Corporate Credit Rating

☐New ☒Update

Sector: Factoring
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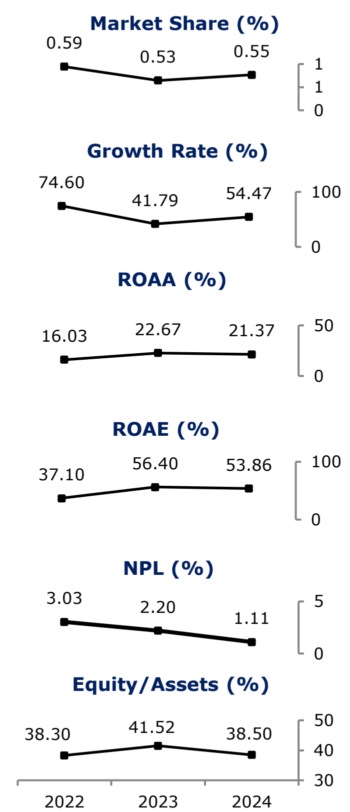
Team Leader
Fırat Tunç
+90 212 352 56 73
firat.tunc@jcrer.com.tr
Senior Analyst
Ece Bedir
+90 212 352 56 73
ece.bedir@jcrer.com.tr

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

** Assigned by JCR on May 10, 2024*



EKSPO FAKTORİNG A.Ş.

JCR Eurasia Rating, has evaluated **"Ekspo Faktoring A.Ş."** in the investment level category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating at **'AA (tr)'** and the Short-Term National Issuer Credit Rating at **'J1+ (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as **'BB/Stable'** in line with sovereign ratings and outlooks of Republic of Türkiye.

Ekspo Faktoring A.Ş. (hereinafter referred to as **'Ekspo Faktoring'** or **'the Company'**) offers trade finance and export/import factoring and refactoring services to domestic customers since 2000. The Company has an established presence in the Turkish factoring sector which itself is a highly fragmented and predominantly bank-owned subsidiary dominated market. The Sector is supervised by Banking Regulation and Supervision Agency of Türkiye (BRSA) and market players are members of Associations of Financial Institutions, an umbrella organization for factoring, leasing and consumer finance companies.

The Company operates with notable equity to assets, compared to the sector averages and maintains an equity base well above the mandatory capital level required by BRSA. Ekspo Faktoring has arrangements with various international ECAs such as US Ex-Im Bank and Black Sea Trade and Development Bank.

Tümay Family is the primary shareholder of the Company as of FYE2024. The Company maintains its operations by average workforce of 31 employees in FY2024 (FY2023: 32).

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

Strengths	Constraints
• Strong capitalization structure by internal equity generation through the examined years, • Continuously declining NPL ratio standing below the sector averages in FYE2024, thanks to strong collateralization structure, • Maintaining core operational profitability through increasing trend of NIM during the reviewed periods, • Experienced management team and well-established risk management infrastructure.	• Need for increase in customer granularity to reduce high concentration risk, • High competition in the sector dominated by bank-owned factoring companies with wide branch network and easier access to financing, • As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engender considerable uncertainty.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at **'AA (tr)'**. The revenue generation capacity along with the strong operational performance outperforming the sector average, asset quality with highly collateralised receivable level, capital structure and its level in comparison to the sector, risk management infrastructure supported by internal control systems, experienced management team together with the general outlook of the sector have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as **'Stable'**. The Company's budgeted projections, 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, improvements in receivable portfolio granularity to reduce the concentration exposure, the general outlook of the sector collection performance of problematic receivables and the NPL level will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.