

Structured Finance Rating Asset-Backed Securities (Preliminary Report)

New Update

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Pasha Yatırım Bankası A.Ş. Birinci Varlık Finansmanı Fonu

Type of Asset-Backed Securities	PTCs - Pay Through Certificates
Originator (Parent)	Tarfin Tarım A.Ş.
Servicer(s)	Tarfin Tarım A.Ş. & Pasha Yatırım Bankası A.Ş.
Special Purpose Vehicle	Pasha Yatırım Bankası A.Ş. Birinci Varlık Finansmanı Fonu
Transaction Administrator	Pasha Yatırım Bankası A.Ş.
Issuer	Pasha Yatırım Bankası A.Ş. Birinci Varlık Finansmanı Fonu
Registration	Merkezi Kayıt Kuruluşu A.Ş.
Transferor	Tarfin Tarım A.Ş.
Purchasing Programme	Tarfin Tarım A.Ş.; (5% + 10% of the Issue Amount)
Overcollateralization	Tarfin Tarım A.Ş.; (10.0 % of the Issue Amount)
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 TRY 225mn (Aggregated) (in 4 separate tranches)
Interest Rate	54%-59.50%
Payment Frequency-Principal	At maturity
Payment Frequency-Interest	At maturity
Estimated Issue Date	20.12.2023
Weighted Average Life	262 Days

RATINGS

ABSs to be issued by "Pasha Yatırım Bankası A.Ş. Birinci Varlık Finansmanı Fonu"		Long Term	Short Term
National Note		AA- (tr)	J1+ (tr)
International Local Currency		BB	-
Sovereign *	Foreign Currency	BB	-
	Local Currency	BB	-
	Outlook	FC LC	- -

* Assigned by JCR on Aug 18, 2022

Overview

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

Approved asset amount of the Fund is up to TRY 225mn and its originator is Tarfin Tarım A.Ş., realizing the forward sales of the agricultural products to agriculturist through its widespread sales points in Türkiye. The obligors are arising from sales of forward agricultural inputs to diversified farmers' portfolio distributed across different geographical regions in Türkiye and agricultural products.

Planned to be issued in 4 separate maturity tranches by a pay-through mechanism and without any seniority there among, 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 (agricultural receivables) 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.

JCR Eurasia maintains its opinion that space created for "Pasha Yatırım Bankası A.Ş. Birinci Varlık Finansmanı Fonu" and its technical equipment, as well as the 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 - also regarding the prior similar issues.

Strengths

- Numerous defined asset eligibility requirements strengthening appropriateness level of assets in the receivable pool,
- Replacement instrument to be given for delinquencies in the pool by the originator,
- Current local regulations in Türkiye affording for asset isolation and remoteness of bankruptcy,
- An immune and liquid portfolio structure guaranteed by matching terms and few conditionalities for receivables,
- Homogeneous and multitudinous profile of obligors in the receivable pool lowering concentration risk to minimum,
- Regulatory requirement of 5% risk retention mechanism increasing to 15% by adding 10% further purchase commitment and 10.0% O/C of total pool serving as additional support components for the ABS investors.

Constraints

- Absence of established insurance mechanism,
- Earthquake zone provinces, which make up 9.12% of the fund portfolio, still having potential to cause collection problems,
- 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,
- The originator and transaction administrator are out of the scope of the analysis and inability to make a detailed risk assessment of the fund pool,
- The increasing amount of ABS issuance and financing expenses suppress internal fund generation capacity and limited financial coverage of the originator in case of possible loss,
- Detailed risk assessments of the submitted documentation outside the scope of our analyses,
- Growing uncertainties along with geopolitical tension and increase in the general price level pressing disposable income and difficulties in accessing financial resources.