

Corporate Credit & Issue Rating

New Update

Sector: NPL Asset Management
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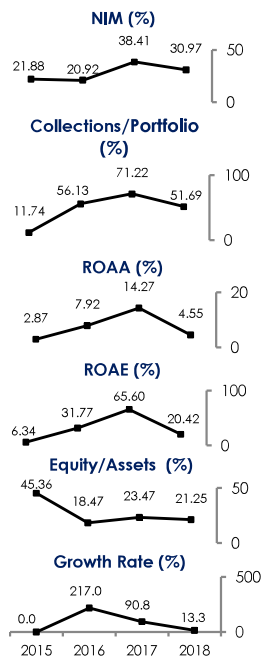
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RATINGS

		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
Issue Rating	-	-		
National	Local Rating	A- (Trk)	A-1 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	A- (Trk)	A-1 (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



Sümer Varlık Yönetim A.Ş. Company Overview

Financial Data

	1H2019**	2018*	2017*	2016*	2015*
Total Assets (000 USD)	31,417	29,465	35,903	20,300	7,778
Total Assets (000 TRY)	180,806	155,012	136,804	71,696	22,616
Equity (000 TRY)	37,711	32,946	32,102	13,242	10,259
Pre-Tax Profit (000 TRY)	11,324	6,642	14,873	3,733	325
Net Profit (000 TRY)	8,813	5,154	11,878	2,983	259
Net Interest Income (000 TRY)	29,977	42,217	38,564	9,092	1,902
Total Receivables (000 TRY)	170,814	141,383	131,260	69,523	17,382
Equity / T. Assets (%)	20.86	21.25	23.47	18.47	45.36
Cost / Purchased Loans (%)	n.a	3.34	4.37	7.69	11.82
Collections / Total Portfolio (%)	n.a	51.69	71.22	56.13	11.74
Growth Rate (%)	16.64	13.31	90.81	217.02	n.a

*End of the year **Half of the year

Sümer Varlık Yönetim A.Ş. (hereinafter referred to as "Sümer Varlık" or the "Company") began activities with a Banking Regulatory and Supervisory Agency (BRSA) license as of April 28, 2015. With a TRY 20mn paid capital, Sümer Varlık continues its activities under the Banking Law No.5411 and "Regulation on the Establishment and Operation Principles of Asset Management Companies".

The Company was established to carry out the restructuring transactions of debt files received from banks and other financial institutions legally owned by meeting with debtor customers at a common ground and its activities are subject to BRSA regulations. The Asset Management Companies sector, a new classification of the financial institution sector, is experiencing a rapid growth trend. The asset management companies 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 Company had a staff force of 150 employees as of June 30, 2019 in its headquarters located in Istanbul and has no branches.

Strengths

- Decline in purchasing costs in the last years, thanks to the increasing level of NPL in banking industry
- Expanded funding mix with bond issuances
- Favorable tax advantage contributing competitiveness and profitability positively
- Qualified management team's broad experience in Turkish Financial Sector
- High growth potential of the sector linked to financial markets and new regulations in the long term

Constraints

- Decreasing net profit as of FYE2018
- Intensified competition in the market as the number of licensed asset management companies increase
- Downturn in macroeconomic environment which leads to a hike in cost of borrowing to be used to finance further asset growth
- Difficulties in the collections due to unfavorable economy
- Dividend payments restraining equity growth
- Inadequate organizational structure to comply with corporate governance principles