TRY)	715,030	1,094,915	933,079	730,077	671,521
Equity (000 TRY)	145,007	131,562	109,101	97,130	82,125
Net Profit (000 TRY)	19,379	27,121	16,890	18,361	16,365
Market Share (%) **	2.07	2.50	2.82	2.73	2.54
ROAA (%)	2.83	3.07	2.54	3.28	3.48
ROAE (%)	18.54	25.90	20.52	25.67	27.34
Equity/Assets (%)	20.28	12.02	11.69	13.30	12.23
NPL (%)	6.51	4.77	4.65	4.27	2.79
Growth Rate (%)	-34.70	17.34	27.81	8.72	33.16

\*Audited, End of year \*\*by asset size

**Ulusal Faktoring A.Ş.** (hereinafter referred to as Ulusal Faktoring or the Company) was founded in 1999 and began operations in 2001 following its acquisition by the current shareholders from the Saving Deposits Insurance Funds (SDIF). In December 2011, the investment company **PineBridge Eurasia Financial Investment S.a.r.l.** purchased 46.99% of its shares. Together with the experienced global partnership of **PineBridge**, the Company reinforced its growing trend in the market. The Factoring Sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006.

**Ulusal Faktoring** provides funding to its customer portfolio based in Turkey through the financing of their invoiced receivables. The Company is mainly focused on funding micro, small and medium sized enterprises (**MSMEs**) through its headquarters in Maslak (Istanbul) and fourteen branches in the cities of Istanbul, Ankara, Bursa, Gaziantep, Kocaeli, Izmir, Antalya, Çorlu-Tekirdağ, Adana, Konya and Samsun. The customer base of the Company decreased to 8,112 active clients in 2018, from 9,950 in the previous year due to weakened economic circumstances. Ulusal Faktoring employed a staff of 226 at the end of 2018 (FYE 2017:250).

**Strengths**

- Preservation of net interest margin and resilient commission income, supporting profitability
- Considerably lower leverage, partly due to declining receivables and high capitalization
- Well diversified and granular loan portfolio with widespread customer base and limited concentration
- Maintenance of access to financing lines, providing flexibility to adapt market conditions
- 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**

- Sizable downscaling of loan-book, in response to adverse market conditions
- Provision expenses having exerted pressure on profitability
- High operating expenses by scale and pressures to continuously squeeze costs
- Rising financial expenses pressurizing profitability
- Significant competition in the Sector due to fragmented market structure
- Aggravating circumstances to exert adversities on debt-servicing capabilities of real sector accompanied by weakened demand and rising unemployment