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**JCR
Eurasia Rating,**

In its periodical review
process of

**‘Final Varlık Yönetim
A.Ş. and Its Bond
Issues’,**

has affirmed the Long
Term National Note at
‘A-(Trk)’ with
“Stable” outlook, the
Short Term National
Note at **‘A-2(Trk)’**
while affirming **‘BBB-’**
for its Long Term
International FC and
LC ratings as well
with **‘Stable’** outlooks
for all notes.

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NOTES

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

Sector: NPL Asset Management
Report Date: March 21, 2018

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Press Release

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JCR Eurasia Rating, by assessing **“Final Varlık Yönetim A.Ş.”** within the investment grade category in its periodical review process, has affirmed the Long Term National Note at **‘A-(Trk)’** with **“Stable”** outlook, the Short Term National Note at **‘A-2(Trk)’** while affirming **“Stable”** outlook. On the other hand, the Long Term International Foreign and Local Currency ratings were also affirmed at **‘BBB-’**. Other notes and details of the ratings are given in the left-hand column.

The Sector of the Asset Management has played an important role in the banking system and the sustainability of stability in the country's economy over the years. The Sector is marked by high level of vulnerability to fluctuations in Banking sector indicators. Management policies in the NPL AMC sector are strongly influenced by the changes in economic outlook and regulatory procedures from the Banking Regulation and Supervision Agency (BRSA) given the fragmented structure of the sector. On the other hand, in line with the undertaken reforms, the sector's legal infrastructure has been improved with regards to effective surveillance and control. As such, the mandatory installation of information, risk measurement, and internal control systems have made a positive contribution to the improvement of the sector's institutional set-up, and the quality, standardization, and transparency of financial reporting practices and facilitated fair competition.

Final Varlık Yönetim A.Ş., one of the oldest players in the sector, has significantly increased the size of its portfolio to approximately TRY5bn. The Company is one of the leading companies in the sector with its regular cash flow and the number of active customers mainly in the individual segment. The low levels of risk concentration on client bases, high collection rate, income composition through ongoing internal equity generating, sound operational power, access to liquidity sources asset value of the existing portfolio were effective in the affirmation of the rating on the Long Term National scale with **“Stable”** outlook by JCR-ER.

The high levels of leverage due to the liquidity requirements in the asset purchase process, contraction in profitability ratios, the market volatility brought about by domestic and foreign economic and political developments continue to adversely affect the company and the sector. On the other hand, resources to call upon for projected growth rates particularly with regard to financing therein through enhancement of internal equity generation capacity, borrowing capacity, level of capitalization, cumulative portfolio growth performance, results of the planned bond issue on the Company's financial statements and will be monitoring issues in the following periods.

No separate rating report has been compiled as the resources obtained from the bond issue will be carried in the Company's balance sheet and has been subject to analysis in the corporate credit rating report. The planned bond issue carries no difference in comparison to the Company's other liabilities with respect to its legal standing and collateralisation. As such, the notations outlined in the corporate credit rating report also reflect the issue rating but do not cover any structured finance instruments.

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 affirmed as **(2)**. The Stand-Alone grade has been affirmed as **(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 our chief analyst **Mr. Orkun İNAN**.

JCR EURASIA RATING

Administrative Board