

Corporate Credit & Issue Rating

NON-BANKING FINANCIAL INSTITUTIONS NPL Asset Management Companies

		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Issue Rating		n.a.	n.a.	
National	Local Rating	A-(Trk)	A-2(Trk)	
	Outlook	Positive	Stable	
	Issue Rating	A-(Trk)	A-2(Trk)	
Sponsor Support		2	-	
Stand Alone		BC	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

*Affirmed by Japan Credit Rating Agency on October 7, 2016

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Mega Varlık Yönetim A.Ş.		
Ratios	2016	2015
ROA (avg.)	5.71	28.17
ROE (avg.)	12.67	60.49
Total Income / Equity (avg.)	101.03	72.26
Total income / Total Assets (avg.)	45.48	33.65
Provisions / Total Income	75.4	-
Total Expense / Total Liabilities (avg.)	9.97	10.26
Net Interest Margin	41.62	32.95
Equity / Total Assets	44.37	46.57
Equity / Total Liabilities	79.77	81.87
Purchased Cost / Purchased Loans (x)	10.37	65.33
Purchase Cost / Collections (x)	2.03	2.08

Strengths

- Positive shareholders support strengthening the Company's growth phase in terms of both balance sheet and financial position,
- Efficient cost management supports the bottom line,
- Advantage afforded from receivables with a high discount level creating sound cash flow generation,
- Professional background of the senior management and comprehensive use of analysis and portfolio valuations,
- Equity to total assets level base highly above legal the requirements, promising further growth,
- High growth potential of the sector and company base efficiency triggering profitability ratios thanks to boutique-style NPL portfolio,
- Favourable tax advantages contributing competitive position with regard to cost management supporting the bottom line.

Constraints

- Not having a long track record as a natural consequence of being a start-up company,
- Progress needed in the corporate governance practices of the Company,
- Domestic and international political instability, which like a domino effect hampered macro indicators and translated into national currency depreciation and more expensive funding.

Mega Varlık Yönetim A.Ş.		
Financial Data	2016	2015*
Total Assets (000 USD)	38,890	19,482
Total Assets (000 TRY)	137,353	56,647
Equity (000 TRY)	60,947	26,381
Pre-Tax Profit (000 TRY)	5,534	7,979
Net Profit (000 TRY)	4,591	6,381
Net Interest Income (000 TRY)	35,952	9,244
Total Receivables (000 TRY)	139,667	53,960
Equity / T. Assets (%)	44.37	46.57
Purchased Cost / Purchased Loans (x)	10.37	65.33
Purchase Cost / Collections (x)	2.03	2.08
Growth Rate (%)	142.47	n.a.

*End of the Year

Company Overview

Mega Varlık Yönetim Anonim Şirketi (hereinafter referred to as "Mega Varlık" or the "Company"), a small domestic asset management company, began activities with a Banking Regulatory and Supervisory Agency (BRSA) license as of August, 2015. The Company, within the content of BRSA regulations, concentrates in the management of assets it acquired via purchasing over-due receivables of banks and other financial institutions or taking them on with respect to revenue sharing basis including the activities of collection and restructuring of them as well as consultancy.

The Company is headquartered in Istanbul, had a staff force of 23 as of February 28, 2017. The Company's real person shareholding structure covers 4 individuals. The main controlling shareholder, who also hold majority shares in WRE Biofuel and United Fuel Supply, a leading institution in USA operating in the energy sector, Mr. Jacob Ortell Kingston (99.99%) as of December 31, 2016.

JCR Eurasia Rating has upgraded Mega Varlık's National Local Rating by one notch to 'A-(Trk)' from 'BBB+(Trk)'

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