

Corporate Credit & Issue Rating

New Update

Sector: NPL Asset Management

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Chief Analyst

Orkun INAN
 +90 212 352 56 73
 orkun.inan@jcrer.com.tr

RATINGS

		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 JCR on November 10, 2017

Mega Varlık Yönetim A.Ş.
Company Overview

Financial Data	2017*	2016*	2015*
Total Assets (000 USD)	59,604	38,890	19,482
Total Assets (000 TRY)	227,115	137,353	56,647
Total Net Loans (000 TRY)	151,369	110,950	53,960
Equity (000 TRY)	63,657	60,947	26,381
Net Profit (000 TRY)	2,656	4,591	6,381
Market Share (%) **	7.59	4.40	2.04
ROAA (%)	0.96	5.71	28.17
ROAE (%)	2.81	12.67	60.49
Equity/Assets (%)	28.03	44.37	46.57
Asset Growth Rate (Annual) (%)	2.81	12.67	60.49
Purchase Cost / Purchase Loans	18.37	10.37	n.a.
Purchase Cost / Collections	1.51	2.03	n.a.

* End of Year ** On Solo Basis

Mega Varlık Yönetim Anonim Şirketi (hereinafter referred to as **"Mega Varlık"** or the **"Company"**), a domestic asset management company, began activities as of August, 2015. The Company 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 NPL Asset Management Sector is regulated and supervised by the Banking Regulation and Supervision Agency (BRSA).

The Company is headquartered in Istanbul, had a staff force of 27 as of December 31, 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, 2017.

JCR Eurasia Rating has affirmed Mega Varlık's National Local Rating as **'A-(Trk)'**.

Strengths

- Sound growth performance in assets, portfolio-outperforming the sector average,
- Equity to total assets level base highly above legal the requirements, enabling to buy new distressed portfolios,
- Established strength of diversifying fund sources easing liquidity management,
- Existence of entrepreneurial-oriented management structure with established track record in the financial services industry,
- Effectiveness in analysis and portfolio valuations leading to qualified receivables collection
- Advantage afforded from receivables with a high discount level

Constraints

- Increase in interest expenses and OPEX pressuring profitability ratios,
- Deterioration in Purchase Cost to Purchased Loans,
- Fierce and asymmetric competition throughout the sector,
- Low level of compliance with Corporate Governance Principals,
- Volatility in macroeconomic indicators through ongoing regional tensions.

