

CREDIT RATING REPORT

DATE: 26.04.2021

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ISUER: CREDITWEST FAKTORING A.Ş.

İSSUE: -

CORE BUSINESS

FACTORING

NEW:

☒

UPDATE:

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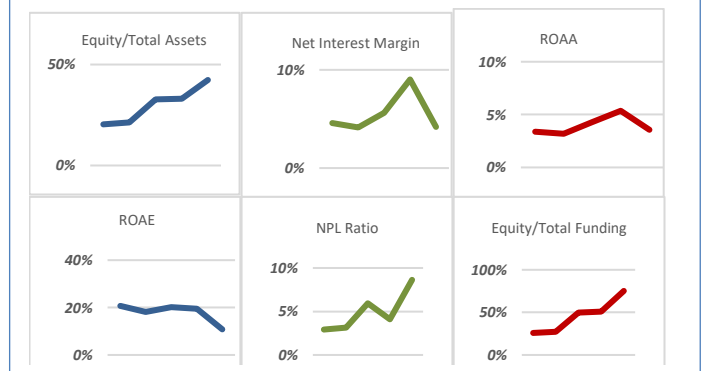
	RATINGS*					
	ISSUER RATING		OUTLOOK	ISSUE RATING		OUTLOOK
	LONG TERM	SHORT TERM		LONG TERM	SHORT TERM	
CREDITWEST FAKTORING A.Ş. Büyükdere Caddesi No: 108 Enka Binası Kat: 1 Esentepe Şişli / İstanbul Tel: (0212) 356 19 10 www.creditwest.com.tr	-	-	-	-	-	-
INTERNATIONAL FOREIGN CURRENCY	-	-	-	-	-	-
INTERNATIONAL LOCAL CURRENCY	-	-	-	-	-	-
NATIONAL RATING	TR A+	TR A-1	Stable			
	NR	NR	NR			

*If the report is an update, previous ratings are at the bottom right of the cells. **NR:** Not rated by DRC RATING. **Outlook:** Positive, Negative, Stable, Developing.

SUMMARY: Creditwest Faktoring A.Ş.(hereafter Creditwest Faktoring or the Company) has been assigned a long-term national credit rating of TR A+ a short-term national credit rating of TR A-1 and outlook Stable. The credit ratings reflect our opinion on the Creditwest Faktoring's strong equity structure, diversified funding sources, the existence of a stable and experienced management team, the importance its attaches to corporate governance, its decreasing financial debts due to declining factoring receivables and its investments abroad. Covid-19 Pandemic's impact that has continued since March of 2020 in Turkey and caused deterioration in macroeconomic indicators and slowdown in economic activity, affected the company's financial and operational performance adversely. Sale of 33.75% of the company's shares in BIST in 2020 by the parent company, Altınbaş Holding A.Ş., decreasing market share due to decreasing factoring receivables, increasing non-performing loans (NPL) and decreasing profitability affects negatively our credit ratings.

Key Financial Data (Million ₺)

	2016	2017	2018	2019	2020
Total Assets	736	707	400	466	401
Factoring Receivables (Net)	715	685	383	402	313
Financial Liabilities	580	551	264	303	226
Equity	150	151	131	154	170
Non Performing Loans (NPL)	22	22	24	17	30
Net Profit	25	23	24	23	15



Istanbul, April 24th, 2021

Financial Data

December 31st, 2020

(Million ₺)

Total Assets	400.6
Fact. Receivables (Gross)	342.3
Equity	169.6
Incom. from Fact. Operat.	60.1
Tot. Finan. Liabilities	225.6
Net Profit/Loss	15.4

Financial Ratios

ROAA (%)	3.6
ROAE(%)	10.8
NPL/Gross Fact. Receiv.	8.6
Equity/Total Assets (%)	42.3
Net Interest Margin (%)	4.2

Ratings Rationale, Outlook and Important Factors for the Future:

The credit ratings reflect our opinion on the Creditwest Faktoring A.Ş.'s (here after Creditwest Faktoring or the Company) strong equity structure, diversified funding sources, the existence of a stable and experienced management team, the importance its attaches to corporate governance, its decreasing financial debts due to declining factoring receivables and its investments abroad.

Covid-19 Pandemic's impact that has continued since March of 2020 in Turkey and caused deterioration in macroeconomic indicators and slowdown in economic activity, affected the company's financial and operational performance adversely., Sale of 33.75% of the Company's shares in Borsa İstanbul (BIST) in 2020 by the parent company Altınbaş Holding A.Ş. (Altınbaş Holding), decreasing market share due to decreasing factoring receivables, increasing non-performing loans (NPL) and decreasing profitability affects negatively our credit ratings.

DRC RATING has determined the outlook of Creditwest Faktoring's National Long-Term Rating as "Stable". Diversity in funding sources, financial leverage ratios below sector and peer group¹ averages, successful management of FX rate and liquidity risks, implementation of the dividend policy, positive track record on the repayment of issued debt instruments, the Turkey's macroeconomic expectations, market interest rates and the volatility of the ₺, the maturity mismatch between receivables and payables and the decreasing transaction volume are taken into consideration as positive/negative factors.

Altınbaş Holding's application on February 10th, 2021 for the removal of the privileges of 26% of the Company's privileged shares, has been accepted by Capital Markets Board of Turkey as of April 16th, 2021. The investors who are owner of the Company's shares as of application date, can sell their per shares by 5.61 ₺. These investors are obliged to register their dissenting opinions in the minutes by voting negative at the general assembly at which the conversion will be voted on.

The process of purchasing 62,984 partnership shares corresponding to 42% of the paid-in capital Ukrainian Joint Company Finance and Credit Bank, was completed on December 30th, 2020 after the approval of the Central Bank of Ukraine. The Company, which paid 40 million TL in advance to Altınbaş Holding on December 30th, 2019 in order to participate in the Bank, paid the balance due 165.127 ₺ on December 30th, 2020.

Important factors to consider for the future change in ratings and/or outlook:

Positive

- Recovery in economic activities and its positive impact on financials,
- Extension of financial debt maturities,
- Increasing market share due to the increase in factoring receivables,
- Dividend support from the investment made abroad,

Negative:

- Decrease in the willingness of the parent company to support the Creditwest Faktoring,
- Higher market interest rates,
- Increasing non performing loans,
- Increasing maturity mismatch between receivables and payables,

¹ Akın Faktoring, Eko Faktoring, Ekspo Faktoring, ING Faktoring, Lider Faktoring, Şeker Faktoring and Ulusal Faktoring have been chosen as peer group.

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