

## PRESS RELEASE

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JCR Eurasia Rating, has upgraded the credit rating of “Final Varlık Yönetim A.Ş.” and the “Cash Flows Relating to the Planned Bond Issues” in the periodic annual review to ‘A- (Trk)/Stable’ on the Long Term National Scale and reaffirmed the rating of ‘A-2(Trk)/Stable’ on the Short Term National Scale.

JCR Eurasia Rating has evaluated “Final Varlık Yönetim Anonim Şirketi” in a high-level investment category and has been upgraded its Long Term National Local Rating to “A- (Trk)/Stable”. Its Short Term National Scale has been reaffirmed at “A-2 (Trk)/Stable” the periodic annual review. Other notes and details of the ratings are given in the table below:

Long Term International Foreign Currency	:	BBB- / (Stable Outlook)
Long Term International Local Currency	:	BBB-/ (Stable Outlook)
Long Term National Local Rating	:	A- (Trk) / (Stable Outlook)
Long Term National Issue Rating	:	A- (Trk)
Short Term International Foreign Currency	:	A-3 / (Stable Outlook)
Short Term International Local Currency	:	A-3 / (Stable Outlook)
Short Term National Local Rating	:	A-2 (Trk) / (Stable Outlook)
Short Term National Issue Rating	:	A-2 (Trk)
Sponsor Support	:	2
Stand Alone	:	B

Asset management companies, which purchase overdue receivables mainly from banks and other financial institutions, continues their operations in an environment where the national credit market has limited liquidity conditions following the completion of the regulatory studies regarding their establishment and activities by the BRSA in 2016; the sector’s corporate structure, the quality of financial reporting standards, the increase in standardization and transparency and provision of fair competition underwent a positive acceleration due to the minimum capital requirements, improvements in effective supervision and audit through improvements in legal infrastructure, and obligations regarding the foundation of risk management and internal control systems.

Final Varlık Yönetim A.Ş., operating in the Turkish NPL Asset Management Sector with its activities dating back to 2011, has outperformed the sector averages in cumulative growth terms by focusing its strategy with a view to expand its portfolio in the commercial and individual segments under highly competitive circumstances. However, considering the developments in the markets in general and the Asset Management Sector in particular, the Company management is expected to stick to a strategy in the periods to come with emphasis on maintaining its prudent and planned growth structure through ensuring sustainable profitability with deliberate management stance. Sustainability through moderate risk profile, the sustainable market activity, net interest margin continuing to perform well above the sector, the strong trend of the basic profitability indicators, the level of internal liquidity generation provided by the higher than expected level of collection rate have been the major factors underlying the upgrade of the Long Term National Rating to “A- (Trk) /Stable” level by JCR-ER.

The pressure on financial costs due to upward trend of borrowing needs, rapidly increasing competition in the sector, abrasive pressure on the sector’s asset quality driven by shrinking real sector structure, the market volatility brought about by domestic and foreign economic and political developments and the detrimental effect of sharp exchange movements. The Company’s international notches have been restricted with the Turkey’s sovereign ratings, where the company’s major part of the activities are being carried out. The notches and changes in outlook depend upon the continuity in the group’s cash flow, stabilization of current equity to total debt ratios at higher levels through the generation of operational internal resources and the maintain the receivables quality. The developments of impaired receivables in the light of current sectorial deteriorations, maintaining of market share, improvement in the level of internal liquidity generations through of collection figures, retention of previous years’ profits, the effects of the operating environment on the Company, the volatility of liquidity positions, the negative impact on capital adequacy that will be created by risks, and the effects of the developments in the real sector and market interest rates on the Company’s transaction volume, market share, profitability level, asset quality and debt structure are the major issues that will be kept under review by JCR Eurasia Rating. The resources planned to be raised from the debt issue will be carried within the Company’s balance sheet and as such no separate issue rating report will be documented and the resources have been analyzed within the current credit rating report. As the bonds to be issued has no differentiation in comparison to the Company’s other liabilities from a legal and collateralization perspective, the corporate credit ratings also reflect the Company’s issue ratings.

It is considered that the financial strength of the major controlling real person shareholders Mr. İnan ALTINBAŞ and Mr. Hüseyin ALTINBAŞ to support the Company, the scale of the Group, planned investments and sectorial expansion, Final Varlık Yönetim A.Ş.’s Sponsor Support grade has been reaffirmed at (2). The Stand-Alone grade has been reaffirmed at (B) considering the ability of the Company to manage its undertaken incurred risks based on its own resources, levels of internal resource generation and current capitalization.

For more information regarding the rating results you may visit our internet site <http://www.jcrer.com.tr> or contact with our chief analyst Mr. Orkun İNAN

JCR EURASIA RATING

Yönetim Kurulu