

Corporate Credit & Issue Rating

☐ New ☒ Update

Sector: Factoring

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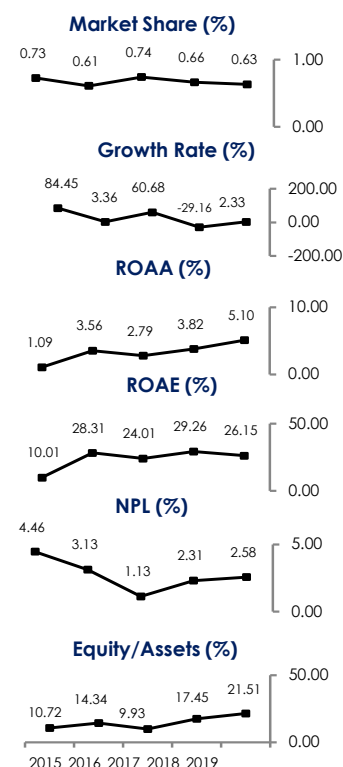
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RATINGS

Long Short

International	Foreign Currency	B	C
	Local Currency	B	C
	Outlook	FC Negative	Negative
	LC	Negative	Negative
National	Issue Rating	-	-
	Local Rating	BBB+ (Trk)	A-2 (Trk)
	Outlook	Stable	Stable
	Issue Rating	A- (Trk)	A-1 (Trk)
Sovereign	Sponsor Support	2	-
	Stand-Alone	B	-
	Foreign Currency	BB+	-
	Local Currency	BB+	-
Sovereign	Outlook	FC Negative	-
	LC	Negative	-

* Assigned by JCR on April 10, 2020



Sümer Faktoring A.Ş.

Company Overview

Financial Data	1Q2020**	2019*	2018*	2017*	2016*	2015*
Total Assets (000 USD)	35,626	39,497	43,583	85,810	57,037	67,028
Total Assets (000 TRY)	234,474	234,621	229,285	323,667	201,442	194,892
Equity (000 TRY)	52,097	50,478	40,017	32,135	28,881	20,897
Net Profit (000 TRY)	1,619	9,028	7,997	5,663	5,554	100
Market Share (%)	n.a	0.63	0.66	0.74	0.61	0.73
ROAA (%)	n.a	5.10	3.82	2.79	3.56	1.09
ROAE (%)	n.a	26.15	29.26	24.01	28.31	10.01
Equity/Assets (%)	22.22	21.51	17.45	9.93	14.34	10.72
NPL (%)	1.50	2.58	2.31	1.13	3.13	4.46
Growth Rate (%)	n.a	2.33	-29.16	60.68	3.36	84.45

* End of year ** Unaudited

Sümer Faktoring A.Ş. was founded in 1996 and acquired by the Altınbaş Family, owner of a prominent conglomerate in Turkey operating in the financial and non-financial sectors, in 2014. Company shares were reorganized under ASV Holding A.Ş. Currently, as a non-bank owned factoring company, the Company continues to operate under the holding structure. The Turkish Factoring Sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006.

Sümer Faktoring is based in Istanbul with a head office and 5 branches. With the exception of a slowdown for the last two year period, the Company's loan book and assets displayed a positive trend following the acquisition. Sümer Faktoring had a workforce of 35 as of FY2019 (FY2018: 39). With a slightly increased total asset size of TRY 234.62mn, the Company held a 0.63% market share in a factoring sector worth TRY 37bn in FY2019.

JCR Eurasia Rating has affirmed Sümer Faktoring A.Ş.'s National Long Term Local Rating as 'BBB+', which denotes an investment grade with a 'Stable' outlook. Due to additional financial collateral guarantee and the external bail in terms of collateral which are provided for the repayment of the bond issued by Sümer Faktoring A.Ş., the note as the Company's Long National Local Rating assigned at 'A-(Trk)' for TRY dominated bond issuance which is determined above the Company's Long-Term National Note.

Strengths

- Improved capitalization level backed by profitability and equity injection
- Steady rise in net profit and above sector averages core profitability ratios of returns on assets and equity,
- Below sector averages NPL ratio despite performing an upward trend, contributing on asset quality,
- Significant drop in FX losses due to limited volatility in exchange rates, positively contributed on bottom line profit
- Capital market instruments providing longer term borrowing options to facilitate liquidity profile and provides fund diversification,
- Reputable shareholding structure and financial viability of the owner Group, Altınbaş Family,
- Well-defined work flow processes through established committees and qualified management team

Constraints

- Notably pressurized net interest income and below sector averages interest margin in contrast to sector's increasing trend,
- Continuation of declining trend in transaction volume due to adverse market conditions and deteriorated economic circumstances,
- High customer concentration levels within the loan portfolio, despite being compensated by high number of drawers
- Below sector averages assets growth and downward market share for the last three- year period due to slowdown in operations
- A conservative view on income generation and asset quality of corporates, considering the strong negative risks arising from global recession concerns and the impact of the epidemic Covid-19 virus and its effects on the global and Turkey's economy