

## Corporate Credit Rating

New Update

**Sector:** Factoring

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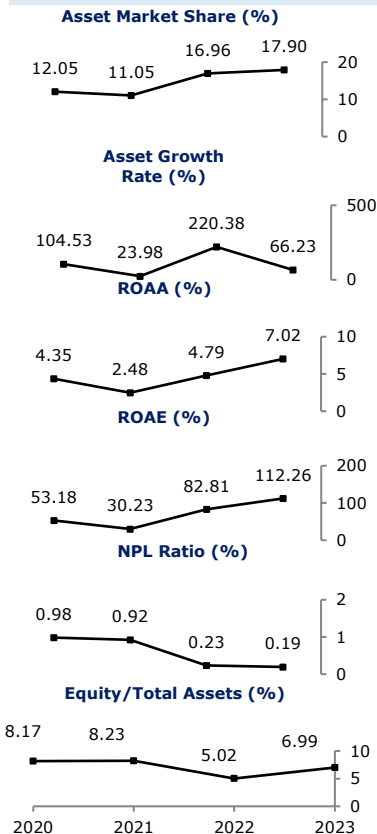
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific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

\* Assigned by JCR on May 10, 2024



## Vakıf Faktoring Anonim Şirketi

JCR Eurasia Rating, has evaluated "Vakıf Faktoring A.Ş." in the investment grade category with the highest credit quality, assigned the Long-Term National Issuer Credit Rating as 'AAA (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 sovereign ratings and outlooks of Republic of Türkiye.

**Vakıf Faktoring A.Ş.** (hereinafter referred to as 'the Company' or 'Vakıf Faktoring') has operated in the Turkish Factoring sector since 1998 as a bank owned factoring company. The Turkish Factoring Sector has been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA) since 2006. The Company's core business, factoring, is a financing method that involves the sale of commercial receivables from manufacturers, distributors, and service companies to an intermediary organization (factor). In this method, the factor, for a commission, provides financing, monitors customer accounts, collects receivables, and assumes the risk of non-collection. The Company primarily conducts its factoring activities in a single geographic region (Türkiye). To expand its marketing activities, the Company opened branches in Ankara and İzmir in 2017, which continue to operate. The Company's head office is located in Ümraniye, İstanbul, Türkiye and maintains its operations by labour force of 59 employees as of FYE2023. (FYE2022: 56 employees) Vakıf Faktoring has one subsidiary, "Vakıf Enerji ve Madencilik A.Ş.," in which it holds an 18.58% share.

**Türkiye Vakıflar Bankası T.A.O.** (hereinafter referred to as 'the Bank' or 'Vakıfbank') is the main controlling shareholder, owning 92.10% of the total shares of the Company and the remaining shares belong to Vakıfbank's subsidiaries as of reporting date. The parent company, Vakıfbank (rated by JCR Eurasia Rating on June 24, 2024 as 'AAA (tr)/Stable' on the Long-Term National Scale), was established in 1954. Through its financial subsidiaries, the Bank offers a wide range of financial services, including retail, corporate, commercial, SME, agricultural, and private banking, as well as financial intermediation, factoring, and financial leasing. The Bank has 11 financial subsidiaries and affiliates, along with 15 non-financial subsidiaries and affiliates.

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

### Strengths

- Sustainability of income and profit generation capacity,
- NPL ratios remaining below the sector in the analysed period supporting asset quality,
- Solid market share and influence thanks to its long-lasting presence in the sector and successful track-record,
- Diversified funding structure providing financial flexibility,
- Existence of Türkiye Vakıflar Bankası T.A.O as dominant shareholder and the synergy created within the Group,
- Experienced management team and well-organized risk management infrastructure.

### Constraints

- Capital adequacy ratios standing below sector average despite being compatible with the requirements,
- Short-term borrowing profile in parallel with the sector,
- Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned factors, the Company's Long-Term National Issuer Credit Rating has been assigned as 'AAA (tr)'. The risk management infrastructure supported by internal control systems, experienced management team, the Company's NPL and provision levels, market share, sustainable income and profit generation capacity 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 Issuer Credit Ratings has been determined as 'Stable'. Vakıf Faktoring's turnover and asset development, attainability of the Company's budgeted projections, net interest margin trend, profitability indicators, capitalization level, funding structure, the growth in the number of customers in the competitive market, improvements in receivable portfolio granularity to reduce the concentration exposure to be monitored by JCR Eurasia Rating.