

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

Publishing Date: Dec 17, 2024

Team Leader

 Firat Tunç
 +90 212 352 56 73

fiat.tunc@jcrer.com.tr
Analyst

 İsa Yılmaz
 +90 212 352 56 73

isa.yilmaz@jcrer.com.tr
**Türkiye Menkul Kıymetleştirme Şirketi
Fibabanka İkinci 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 İkinci Varlık Finansmanı Fonu
Transaction Administrator	Fibabanka A.Ş.
Issuer	Türkiye Menkul Kıymetleştirme Şirketi Fibabanka 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 1.39bn (Aggregated) (in 5 Separate Tranches) & Up to Class B TRY 158mn (in a single tranche)
Interest Rate %	Senior Tranche: between 49.50%-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	18.12.2024
Weighted Average Life (Class A)	89 Days

(*) TBD: to be decided

RATINGS

		A (Senior Tranche)		B (Junior Tranche)		
ABSs to be issued by "Türkiye Menkul Kıymetleştirme Şirketi Fibabanka 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	Stable	-	Stable	-
		LC	Stable	-	Stable	-

* Assigned by JCR on May 10, 2024

Overview

"Türkiye Menkul Kıymetleştirme Şirketi Fibabanka İkinci 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 5.00bn 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 103,558mn and TRY 74,002mn as of FYE2023 and FYE2022, respectively.

Planned to be issued in 6 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 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 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,
- 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,
- Receivable pool remaining below the nominal amount of ABS
- 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.