

## CREDIT RATING REPORT

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ISUER: MERCEDES-BENZ FINANSMAN TÜRK A.Ş.

ISSUE: -

CORE BUSINESS

VEHICLE FINANCE

NEW:

UPDATE:

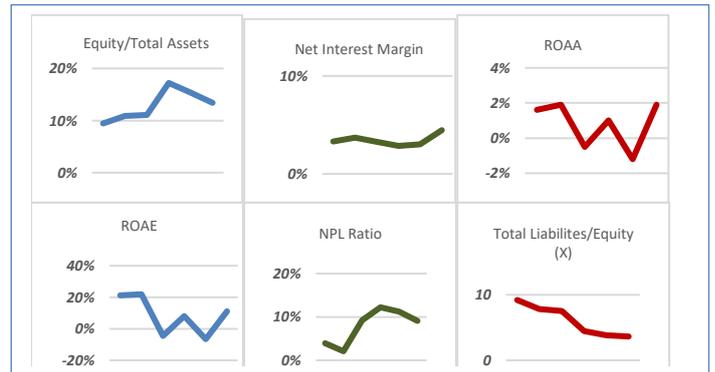
	RATINGS*					
	ISSUER RATING		OUTLOOK	ISSUE RATING		OUTLOOK
	LONG TERM	SHORT TERM		LONG TERM	SHORT TERM	
MERCEDES-BENZ FINANSMAN TÜRK A.Ş. Akçaburgaz Mah. Süleyman Şah Cad. No:6 34522 Esenyurt / İstanbul Tel: (0212) 866 65 65 <a href="http://www.mercedes-benz-finansalhizmetler.com">www.mercedes-benz-finansalhizmetler.com</a>	-	-	-	-	-	-
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 partners. 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. Although macroeconomic indicators, decreased penetration rates among MBFT's Mercedes Benz brand vehicles due to the rapid depreciation of ₺ and consumers who use vehicle loans prefer low-interest offering public banks, net interest margin which fell below the sector average by the end of 2020, suppresses the credit ratings; financing loans growing in both ₺ and € basis, increasing equity with the positive effect of profits for the period and rapid decline of NPLs were effective in affirming the credit ratings.

### Key Financial Data (million ₺)

	2017	2018	2019	2020	2021/6
Total Assets	8,077	7,609	5,277	6,957	8,874
Total Customer Loans (Net)	7,217	6,162	4,351	6,288	8,220
Financial Liabilities	6,866	6,343	4,045	5,179	6,497
Equity	878	841	908	1,070	1,190
Income from Customer Loans	667	866	799	649	543
Net Profit / Loss	152	-37	67	162	135



Istanbul, November 25th, 2021

#### Financial Data

June 30th, 2021

(Million ₺)

Total Assets	8,874
Total Cust. Loans (Gross)	8,658
Equity	1,190
Income from Cust. Loans	543
Total Financial Liab.	7,196
Net Profit/Loss	135

#### Financial Ratios

ROAA (%)	1.7
ROAE(%)	13.7
NPL Ratio (x)	5.1
Equity/Tot Assets (%)	13.4

### Ratings Rationale, Outlook and Important Factors for the Future:

The ratings affirmed by DRC RATING for MBFT are a reflection of the financial performance of MBFT, the strong shareholding structure, the supporting power and willingness of the partners. 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.

The rating reflects the Company's position in the vehicle finance companies, the strong market share of financed brands, cautious risk management and the power and willingness of the partners to provide full support to the Company when necessary. . Although macroeconomic indicators, decreased penetration rates among MBFT's Mercedes Benz brand vehicles due to the rapid depreciation of ₺ and consumers who use vehicle loans prefer low-interest offering public banks, net interest margin which fell below the sector average by the end of 2020, suppresses the credit ratings; financing loans growing in both ₺ and € basis, increasing equity with the positive effect of profits for the period and rapid decline of NPLs were effective in affirming the credit ratings.

DRC RATING has confirmed the outlook of MBFT's National Long-Term Rating as "Stable". Positive / negative factors were evaluated in determining the Outlook: The indirect main shareholder's power and willingness to provide financial support to the Company, the increase in the Company's operations in the passenger car and light commercial vehicle segment due to the decrease in market interest rates, the

balanced distribution of vehicle loans to customers throughout sectors, decreased collection risk due to successful performance in the collection of NPLs and cautious risk policies applied, vehicle loans extended for vehicles in the truck and bus segment will be transferred to Mercedes Benz Truck Finansman A.Ş. in 2022, which was established in 2021 within the framework of the strategic decision of Daimler AG, on the other hand lower interest rate vehicle loans provided by public banks, and depreciation of ₺ were also taken into consideration.

In the January-October 2021 period, the automotive sector's total market grew by 6.1% compared to the same period of the previous year. The commercial activities revived compared to the same period of last year, when the effects of the epidemic were intense and the consumers who want to be protected against the depreciation of the ₺. Especially the vehicles in the automobile segment, are the main factors in the growth of the automotive industry. Parallel to the growth in the automotive market, the Company assets increased by 27.6% compared to the first half of the previous year to ₺8,874 million in the first half of 2021, reaching their highest level in history. On the other hand, Company assets increased by 12.6% on a € basis to € 858 million. Despite NPLs rising by 4.9% to ₺438 million, net finance incomes increased by 30.7% to ₺8,220 million, reaching historical highs. In addition to the prudent credit risk policy adopted by MBFT since 2018, the increase in net financing loans was largely driven by Mercedes Benz vehicles whose prices were updated due to the depreciation in ₺. Even though operational expenses increased by 20.7% to ₺33.9 million, MBFT's operational loss, which was ₺160.9 million on 30 June 2020, has turned into operational profit ₺31.7 million as of 30 June 2021, mainly due to the decrease in provisions for NPLs. With the contribution of other operating incomes of ₺91.9 million, the first half of 2021 was closed with a net profit of ₺134.7 million (net loss of period is ₺59.6 million in the first half of 2020).

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

#### Positive:

- Net interest margin to rise above the sector average again,
- Decreasing in funding costs,
- Decreasing NPLs,
- Decreasing in market interest rates,

#### Negative:

- Income loss that will occur above expectations due to the transfer of half of the financing loans,
- Lower interest rate vehicle loans provided by public banks,
- Depreciation of ₺ against foreign currencies,



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