



17 April 2023

Credit Rating

Long-term (National):

(TR) A

Outlook:

Stable

Short-term (National):

(TR) A1

Outlook:

Stable

Expiry Date:

17 April 2024

BIEN Finans Faktoring A.Ş

Akdeniz Mah. Halit Ziya Bulvarı
Kayhan İşhanı Blok No:42 D:31
35210 Konak/Izmir

Tel : +90 (850) 888 11 34

Fax : +90 (850) 888 11 34

<http://www.bienfinans.com>

Bien Finans Faktoring A.Ş.

Rating Summary

Bien Finans Faktoring A.Ş. ("Bien" or "the Company"), was established on September 8, 2020, under the title Bien Faktoring A.Ş., and became operational in January 2021. The Company's field of activity is domestic and international factoring transactions. The Company's title was changed as Bien Finans Faktoring A.Ş upon the registration dated March 25, 2021.

67% of the Company's TL 100 million capital belongs to Mr. Ali Ercan and 33% to Q Investment Holding A.Ş., a member of the Ercan Group of Companies, operating in the energy, tourism, insurance and building materials sectors.

In addition to the market position of the group of companies of which it is a member, as well as its financial performance, its corporate structure and its level of risk management, Bien Finans Faktoring A.Ş.'s long-term (National) rating of **A** and its short-term rating (National) of **A1** is hereby reconfirmed.

Previous Rating (April 15, 2022):

Long Term: **(TR) A**

Short Term: **(TR) A1**

Outlook

The Company's outstanding factoring receivables as of end-2022 were due from Textile and Apparel (47%), Factoring (24%), Construction (15%), and other sectors (14%). Bien increased its factoring receivables by almost 3 times compared to the end of the previous year and gained a market share of 0.08% with the performance delivered in its second year of operation (2021: 0.04%). As of the end of 2022, the Company's main operating income increased by a factor of 4.4 times compared to the end of the previous year and reached TL 22.4 million (2021: TL 4.1 million). In the same period, the gross profit increased by 3.4 times, reaching TL 17.9 million (2021: TL 4.1 million) and the net profit by 88.5% to TL 9.4 million.

The Company, which does not have any financial liabilities as it mainly met its funding needs from its own equity in its first year of operation, increased its asset diversification in 2022 and benefited from the limits allocated by commercial banks, Takasbank (Settlement and Custody Bank) and factoring companies for refactoring transactions. In addition, Bien has issued commercial papers to qualified investors in Turkey.

All the Company's liabilities are short-term, and as declared by Bien, 68% consists of domestic revocable receivables, in which the seller assumes the default risk of the buyer. As of the end of 2022, the industry's NPL¹ (non-performing loans) ratio average was 1.6% (2021: 2.8%) and that of the Company's was slightly above the industry average with 1.8%.

Bien is a member of FCI (Factors Chain International), the world's largest factoring chain. The Company declares that it attaches special importance to monitor the currency and maturity compatibility of the loans. Its net foreign currency position as of the end of 2022 was TL (+) 10,533, without any exchange rate risk, according to the independent audit report.

In addition to all these factors, the Company's outlook has been determined as "**Stable**", considering the ability to access finance of the group of companies to which it belongs to, and the strong shareholding structure.

¹ NPL ratio: $\frac{\text{Non-performing Loans}}{\text{Loans Receivable} + \text{Non-performing Loans}}$

Methodology

SAHA's credit rating methodology is composed of quantitative and qualitative sections contributing to the final grade with specific weights. The quantitative analysis components consist of the Company's performance compared to industry peers, analysis of the financial risks, and the assessment of cash flow projections in relation to the relevant financing instrument. Comparative performance analysis determines the relative position of the Company as compared with industry peers' financial performances and industry averages. The financial risk analysis of our methodology covers the evaluation of the Company's financial ratios based on objective criteria. Liquidity risk, credit exposure, market risk, asset quality, profitability, operational efficiency, volatility, and concentration are treated as sub-headings in this analysis. Finally, scenario analysis tackles the company's future base and stress scenario projections subject to scrutiny in the context of the firm's financing tool and assesses the risks of fulfillment of obligations.

Qualitative analysis covers environmental and operational issues such as sector and company risk as well as administrative risks in the context of corporate governance practices. Sector analysis evaluates the nature and rate of growth of the sector, its competitive structure, structural analysis of customers and creditors, and sensitivity of the sector to risks at home and abroad. Company analysis discusses market share and efficiency, growth trend, cost structure, service quality, organizational stability, access to domestic and foreign funding sources, off-balance sheet liabilities, accounting practices, and parent/subsidiary company relationships. In this context, the financial strength and reputation of the shareholders and the level of strategic integration of the company with the controlling shareholders are also evaluated.

Corporate governance plays an important role in our methodology. The importance of corporate governance and transparency is once again revealed in the current global financial crisis we witness. Our methodology consists of four main sections: shareholders, public disclosure and transparency, stakeholders, and board of directors. The corporate governance methodology of SAHA can be accessed at www.saharating.com.

Rating Definitions

Our long-term credit ratings reflect our present opinion regarding the mid to long term period of one year and above; Our short-term credit ratings reflects our opinion regarding a period of one year. Our long -erm credit rating results start from AAA showing the highest quality grade and continue downward to the lowest rating of D (default). Plus (+) and minus (-) signs are used to make a more detailed distinction within categories AA to CCC.

Companies and securities rated with long-term AAA, AA, A, BBB and short-term A1 +, A1, A2, A3 categories should be considered “investment worthy” by the market.

Short Term	Long Term	Rating Definitions
(TR) A1+	(TR) AAA (TR) AA+ (TR) AA (TR) AA-	The highest credit quality. Indicates that ability to meet financial obligations is extremely high. For securities, it is an indication of no more than a slight additional risk as compared to risk-free government bonds.
(TR) A1	(TR) A+ (TR) A	Credit quality is extremely high. Remarkably high ability to fulfill financial obligations. Sudden changes at the company level and/or economic and financial conditions may increase investment risk, but not significantly.
(TR) A2	(TR) A- (TR) BBB+	High ability to fulfill financial obligations but may be affected by adverse economic conditions and changes.
(TR) A3	(TR) BBB (TR) BBB-	Sufficient financial ability to fulfill its obligations but carries more risk in adverse economic conditions and changes. If securities; has adequate protection parameters, but issuer’s capacity to fulfill its obligations may weaken in face of adverse economic conditions and changes.

Companies and securities rated with long-term BB, B, CCC, and short-term B1, B2, C categories should be considered “speculative” by the market.

(TR) B1	(TR) BB+ (TR) BB (TR) BB-	Carries minimum level of speculative features. Not in danger in the short term but faces negative financial and economic conditions. If securities; below investment level, but on-time payments prevail, or under less danger than other speculative securities. However, if the issuer’s capacity to fulfill its obligations weakens, serious uncertainties may unfold.
(TR) B2	(TR) B+ (TR) B (TR) B-	Currently has the capacity to fulfill financial obligations, but overly sensitive to adverse economic and financial conditions. If securities; there is a risk in due payment. Financial protection factors can show high fluctuations depending on the conditions of the economy, the sector, and the issuer.
(TR) C	(TR) CCC+ (TR) CCC (TR) CCC-	Well below investment grade. In considerable danger of default. Fulfillment of its financial obligations depends on the positive performance of economic, sectoral and financial conditions. If securities; there are serious uncertainties about the timely payment of principal and interest.
(TR) D	(TR) D	Event of default. The company cannot meet its financial obligations or cannot pay the principal and/or interest of the relevant securities.

Disclaimer

This Credit Rating Report has been prepared by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA Corporate Governance and Credit Rating Services, Inc.) in collaboration with Bien Finans Faktoring A.Ş. and is based on information disclosed to the public by Bien Finans Faktoring A.Ş.

This report, edited by SAHA A.Ş. analysts based on their best intentions, knowledge base and experience, is the product of an in-depth study of the available information which is believed to be correct as of this date. It is a final opinion about the overall credibility of the institutions and/or debt instruments they have issued. The contents of this report and the final credit rating should be interpreted neither as an offer, solicitation, or advice to buy, sell or hold securities of any companies referred to in this report nor as a judgment about the suitability of that security to the conditions and preferences of investors. SAHA A.Ş. makes no warranty, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment decisions or other purposes.

SAHA A.Ş. has embraced and published the IOSCO (International Organization of Securities Commissions) Code of Conduct for Credit Rating Agencies on its web site (www.saharating.com) and operates based on independence, objectivity, transparency, and analytic accuracy.

© 2023, Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. All rights reserved. This publication or parts thereof may not be republished, broadcast, or redistributed without the prior written consent of Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. and Bien Finans Faktoring A.Ş.

Contacts:

Report Prepared by / Rating Specialist:

Tuba Altuntaş
taltuntas@saharating.com

Rating Committee Members

S.Suhan Seçkin
suhan@saharating.com

S.Mehmet İnhan
minhan@saharating.com

Ali Perşembe
apersembe@saharating.com

Saha Corporate Governance and Credit Rating Services, Inc.

Valikonağı Cad., Hacı Mansur Sok., Konak Apt. 3/1, Nişantaşı, İstanbul
Tel: (0212) 291 97 91, Fax: (0212) 291 97 92 • info@saharating.com • www.saharating.com