

DÜNYA VARLIK YÖNETİM A.Ş.

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

Rating History:

LTNCR: **TR AA** STNCR: **TR A1** Outlook: **Stable** Date: 20.04.2021

Istanbul, 20 April 2022 – 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 high collection performance, increased equity and profitability, experience and position in the sector, and strong partnership structure are the main factors supporting the ratings. After the pandemic, the environment of uncertainty that the Russia-Ukraine war created and the possibility of negative impact on the sector, especially on collection performances, caused by high inflation rates along with stagnation in conditions where growth expectations are falling, are the factors suppressing the ratings. We view the outlook as positive with the expectation that the Company will increase its current performance.

Increased Collection Performance: Despite the adverse economic conditions in 2021, Dünya has increased its collection performance. The collections of the Company in 2021 increased by 18.1% and reached TL434.9 million. Collecting TL2.9 billion cumulatively, Dünya collected 19.4% of the NPL portfolio it had taken over as of the end of 2021. The realized collections of the Company is as much as 83.7% of its net debt in 2021. In the The collection methods it has developed, its experience in the sector and the presence of its expert management staff continue to be influential for Company's ability to make high collections. The expected collection amount of Dünya from its current portfolios in 2022 is TL448 million, and the expected collection amount for the next ten years is TL2.7 billion.

Growing NPL Portfolio: The total purchased NPL portfolio of Dünya reached TL15.1 billion by the end of 2021. Dünya is one of the two most important players in the sector and also shapes the sector with its investments. According to the information received from the Company management, the market share of Dünya on the basis of purchased principal is 24.0%. It is expected to continue to grow based on its appetite for new investments each year and its advanced infrastructure. Dünya took over a NPL portfolio of TL357.6 million with a purchase price of TL80.4 million in 2021. The Company manages 1.3 million files, mainly consisting of individual debtors. The asset size of the Company reached TL1.4 billion as of the end of 2021.

Increasing Equity with Net Profit: Dünya has strong equity. The equity of the Company increased by 11.1% in 2021 and reached TL623.2 million. Equity of Dünya, which has the highest paid-in capital in the sector, increased with net profit. The equity ratio of the Company increased to 44.7% in 2021 and it is close to the ratio of its peer group ¹ (51.1%). Dünya's financial leverage ratio is only 1.0 times in 2021. In case of having new NPL sales in 2022 in line with the expectations and the Company makes purchases in a way that maintains its market share, the leveraged structure may increase.

¹ Gelecek AMC and Birikim AMC stand out as similar companies that we can compare among AMCs by considering criteria such as the total amount of active and non-performing loans of the Company and the amount of principal purchased.

Increase in Profitability: In parallel with Dünya's increasing collection performance, its profitability has also increased. The EBITDA of the Company raised by 11.5% in 2021 to TL267.4 million. Thus, the Company's net debt coverage with EBITDA reached to a level of 51.2% (2020; 42.2%). The increase in the net debt coverage performance of Dünya was also influenced by the fact that it had TL95.5 million of cash and similar assets in 2021. The interest income of the Company hiked up by 60.0% in 2021 and reached TL379.6 million. Net profit increased from TL18.7 million to TL62.5 million as financial expenses remained stable and provisions became very limited. As a result of the rise in the net profit of Dünya, the average return on assets and equity increased to 4.6% and 11.3%, respectively.

Borrowing at a Similar Level: The total funding of Dünya in 2021 remained at the same level as the previous year and reached TL613.9 million. 35.0% of Dünya's total funding for 2021 consists of bonds. The Company's high reputation both in the capital market and in the eyes of banks reflects positively on ratings. All of the bank loans used by Dünya as of the end of 2021 are in TL and 24.4% of this is long-term. The Company can also obtain funding from abroad. The limited borrowing requirement was also reflected in the financing costs, and, the total financing expenses remained at a similar level compared to the previous period and realized as TL125.2 million in 2021.

Strong Shareholding Structure and Experienced Management Staff: Dünya Varlık is a 50.1% subsidiary of Vector Holdings S.a.r.l., 37.6% Vector Investments Holding S.a.r.l and a 12.3% European Bank for Reconstruction and Development (EBRD). The shareholding structure of the Company makes a positive contribution to the ratings. The presence of experienced and expert staff is an important factor for Dünya to maintain its position in the sector and its financial performance. The management tries to increase efficiency by organizing experts in certain fields under certain units and maintaining a balance between these units.

Dünya's Selected Financial Indicators

(TL1000)	2017	2018	2019	2020	2021
Total Assets	1,036,983	1,206,675	1,420,044	1,332,374	1,395,423
<i>Asset Growth (%)</i>	<i>10.3</i>	<i>16.4</i>	<i>17.7</i>	<i>-6.2</i>	<i>3.9</i>
NPLs (Net)	980,072	1,134,672	1,282,479	1,215,257	1,224,666
Total Borrowings	551,160	580,293	745,286	630,302	613,879
Equity	408,356	498,539	540,459	560,574	623,222
<i>Equity / Total Assets (%)</i>	<i>39.4</i>	<i>41.3</i>	<i>38.1</i>	<i>41.7</i>	<i>44.7</i>
Total Interest Income	314,184	433,239	404,702	237,221	379,599
Operational Profit/Loss	231,863	303,637	231,217	114,407	252,522
Total Operational Expenditures (-)	126,603	153,864	167,812	125,491	166,872
Expected Loss Provision (-)	7,175	36,672	11,606	-33,914	9
Net Profit/Loss	73,494	90,085	41,920	18,676	62,539
Value of Portfolio Purchased (Principal)	10,810,064	12,888,716	14,593,994	14,779,534	15,137,153
Acquisition Value of Portfolios	106,997	88,034	159,902	17,310	80,401
Collections	305,709	361,688	409,790	368,447	434,984

* Financial data for 2018-2019-2020-2021 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.