

Structured Finance Rating Asset-Backed Securities (Preliminary Report)

New Update

Publishing Date: August 22, 2024

Team Leader

Firat TUNÇ
+90 212 352 56 73

firat.tunc@jcrer.com.tr

Analyst

Ece BEDİR
+90 212 352 56 73

ece.bedir@jcrer.com.tr

Fibabanka A.Ş. Arena Bilgisayar Birinci Varlık Finansmanı Fonu

Type of Asset-Backed Securities	PTCs-Pay Through Certificates
Founder	Fibabanka A.Ş.
Originator (Parent)	Arena Bilgisayar Sanayi ve Ticaret A.Ş.
Servicer	Arena Bilgisayar Sanayi ve Ticaret A.Ş.
Special Purpose Vehicle	Fibabanka A.Ş. Arena Bilgisayar Birinci Varlık Finansmanı Fonu
Transaction Administrator	Fibabanka A.Ş.
Issuer	Fibabanka A.Ş. Arena Bilgisayar Birinci Varlık Finansmanı Fonu
Registration	Merkezi Kayıt Kuruluşu A.Ş.
Transferor	Fibabanka A.Ş.
Purchasing Programme	Arena Bilgisayar Sanayi ve Ticaret A.Ş.; (5% of the Issue Amount from Class B)
Overcollateralization	None
Specific Applicable Law	The CMB Communiqué Serial: III, No: 58.1 named "Asset-Backed and Mortgage-Backed Securities"
Insurance Agencies for Investors and Obligors	None
Issue Nom. Size/Aggregate Issuance	Up to Class A TRY 288.95mn (in 2 separate tranches) & Up to Class B TRY 15.4mn (in a single tranche)
Interest Rate %	Senior Tranche: 50.00%-51.00% Junior Tranche: TBD
Coupon %	A: No coupon B: TBD at A's maturity
Coupon Type	A: No coupon B: TBD at A's maturity
Estimated Issue Date	23.08.2024
Weighted Average Life (Class A & B)	52 Days

(*): TBD: to be decided

RATINGS

		A (Senior Tranche)		B (Junior Tranche)	
		Long Term	Short Term	Long Term	Short Term
ABSs to be issued by "Fibabanka A.Ş. Arena Bilgisayar Birinci Varlık Finansmanı Fonu"					
International Local Currency		BB	-	BB	-
National Note		AA (tr)	J1+ (tr)	AA- (tr)	J1+ (tr)
Sovereign*	FC	BB	-	BB	-
	LC	BB	-	BB	-
	FC Outlook	Stable	-	Stable	-
	LC Outlook	Stable	-	Stable	-

* Assigned by JCR on May 10, 2024

Overview

"Fibabanka A.Ş. Arena Bilgisayar Birinci Varlık Finansmanı Fonu" (hereinafter referred to as 'Asset Finance Fund', 'the Fund' or 'SPV') was established for an infinite term by "Fibabanka A.Ş." (hereinafter referred to as 'Fibabanka' or 'the Bank') to issue asset-backed securities. Having entered as a player to Turkish finance industry as a subsidiary of Fiba Group on December 27, 2010; Fibabanka offers products, services and applications in the domains of its core operations, including corporate, commercial, SME, agricultural, retail and private banking. The Bank had total asset sizes of TRY 103,558mn and TRY 74,002mn in FYE2023 and FYE2022, respectively.

Approved asset amount of the Fund is up to TRY 10bn and its originator is "Arena Bilgisayar Sanayi ve Ticaret A.Ş." (hereinafter referred to as 'Arena Bilgisayar' or 'the Company'), realizing asset-backed securities based on the receivable pool consisting of trade receivables collateralised by "Coface Sigorta A.Ş." (hereinafter referred to as 'Coface Sigorta') arising from Arena Bilgisayar's invoiced receivables from its customers. Arena Bilgisayar was established on September 18, 1991 and operates in the wholesale of personal computers, peripherals, consumer electronics and telecommunication devices. The Company purchases the merchandise from domestic and international suppliers and through its distribution network sells them to the customers in the domestic market and the Turkish Republic of Northern Cyprus. The Company's headquarter is located in İstanbul and has a branch in Ankara. The Company had total asset sizes of TRY 10.59bn and TRY 11.57bn in 2Q2024 and FYE2023, respectively.

Planned to be issued in 3 separate maturity tranches by a pay-through mechanism, ABSs (asset-backed securities) will be sold to qualified investors in Türkiye without public offering. The debtors of the invoices in the receivables pool have Corporate Credit Ratings above 400, there are no recent bad cheque records and the liquidity facility provided by collecting the related amount from Coface Sigorta to a certain extent in case the invoices cannot be collected, and thus the increased capacity to repay the obligations arising from the issuance of these ABSs are the main factors that the collection efficiency of the pool was evaluated as satisfactory. Trade receivables insurance covers 90% of the limits determined on company basis. The receivable pool is constituted of 1,113 invoiced receivables within 9 cities in Türkiye.

JCR Eurasia Rating maintains its opinion that space created for "Fibabanka A.Ş. Arena Bilgisayar Birinci Varlık Finansmanı Fonu" and its technical equipment, as well as risk management and internal control system procedures, the constitution of a system for the safeguarding of accounting, records, and documentation and the possession of a statistical data base will function efficiently.

Strengths

- Numerous defined asset eligibility requirements strengthening the appropriateness level of assets in the receivable pool,
- Well track record and redemption performance of the receivable pool,
- Appropriateness level of assets in the receivable pool in terms of their low level of default probability and the ability of recovery of uncollected receivables from Coface Sigorta to a certain extent,
- Regulatory requirement of a 5% risk retention mechanism as an additional support component for the ABS investors,
- Current local regulations in Türkiye affording asset isolation and remoteness of bankruptcy,
- A liquid portfolio structure guaranteed by matching terms for receivables.

Constraints

- Receivable pool remaining slightly below the nominal amount of ABS,
- Absence of established insurance mechanism of the receivable pool,
- Similar risk profiles across the tranches despite the presence of a waterfall structure for the senior tranche,
- Potential sectoral and geographical concentration risk in the receivable pool,
- Possible exposure to interest rate mismatch due to the structure of ABS issues,
- Detailed risk assessments of the submitted documentation outside the scope of the rating process,
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.