

**CREDIT RATING REPORT**

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ISUER: CREDITWEST FAKTORING A.Ş.

ISSUE: -

CORE BUSINESS

FACTORING

NEW:

UPDATE:

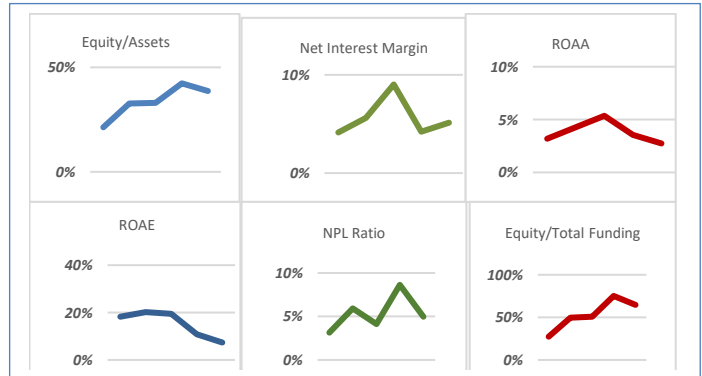
CREDITWEST FAKTORING A.Ş. Büyükdere Caddesi No: 108 Enka Binası Kat: 1 Esentepe Şişli / İstanbul Tel: (0212) 356 19 10 <a href="http://www.creditwest.com.tr">www.creditwest.com.tr</a>	RATINGS*					
	ISSUER RATING		OUTLOOK	ISSUE RATING		OUTLOOK
	LONG TERM	SHORT TERM		LONG TERM	SHORT TERM	
INTERNATIONAL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

\*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 affirmed **long-term national credit rating of TR A+ a short-term national credit rating of TR A-1 and assigned outlook Negative**. The credit ratings reflect our opinion on the Creditwest Faktoring's strong equity structure, decreasing NPL ratio, increasing factoring interest margin rate and factoring interest incomes, preference of issuance of commercial paper, which are cheaper and longer-term than bank loans, the existence of a stable and experienced management team, the importance attached to corporate governance, being one of the 4 public factoring companies traded in Borsa Istanbul, dwindling parent company support and to investments abroad. The parent company Altınbaş Holding A.Ş. sold 55.95% of the Company's partnership shares from the BIST within a two-year period covering 2020 and 2021 was evaluated negatively in terms of credit ratings. The fact that the 2021 financial statements of the Joint Stock Company West Finance and Credit Bank, a subsidiary of Creditwest Faktoring, which had been independently audited due to the invasion of Ukraine by Russia are not published, the damage caused by the ongoing war on the Ukrainian economy and the ban on capital transfer out of Ukraine is considered that the Bank will not have a positive impact on Creditwest Faktoring's financial statements in the short and medium term.

**Key Financial Data (Million ₺)**

	2017	2018	2019	2020	2021
Total Assets	707	400	466	401	586
Factoring Receivables (Net)	685	383	402	313	411
Financial Liabilities	551	264	303	226	351
Equity	151	131	154	170	227
Non Performing Loans (NPL)	22	24	17	30	22
Net Profit	23	24	23	15	14





Istanbul, April 18<sup>th</sup>, 2022

#### Financial Data

December 31<sup>st</sup>, 2021

(Million ₺)

Total Assets	586.2
Fact. Receivables (Gross)	432.8
Equity	227.0
Incom. from Fact. Operat.	96.6
Tot. Finan. Liabilities	250.9
Net Profit/Loss	13.5

#### Financial Ratios

ROAA (%)	2.7
ROAE(%)	7.4
NPL/Gross Fact. Receiv.	5.0
Equity/Total Assets (%)	38.7
Net Interest Margin (%)	5.1

### Ratings Rationale, Outlook and Important Factors for the Future:

The credit ratings reflect our opinion on the Creditwest Faktoring's strong equity structure, decreasing NPL ratio, increasing factoring interest margin rate and factoring interest incomes, preference of issuance of commercial paper, which are cheaper and longer-term than bank loans, the existence of a stable and experienced management team, the importance attached to corporate governance, being one of the 4 public factoring companies traded in Borsa Istanbul, dwindling parent company support and to investments abroad.

The revival in economic activities due to the loosened Covid-19 Pandemic (Epidemic) measures had a positive impact on the Company's financial and operational performance. On the other hand, deteriorating macroeconomic indicators, depreciation of ₺, increases in energy and commodity prices in international markets; despite the rate cut decisions taken by the CBRT monetary policy board, the market interest rates were increased. Due to the rising market interest rates, the increase in the Company's net factoring interest margin in parallel with the factoring sector was evaluated positively. The fact that the parent Altınbaş Holding sold 55.95% of the Company's partnership shares on the BIST within a two-year period covering 2020 and 2021 was evaluated negatively in terms of credit ratings. The 2021 financial statements of the Joint Stock Company West Finance and Credit Bank (Bank), which is a subsidiary of the Company operating in Ukraine due to the invasion of Ukraine by Russia are not published. It has been evaluated that due to the devastation of Russian-Ukraine war and the inability to profit transfer out of Ukraine, the Bank will not have a positive impact on the financial statements of Creditwest Faktoring in the short and medium term.

Net factoring receivables increased by 31.5% in 2021, reaching 411.2 million ₺ due to increased commercial activity, demand and the Company's risk appetite, as well as rising inflation especially in the last quarter of the year. Factoring revenues increased by 60.8% in 2021 compared to the previous year and reached 96.6 million ₺. Despite the financial expenses rising to ₺68.5 million due to increased financing costs and the provisions rising to ₺8.5 million, the Company's factoring operating margin in 2021 reached ₺28.1 million. Due to profit from shareholders (Bank) using the equity method, which was 8.6 million ₺ in 2020, rising to 2.5 million ₺ in 2021 and tax provisions rising to 4 million TL, net profit for 2021 decreased by 12.1% to 13.5 million ₺.

DRC RATING has determined the outlook of Creditwest Faktoring's National Long-Term Rating as "Negative". Strong equity structure, low exchange rate and liquidity risks, application for capital increase made to the CMBT to increase the paid-in capital to 400 million ₺, deteriorating macroeconomic indicators, partial winning of the lawsuit filed for tax loss penalty, maturity mismatch between receivables and payables and high concentration risk taken into consideration as positive/negative factors.

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

#### Positive

- Completion of the paid capital increase,
- Extension of financial debt maturities,
- Increasing market share due to the increase in factoring receivables,

#### Negative:

- The parent company's continuation of the Company's partnership share sales,
- The negative impact of the Bank on the Company's financial statements,
- Recession in economic activities,
- Increasing maturity mismatch between receivables and payables,



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