



**JCR
Eurasia Rating,**

has affirmed the credit ratings of “**Atılım Faktoring A.Ş.**” and “**Planned and Outstanding Bond Issuances**” as “**A (Trk)**”. Long Term International Foreign and Local Currency ratings have been affirmed at “**BBB-**” representing the sovereign ceiling level.



RATINGS

		Long	Short
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	Negative	Negative
		Negative	Negative
	Issue Rating	n.a	n.a
National	National Rating	A (trk)	A-1(trk)
	Outlook	Stable	Stable
	Issue Rating	A (trk)	A-1(trk)
	Sponsor Support	2	-
	Stand Alone	B	-

Sector: Factoring

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JCR Eurasia Rating, in its periodic review, has evaluated **Atılım Faktoring A.Ş.**” in an investment-level category on the national and international scales and affirmed the ratings of ‘**A (Trk)**’ on the Long Term National Scale along with “**Stable**” outlook. On the other hand, the Long Term International Foreign and Local Currency ratings have been affirmed at “**BBB-**” representing the sovereign ceiling level. Other notes and details of the ratings are given in the table below.

Atılım Faktoring, with activities dating back to 1993 as one of the first institutions operating in the Turkish Factoring sector, has operated under its current ownership structure as of 2002. Headquartered in Istanbul, the Company has an office in Antalya and offers financing services to mostly medium and large sized enterprises through the transfer of their trade receivables stemming from domestic sales.

As of 2019, managing to sustain its above average interest rate margin, the Company supported its equity base with internally generated revenues while increasing its return on equity to a great extent. The factoring receivables increased as of 2019, while the NPL ratio relative declined. On the other hand, Atılım Faktoring continues to diversify its funding structure with frequent bond and bill issuances by actively using capital and money markets.

Superior net interest margin spread over the sector average, improvement in the NPL ratio and recovering asset quality, increase in the paid-in capital from 20mn TL to 32nm TL, risk and profitability oriented management policies, dynamically managed and diversified funding resources with bond issuances and the adequate capitalization levels were factors leading to the determination of Atılım Faktoring’s Long Term National Rating as “**A (Trk)/Stable**”. The trend and collection performance of the past-due receivables, turnover growth, the impact of the global economic and political uncertainties on the performance of the Company will be continued to be monitored by JCR-ER.

Taking into account the Company’s balance sheet composition, scale attained in the intermediary sector, presence of an experienced management team, future projections and reputable shareholding structure expanding and facilitating funding opportunities, it is anticipated that the Company will meet the financial liabilities arising from its planned and outstanding bond issuances. No separate rating report has been compiled as the resources obtained from the bond issue will be carried in the Company’s balance sheet and has been subject to analysis in the corporate credit rating report. The planned bond issue carries no difference in comparison to the Company’s other liabilities with respect to its legal standing and collateralization. As such, the notations outlined in the corporate credit rating report also reflect the issue rating but do not cover any structured finance instruments. Issue ratings are assigned for both outstanding and prospective debt instruments and incorporate assessments until their maturities.

The Factoring Sector is marked by high level of vulnerability to fluctuations in macroeconomic circumstances and instability. Management policies in the sector are strongly influenced by the changes in economic outlook and regulatory procedures from the Banking Regulation and Supervision Agency (BRSA). Considering that the main income of factoring companies is from the real sector, the effects of the growth environment supported by the volatility and incentive policies created by the foreign and domestic economic, political, and geopolitical developments in the markets on the factoring sector and the negative impact of high levels of unemployment on the factoring sector along with weakening demand, deserve to be closely monitored. On the flipside, control systems, centralized information network, integration of receivable documentation records with the financial system support the Sector’s operational risk management. Given the strong downside risks stemming from global recession concerns and impact of the pandemic, we maintain a conservative outlook with respect to revenue generation and asset quality across the Sector.

We preserve our opinion that the controlling shareholders of **Atılım Faktoring A.Ş.** have the willingness to provide long-term funds or equity along with delivering operational support should such a need arises. In this perspective, the Company’s Sponsor Support Rating has been determined as **(2)** within the **JCR Eurasia Rating** scale.

JCR Eurasia Rating believes that the Company possesses the capacity and experience to manage its commitments without external support, considering the Company’s internal resource generation capacity and profitability potential, achieved growth rates, asset quality, capitalization level, liquidity profile, term structure and risk management applications and provided that the macroeconomic outlook does not concentrate on the negative direction. In this regard, **Atılım Faktoring A.Ş.**’s Stand Alone Rating is affirmed as **(B)**, indicating a sufficient level within **JCR Eurasia Rating** notation.

For more information related to the rating results you may visit our internet site <http://www.jcrer.com.tr> or contact our analyst **Mr. Bora Pakyürek**.

JCR EURASIA RATING

General Manager