

Corporate Credit Rating & Issue Rating

□ New ☑ Update

Sector: NPL Asset Management

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Senior Chief Analyst

Orkun Inan

+90 212 352 56 73

orkun.inan@jcrer.com.tr

Analyst

Ezgi Çiçek Yılmaz

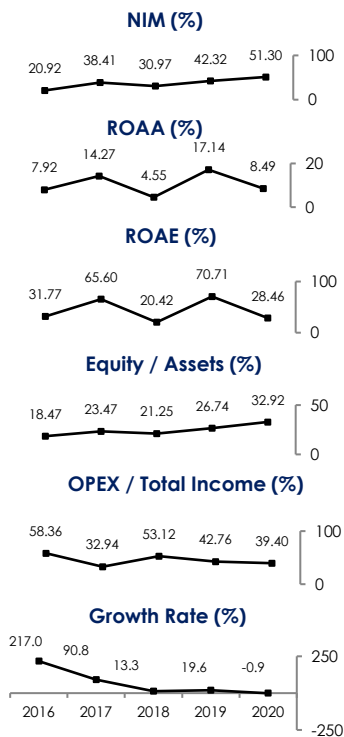
+90 212 352 56 73

ezgi.yilmaz@jcrer.com.tr

RATINGS

		Long Term	Short Term
National	Local Rating	A- (Trk)	A-1 (Trk)
	Outlook	Stable	Stable
	Issue Rating	A- (Trk)	A-1 (Trk)
International	Foreign Currency	BB	B
	Local Currency	BB	B
	Outlook	Stable	Stable
Sovereign*	Foreign Currency	BB	-
	Local Currency	BB	-
	Outlook	Stable	-

*Assigned by JCR on May 31, 2021



SÜMER VARLIK YÖNETİM A.Ş.

JCR Eurasia Rating evaluated “Sümer Varlık Yönetim A.Ş.” in a high investment grade category and affirmed the ratings on the Long and Short-Term National Scales as ‘A- (Trk)’ and ‘A-1 (Trk)’, respectively along with the ‘Stable’ outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings of the Company are affirmed as ‘BB/Stable’.

Sümer Varlık Yönetim A.Ş. (hereinafter referred to as ‘Sümer Varlık’ or ‘the Company’), an asset management company specialized in Non-Performing Loans (NPL), began activities in 2015. Under the rules and regulations drawn by Banking Regulation and Supervision Agency of Turkey (BRSA), the Company buys non-performing assets of banks and other financial institutions (primarily over-due loans and receivables) and executes the collection or restructuring process of those assets. The paid-in capital of Sümer Varlık is TRY 30mn and, the Company operates in its headquarters located in Istanbul with 155 employees and 219 contracted law offices located in 60 provinces around Turkey as of June, 30 2021. ASV Holding A.Ş. has been the sole shareholder of the Company since July 2016. ASV Holding A.Ş. was established in 2016 by Mr. Vakkas Altınbaş and Mr. Sofu Altınbaş, who are the main partners of Altınbaş Holding A.Ş., the roots of which dates back to 1950 and has subsidiaries in various fields.

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.

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

Strengths	Constraints
<ul style="list-style-type: none"> Equity to total assets ratio above the minimum legal requirement, Increasing trend of Net Interest Margin (NIM), Diversified borrowing profile through debt security issuances contributing to borrowings term structure and easing the liquidity management, Growth potential of the sector linked to financial markets and regulations, Backed by the sole shareholder that has successful track record and experienced management team with well-organized management infrastructure. 	<ul style="list-style-type: none"> Down turn in asset growth rate, Increase in provisions for impairment of loan pressuring profit before tax, Short-term borrowing profile of the sector, Intensive competitive environment in the sector, Global and local economic slowdown exacerbated by Covid-19 pandemic.

Considering the aforementioned points, the Company’s Long-Term National Rating has been affirmed as ‘A- (Trk)’. Asset quality, equity level, profitability and liquidity indicators, composition of resources and level of collection capacity together with the general outlook of the sector have been evaluated as important indicators for the stability of the ratings and the outlooks for Long- and Short-Term National ratings are determined as ‘Stable’. The economic impact of Covid -19 outbreak on the Company, asset quality, debt and equity level, collection capacity, profitability indicators and sectoral regulations are the priority issues to be followed by JCR Eurasia Rating in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be continued to be monitored.

Sümer Varlık’s main shareholder **ASV Holding A.Ş.** is considered to have the willingness and experience to ensure long-term liquidity and equity within their financial capability when required and to provide efficient operational support to Sümer Varlık. The Turkish NPL asset management sector which has been regulated by laws and other legislations and supervised by BRSA contributed positively to the sponsor support level. In this regard, the “Sponsor Support” Grade of the Company has been affirmed as (2) in JCR Eurasia Rating’s notation system, indicating an adequate level.

Considering the Company’s equity level, asset quality, organizational structure, risk management practices and development of existing risks in the markets and financial environment, we, as JCR Eurasia Rating, state the opinion that the Company has reached the level of sufficient experience and facilities to manage the incurred risks on its balance sheet regardless of any assistance from the shareholders, if it preserves its current customer level, efficiency and existing macroeconomic level in the market. Within this context, the “Stand-Alone” Grade of the Company has been affirmed as (B) in the JCR Eurasia Rating notation system, indicating an adequate level.