

Corporate Credit Rating

New Update

Sector: Factoring

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

* Assigned by JCR on May 10 2024

Sümer Faktoring A.Ş.

JCR Eurasia Rating, has evaluated "Sümer Faktoring A.Ş." in the investment level category with high credit quality and revised the Long-Term National Issuer Credit Rating to 'A (tr)' from 'A- (tr)' and the affirmed 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.

Sümer Faktoring A.Ş. (hereinafter referred to as 'Sümer Faktoring' or 'the Company') was founded in 1996 and acquired by the Altınbaş Family, owner of a prominent conglomerate in Türkiye operating in the financial and non-financial sectors, in 2014. Company shares were reorganized under ASV Holding A.S. The Turkish Factoring Sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006.

Sümer Faktoring has been providing receivable financing to local companies for 28 years with its head office in Istanbul and 8 branches throughout Turkey as of the reporting date. Sümer Faktoring had a workforce of 42 as of FY2023 (FY2022: 42). The Company held a 0.55% market share in the factoring sector in FY2023.

As of 2023, the sole shareholder of the company is ASV Holding. The ASV Group is a conglomerate operating in various sectors such as finance, energy, logistics, jewelry and education.

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

Strengths

- Remarkable increase in ROAA and ROAE in FY2023, principally supported by notable income growth,
- Equity to total assets ratio at a reasonable level in line with the sector average,
- Diversified funding structure through bond issuances,
- Existence of ASV Holding as dominant shareholder and the synergies created within the Group.

Constraints

- Although the revenue composition is supported by high fee and commission income, the ongoing downward trend in net interest margin in FY2023,
- NPL ratio exceeding sector average in FYE2023,
- High competition in the sector dominated by bank-owned factoring companies with wide branch network and lower borrowing costs,
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised to 'A (tr)' from 'A- (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, 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.

