

Corporate Credit Rating

New Update

Sector: NPL Asset Management

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	AA- (tr) (Stable)	J1+ (tr) (Stable)
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

SÜMER VARLIK YÖNETİM A.Ş.

JCR Eurasia Rating has evaluated "Sümer Varlık Yönetim A.Ş." in the investment level category with very high credit quality and revised the Long-Term National Issuer Credit Rating to 'AA- (tr)' from 'A+ (tr)' and affirmed the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. The Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were also determined as 'BB/Stable' as parallel to sovereign ratings and outlooks of the Republic of Türkiye.

Sümer Varlık Yönetim A.Ş. (hereinafter referred to as "Sümer Varlık" or "the Company") an asset management company specializing in Non-Performing Loans (NPL), was founded in 2015 following the operating permit decision issued by the Banking Regulation and Supervision Agency of Türkiye (BRSA) on 28.11.2014. Operating under BRSA regulations, the Company acquires non-performing assets from banks and other financial institutions—primarily overdue loans and receivables—and manages the collection or restructuring of these assets. As of 1H2024, Sümer Varlık's paid-in capital stands at TRY 100mn. The Company operates from its headquarters in Istanbul, employing 191 staff members. Since July 2016, ASV Holding A.Ş. has been the controlling shareholder of the Company. ASV Holding A.Ş. was established in 2016 by Mr. Vakkas Altınbaş and Mr. Sofu Altınbaş, who are the principal partners of Altınbaş Holding A.Ş., a company founded in 1950 with subsidiaries in various sectors.

The NPL asset management sector, a relatively new segment within the classification of financial institutions, is experiencing rapid growth. As efforts to monitor the asset quality of banks intensify, the sector has gained greater significance and demonstrates promising potential for future growth. With increasing pressure on domestic economic conditions, the supply of non-performing loans is on an upward trajectory, offering asset management companies expanding opportunities. As of the report date, there are 28 asset management companies listed on the BRSA website.

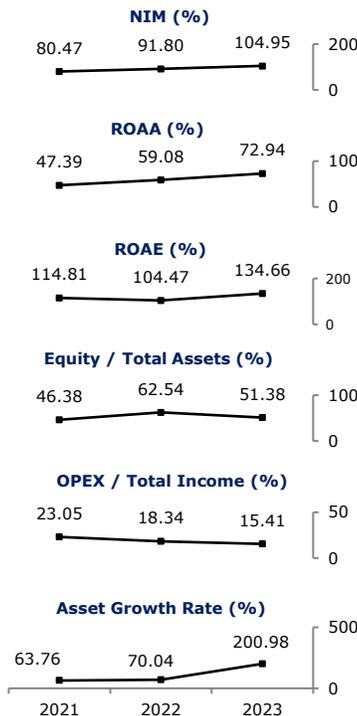
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Solid equity base bolstered by internal resource generation,
- Healthy collection performance during the reviewed period,
- Significant enhancement in the net interest margin in FY2023,
- Diversified funding structure through debt security issuances, providing financial flexibility,
- Growth potential of the sector linked to financial markets and regulations,
- Backed by the controlling shareholder that has successful track record and experienced management team with well-organized management infrastructure.

Constraints

- Short-term weighted borrowing profile in parallel with the sector,
- Intensive competitive environment in the sector,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.



Considering the aforementioned points, the Company's Long-Term National Issuer Credit has been revised to 'AA- (tr)' from 'A+'. The Company's equity level, revenue generation capacity, strong collection performance, borrowing profile and risk management implementations have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's attainability of the indebtedness indicators, cash flow metrics, profitability margins and sustainability of demand in the market will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.