Turkey
Update

Optima Faktoring Hizmetleri A.S.

Ratings

National	
Long-Term Rating	BBB−(tur)
Sovereign Risk	
Long-Term Foreign-Currency IDR	BB+
Long-Term Local-Currency IDR	BB+

Outlooks

National Long-Term Rating	Stable
Sovereign Long-Term Foreign-Currency IDR	Positive
Sovereign Long-Term Local-Currency IDR	Positive

Financial Data

Optima Faktoring Hizmetleri A.S.

	31 Dec 10	31 Dec 09
Total assets (USDm)	78.8	47.1
Total assets (TRYm)	121.5	70.3
Total equity (TRYm)	23.5	22.2
Operating profit (TRYm)	7.8	8.7
Published net income (TRYm)	6.4	7.1
Comprehensive income (TRYm)	6.4	7.1
Operating ROAA (%)	8.12	16.87
Operating ROAE (%)	34.08	50.02
Internal capital generation (%)	27.12	9.35
Equity/assets (%)	19.37	31.52

Analysts

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Related Research

Applicable Criteria

- *Global Financial Institutions Rating Criteria (August 2010)*
- *National Ratings Criteria (January 2011)*
- *Finance and Leasing Companies Criteria, (December 2010)*

Rating Rationale

- The National Long-Term Rating of Optima Faktoring Hizmetleri A.S. (Optima) reflects: its small size within the local financial system; its weaker (albeit improved) asset quality than rated peers; its good (albeit reduced) profitability; its sound capitalisation; and low liquidity risk resulting from its self-liquidating nature of its business.
- Optima's factoring receivables almost doubled in 2010, while the factoring sector grew by 45% in a recovering economy. Margins narrowed in a declining interest-rate environment. Growing expenses related to the expansion of the network put pressure on efficiency. The company's profitability, although markedly down mainly as a result of narrower margins, remained in line with that of its close peers in 2010.
- Asset quality improved in 2010, helped by strong loan growth and stabilised loan impairment charges (LICs), but it remained weaker than at rated peers. Optima focuses on small companies in high-risk, high-return segments of the domestic factoring business. This is reflected in its relatively weaker (albeit improved) asset quality compared with its rated peers and also in margins that, although narrower than previous years, remain wider than peers.
- Funding is short-term and mainly obtained from local banks in TRY to match the currency of receivables.
- In managing liquidity risk, the company uses cash flow and liquidity gap analysis. It also maintains a large equity base. Its self-liquidating asset-backed business model reduces liquidity risk. The interest-rate repricing mismatch based on positive liquidity gaps has resulted in narrowing margins as interest rates have declined and should support profitability when they start to rise.
- At end-2010, factoring receivables equalled an increased 4.8x of equity (end-2009: 2.9x), reflecting strong growth of receivables. Optima's equity/assets ratio, although significantly reduced, was still sound at 19% at end-2010 (end-2009: 32%). Optima's sound capital base provides it with a necessary buffer against potential risks and supports growth.

Support

- Although shareholders might have the financial capacity and willingness to support the company if needed, whether they would actually do so is uncertain and therefore their support cannot be relied upon.

Key Rating Drivers

- Upside to the rating is limited given Optima's small size within the Turkish financial system and limited franchise. Downside risk, although minimal, could arise from major, persistent asset quality deterioration coupled with a major erosion in equity.

Profile

Optima only provides "with-recourse" domestic factoring services and focuses on serving SMEs. It ranked as the 13th-largest independent factoring company in Turkey in 2010, with a growing but still small market share of less than 1%.