

## Corporate Credit & Issue Rating

New  Update

Sector: Factoring

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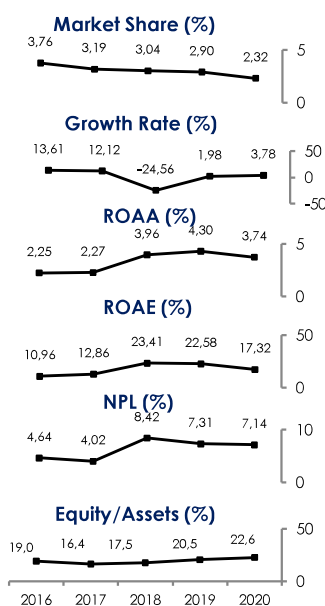
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## RATINGS

		Long Term	Short Term	
National	Local Rating	<b>AA- (Trk)</b>	<b>A-1+ (Trk)</b>	
	Outlook	<b>Stable</b>	<b>Stable</b>	
	Issue Rating	AA- (Trk)	A-1+ (Trk)	
International	Foreign Currency	BB+	B	
	Local Currency	BB+	B	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
Sponsor Support	1	-		
Stand-Alone	A	-		
Sovereign*	Foreign	BB+	-	
	Local	BB+	-	
	Outlook	FC	Negative	-
		LC	Negative	-

\*Assigned by JCR on April 10, 2020



## Fiba Faktoring A.Ş.

JCR Eurasia Rating, has evaluated **Fiba Faktoring A.Ş.** in investment-level category on the national scale and affirmed the rating on the Long-Term National Scale as **'AA- (Trk)'** and determined the Short Term National Scale as **'A-1+ (Trk)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been affirmed as **'BB+'** with **'Negative'** outlooks.

**Fiba Faktoring Anonim Şirketi** (referred to as 'the Company' or 'Fiba Faktoring') was founded in 1992 to operate in the Turkish Factoring Sector and is a subsidiary of Fiba Holding A.Ş. Fiba Faktoring performs its activities through its headquarters located in İstanbul and 3 branches along with a staff force of 87 employees as of FYE.2020 (FYE.2019: 90). The Company had no affiliates or subsidiaries and it is a member of Factors Chain International (FCI), a global network of factoring companies with more than 400 international factoring companies in 90 countries, set up in 1968. The Factoring Sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006.

Fiba Holding, the parent holding company, and Fina Holding, the holding company coordinating the decision making, planning, management and control of companies serving in the financial sector within the Fiba Group, held 56.96% and 43.04% of the Company shares, respectively, in the Company's 2020 year-end shareholding structure. The Fiba Group consists of 42 group companies, 21 of which operate in finance and 21 in non-finance sectors, and its financial sector investments consists of banking, factoring, leasing, insurance and asset management. Retail, real estate, renewable energy and hotel management comprise the Fiba Group's main non-financial sector investments.

Key rating drivers, as strengths and constraints, are provided below.

### Strengths

- Earning assets comprising majority of total assets volume contributing to income generation and asset quality
- Ability to generate and preserve interest margins outperforming the sector, underpinning core operational profitability
- Increased equity level, contributing to funding profile
- Robust and reputable shareholder structure providing advantages to the Company
- Diversified borrowing profile supporting the liquidity and growth potential of the Company

### Constraints

- Pressure on the global economic outlook and asset quality of lenders due to ongoing uncertainties arising from the global Covid-19 pandemic
- Short term borrowing profile of the sector
- Intensive competitive environment dominated by bank-owned companies

Considering the aforementioned points, the Company's the Long-Term National Rating has been affirmed at **'AA- (Trk)'**. Considering Fiba Faktoring's long business track record and high level of sustainability of activities bolstered by particularly the Company's adequate level of risk appetite, capitalization level, net interest margin level, expected projections and improvement in risk management implementations and the general outlook of the sector as well as, Covid-19 pandemic and geopolitical risks-driven uncertainties; the Company's outlook for Long and Short-Term National ratings has been affirmed as **'Stable'**. Collection performance of the NPLs and profitability indicators as well as market conditions regarding the sector and the negative effects of the Covid-19 pandemic are some of the priority issues to be monitored by JCR Eurasia Rating.

It is considered that the Fiba Faktoring's strategic shareholders **Fiba Holding A.Ş.** and **Fina Holding A.Ş.**, with their operations in a variety of fields from finance to energy, have the willingness to ensure long-term liquidity and equity within their financial capability when required and to provide efficient operational support to the Company when required. In this regard, the Company's Sponsor Support Grade has been affirmed as **(1)** in JCR Eurasia Rating's notation.

Fiba Faktoring's 'stand-alone rating' has been determined with regard to the Company's organizational structure, level of capitalization, asset quality, risk management policies, corporate governance practices, market shares, growth rates, profitability ratios and the trends of the existing risks in the markets and the business environment. Within this context, the Stand Alone note of Fiba Faktoring has been determined as **(A)** in the JCR Eurasia Rating notation system.