

DÜNYA VARLIK YÖNETİM A.Ş.

Long-term National Credit Rating: **TR AA+**
Short-term National Credit Rating: **TR A1**
Outlook: **Stable**

Rating History:

LTNCR: **TR AA+** STNCR: **TR A1** Outlook: **Durağan** Date: 20.04.2023

Istanbul, 19 April 2024 – The Long-term National Credit Rating of TR AA+ and the Short-term National Credit Rating of TR A1 of Dünya Varlık Yönetim A.Ş. (hereafter Dünya or the Company) have been affirmed. The Company's position in the sector, significantly improving collection performance, increasing shareholders' equity and strong shareholding structure, limited borrowing and increasing profitability performance are the main factors supporting the ratings. Seriously higher operational and financing costs due to the economic conjuncture are the main factors constraining the ratings. The outlook is stable with the expectation that the Company will maintain its current performance.

Significant Collection Increase in 2023: In 2023, Dünya significantly increased its collections and achieved TL1.9 billion in collections. The fact that the Company achieved high collections despite the unfavorable economic conjuncture shows that its portfolio is still efficient and its collection methods are effective. The high collection performance is also attributable to the inflationary environment and increase in the ability to repay debts. On the other hand, Dünya makes new investments every year, adding fresh receivables with high collectability to its portfolio, thereby increasing its collections. As of year-end 2023, Dünya has achieved a cumulative collection of TL5.7 billion. By the end of 2023, the Company has collected 30.4% of its total NPL portfolio. Over the next 10 years, the Company expects to collect TL6.1 billion from its existing portfolios. As of year-end 2023, the Company was managing a total of 1.5 million debt files and had resolved 538,405 debtor files.

New Portfolio Investments: In 2023, Dünya acquired a total NPL portfolio of TL2.8 billion with an acquisition cost (acquisition cost / NPL acquired) of TL1.2 billion. While the Company has made limited investments in recent periods, it has made acquisitions to maintain its market share in 2023. Dünya's total NPL portfolio reached TL18.6 billion by the end of 2023. Recently, portfolio acquisitions have increased significantly due to the increasing competition in the sector, NPL sales below the sector's potential, and the high cash holdings of sector companies as a result of high collections. The Company's average NPL acquisition cost for 2023 increased to 44.5% (2022: 22.9%). Considering the size of the Company, its position in the sector and the strategies it implements, it is expected to make acquisitions in the coming periods in order to maintain its market share. According to the information received from the Company's senior management, Dünya's market share of the principal acquired is 20.0%. As of year-end 2023, the Company's assets increased by 80.1% to TL3.2 billion. Dünya is the largest company in the sector in terms of asset size.

Increasing Shareholders' Equity with High Net Profits: Dünya maintains its strong equity structure. The Company's shareholders' equity increased by 110.8% to TL1.9 billion in 2023, driven by net income. The Company's equity ratio continued to increase and reached 58.0% in 2023. Dünya's equity ratio is in line with the peer group average (59.1%). In recent periods, the Company's borrowing requirement has decreased in parallel with the sector, while collections and cash assets have increased. As a result, the Company's shareholders' equity has increased over the years. However, as of 2024, the leverage ratio is likely to increase as banks sell large

amounts of NPLs and Dünya makes acquisitions to maintain its market share. In 2023, the Company's leverage ratio is only 0.4 times (2022; 0.7 times).

Profitability Increasing Parallel to Collections: Dünya has significantly increased its profitability in parallel with collections, especially in the last two periods. In 2023, the Company posted its highest EBITDA performance in recent times, generating TL1.2 billion in EBITDA. Although there is a sector-specific increase in profitability, the Company's restructuring and improvements in internal processes and collection methods played an important role in this profitability increase. The Company's EBITDA to net debt coverage increased to 1.9 times in 2023. At the same time, Dünya managed to significantly increase its net profit in 2023. The Company's net profit increased 2.7 times to TL986.3 million in 2023. Along with the increased net profit, the Company's return on average assets and return on equity increased to 35.9% and 132.0%, respectively.

Financial Borrowing: Dünya's total borrowing increased relatively in 2023 compared to previous periods. The Company's total funding increased by 29.9% to TL798.9 million by the end of 2023. Dünya's funding in 2023 was mainly composed of bank loans amounting to TL359.0 million and debt instruments issued amounting to TL400.8 million. As of 2023 year-end, all of the Company's bank loans were denominated in TL and 19.3% of these loans were long-term. On the other hand, the Company can also obtain financing from abroad. 30% of Dünya's bank loans were obtained from abroad. Dünya is among the limited companies that actively utilize capital markets. As of the end of 2023, the Company's net borrowing amounted to TL623.8 million. Financing expenses increased due to rising market interest rates and relatively higher borrowing. Dünya's total financing expense increased to TL213.7 million in 2023.

Costs Continue to Increase in Parallel to the Sector: The Company's total operational expenses continue to increase due to the inflationary environment. In addition to employing a large number of personnel, the Company incurs many expenses due to collection processes. As of year-end 2023, the Company employed 474 personnel and total personnel expenses increased by 83.1% to TL270.5 million. The Company's total operational expenses, including commissions paid, reached TL707.5 million.

Strong Shareholder Structure and Experienced Management Team: Dünya is 50.1% owned by Vector Holdings S.a.r.l., 37.6% by Vector Invesments Holding S.a.r.l. and 12.3% by the European Bank for Reconstruction and Development (EBRD). The presence of EBRD in the Company's shareholder structure contributes positively to the ratings. EBRD also provides financing support to the Company. Dünya has largely completed the reorganization process in terms of both management and operational activities. The Company is expected to continue to improve its performance with the synergy it will achieve with the new structure.

Dünya's Selected Financial Indicators

(TL1000)	2019	2020	2021	2022	2023
Total Assets	1.420.044	1.343.030	1.395.423	1.782.104	3.210.241
<i>Asset Growth (%)</i>	<i>17,7</i>	<i>-5,4</i>	<i>3,9</i>	<i>27,7</i>	<i>80,1</i>
NPLs (Net)	1.282.479	1.225.913	1.224.666	1.384.302	2.921.067
Total Borrowings	745.286	630.302	613.879	614.956	798.957
Equity	540.459	560.574	623.222	883.993	1.862.990
<i>Equity / Total Assets (%)</i>	<i>38,1</i>	<i>41,7</i>	<i>44,7</i>	<i>49,6</i>	<i>58,0</i>
Total Interest Income	404.702	237.221	379.599	818.190	2.309.516
Operational Profit/Loss	231.217	114.407	252.522	693.966	2.124.583
Total Operational Expenditures (-)	167.812	125.491	166.872	307.571	692.526
Expected Loss Provision (-)	11.606	-33.914	9	0	8.674
Net Profit/Loss	41.920	18.676	62.539	266.520	986.333
Value of Portfolio Purchased (Principal)	14.469.409	14.654.949	15.012.568	15.840.986	18.612.141
Purchased NPL	1.647.485	185.540	357.619	828.418	2.771.155
Acquisition Value of Portfolios	159.902	17.310	80.401	189.686	1.234.415
Collections	402.340	364.615	428.805	855.461	1.879.321

* Financial data for 2019-2020-2021 are consolidated. The consolidation includes Merkez Alacak Yönetimi ve Danışmanlık Hizmetleri A.Ş., a subsidiary of Hisar Stratejik Yatırımlar Holding A.Ş. which is wholly owned by the Company.