

**Corporate Credit Rating**  
(Annual Review)

**Leasing**

Vakif Leasing		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
National	Local Rating	BBB (Trk)	A-3 (Trk)	
	Outlook	Positive	Positive	
Sponsor Support		2	-	
Stand Alone		AB	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

VAKIF FİNANSAL KİRALAMA A.Ş. and ITS SUBSIDIARY						
Financial Data	1Q2015	2014*	2013*	2012*	2011*	2010*
Total Assets (000 USD)	490,277	518,160	500,660	453,932	318,032	374,342
Total Assets (000 TRY)	1,281,290	1,201,561	1,066,607	806,909	600,731	575,589
Equity (000 TRY)	109,050	104,972	109,114	107,400	100,410	86,127
Net Profit (000 TRY)	3,952	-3,822	1,348	5,416	14,459	17,442
Market Share (%)	3.64	3.69	3.75	3.98	3.23	3.65
ROAA (%)	0.09	0.08	-0.05	1.09	2.40	3.74
ROAE (%)	1.02	0.85	-0.42	7.39	15.14	22.36
Equity/Assets (%)	8.51	8.74	10.23	13.31	16.71	14.96
NPL (%)	10.85	10.93	12.04	8.07	5.89	11.98
Growth Rate (%)	9.90	12.65	32.18	34.32	4.37	66.48

\*End of year

\*Affirmed by Japan Credit Rating Agency, JCR on July 11, 2014

Senior Analyst: Gökhan IYIGUN/+90 212 352 56 74

gokhan.iyigun@jcrer.com.tr

**Overview**

**Vakif Finansal Kiralama A.Ş.** (hereinafter referred to as Vakif Leasing or the Company), is a partially owned subsidiary with a 58.71% stake of **Türkiye Vakıflar Bankası T.A.O.** (Vakıfbank or the Bank), a large-scale commercial bank capitalized mostly with public funds in Turkey, and is an affiliate of **Güneş Sigorta A.Ş.** with a 15.65% stake. Both shareholders are listed on the Borsa İstanbul (BİST). The Company was founded in 1988 to offer leasing services and was the first publicly traded leasing company listed on the BİST in 1991. As of 1Q2015, the free float rate was 22.53% of a TRY 65mn paid capital. The Company performs its activities through its headquarters and five branches in Ankara, Adana, İzmir, Bursa and Gebze as well as through the widespread branch network of Vakıfbank. The workforce was 54 as of 1Q2015.

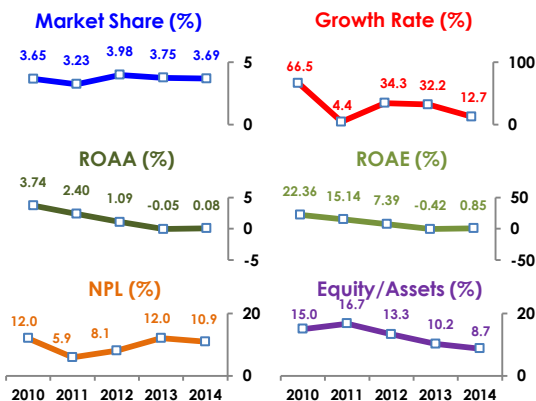
Vakif Leasing, with a total asset size of TRY 1.28bn, had a 3.64% market share in the Turkish Leasing Sector worth a total of TRY 35.21bn as of 1Q2015. The Company's subsidiary, **Vakif Sigorta Aracılık Hizmetleri Ltd.Şti.** is fully consolidated in its financial statements.

**Constraints**

- Profit generation capacity restrained through increasing provisions and volatilized through ascending other operating income along with improvements in the first quarter of the current year
- Continuously decreasing and below sector average internal equity generation capacity culminating in remarkably below sector equity level inherit in the bank related companies, despite meeting legal requirements
- Remarkably above sector average ratios of NPL and non-performing loans to equity, restraining asset quality despite improving NPL in the last year
- Intense competition throughout the sector
- Challenging market conditions leading to decreasing risk appetite of investors and risk of limited growth that might pressure profit margins through deteriorated debt-services capabilities of real sector firms

**Strengths**

- Permanent market efficiency, comparatively high market awareness, expanding branch network and reformed software infrastructure offering opportunity and foundation for future growths
- Long-term weighted borrowing structure in contrast to the sector configuration and high funding reserves, relieving liquidity management, positively contributing to risk level and enabling room for future growth
- High compliance with corporate governance principals as one of the few publicly traded leasing companies
- Strong and credible shareholding structure
- Advantages of being a bank-related company regarding access to funding sources, funding costs, customer base and network
- Improving and reaching to sector figure provisioning level, positively contributing to asset quality
- Rising sponsor support level of the Turkish Leasing Sector



Publication Date: June 08, 2015

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