

Corporate Credit Rating

New Update

Sector: Factoring

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
ISRs (Issue Specific Rating Profile)	National ISR	AA-	J1+
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 31, 2021

Fiba Faktoring Anonim Şirketi

JCR Eurasia Rating, has evaluated the "Fiba Faktoring A.Ş." in the high-investment level category and affirmed the Long-Term National Issuer Credit Rating as 'AA- (tr)' and determined the Short-Term National Issuer Credit Rating as 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Stable' as parallel to international ratings and outlooks of Republic of Turkey.

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 78 employees as of FYE2021 (FYE2020: 87). 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 2021 year-end shareholding structure. The Fiba Group's 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

- Notable asset growth outperforming the industry in FYE2021
- Strong collateral coverage diminishing the credit risk
- Effective use of money market issuances and diversified borrowing profile
- Experienced management team and well-organized risk management infrastructure
- Strong shareholder structure providing advantages to the Company

Constraints

- Increasing financial expenses stemming from borrowing costs pressuring profitability ratios in FY2021
- High competition in the sector dominated by bank-owned factoring companies with wide branch network and lower borrowing costs
- The geopolitical risks stemming from the Russia-Ukraine tension weakening the risk appetite

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed as 'AA- (tr)'. Reputable shareholder structure, long business track record and high level of sustainability of activities bolstered by particularly the Company's adequate level of risk appetite, effective internal control mechanisms and risk management infrastructure supported by internal control systems; high provision level; experienced and structured management team; decrease in the NPL ratio, the contribution of above sector averages net interest margin on income, above sector averages asset growth are the factors that taking into account in the determining of Long and Short Term Notes of Company with 'Stable' outlook. On the other hand, Fiba Faktoring's turnover and asset development, interest margin trend, market share, profit margin, capitalization level, maturity and indebtedness structure, the growth in the number of customers in the competitive market, receivable portfolio granularity, the general outlook of the sector, collection performance of doubtful receivables and the NPL level are issues to be monitored by JCR Eurasia Rating.

