

Corporate Credit Rating

New Update

Sector: Factoring

Publishing Date: 27/03/2025

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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	-
	International FC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
	National ISR	AA- (tr)	J1+ (tr)
	International FC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

Kent Finans Faktoring A.Ş.

JCR Eurasia Rating, has evaluated "Kent Finans Faktoring A.Ş." in the investment-level category with the 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.

Kent Finans Faktoring A.Ş. (hereinafter referred to as 'Kent Finans Faktoring' or 'the Company') is a Süzer Group company operating in Turkish Faktoring market since 1997. Based in Istanbul, Kent Faktoring provides receivable financing to domestic firms for more than 25 years. The Company is a member of FCI, the international factoring and credit finance industry association. Kent Faktoring's business model offers trade finance and export factoring services to large-scale companies after a thorough credit analysis. As a Süzer Group company, Kent Faktoring has a strong and experienced partnership structure.

As of FYE2024, the main shareholder of the Company is Süzer Holding A.Ş. (hereinafter referred to as 'Süzer Group or 'the Group'), which owns 75% of the total shares. The Süzer Group is a conglomerate operating in various sectors such as finance, energy, construction, real estate development and tourism.

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

Strengths

- Maintaining solid profitability metrics and net interest margin above the industry average throughout the period under review,
- Above sector average equity to total asset ratio with performing an upward trend over the reporting period,
- Reasonable collateral coverage to a certain extent diminishing the credit risk,
- Diversified and robust borrowing profile supporting the liquidity and growth potential of the Company,
- Well-known brand name with a proven track record of Süzer Holding and the synergy created within the Group.

Constraints

- Increased and above sector average NPL ratio in FYE2024 suppressing asset quality,
- 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 engendering considerable uncertainty.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at 'AA- (tr)'. The Company's revenue generation capacity, asset quality, capital adequacy, risk management infrastructure supported by internal control systems, high provision level, 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'. Attainability of the Company's budgeted projections, 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.

