



Fitch Rates Garanti Faktoring Hizmetleri 'BBB'; Outlook Stable Ratings Endorsement

Policy

15 May 2013 7:52 AM (EDT)

Fitch Ratings-London-15 May 2013: Fitch Ratings has assigned Garanti Faktoring Hizmetleri A.S. (Garanti Factoring) a Long-term foreign currency Issuer Default Rating (IDR) of 'BBB' with Stable Outlook. A full list of ratings is at the end of this comment.

KEY RATING DRIVERS - IDRS AND NATIONAL RATINGS

Garanti Factoring is around 82% owned by Turkiye Garanti Bankasi A.S. (Garanti; 'BBB'/Stable/'F3'), a leading private sector bank in Turkey. Given the high level of integration between the subsidiary and its majority shareholder, and the fact that the subsidiary provides core financial services to the parent's clients in its home market, Fitch equalises Garanti Factoring's ratings with those of Garanti. Garanti Factoring is a major player in Turkey's factoring sector. At end-2012, it was the leader in terms of total factoring receivables, with a market share of 11.1%

Members of Garanti Factoring's Board of Directors are also Garanti's Board members and its senior executives are appointed by Garanti. Further, Garanti introduces a substantial part of Garanti Factoring's business and factoring services are promoted through Garanti's branch network. Garanti Factoring's approach to risk management is aligned with its parent's and Garanti provides assistance with technological systems. The two companies share the same logo and branding. In Fitch's opinion, Garanti Factoring cannot be analysed on a standalone basis.

RATING SENSITIVITIES - IDRS AND NATIONAL RATINGS

Garanti Factoring's ratings will move in tandem with those of Garanti. The Outlook on Garanti's ratings is Stable.

KEY RATING DRIVERS AND SENSITIVITIES - SUPPORT RATINGS AND SUPPORT RATING FLOORS

Fitch believes that given Garanti Factoring's integration and importance, there is a high probability that it would receive financial support from its parent, should this be required. The Support Rating is sensitive either to a change of strategic importance for this subsidiary or to a multiple-notch downgrade of Garanti's Long-term IDRs. Neither scenario is Fitch's base case at present.

The ratings assigned are as follows:

Garanti Faktoring Hizmetleri A.S.:
Long-term foreign and local currency IDRs: BBB, Stable Outlook
Short-term foreign and local currency IDRs: 'F3'
Support Rating: '2'
National Rating: 'AAA(tur)', Stable Outlook

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Additional information is available at www.fitchratings.com.

Applicable criteria, 'Global Financial Institutions Rating Criteria' dated August 2012, 'National Ratings Criteria' dated January 2011, 'Finance and Leasing Companies Criteria' dated December 2012 and 'Rating Financial Institution Subsidiaries and Holding Companies' dated August 2012 are available at www.fitchratings.com.

Applicable Criteria and Related Research

Global Financial Institutions Rating Criteria
National Ratings Criteria
Finance and Leasing Companies Criteria

Additional Disclosure

Solicitation Status

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