

Corporate Credit & Issue Rating

New Update

Sector: NPL Asset Management
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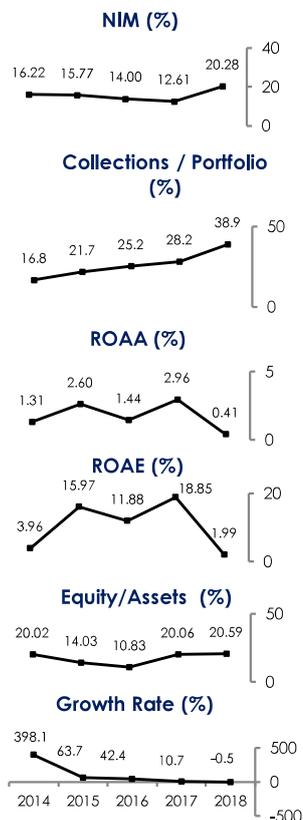
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RATINGS

		Long Term	Short Term
International	Foreign Currency	N/A	N/A
	Local Currency	N/A	N/A
	Outlook	FC N/A	N/A
		LC N/A	N/A
	Issue Rating	N/A	N/A
National	Local Rating	BBB+ (Trk)	A-2 (Trk)
	Outlook	Stable	Stable
	Issue Rating	BBB+ (Trk)	A-2 (Trk)
Sponsor Support		2	-
Stand-Alone		B	-
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC Negative	-
		LC Negative	-

* Affirmed by JCR on November 27, 2018



Destek Varlık Yönetim A.Ş.

Company Overview

Financial Data	2018	2017	2016	2015	2014
Total Assets (000 USD)	23,401	32,486	31,771	27,004	20,679
Total Assets (000 TRY)	123,108	123,786	111,810	78,518	47,953
Equity (000 TRY)	25,346	24,835	12,112	11,015	9,601
Pre-Tax Profit (000 TRY)	500	3,482	1,374	1,646	378
Net Profit (000 TRY)	549	2,763	1,097	1,414	100
Net Interest Income (000 TRY)	24,724	14,708	13,192	9,898	4,638
Total Receivables (000 TRY)	120,968	122,062	107,690	77,976	47,167
Equity / T. Assets (%)	20.59	20.06	10.83	14.03	20.02
Cost / Purchased Loans (%)	6.80	6.64	8.49	15.86	16.91
Collections / Total Portfolio (%)	38.90	28.15	25.20	21.70	16.80
Growth Rate (%)	-0.55	10.71	42.40	63.74	398.06

Destek Varlık Yönetim Anonim Şirketi (hereinafter referred to as “Destek Varlık” or the “Company”), an asset management company specialized in Non-Performing Loans (NPL), began activities in 2013, under the name of ‘Deniz Varlık Yönetim Anonim Şirketi’. Under the rules and regulations drawn by BRSA (Banking Regulation and Supervision Agency of Turkey), the Company buys non-performing assets of banks and other financial institutions (primarily overdue loans and receivables) and executes the collection or restructuring process of those assets. The Company’s title has been renewed to current name and the shareholder structure has been changed in 2016 and 2017. As of December 2018, Lider Faktoring A.Ş. is the sole owner of the Company. The paid-in capital of Destek Varlık was increased from TRY 10mn to TRY 20mn in late 2017. The Company operates in its headquarters located in Istanbul and has no branches.

The NPL asset management sector, which is characterized as new in the classification of financial institutions, has a rapid growth trend. With the increase in activities aimed at monitoring the asset quality of the banks, the sector has become more prominent and promises the future. The increasing pressure on the economic conditions within the country, the supply of non-performing loans exhibits an increasing trend where asset management companies find better places on the stage.

Strengths

- Increase in overall collection performance
- Decline in purchasing costs in the last years, thanks to the increasing level of NPL in banking industry
- Successful track record of the shareholder, Lider Faktoring
- Favorable tax advantage contributing competitiveness and profitability positively
- High growth potential of the sector linked to financial markets and new regulations

Constraints

- Decline in profitability, primarily emanated by increasing operational and financial expenses
- A slight contraction in total asset size and slowdown in portfolio expansion
- Deterioration in macroeconomic indicators, and its impact on cost of funding in whole market
- Deficiency in being compliant with corporate governance principles