

Corporate Credit Rating

New Update

Sector: Consumer Finance
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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	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

Turkcell Finansman A.Ş.

JCR Eurasia Rating, has evaluated "Turkcell Finansman A.Ş." in the investment grade 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 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 Türkiye.

Turkcell Finansman A.Ş. (hereinafter referred to as "TFŞ" or "the Company") was founded in October 2015 under the name 'Turkcell Finansal Danışmanlık Hizmetleri A.Ş.' Subsequently, in November 2015, the Company's name was changed to 'Turkcell Finansman A.Ş.' following the issuance of a permit by the Banking Regulation and Supervision Agency (BRSA/BDDK) under the 'Financial Leasing, Factoring, and Financing Companies Law No. 6361'. The Company's primary founding purpose was to meet the financing needs of Turkcell Group customers for technological device purchases. Over time, it has expanded its portfolio to include services such as second-hand car loans and energy project financing. Additionally, the Company offers life insurance and device insurance products to loan customers for their financed purchases. TFŞ is also a member of the Association of Financial Leasing, Factoring, and Financing Companies (FKB). The Company conducts its operations under the 'Financell' brand.

As of 1H2024, the Company employs 390 employees (FYE2023: 368, FYE2022: 259).

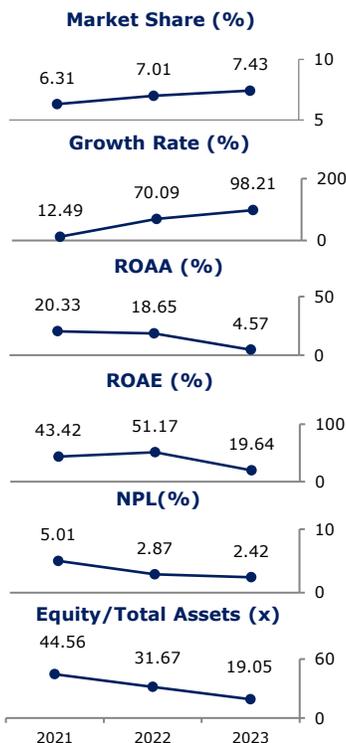
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Operating revenue per employee above the sector average in FY2023,
- Sustainable equity size supported by internal resource generation capacity,
- High customer acquisition potential and increase in financing loan volume thanks to being part of Turkcell Group,
- Rising prices of technological devices create opportunities for consumer finance companies.

Constraints

- Gross operational loss since FY2022 due to increase in financial expenses despite growth in revenue,
- NPL ratio weaker than the sector average in FY2023, despite a decrease from the previous year,
- Financial regulatory authorities' possible restrictive measures to combat inflation may lead to challenges in the sector,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.



Considering the aforementioned points, the Company's the Long-Term National Rating has been affirmed at 'AA (tr)'. The Company's shareholder structure, position in the industry and equity size have been evaluated as important indicators for the stability of the ratings and the outlooks for long and short-term national ratings are determined as 'Stable'. On the other hand, the Company's revenue and profitability performance, trend of financial loans, risk impacts of the TRY's depreciation on activities 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.