

Structured Finance Rating

Asset-Backed Securities (Preliminary Report)

New Update

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Head of Group

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Aktif Yatırım Bankası A.Ş. (3) No'lu Turkcell Varlık Finansmanı Fonu

Type of Asset-Backed Securities	PTCs - Pay Through Certificates
Originator (Parent)	Turkcell Finansman A.Ş.
Servicer(s)	Turkcell Finansman A.Ş. & Aktif Yatırım Bankası A.Ş. & Turkcell İletişim Hizmetleri A.Ş. & Turkcell Ödeme Hizmetleri A.Ş.
Special Purpose Vehicle	Aktif Yatırım Bankası A.Ş. (3) No'lu Turkcell Varlık Finansmanı Fonu
Trustee	None
Transaction Administrator	Aktif Yatırım Bankası A.Ş.
Issuer	Aktif Yatırım Bankası A.Ş. (3) No'lu Turkcell Varlık Finansmanı Fonu
Registration	Merkezi Kayıt Kuruluşu A.Ş.
Transferor	Turkcell Finansman A.Ş.
Risk Retainer	Turkcell Finansman A.Ş. (5% of the issue amount)
Insurance Agencies for Obligor	None
Insurance Agencies for Investors	None
Issue Nom. Size/Aggregate Issuance	Up to TRY100 mn (Aggregated)(in 7 separate tranches)
Interest rate	To be determined
Payment Frequency-Principal	At maturity
Payment Frequency-Interest	At maturity
Tenor /Final Maturity	2.93 to 19.10 Months
Estimated Issue Date	16.02.2018
Weighted Average Life	282.32 Days

RATINGS

ABSs to be issued by "Aktif Yatırım Bankası A.Ş. (3) No'lu Turkcell Varlık Finansmanı Fonu"		Long Term	Short Term
International Foreign Currency		BBB-	A-3
National Note		AA (Trk)	A-1+ (Trk)
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook FC	Stable	-
	Outlook LC	Stable	-

*Affirmed by Japan Credit Rating Agency, JCR on November 10, 2017

Overview

"Aktif Yatırım Bankası A.Ş. (3) No'lu Turkcell Varlık Finansmanı Fonu" (hereinafter referred as Asset Finance Fund, the Fund or SPV) is established for an infinite term by Aktif Yatırım Bankası A.Ş. (Aktif Bank) (the latest rating action by JCR-ER on June 5, 2017, denoting AA(Trk) Positive outlook in the Long-Term National Scale) to issue asset-backed securities.

Approved asset amount of the Fund is up to TRY100 mn and its originator is Turkcell Finansman A.Ş., a wholly owned subsidiary of Turkcell İletişim Hizmetleri A.Ş. (Turkcell). The obligors are postpaid subscribers of Turkcell and the receivable pool consists of installments of consumer loans extended by the originator for mobile device purchases.

Planned to be issued in 7 separate maturity tranches by a pay-through mechanism and without any seniority thereamong, ABSs (asset-backed securities) will be sold at a discount on the nominal values to local qualified investors or investors domiciled abroad by invitation or private placement without any public offering.

Strengths

- Existence of numerous strict asset eligibility criteria strengthening appropriateness level of assets in the receivable pool
- Pressure to be exerted by expected NPLs on the receivable pool to be mitigated by utilization of initial haircuts
- Current local regulations in Turkey affording for asset isolation and bankruptcy remoteness
- An immune and liquid portfolio structure ensured by receivables with matching terms and few conditionalities
- Homogeneous and multitudinous profile of obligors in the receivable pool lowering concentration risk to minimum
- Regulatory requirement of 5% risk retention mechanism serving as an additional support component for the ABS investors
- Facility to be provided by the originator to replace the prepaid loans with identical ones abating prepayment risks

Constraints

- Absence of any guarantor mechanisms
- No replacement tool to be provided by the originator for defaulting loans in the pool
- Recourse facility only limited to the assets of the Fund and not to cover any other obligors
- Excess spread level pressurized by exposure of the structure to interest rate mismatch in terms of fixed vs. floating rates to a certain extent
- Symmetrical risk profiles across the tranches impeding investor diversity regarding absence of waterfall structures
- Detailed risk assessments of the originator and the parent falling outside the scope of analyses