

Corporate Credit &
 Issue Rating

☑New ☐Update

Sector: NPL Asset Management

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RATINGS

		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
	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	Negative	-
LC		Negative	-	

*Assigned by JCR on August 14, 2018

Birikim Varlık Yönetim A.Ş.
Company Overview

Financial Data	1H2018**(2)	1H2018**(1)	2017*(2)	2017(1)	2016*(1)	2015*(1)	2014*(1)
Total Assets (000 USD)	55,416	58,835	3,051	86,154	83,463	70,843	61,139
Total Assets (000 TRY)	252,738	266,281	11,626	328,281	294,776	205,982	141,776
Total Net Loans (000 TRY)	250,947	946	n.a.	278,151	266,005	176,521	135,017
Equity (000 TRY)	32,874	41,790	9,277	73,344	53,038	34,408	18,434
Net Profit (000 TRY)	13,595	-1,554	13,595	14,770	18,635	16,013	5,531
Market Share (%)	5.77(β)	6.07(β)	0.42(β)	11.90(β)	7.43	5.54	5.34
ROAA (%)	n.a.	n.a.	-0.26	5.95	9.33	11.58	5.85
ROAE (%)	n.a.	n.a.	-1.05	29.34	53.44	76.19	44.91
Equity/Assets (%)	13.01	16.53	79.80	22.34	17.99	16.70	13.00
Purchase Cost / Purchased Loans (%)	12.17	n.m	n.m	7.24	12.89	15.54	5.25
Collections / Total Expenses (%)	1,657	3.24	n.m	3.64	3.03	3.40	3.21
Asset Growth Rate (%)	2,074	-29.89	-96.06	11.37	43.11	45.29	43.26

* End of Year, ** Half of Year, (1) Final Varlık Yönetim Anonim Şirketi, (2) Birikim Varlık Yönetim Anonim Şirketi, (β) Incl. Merger Effect

Birikim Varlık Yönetim Anonim Şirketi (hereinafter referred to as “**Birikim Varlık**” or the “**Company**”), formerly known as **Final Varlık Yönetim Anonim Şirketi**, founded activities with a Banking Regulatory and Supervisory Agency (BRSA) license in 2016 and started its operations in 2017. 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 shareholder (99.60%) is Altınhas Holding A.Ş June 30, 2018 which is a leading institution in Turkey operating in the jewellery, finance, energy, logistics, education and sports sectors as of. JCR Eurasia Rating has assigned Birikim Varlık’s National Local Rating as ‘**A-(Trk)**’.

Strengths

- A gradual acceleration of activity in collection rates strengthening net interest margin
- Benefiting tax advantages which have the dual advantages of both lowering operational costs and gaining competitiveness,
- High asset quality, backed by significant amounts of purchased loan portfolio,
- Competitive strength and sturdy market position,
- Advantage afforded from receivables with a high discount level,
- Promising recent legal regulations contributing to sector outlook,

Constraints

- Volatility in macroeconomic indicators through weakened TL and higher interest rates pressure on borrowing costs,
- Liquidity management pressuring maneuver capability due to limited source,
- 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,
- Due to the slowdown in GDP and the company bankruptcies, collection capability effecting negatively

