

Corporate Credit Rating

New Update

Sector: Leasing

Publishing Date: 28/04/2021

Senior Chief Analyst

Orkun İnan

+90 212 352 56 73

orkun.inan@jcrer.com.tr

Assistant Analyst

Ersin Kılıçkap

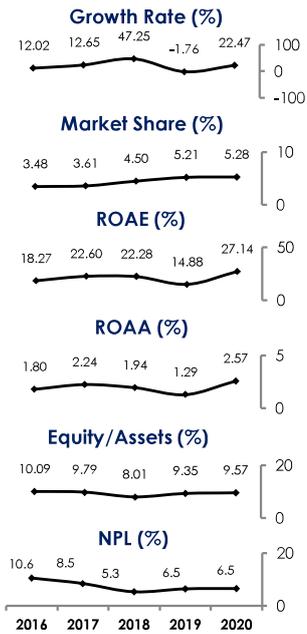
+90 212 352 56 73

ersin.kilickap@jcrer.com.tr

RATINGS

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

*Assigned by JCR on April 10, 2020



VAKIF FİNANSAL KİRALAMA A.Ş.

JCR Eurasia Rating has upgraded the ratings of the **Vakıf Finansal Kiralama A.Ş.** and the **Cash Flows Relating to the Outstanding and Prospective Debt Issuances** to **'A (Trk)'** on the Long-Term National Scale with **'Stable'** outlook. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as **'BB+'** with **'Negative'** outlooks.

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 25.64% free float rate of its TRY 200mn paid-in capital as of 2020 year-end).

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. **Türkiye 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 has a staff force of 68 as of 2020 year-end. 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.

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

Strengths

- Upward trend of net profit almost double as of FYE2020
- Improvement in profitability indicators supporting internal equity generation
- Diversified funding sources via bond issuances
- Opportunities of being a bank affiliate company
- Robust and reputable shareholder structure providing advantages
- High compliance to corporate governance practices

Constraints

- Increasing interest and foreign exchange rates environment
- Ongoing contraction on global and local economy in 2021, due to Covid-19 pandemic
- Highly competitive and volatile market conditions

Considering the aforementioned points, the Company's the Long-Term National Rating has been upgraded as **'A (Trk)'**. Until the effects of the coronavirus pandemic on the global and local economy are clearly revealed, the company's long and short-term outlooks are determined as **'Stable'**. Sustainability of the Company's profitability performance, efficiency of cost management, and equity level together with the trend of NPL ratio are to be monitored by JCR Eurasia Rating. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be continued to be monitored.

In addition to the recent legal arrangements aiming to support the sector and our consideration that the major controlling shareholder, Vakıfbank T.A.Ş., has the willingness and experience to ensure long term liquidity and equity within their financial capability and to provide efficient operational support to Vakıf Finansal Kiralama A.Ş. when required, the Company initiated efforts to increase intra-group synergy and Vakıfbank branches supported transaction volume in the last year. In this regard, the Company's Support Rating Grade has been affirmed as **(1)** in JCR Eurasia Rating notation.

Considering the Company's organizational structure, asset size, market efficiency, corporate governance practices and track record, we, as JCR Eurasia Rating, are of the opinion that Vakıf Finansal Kiralama A.Ş. has reached the level of adequate experience and facilities to manage the incurred risks on its balance sheet regardless of any assistance from the shareholders, provided that it maintains the efficiency in the market. Within this context, the Stand Alone Grade of the Company has been affirmed as **(AB)** in the JCR Eurasia Rating notation system.