Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri

15 April 2022

Credit Rating

Long-term (National):

(TR) A

Outlook:

Stable

Short-term (National):

(TR) A1

Outlook:

Stable

Expiry Date:

15 April 2023

BİEN Finans Faktoring A.Ş

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Bien Finans Faktoring A.Ş.

Rating Summary

Bien Finans Faktoring A.Ş. ("Bien" or "the Company"), was established on September 8th, 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 with the registration dated March 25th, 2021.

The principal and controlling shareholder of the Company is Q Yatırım Holding A.Ş., a group company of 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. received a long-term (National) rating of **A** and a short-term rating (National) of **A1**.

Outlook

The Company has been newly-established, and started its operations in January 2021. It has met its funding needs mainly from its equity in the first year of its operation. As of the end of 2021, the Company's real operating income was TL 4.1 million, its real operating expenses TL 3.8 million and its gross operating profit was TL 290,000. Accordingly, while the gross profitability was 98.6%, the gross operating profitability was realized as 7%. On the other hand, the Company achieved a net profit of 1.2 times its factoring income, as a result of the contribution from the interest received on deposits in its own name and account.

As of end 0f 2021, the Company's outstanding factoring receivables consisted of Tourism (52%) and Rubber and Plastic Products (48%). 62% of these receivables were short-term and almost all of them consisted of domestic revocable receivables, in which the seller assumes the default risk of the buyer. In terms of factoring receivables, the Company achieved a share of 0.04% in the sector with the performance in its first year of operation. As of the end of 2021, the industry's NPL[1] (non-performing loans) average was 2.8% (2020: 3.9%), while the Company had no non-performing loans in the same period, which was evaluated as a positive factor. Having provided funds with its own equity in its first year of operation, the Company increased its resource diversity by allocating limits in banks, in Takasbank (settlement and custody bank) and in factoring companies for refactoring transactions to be used in the following years, and took a general assembly resolution to issue bonds/bills if suitable market conditions occur.

Being a member of FCI (Formerly known as Factors Chain International), the world's largest factoring chain, 100% of export irrevocable receivables of Bien are under Factoring Guarantee. The Company declares that it attaches special importance to monitor the currency and maturity compatibility of the loans received and extended. According to the independent audit report, the Company's net foreign currency position as of the end of 2021 is TL (-) 10 thousand, posing no exchange rate risks.

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

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

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 on the basis of 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 very high. Very 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 highly 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 on the basis of independence, objectivity, transparency, and analytic accuracy.

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