
Fitch Affirms Optima; Withdraws Ratings

Fitch Ratings, **London**, 16 March 2017: Fitch Ratings has affirmed the National Long-term ratings of Optima Faktoring A.S. at 'BBB(tur)' with Stable Outlooks. The rating has been simultaneously withdrawn for commercial reasons.

KEY RATING DRIVERS NATIONAL RATINGS

The National Long-term rating of Optima is driven by its standalone strength. The rating reflects its monoline business model, with recourse factoring making up nearly all of the company's assets and revenues. This results in earnings sensitivity to economic cycles in Turkey. The rating also factors in the potential instability of the company's balance sheet ratios given the generally short-term nature of its assets and liabilities, as well as the wholesale funding reliant debt structures.

The affirmation of Optima's 'BBB(tur)' rating reflects its limited franchise where it accounted for only 0.5% of factoring sector assets at end-2016. The company targets small, high risk customers, reflected in high margins, which supports profitability. Optima's return on equity (ROE) ratio reached 16.4% at end-2016 and has been relatively stable over volatile interest rate and economic cycles. Asset quality metrics are reasonable for the business model.

The ratings also reflect company's small size relative to Turkey's financial sector. Optima mainly targets the SME and micro-commercial customer segments, in which competition has increased. The rating also captures their reliance on typically short-term funding from Turkish banks. Nevertheless, market access has been reasonable.

RATING SENSITIVITIES NATIONAL RATINGS

Rating sensitivities are not applicable as the ratings have been withdrawn

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