

Corporate Credit &
 Issue Rating

New Update

Sector: NPL Asset Management

Publishing Date: 21/03/2018

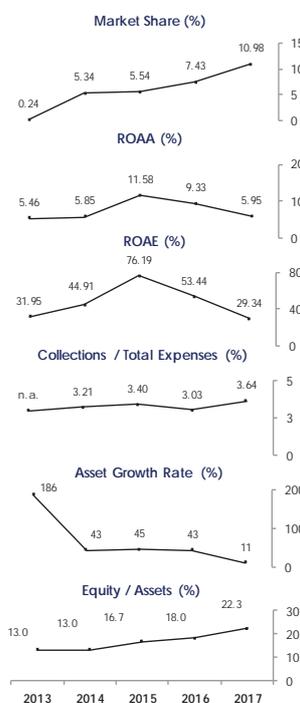
Chief Analyst

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	Stable	Stable	
	Issue Rating	A-(Trk)	A-2(Trk)	
Sponsor Support	2	-		
Stand-Alone	B	-		
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

*Affirmed by JCR on November 10, 2017



Final Varlık Yönetim A.Ş.

Company Overview

Financial Data	2017*	2016*	2015*	2014*	2013*
Total Assets (000 USD)	86,154	83,463	70,843	61,139	46,367
Total Assets (000 TRY)	328,281	294,776	205,982	141,776	98,962
Net Portfolio (000 TRY)	278,151	266,005	176,521	135,017	93,531
Equity (000 TRY)	73,344	53,038	34,408	18,434	12,903
Net Profit (000 TRY)	14,770	18,635	16,013	5,531	2,976
Market Share (%) **	10.98	7.43	5.54	5.34	0.24
ROAA (%)	5.95	9.33	11.58	5.85	5.46
ROAE (%)	29.34	53.44	76.19	44.91	31.95
Equity/Assets (%)	22.34	17.99	16.70	13.00	13.04
Purchase Cost / Purchased Loans (%)	7.24	12.89	15.54	5.25	n.m.
Collections / Total Expenses (%)	3.64	3.03	3.40	3.21	n.m.
Asset Growth Rate (Annual) (%)	11.37	43.11	45.29	43.26	185.94

* End of Year ** On Solo Basis

Final Varlık Yönetim Anonim Şirketi (hereinafter referred to as “**Final Varlık**” or the “**Company**”), founded activities with a Banking Regulatory and Supervisory Agency (BRSA) license in 2011. 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’s real person shareholding structure covers 2 individuals and 3 entities, the main controlling shareholders, who also hold majority shares in Altınbaş Holding A.Ş. and had shares in Altınbaş Holding A.Ş., a leading institution in Turkey operating in the jewellery, finance, energy, logistics, education and sports sectors, Mr. İnan ALTINBAŞ (43.00%) and Mr. Hüseyin ALTINBAŞ (33.99%), as of December 31, 2017. JCR Eurasia Rating has affirmed Final Varlık’s National Local Rating as ‘**A-(Trk)**’.

Strengths

- Ongoing growth performance in assets mainly driven by portfolio-outperforming the sector average, -triggering NIM,
- The remarkable growth of the portfolio size despite improvement in debt ratio thanks to sufficient cash flow generation,
- Continuous profitability over the reviewed period reflecting the capability to generate internal resources,
- High asset quality, backed by significant amounts of purchased loan portfolio,
- Competitive strength and sturdy market position,
- Established strength of diversifying fund sources easing liquidity management,
- Advantage afforded from receivables with a high discount level,

Constraints

- Equity level remaining below the sector average while well above the legal limit,
- Slight deterioration in bottom line in the last year,
- High level of fixed costs due to organizational structure requiring stable cash flow generation,
- Increasing competition due to growing numbers of NPL AMCs throughout the sector,
- Low level of compliance with Corporate Governance Principals,
- Volatility in macroeconomic indicators through ongoing regional tensions.