

Corporate Credit & Issue Rating

New Update

Sector: NPL Asset Management
 Publishing Date: 28/09/2020

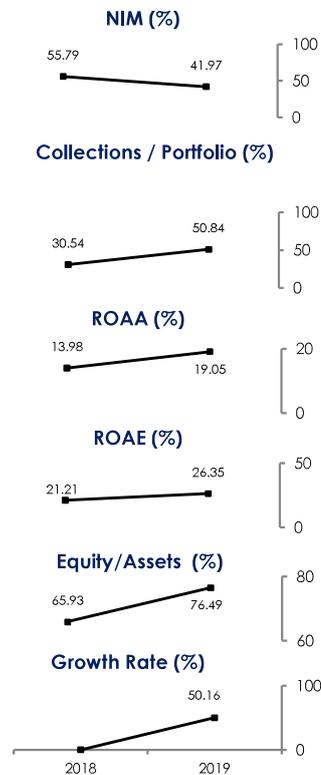
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RATINGS

		Long Term	Short Term	
International	Foreign Currency	B-	C	
	Local Currency	B-	C	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
Issue Rating	-	-		
National	Local Rating	BBB (Trk)	A-3 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	BBB (Trk)	A-3 (Trk)	
Sponsor Support	Stand-Alone	2	-	
		B	-	
Sovereign*	Foreign Currency	BB+	-	
	Local Currency	BB+	-	
	Outlook	FC	Negative	-
LC		Negative	-	

* Assigned by JCR on April 10, 2020



Arsan Varlık Yönetim A.Ş. Company Overview

Financial Data	2019	2018
Total Assets (000 USD)	8,372	6,295
Total Assets (000 TRY)	49,727	33,117
Equity (000 TRY)	38,037	21,833
Pre-Tax Profit (000 TRY)	7,889	2,315
Net Profit (000 TRY)	6,204	1,804
Net Interest Income (000 TRY)	14,906	6,328
Net Total Portfolio (000 TRY)	48,342	22,685
Equity / T. Assets (%)	76.49	65.93
Cost / Purchased Loans (%)	0.13	0.05
Collections / Total Portfolio (%)	0.51	0.31
Growth Rate (%)	50.16	N/A

Audited financial results

'Arsan Varlık Yönetim A.Ş.' (hereinafter referred to as 'Arsan Varlık' or 'the Company') began activities in Turkish financial sector starting from 2018. 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 over-due loans and receivables) and executes the collection of those assets.

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.

The utmost shareholders, Arkan Family, has investments in several sectors and group companies including Arsan Tekstil Ticaret ve Sanayi A.Ş., quoted in Borsa Istanbul with ticker of [ARSAN].

JCR Eurasia Rating has evaluated 'Arsan Varlık Yönetim A.Ş.' in investment-level category on the national scale and assigned the rating on the Long Term National Scale at 'BBB (Trk)'.

Strengths

- Increase in the paid-in capital via cash injection in 2019
- Excellent level of portfolio freshness thanks to being a newly established NPL asset management company
- High growth potential of the sector linked to financial markets and new regulations
- Favorable tax advantage contributing competitiveness and financials positively

Constraints

- Uncertainty on cost of funding, emanated from fluctuating macroeconomic conditions
- Possible negativity on collection capacity of the sector, caused by Covid-19 outbreak
- Lack of track record to analyze past performance
- Deficiency in being compliant with corporate governance principles