

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: **Positive** Date: 20.04.2020

Istanbul, 20 April 2021 - 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. These ratings are supported by the maintaining collection performance, the strong shareholders structure and equity, the NPL portfolio with strengthened collateral structure in addition to Dünya's strong position in the sector and its experienced management team. Nevertheless, the potential negative effects and uncertainties caused by the corona virus epidemic, which has reached a pandemic point in the world and also reached serious dimensions in our country, on the performance of the financial sector and real sector companies in 2021 and beyond, as well as on the household demand and the payment capacities has become the most basic factor that constrains our ratings. We view the outlook as Stable with the expectation that the Company will maintain its current performance.

Strong Position in the Sector Maintained: Dünya maintained its strong position in the sector in 2020 as well. The Company purchases a significant portion of NPL (Non-Performing Loans) sales made to the sector every year. Due to the limited NPL sales of banks in 2020, the cumulated NPL portfolio purchased by Dünya remained at a similar level to the previous year and was realized as TL14.8 billion. In 2020, Dünya purchased a NPL portfolio of TL185.5 million with a purchase price of TL17.3 million.

Strong Market Share: Dünya maintains its market share by making new NPL portfolio investments every year. According to the data obtained from Dünya, one of the two leading players in its sector, its market share is 25.7% on the basis of the NPL purchased. As of the end of 2020, Dünya has purchased a total of 187 NPL portfolios from 42 financial institutions. The Company plans to make new NPL portfolio investments in 2021 to maintain its strong position in the sector.

Reduced Collection Performance in 2020: The Company's collection performance, which has increased over the years, decreased by 10.1% to TL368.4 million in 2020, also with the effect of the pandemic environment. Although Dünya's collection in 2020 has declined somewhat, it is still at a high level. In the collection methods the Company has developed, its experience in the sector and the presence of expert management staff in the field have been effective in its high collection performance.. While the Company performs most of its collection processes inhouse, some services for collections are also out sourced. Dünya has collected a total of TL2.5 billion as of the end of 2020, and this amount corresponds to 16.9% of the total cumulative NPL portfolio of the Company.

Portfolio Quality is Preserved: The efficiency of the NPL portfolios taken over, due to its nature, has been decreasing over the years. However, the Company tries to increase the quality of its existing NPL portfolios through various methods. The most important of these methods is collateralization. Due to developments in the economic conjuncture, collateralization studies become prominent in terms of the portfolio's productivity and collection continuity. The fact that 59.2% of the collections made by Dünya in 2020 consisted of NPL portfolios received in 2016 and previous years shows that the current portfolio of the Company has high quality and collectibility.

Equity Continues to Increase: The equity of Dünya continues to increase steadily. The Company's equity increased by 3.9% in 2020 and reached TL560.6 million. The Company's paid-in capital is TL185.0 million, and its shareholders' equity is increasing with the effect of net profit. Dünya is the Company with the strongest equity in its industry. The Company's equity ratio increased to 42.1% in 2020. By the end of 2020, the Company's leverage ratio decreased by 1.1 times.

Decreasing Net Profit: While Dünya's interest income from loans increased by an average of 41.6% in the period of 2016-2018, it decreased by an average of 16.5% for the last two periods. The total interest income of the Company decreased by 25.6% in 2020 to TL293.9 million. The decrease in the Company's financing and operational expenses prevented further pressure on the net profit of 2020. The net profit performance of Dünya, which creates net profit every year, has decreased for the last two periods and was realized as TL18.7 million in 2020. By the end of 2020, the average return on assets and equity of the Company decreased to 1.4% and 3.6%, respectively.

Decreasing Debt: The total financial borrowing of Dünya decreased by 15.4% in 2020 to TL630.3 million. In the decline of the total debt of the Company, as a result of banks' limited NPL portfolio sales in 2020, having quite limited new portfolio investments have been effective. While 71.6% of the Company's total funding is composed of bank loans, 27.8% is composed of bonds and bills. All of the bank loans of the Company are in TL and 60.8% of them are short-term. The financing expense of the Company decreased by 30.9% at the end of 2020 compared to the same period of the previous year with the effective funding management and decreased to TL120.7 million.

Reduced Operational Costs: Dünya has partially restructured its organizational structure and activities in 2020. One of the main objectives of this restructuring, which is carried out both in terms of management staff and operation, is to improve an effective cost management. While the total operational expenses of Dünya including commissions have increased over the years, it decreased by 21.2% in 2020 to TL138.3 million.

Experienced Management Team: The existence of experienced and expert staff is an important factor for Dünya to protect its position in the sector and its financial performance. The management of the Company tries to increase efficiency by organizing people who are experts in certain areas under certain units and by creating a balance among these units.

Dünya's Selected Financial Indicators

(TL1000)	2016	2017	2018	2019	2020
Total Assets	940,199	1,036,983	1,206,675	1,420,044	1,332,374
Asset Growth (%)	22.4	10.3	16.4	17.7	-6.2
NPLs (Net)	860,307	980,072	1,134,672	1,282,479	1,215,257
Total Borrowings	543,048	551,160	580,293	745,286	630,302
Equity	334,862	408,356	498,539	540,459	560,574
Equity / Total Assets (%)	35.6	39.4	41.3	38.1	42.1
Total Interest Income	208,359	314,184	433,239	404,702	302,181
Operational Profit/Loss	141,359	231,863	303,637	231,217	179,367
Total Operational Expenditures (-)	89,777	126,603	153,864	167,812	125,491
Expected Loss Provision (-)	677	7,175	36,672	11,606	31,046
Net Profit/Loss	40,485	73,494	90,085	41,920	18,676
Value of Portfolio Purchased (Principal)	9,357,805	10,810,064	12,888,716	14,593,994	14,779,534
Acquisition Value of Portfolios	167,353	106,997	88,034	159,902	17,310
Collections	216,973	305,709	361,688	409,790	368,447

* Financial data for 2018-2019-2020 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.

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