

**ATILIM FAKTORİNG A.Ş.**

Long-term National Credit Rating: **TR A**  
Short-term National Credit Rating: **TR A1**  
Outlook: **Stable**

**Istanbul, 30 March, 2023** – Atılım Faktoring A.Ş. (hereafter Atılım Faktoring or the Company) has been assigned a Long-term National Credit Rating of TR A and a Short-term National Credit Rating of TR A1. The Company’s established and successful business model and risk management approach, experienced and stable management team, low NPL ratio and high equity ratio are the main factors supporting the rating. Its scale within the sector, profitability rates below the sector and peer group average and the high competition in the sector are the main factors that constrain the rating. We view the outlook as stable with the expectation that the Company will maintain its current performance.

Founded in 1993, Atılım Faktoring was previously named Tekfen Faktoring A.Ş. and its title was changed to Atılım Faktoring A.Ş. on 16.10.2002. As of December 2022, the Company has 234 active customers and 33 employees.

**Established and Successful Business Model and Risk Management Approach:** Atılım Faktoring works with commercial and corporate companies as per its business model. Therefore, the Company’s average check amount and average transaction amount are higher compared to previous years. 91.3% of the transaction volume of the Company, which mainly carries out irrevocable domestic factoring transactions, was cash discount products with customer checks, and the remainder was debtors current credit transactions. Apart from the check subject to the factoring transaction, personal guaranty is also taken for customer contracts. The Company also takes mortgage as a collateral when it is going to make a transaction regarding unborn receivables or when it realizes deterioration in the financial condition of the customer. The Company analyzes its customers’ commercial activities and the sector in detail before working actively with them. The Company also has detailed procedures in addition to the written Risk Management Policy, and has a Risk Monitoring Department reporting to the Director of the Credit Department.

**Increasing Transaction Volume and Net Factoring Receivables:** The trading volume of the Company, which decreased due to the exchange rate risk experienced in 2018 and the pandemic conditions afterwards, started to increase in 2021 with the revival of the markets. In 2022, the decision of not being the main factoring company of any customer in the previous years was abandoned, and in this direction, the Company's growth and efficiency began to increase with the achievement of its target of being the main factoring company of its customers, whom it has known for many years. The transaction volume of the Company increased by 66.9% on TL basis and 19.0% on dollar basis. In line with the transaction volume in 2022, the net factoring receivables of Atılım Faktoring also increased. In 2022, assets also increased at a rate (92.8%) above the net factoring receivables’ increase, which resulted from the revaluation of tangible fixed assets, the increase in cash and cash equivalents, and the purchase of new vehicles instead of fleet leases in order to reduce costs.

**Increasing Profitability Rates:** As the interest rates increased due to the inflationary environment, the Company increased its net interest margin. As a result of increasing net factoring receivables and increasing net interest margin, the Company's net income (interest + commission income-financial cost) increased by 97.0% above inflation. Therefore, in 2022, the Company's profit before operational expenses increased by 2.0 times, and as a result of the increase in operational expenses below the mentioned profit, the main operating profit increased by 2.6 times. Atılım Faktoring's main operating profit in 2022 is the highest in the last five years, and when the

collections of TL2.0 million from non-performing loans are added to this amount, the net profit has reached TL30.3 million. With increasing profitability, the profitability ratios of Atılım Faktoring (ROAA: 6.4%, ROAE: 34.8%) also increased. However, the Company operated with an equity ratio below the sector (ROAE: 51.2%) and peer group average (ROAE: 39.7%). However, when the revaluation of tangible fixed assets is not taken into account in the calculation of equity, the profitability ratios of Atılım Faktoring (ROAA: 6.7%, ROAE: 46.4%) increase and the equity ratio rises above the peer group average.

**Low NPL Ratio:** Atılım Faktoring has successfully managed its asset quality for the last four years by being selective in its customer preferences, instantly reflecting problematic receivables in the records, and by allocating provisions above the BRSA's requirements. As of 31.12.2022, the Company's non-performing loans decreased by 17.8% to TL10.0 million from TL12.2 million. In 2022, no receivables were transferred to asset management companies or no receivables were written off from assets. In 2022, Atılım Faktoring made a collection of TL2.0 million and allocated a provision of TL9.6 million. Although the risk of the Company in the earthquake zone is TL23.3 million as of the reporting date, there is no restructuring or problem receivables due to the earthquake. As of 31.12.2022, the NPL ratio of the Company was below the peer group and close to the sector.

**High Equity Ratio:** Atılım Faktoring's paid-in capital is TL50.0 million, which is the minimum paid-in capital, in accordance with the BRSA's rules, and the paid-in capital amount was increased from TL32.0 million to TL50.0 million in 2021. Although the equity of the Company increased slightly between 2018-2021, it increased by 82.7% in 2022 due to the increase in net profit with a high amount and the revaluation difference of tangible fixed assets. Although the equity ratio of Atılım Faktoring decreased in 2022 compared to 2021, it is above the sector average and close to the peer group average.

**Experienced and Stable Management Team:** The current partnership structure of Atılım Faktoring has been going on since 2002. The General Manager of the Company has 28 years of experience in finance and has been the General Manager of Atılım Faktoring since July 2007. The majority of the senior management team have been working within the Company for many years. In addition, internal communication is strong and knowledge is shared among employees.

Atılım Faktoring's Selected Financial Indicators

(1,000 TL)	2018	2019	2020	2021	2022
Total Assets	184,935	207,476	223,350	324,487	625,700
Asset Growth (%)	-42.0	12.2	7.7	45.3	92.8
<b>Total Factoring Receivables (Net)</b>	<b>144,407</b>	<b>180,146</b>	<b>202,522</b>	<b>285,308</b>	<b>531,275</b>
NPL Ratio (%)	11.5	6.1	5.3	4.1	1.8
<b>Equity</b>	<b>55,114</b>	<b>58,431</b>	<b>64,325</b>	<b>76,950</b>	<b>140,616</b>
Equity /Total Assets (%)	29.8	28.2	28.8	23.7	22.5
Factoring Income	78,022	52,074	35,095	72,309	133,302
<b>Net Factoring Income*</b>	<b>29,565</b>	<b>20,044</b>	<b>16,059</b>	<b>28,941</b>	<b>58,740</b>
Net Interest Margin (%)**	13.6	12.3	7.5	9.1	11.0
<b>Factoring Operating Income/Loss</b>	<b>16,278</b>	<b>6,996</b>	<b>4,364</b>	<b>14,812</b>	<b>38,139</b>
<b>Net Profit</b>	<b>13,906</b>	<b>7,276</b>	<b>5,153</b>	<b>13,210</b>	<b>30,279</b>
ROAA (%)	5.5	3.7	2.4	4.8	6.4
ROAE (%)	36.0	15.8	9.3	21.5	34.8

\*Net Factoring Income = Interest and commission received from factoring receivables-Interest and commission paid to borrowings+/-Foreign exchange profit/loss+/-Derivatives profit/loss-Loan loss provisions

\*\*Net Interest Margin = (Factoring interest and commission income-Financial expenses)/Average of Interest Earning Assets

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