



Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş.

KOÇ FİNANSMAN A.Ş.
(KOCFN)

29.01.2020

Short Term National Rating: (TR) A1+ Outlook: Stable	Long Term National Rating: (TR) AA- Outlook: Stable
SAHA Rating reconfirms Koç Finansman A.Ş.'s previous rating of short term "A1+" (stable) and long term "AA-" (stable) as short term (TR) "A1+" and long term (TR) "AA-" within the investment worthy category, and their outlook as "Stable".	

Koç Finansman A.Ş., ("Koç Finans" or "the Company") was established in 1995 in order to provide consumer finance services. Koç Finans, a member of Koç Group, is the first finance company which acquired the "Financing Company Operating License". The Company provides financing primarily for the purchases of motor vehicles, along with durable consumer goods, services and education. In addition, it serves as an insurance broker for the loans which it provides. The Company is subject to the supervision and regulation of the Banking Regulation and Supervision Agency ("BRSA") and has been operating under the provisions of the Law on Financial Leasing, Factoring and Financing Companies no. 6361 ("the Law"). Koç Finansman A.Ş. is a member of the Financial Leasing, Factoring and Financing Companies Association.

As a consequence of the general economic developments since the last rating period, we have been observing a substantial decrease in the volume of financial loans in the non-banking financial sector alongside a rise in the non-performing loans (NPL) ratio and a decrease in after tax profitability. As a result, Koç Finans' financial loans volume has decreased and NPL ratio has increased in parallel to the industry despite the fact that the company's NPL is still performing better compared to the sector. On the other hand, the Company raised its after tax profitability, especially with the contribution of interest income on bank deposits. As of Q2 2019, the strong cash position of the Company is noteworthy and supports our strong opinion about Koç Finans' effective risk management performance including currency risk management. As of our confirmation date, the Company continues investing on information technology infrastructure for its credit processes and was designated, in December 2019, as the first financing company possessing an officially certified Research and Development Centre.

Our confirmation statement dated January 29, 2020 is based on the June 30, 2019 interim financials. The rating will be revised as soon as the independent auditor's report for 2019 year-end is published. Additional information on rating results can be found on our web site www.saharating.com

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