CREDIT RATING REPORT

DATE: 23.05.2025

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ISUER: DENGE VARLIK YÖNETİM A.Ş.

İSSUE: -

CORE BUSINESS: NPL ASSET MANAGEMENT

NEW: ☐ **UPDATE:** ☒

	RATINGS*					
DENGE VARLIK YÖNETİM A.Ş. Esentepe Mah. Büyükdere Cad. Ercan Han No:121 Kat:4 No:5 Tel: (0212) 988 16 10 www.dengevarlik.com.tr	**ISSUER RATING**		**OUTLOOK**	**ISSUE RATING**		**OUTLOOK**
	LONG TERM	**SHORT TERM**		**LONG TERM**	**SHORT TERM**	
INTERNATIONAL FOREIGN CURRENCY	- -	- -	- -			
INTERNATIONAL LOCAL CURRENCY	- -	- -	- -			
NATIONAL RATING	**TR A** **TR A-**	**TR A-1** **TR A-2**	**Stable** **Positive**			

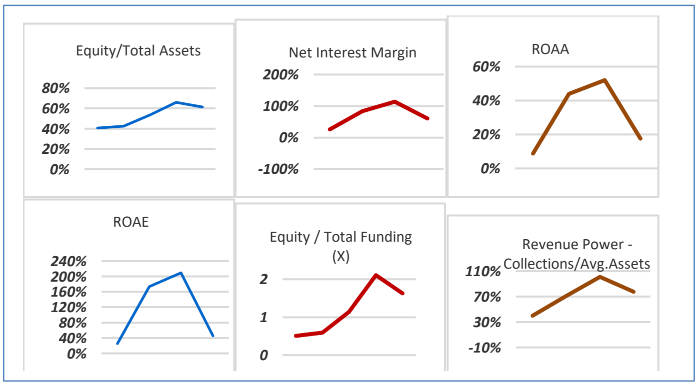
***Previous ratings are at the bottom right of the cells. **NR:** Not rated by DRC RATING. **Outlook:** Positive, Negative, Stable, Developing.

SUMMARY: Denge Varlık Yönetim A.Ş.(hereafter Denge Varlık or the Company) ratings have been revised with upgrades on **Long-Term National Credit Rating of** "**TR A**", on **Short-Term National Credit Rating of "TR A-1" and Outlook** has been determined as "**Stable**".

The credit ratings reflect our opinion about operating in a highly competitive sector that is dependent on the sales of non-performing loans (NPLs) by financial institutions, discount rates that fluctuate in receivables sales auctions, unfavourable macroeconomic conditions, stable sector market share, a stronger equity structure with the retention of period profits starting from 2021, the strength and determination of the sole shareholder Lider Faktoring A.Ş. to support the Company, the net interest margin and income strength ratio above the sector average, advanced IT, risk management and internal control systems, the collection per employee realized above the competitors of similar size due to the employment of fewer personnel, the high efficiency of the receivables portfolio and the positive steps taken to improve corporate governance practices.

Key Financial Data (Million ₺)

	2020	2021	2022	2023	2024
Total Assets	114.9	135.4	277.0	551.7	782.5
Loans Portfolio (Net)	113.0	131.5	268.2	537.3	754.9
Financial Liabilities	65.9	72.3	96.9	103.0	203.5
Equity	46.7	57.6	148.3	364.0	481.1
Net Profit / Loss(-)	6.2	11.0	90.7	215.6	117.0



İstanbul, May 23rd 2025	
Financial Data	
December 31st, 2024	
(Million ₺)	
Total Assets	782.5
Loans Portfolio(Net)	754.9
Financial Liabilities	203.5
Equity	481,1
Net Profit	117.0
Financial Ratios	
ROAA (%)	17.5
ROAE (%)	45.7
Net Interest Margin (%)	60.8
Revenue Power(%)	77.5
Equity/Total Assets (%)	61.5
Equity/Total Funding(x)	1.8

Ratings Rationale, Outlook and Important Factors for the Future:

The credit ratings reflect our opinion about operating in a highly competitive sector that is dependent on the sales of non-performing loans (NPLs) by financial institutions, discount rates that fluctuate in receivables sales auctions, unfavourable macroeconomic conditions, stable sector market share, a stronger equity structure with the retention of period profits starting from 2021, the strength and determination of the sole shareholder Lider Faktoring A.Ş. to support the Company, the net interest margin and income strength ratio above the sector average, advanced IT, risk management and internal control systems, the collection per employee realized above the competitors of similar size due to the employment of fewer personnel, the high efficiency of the receivables portfolio and the positive steps taken to improve corporate governance practices. The Company was established on 2 May 2019 by Lider Faktoring A.Ş. with a capital of ₺20 million and started its operations on 26 August 2019 with the operating permit granted by the BRSA. At the beginning of 2020, the Company merged with Deren Varlık Yönetim A.Ş., which is also a 100% subsidiary of Lider Faktoring A.Ş., by taking over Deren Varlık Yönetim A.Ş. with all its assets and liabilities in accordance with the facilitated merger provisions. Deren Varlık is the continuation of Deniz Varlık Yönetim A.Ş., which was established in 2013 as an indirect subsidiary of Denizbank. Therefore, Denge Varlık's portfolio includes receivables purchased since 2014. A total principal amount of ₺4.2 billion was purchased at a total cost of ₺680 million between 2014-2024 years.

According to the independently audited financial statements of Denge Varlık, which constitute the basis of the credit rating report, the non-performing loan portfolio increased from ₺537.3 million in 2023 to ₺754.9 million in 2024. The Company's revenue strength (collections/average assets) ratio declined from 96.7% in 2023 to 77.5% in 2024, but remained above the sector average (52.5%). Closing 2024 year-end with a net profit of ₺117 million, the Company's total bank debt is ₺202.8 million and its total liabilities are 62.6% of its equity.

DRC RATING has determined the outlook of Denge Varlık Yönetim A.Ş.'s National Long-Term Rating as "**Stable**". The growth potential of the sector with the expected increase in the NPL ratio of the banking sector, the Company's stable market share of close to 4%, its strong shareholding structure, rising acquisition costs due to competition were taken into consideration and positive/negative factors were evaluated in determining the outlook.

Key factors to consider for the future change in rating and outlook are:

Positive

- Increasing market share by investing in efficient portfolios,
- Diversification of funding sources through the issuance of debt instruments,
- Reducing funding costs due to likely decline in interest rates in the medium & long term,
- More willingness of debtors to pay due to high inflation,
- Expectation that the NPLs accumulated in banks will be transferred to the asset management sector.

Negative:

- Increased portfolio purchasing costs due to competition,
- Possible increases in funding costs,
- Banks' refraining from selling non-performing loans due to various reasons.

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