

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

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**Türkiye Menkul Kıymetleştirme
Şirketi Fibabanka (1) No'lu
Varlık Finansmanı Fonu**

| Type of Asset-Backed Securities | PTCs-Pay Through Certificates |
|---|--|
| Founder | Türkiye Menkul Kıymetleştirme Şirketi |
| Originator (Parent) | Fibabanka A.Ş. |
| Servicer | Fibabanka A.Ş. |
| Special Purpose Vehicle | Türkiye Menkul Kıymetleştirme Şirketi Fibabanka (1) No'lu Varlık Finansmanı Fonu |
| Transaction Administrator | Fibabanka A.Ş. |
| Issuer | Türkiye Menkul Kıymetleştirme Şirketi Fibabanka (1) No'lu 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 474.1mn (Aggregated) (in 4 Separate Tranches) & Up to Class B TRY 68.4mn (in a single tranche) |
| Interest Rate % | Senior Tranche: between 39.5%-44% 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 | 09.11.2023 |
| Weighted Average Life (Class A) | 87.64 Days |

RATINGS

| | | A (Senior Tranche) | | B (Junior Tranche) | |
|---|------------|--------------------|-----------------|--------------------|-----------------|
| | | Long Term | Short Term | Long Term | Short Term |
| ABSs to be issued by "Türkiye Menkul Kıymetleştirme Şirketi Fibabanka (1) No'lu Varlık Finansmanı Fonu" | | | | | |
| 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 Aug 18, 2022

Overview

"Türkiye Menkul Kıymetleştirme Şirketi Fibabanka (1) No'lu Varlık Finansmanı Fonu" (hereinafter referred to as 'Asset Finance Fund', 'the Fund' or 'SPV') was established for an infinite term by Türkiye Menkul Kıymetleştirme Şirketi (TMKŞ) to issue asset-backed securities.

Approved asset amount of the Fund is up to TRY 10bn 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 92.45bn and TRY 74.11bn in 1H2023 and FYE2022, respectively.

Planned to be issued in 5 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.

JCR Eurasia Rating maintains its opinion that space created for "Türkiye Menkul Kıymetleştirme Şirketi Fibabanka (1) No'lu 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
Constraints

- 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 decease of the borrowers covered by life insurance policies at the rate of 68% 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,
 - An immune and 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.
- 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,
 - Possible difficulties in legally follow 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 tensions and increase in the general price level suppressing disposable income.