

## Structured Finance Rating

### Asset-Backed Securities (Preliminary Report)

☑New ☐Update

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#### Pasha Yatırım Bankası A.Ş. Tarfin Üçüncü 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. & QNB Finans Yatırım Menkul Değerler A.Ş.
Special Purpose Vehicle	Pasha Yatırım Bankası A.Ş. Tarfin Üçüncü Varlık Finansmanı Fonu
Transaction Administrator	Pasha Yatırım Bankası A.Ş.
Issuer	Pasha Yatırım Bankası A.Ş. Tarfin Üçüncü Varlık Finansmanı Fonu
Registration	Merkezi Kayıt Kuruluşu A.Ş.
Transferor	Tarfin Tarım A.Ş.
Purchasing Programme	Tarfin Tarım A.Ş.; (5% + 5% 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 200mn (Aggregated) (in 3 separate tranches)
Interest Rate	41%
Payment Frequency-Principal	At maturity
Payment Frequency-Interest	At maturity
Estimated Issue Date	25.11.2022
Weighted Average Life	288 Days

## RATINGS

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

\* Assigned by JCR on Aug 18, 2022

## Overview

"Pasha Yatırım Bankası A.Ş. Tarfin Üçüncü 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 200mn 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 3 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. In addition to the ABS issues of TRY 1mn on June 20, 2018; TRY 1mn on December 4, 2018; TRY 10mn on May 31, 2019; TRY 10mn on November 22, 2019; TRY 20mn on February 27, 2020; the detailed disclosures were issued by JCR Eurasia of TRY 14mn on June 26, 2020; TRY 40mn on October 8, 2020, TRY 46mn on February 24, 2021; TRY 50mn on June 10, 2021; TRY 50mn on September 24, 2021; TRY 50mn on November 5, 2021; TRY 50mn on December 9, 2021; TRY 100mn on February 25, 2022, TRY 100mn on April 20, 2022, TRY 100mn on May 18, 2022, TRY 100mn on June 17, 2022, and TRY 100mn on October 7, 2022, respectively based on other credit pools formed from other loan receivables of the same nature with the same legal entities of the same parties.

JCR Eurasia maintains its opinion that space created for "Pasha Yatırım Bankası A.Ş. Tarfin Üçüncü 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 10% by adding 5% further purchase commitment and 10.0% O/C of total pool serving as additional supports component for the ABS investors.

### Constraints

- Absence of established insurance mechanism,
- 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 the financial indicators of the originator,
- 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 suppressing disposable income and difficulties in accessing financial resources.