



Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş.

## TEB FİNANSMAN A.Ş.

12.10.2016

<b>Short Term National Rating:</b> <b>(TR) A1</b> <b>Outlook: Stable</b>	<b>Long Term National Rating:</b> <b>(TR) A+</b> <b>Outlook: Stable</b>
<b>SAHA Rating, has increased TEB Finansman A.Ş.'s ratings to Long Tern National "(TR) A (+)" &amp; Short Term National "(TR) A1". The Outlook for both ratings has been confirmed to be "Stable".</b>	

TEB Finansman A.Ş. (TEB Cetelem) is a consumer finance company operating in Turkey since 1995. The company is a joint partnership of BNP Paribas Personal Finance and TEB Holding A.Ş. The company's main activity is provision of vehicle loans and consumer financing for various automotive brands.

Throughout the past year, TEB Cetelem has increased it's loans outstanding by 48% and it's Net Income to 27.7 million TL. The latter was also aided by a relative ease in the regulations for provision requirements thus resulting in a respective increase in RoE to 17.2%. The financials as of mid 2016 indicate that the company is maintaining the achieved level of performance. Improvement in asset quality as compared to industry averages resulted from a decrease in the NPL ratio to 1.78%.

In view of improvements in results based on our liquidity, credit risk, market risk, profitability, operational performance and asset quality evaluations TEB Finansman A.Ş.'s previous rating set as Long Tern National "(TR) A" & Short Term National "(TR) A1" dated 6<sup>th</sup> Jan 2016 has been increased to as Long Tern National "(TR) A (+)" & Short Term National "(TR) A1" with an Outlook of "Stable" for both ratings.

Further information of ratings results can be obtained from our website at [www.saharating.com](http://www.saharating.com)

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## Methodology

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SAHA's credit rating methodology is composed of quantitative and qualitative sections which affect the final grade with specific weights. The quantitative analysis components consist of the company's performance compared to the industry, analysis of the financial risks, and the assessment of cash flow projections in conjunction with the related financial instrument. The comparative performance analysis among peers in the industry determines the relative performance of the company in question in comparison with other industry companies' recent financial performance. Financial risk analysis covers the evaluation of the company's financial ratios on the basis of objective criteria. Liquidity risk, credit risk, market risk, asset quality, profitability, operational efficiency volatility and concentration are treated as sub-headings in this analysis. Finally, scenario analysis applies a stress test to the company's base future projections evaluating its financial resilience in fulfilling its obligations under adverse conditions.

Qualitative analysis covers external and internal qualitative aspects such as industry and company risks including operational risks in the context of corporate governance practices. Industry analysis evaluates risks involved in the nature and trends of the industry, its competitive structure, structural analysis of customers and creditors, and sensitivity of the industry 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. The dominant shareholders' financial strength and reputation as well as the company's level of strategic integration with shareholding groups is another area of evaluation.

Corporate governance plays an important role in our methodology. The importance of corporate governance and transparency outshines once again in the current global financial crisis we witness. Our methodology consist 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](http://www.saharating.com).



## Rating Definitions

Our long term credit rating results start from AAA showing the highest quality and continue all the way to the lowest rating of D (default). Plus (+) and minus (-) signs are used to make a more detailed distinction between the categories of AA and 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	Definition
(TR) A1+	(TR) AAA (TR) AA+ (TR) AA (TR) AA-	The highest credit quality. Ability to meet financial obligations is extremely high. If securities; carries a little more risk than the 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 and economic and financial conditions may increase investment risk, but not at a significant level.
(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 due to adverse economic conditions and changes.

Companies and securities rated with long-term BB, B, CCC, and short-term B, C categories should be considered "speculative" by the market.

Short-Term	Long-Term	Definition
(TR) B	(TR) BB+ (TR) BB (TR) BB-	Carries minimum level of speculative features. Not in danger in the short term, but face to face with negative financial and economic conditions. If securities; under the investment level, but on-time payment exist, or under less danger than other speculative securities. However, if the issuer's capacity to fulfill its obligations weakens, serious uncertainties may appear.
(TR) C	(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 of on-time payment. Financial protection factors can show high fluctuations according to the status of the economy, the sector, and the issuer.
(TR) C	(TR) CCC+ (TR) CCC (TR) CCC-	Well below the category of investment. In danger, and economic, sectoral and financial conditions should have a positive development to fulfill its financial obligations. If securities; there are serious uncertainties about the timely payment of principal and interest.
(TR) D	(TR) D	Event of default. Company cannot meet its financial obligations or cannot pay the principal and/or interest of the relevant securities.

## Disclaimer

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This Credit Rating Report has been prepared by Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. (SAHA Corporate Governance and Credit Rating Services, Inc.) in collaboration with TEB Finansman A.Ş. and is based on information disclosed to public by TEB Finansman A.Ş.

This report, conducted by SAHA A.Ş. analysts and 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 or other purposes.

SAHA A.Ş. has embraced and published on its web site ([www,saharating.com](http://www.saharating.com)) the IOSCO (International Organization of Securities Commissions) Code of Conduct for Credit Rating Agencies and operates on the basis of independence, objectivity, transparency, and analytic accuracy.

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