

**Structured Finance Rating
Asset-Backed Securities
(Preliminary Report)**

New Update

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**Fibabanka A.Ş. İkinci Varlık Finansmanı
Fonu**

| Type of Asset-Backed Securities | PTCs-Pay Through Certificates |
|---|--|
| Founder | Fibabanka A.Ş. |
| Originator (Parent) | Fibabanka A.Ş. |
| Servicer | Fibabanka A.Ş. |
| Special Purpose Vehicle | Fibabanka A.Ş. İkinci Varlık Finansmanı Fonu |
| Transaction Administrator | Fibabanka A.Ş. |
| Issuer | Fibabanka A.Ş. İkinci Varlık Finansmanı Fonu |
| Registration | Merkezi Kayıt Kuruluşu A.Ş. |
| Transferor | Fibabanka A.Ş. |
| Purchasing Programme | Fibabanka 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 190.3mn (Aggregated) (in 3 Separate Tranches) & Up to Class B TRY 29mn (in a single tranche) |
| Interest Rate % | Senior Tranche: between 32.00%-35.00% 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 | 06.09.2023 |
| Weighted Average Life (Class A) | 107.11 Days |

RATINGS

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

* Assigned by JCR on August 18, 2022

Overview

"Fibabanka A.Ş. İkinci Varlık Finansmanı Fonu" (hereinafter referred to as 'Asset Finance Fund', 'the Fund' or 'SPV') was established for an infinite term by Fibabanka A.Ş. (Fibabanka) to issue asset-backed securities.

Approved asset amount of the Fund is up to TRY 1bn and its originator is Fibabanka A.Ş., realizing asset-backed securities based on a receivable pool consisting of receivables in instalments of general consumer loans which Fibabanka A.Ş. extended to customers. Having entered as a player to Turkish finance industry as a subsidiary of Fiba Group on December 27, 2010; Fibabanka A.Ş. (hereinafter referred to as "Fibabanka" or "the Bank") 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 74,109mn and TRY 45,162mn in FYE2022 and FYE2021, respectively.

Planned to be issued in 4 separate maturity tranches by a pay-through mechanism, ABSs (asset-backed securities) will be sold on the nominal values to local qualified investors by invitation without any public offering. The essential elements to inspire investor confidence are the similar financial profile of obligors of assets in the receivable pool, low portfolio risk and expected losses of these assets, expected-to-increase liquidity facility to be attained through high ending cash balances of loan repayments by obligors to cover disbursements to ABS investors, and hence increased capacity to repay obligations arising from this ABS issue. The receivable pool is constituted of consumer loans within various cities in Türkiye except 11 cities suffering from the earthquake on February 6,2023.

JCR Eurasia Rating maintains its opinion that space created for "Fibabanka A.Ş. İkinci 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 appropriateness level of assets in the receivable pool,
- Well track record and redemption performance of the consumer loans in the receivable pool,
- Appropriateness level of assets in the receivable pool in terms of their low level of default probability,
- Hedging the possible collection risk arising from the decrease of the borrowers covered by life insurance policies at the rate of 60% of the receivable pool,
- Regulatory requirement of 5% risk retention mechanism as additional support component for the ABS investors,
- Current local regulations in Türkiye affording for asset isolation and remoteness of bankruptcy,
- A liquid portfolio structure guaranteed by matching terms and few conditionalities for receivables,
- Multitudinous profile of obligors in the receivable pool lowering concentration risk to minimum.

Constraints

- Absence of established insurance mechanism,
- Similar risk profiles across the tranches despite presence of waterfall structure for senior tranche,
- Possible exposure to interest rate mismatch due to structure of ABS issues,
- Detailed risk assessments of the submitted documentation outside the scope of our analyses,
- Possible difficulties in legally following up the non-performing loan instalments compared to the receivables with promissory notes,
- Detailed risk assessments of the originator outside the scope of our analyses,
- Growing uncertainties along with geopolitical tension and increase in the general price level suppressing disposable income.