

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

New Update

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**Türkiye Menkul Kıymetleştirme Şirketi
Fibabanka Beşinci 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 Beşinci Varlık Finansmanı Fonu
Transaction Administrator	Fibabanka A.Ş.
Issuer	Türkiye Menkul Kıymetleştirme Şirketi Fibabanka Beşinci 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 215.30mn (Aggregated) (in 2 Separate Tranches) & Up to Class B TRY 30.20mn (in a single tranche)
Interest Rate %	Senior Tranche: between 50.00%-51.25% 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	28.08.2024
Weighted Average Life (Class A & B)	68 Days

(* TBD: to be decided)

RATINGS

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

* Assigned by JCR on May 10, 2024

Overview

"Türkiye Menkul Kıymetleştirme Şirketi Fibabanka Beşinci 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 5bn and its originator is Fibabanka A.Ş., realizing asset-backed securities based on a receivable pool consisting of receivables from cheque collateralised discounted loans that Fibabanka has extended to its commercial 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 in FYE2023 and FYE2022, respectively.

Planned to be issued in 3 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 similar financial profile of the borrowers who use discount loans, which is constituting the majority of the receivable pool to be transferred, by providing cheques in the receivables pool as collateral, the low portfolio risk though expected increase in probability of default in comparison with the previous issues and the ease of liquidity provided by the collection of the relevant amount from the borrowers in case the cheques are not collected, and thus the increased capacity to repay the obligations arising from the issuance of these ABSs are the main factors that increase investor confidence. The receivable pool is constituted of cheque collateralised discounted loans within 33 cities in Türkiye.

JCR Eurasia Rating maintains its opinion that space created for "Türkiye Menkul Kıymetleştirme Şirketi Fibabanka Beşinci 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 the appropriateness level of assets in the receivable pool,
- Well track record and redemption performance of the receivable pool,
- Despite the expectation of an increase compared to previous issues, relatively low probability of default of the assets in the receivables pool and the recovery of uncollected receivables from the credit accounts of the borrowers,
- Regulatory requirement of a 5% risk retention mechanism as an additional support component for the ABS investors,
- Current local regulations in Türkiye affording asset isolation and remoteness of bankruptcy,
- A liquid portfolio structure guaranteed by matching terms for receivables,
- Multitudinous profile of obligors in the receivable pool despite sectoral and geographical concentration risk to a certain extent.

Constraints

- Absence of established insurance mechanism,
- Similar risk profiles across the tranches despite the presence of a waterfall structure for the senior tranche,
- Possible exposure to interest rate mismatch due to the structure of ABS issues,
- Detailed risk assessments of the submitted documentation outside the scope of the rating process,
- Detailed risk assessments of the originator outside the scope of the rating process,
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.