

ATILIM FAKTORİNG A.Ş.

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

Rating History:

LTNCR: **TR A**

STNCR: **TR A1**

Outlook: **Stable**

Date: 30.03.2023

Istanbul, 29 March, 2024 – The Long-term National Credit Rating of TR A and the Short-term National Credit Rating of TR A1 of Atılım Faktoring A.Ş. (hereafter Atılım Faktoring or the Company) have been affirmed. Its transaction volume and receivables growth above the sector average, its asset quality that did not deteriorate despite the growth, its higher net profit and increased productivity are the main factors supporting the rating. Economic uncertainty, its moderate risk concentration and an equity/assets ratio below the peer group are factors constraining the rating. We view the outlook as positive with the expectation that the Company will improve its current performance.

Atılım Faktoring was established in 1993. The Company's business title, formerly Tekfen Faktoring A.Ş., was changed to Atılım Faktoring A.Ş. in 2002. The main shareholder of the Company is Doğan Danyel Dinler. As of December 2023, the Company has 199 active customers and 33 employees. 96.6% of its transaction volume accounted for domestic revocable factoring transactions and the Company's customers were predominantly commercial and corporate firms. 82.93% of the Company's transaction volume is customer check cash discount products, while the rest is overdraft transactions.

Transaction Volume and Receivables Growth Above the Sector: In 2023, Atılım Faktoring acted aggressively in terms of transaction volume and receivables growth due to the expectation that margins would expand positively as a result of rising interest rates. The Company's trading volume grew by 136.5% in TL terms and 50.2% in USD terms, outperforming the sector. In parallel with the increasing transaction volume, Atılım Faktoring's net factoring receivables increased by 87.8% and reached TL997.8 million, above the sector and peer group¹ averages. This amount was above the Company's targeted receivable size of TL950.9 million for 2023.

High Net Profit in 2023: Due to the growth in transaction volume and receivables, Atılım Faktoring's total interest and commission income increased by 213.8% to TL418.4 million in 2023. Despite the increase in the Company's financial costs, net factoring income² was realized at TL185.0 million, as a result of lower provision expenses. Main operating profit increased to TL136.3 million from TL38.1 million, as the increase in operational expenses lagged behind the increase in net factoring income. Net profit after tax reached TL101.5 million with the addition of TL1.3 million in interest income on deposits and TL3.3 million in other income to main operating profit. ROAA and ROAE ratios also increased with higher net income. The Company's ROAA ratio was realized above the sector average and ROAE ratio was realized in parallel with the sector average. Atılım Faktoring operated with ratios above the peer group average.

Asset Quality and Moderate Risk Concentration: Atılım Faktoring achieved growth in transaction volume and net factoring receivables, while maintaining its asset quality and keeping loan denial ratios unchanged. The

¹ Eko Faktoring and Akdeniz Faktoring were selected as Atılım Faktoring's peer group in terms of asset and net factoring receivable size, business model, personnel and number of branches.

² Net factoring income is calculated as interest and commissions received from factoring transactions - interest and commissions paid on loans used and securities issued +/- foreign exchange differences + derivative transaction profit/loss - provisions for NPLs.

nominal NPL amount increased by 40.9% in line with the increased placement size, to TL14.1 million from TL10.0 million. Nevertheless, the Company's NPL ratio was realized at a low rate of 1.4% and was similar to both peer group and sector averages. In 2023, Atılım Faktoring did not write off any receivables from its assets or transfer any receivables to Asset Management Companies.

As of 31.12.2023, the ratio of receivables from the highest risk client in Atılım Faktoring's loan portfolio to total receivables increased to 7.8% from 5.5%. As of the same date, the share of the Company's 10 customers with the highest risk in total receivables increased to 39.9% from 37.9%. Atılım Faktoring's risk concentration is at medium level.

Increased Equity: In 2023, Atılım Faktoring's paid-in capital was increased to TL75.0 million from TL50.0 million, entirely through internal resources. In 2023, the Company's shareholders' equity increased by 53.2% to TL216.2 million, because of the increase in net profit. Although the Company's equity ratio declined due to asset growth, it remained above the sector average. However, Atılım Faktoring's equity ratio remained below the peer group average. The Company transitioned to the authorized capital ceiling and according to its KAP notification, the registered capital ceiling is TL375.0 million.

High Efficiency: In the January-December 2023 period, Atılım Faktoring generated net factoring income in excess of operational expenses, resulting in a decline in the cost/income ratio. The ratio was below the peer group average and close to the sector average. This shows that Atılım Faktoring operates more efficiently than other peer group companies.

Experienced and Stable Management Team: The Company's Board of Directors and Senior Management were maintained in 2023 and 2024. The Company's General Manager has nearly 30 years of experience in the field of finance and has been the General Manager of Atılım Faktoring since July 2007.

Atılım Faktoring's Selected Financial Indicators

(1,000 TL)	2019	2020	2021	2022	2023
Total Assets	207,476	223,350	324,487	625,700	1,100,165
<i>Asset Growth (%)</i>	12.2	7.7	45.3	92.8	75.8
Total Factoring Receivables (Net)	180,146	202,522	285,308	531,275	997,769
<i>NPL Ratio (%)</i>	6.1	5.3	4.1	1.8	1.4
Equity	58,431	64,325	76,950	140,616	216,158
<i>Equity /Total Assets (%)</i>	28.2	28.8	23.7	22.5	19.6
Factoring Income	52,074	35,095	72,309	133,302	418,350
Net Factoring Income*	20,044	16,059	28,941	58,740	185,083
<i>Net Interest Margin (%)</i>	12.3	7.5	9.1	11.0	10.2
Factoring Operating Income/Loss	6,996	4,364	14,812	38,139	136,252
Net Profit	7,276	5,153	13,210	30,279	101,521
ROAA (%)	3.7	2.4	4.8	6.4	11.8
ROAE (%)	15.8	9.3	21.5	34.8	90.3

*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