

CREDIT RATING REPORT

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ISSUER: MERCEDES-BENZ FİNANSMAN TÜRK A.Ş.

ISSUE : -

CORE BUSINESS: VEHICLE FINANCE

NEW:

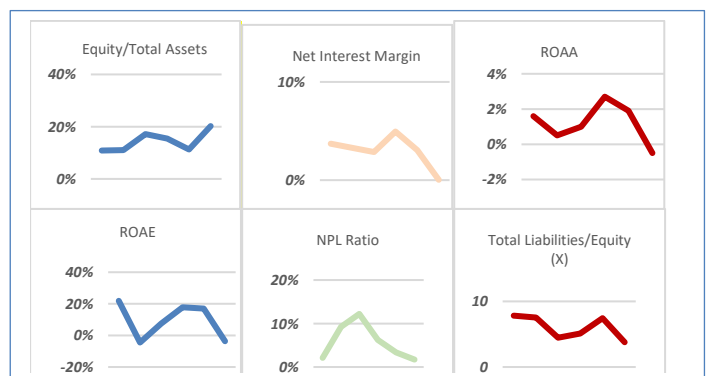
UPDATE:

	RATINGS					
	ISSUER RATING		OUTLOOK	ISSUE RATING		OUTLOOK
MERCEDES-BENZ FİNANSMAN TÜRK A.Ş. Akçaburgaz Mah. Süleyman Şah Cad. No:6 34522 Esenyurt / İstanbul Tel: (0212) 866 65 65 www.mercedes-benz-finansalhizmetler.com						
INTERNATIONAL FOREIGN CURRENCY	-	-	-	-		
INTERNATIONAL LOCAL CURRENCY	-	-	-	-		
NATIONAL RATING	TR AAA	TR A-1	Stable			
	TR AAA	TR A-1	Stable			

*If the report is an update, previous ratings are at the bottom right of the cells. **NR:** Not rated by DRC RATING. **Outlook:** Positive, Negative, Stable, Developing.

SUMMARY: Mercedes Benz Finansman Türk A.Ş. (hereafter MBFT or the Company) has been affirmed a **long-term national credit rating of TR AAA a short-term national credit rating of TR A-1 and outlook Stable**. The credit ratings reflect our opinion on the financial performance of MBFT, the strong shareholding structure and the supporting power and willingness of the shareholders. MBFT's credit rating is based on the fact that the indirect main shareholder Daimler AG has provided 100% payment guarantee for all borrowings of the Company. Though macroeconomic indicators, the loss in the value of ₺ compared to the beginning of the year, the increase in funding costs, the operating loss as of the first half of 2022 and the decreasing penetration rates of MBFT due to low interest vehicle loans extended by banks suppress the credit rating, net interest margins above the sector average as of year ends, financing loans growing in both ₺ and € basis, equity increasing with the effect of period profits, fund sources diversified by bond/bill issuances, non-performing loans ratio declining rapidly and falling below the sector average in the first 6 months of 2022 and very high solvency was effective in confirming the credit ratings.

Key Financial Data (million ₺)	(*)				
	2018	2019	2020	2021	2022/6
Total Assets	7.609	5.277	6.957	10.878	5.858
Customer Loans (Net)	6.162	4.351	6.288	9.896	4.345
Financial Liabilities	6.161	4.045	5.179	7.848	3.411
Equity	841	908	1.070	1.223	1.185
Income From Customer Loans	866	799	649	1.243	659
Net Profit/Loss	-37	67	162	168	-38



(*): Within the scope of the global decision of Daimler AG, truck and bus loans, which constitute more than half of the financing loan portfolio, were transferred to Mercedes Benz Truck Financing A.Ş. as of 01.04.2022.



Istanbul, 27 December 2022

Financial Data

30 June 2022

(Million ₺)

Total Assets	5.858
Total Cust. Loans (Gross)	4.421
Equity	1.185
Income From Cust. Loans	659
Total Financial Liabilities	4.471
Net Profit/Loss	-38

Financial Ratios

ROAA (%)	-0,6
ROAE(%)	-3,2
NPL Ratio(%)	1,7
Equity/Total Assets (%)	20,2

Ratings Rationale, Outlook and Important Factors for the Future:

Credit ratings reflect our view of MBFT's financial performance, strong shareholding structure and partners' ability and willingness to support. While determining the credit rating, it has been taken into account that the indirect main shareholder Daimler AG has given a 100% payment guarantee for all borrowings of the Company.

Credit ratings reflect the Company's leading position in the industry, the strong market share of credited brands, the Company's penetration rates in Mercedes-Benz vehicles, the success of cautious risk management and our conviction of the shareholders' power and willingness to provide full support to the Company when necessary. Although macroeconomic indicators, the rapid depreciation of the ₺, the operating loss as of the first half of 2022, and the decreasing penetration rates of MBFT due to low interest vehicle loans extended by banks suppress the credit rating, net interest margins above the sector average as of year ends, financing loans growing on both ₺ and € basis, equity increasing with the effect of period profits, debt instrument issuances that have increased weight in fund sources, non-performing loans (NPL) that decreased rapidly despite the increase in loan volume, collateral high margin rates determined for loans, the fact that the share of equity in the funding structure is much higher than the sector average have been effective in confirming the credit rating scores.

DRC RATING has affirmed the outlook of MBFT's National Long-Term Rating as "Stable". The main shareholder's ability and willingness to provide financial support to the Company, the balanced distribution of vehicle loans to customers, the decrease in collection risk due to the successful performance in the collection of NPLs and the cautious risk policies applied, the devaluation of ₺ and positive/negative factors have been taken into account in determining the outlook.

Due to the transfer of truck&bus loans amounting ₺6,3 billion and €134.4 million to Mercedes Benz Truck Financing A.Ş. on April 1, 2022, total assets decreased by 46.1% to ₺5.858 million, and net financing loans decreased by 56.1% to ₺4.345 million as of the first half of 2022 compared to the previous year end. Net interest income from financing activities, which was ₺136.7 million in the first 6 months of last year, decreased to ₺3.6 million as of 30 June 2022. In the first half of 2022, when operational expenses increased from ₺33,9 million to ₺66,3 million and provision expenses increased from ₺64,7 million to ₺121,7 million in the six-month comparison period, the operational profit which was ₺31,7 million on 30 June 2021 has turned into an operational loss of ₺184,7 million as of 30 June 2022. The company recorded a net period loss of ₺38,2 million in the first half of 2022, with the contribution of a total of ₺119 million other operating income from the general provision cancellation and special provisions resolved during the period and the interest income received from the banks and ₺27,4 million of deferred tax income (In the first half of 2021 net profit was ₺134,7 million).

Important factors to consider for the future change in ratings and/or outlook:

Positive:

- Decrease in funding costs,
- Diversification of funding sources with new debt instruments to be issued,
- Decline in market interest rates,

Negative:

- Loss of income due to the transfer of truck and bus loan portfolio,
- Aggressive market conditions created by low interest vehicle loans provided by banks,
- Depreciation of ₺ against foreign currencies,
- Additional restrictive regulations that the CBRT and BRSA may bring for the sector.

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