

Structured Finance

Asset-Backed Securities (Preliminary Report)

SPV-Special Purpose Vehicle

Aktif Yatırım Bankası A.Ş. (7) No'lu Emek Varlık Finansman Fonu	
Type of Asset-Backed Securities	PTCs - Pay Through Certificates
Originator (Parent)	Aktif Yatırım Bankası A.Ş.
Servicer (Trade name)	Aktif Yatırım Bankası A.Ş.
Special Purpose Vehicle	Aktif Yatırım Bankası A.Ş. (7) No.lu Emek Varlık Finansman Fonu
Trustee	PTT A.Ş.
Promoter	Aktif Yatırım Bankası A.Ş.
Guarantor (2%)	Aktif Yatırım Bankası A.Ş.
Issuer	Aktif Yatırım Bankası A.Ş. (7) No.lu Emek Varlık Finansman Fonu
Custody	Merkezi Kayıt Kuruluşu A.Ş.
Transferor	Aktif Yatırım Bankası A.Ş.
Insurance Agencies for Obligors	MetLife Emeklilik ve Hayat A.Ş./Axa Hayat ve Emeklilik A.Ş.
Insurance Agencies for Investors	None
Issue Nom. Size/Aggregate Issuance	TRY254 mn (Aggregated)(in 17 separate tranches)
Interest rate	Between the range of risk-free Turkish government bonds+ (125 - 250 Basis Points)
Coupon %	No Coupon
Coupon Type	No Coupon
Payment Frequency- Principal	At maturity
Payment Frequency- Interest	At maturity
Tenor /Final Maturity	2.23 to 51.06 Months
Estimated Issue Date	17.01.2014
Average Life	564.98 Days

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Strengths

- Appropriateness of assets in the receivable pool for securitization in terms of their low level of default probability
- Effective matching of terms of receivables and disbursements to create an immune and liquid portfolio structure
- Homogeneous and multitudinous profile of obligors in the receivable pool lowering concentration risk
- Perfect track record and redemption performance of the past 6 issues of ABSs since October, 2011
- Facility through guaranteed amount by the originator maintained in the form of cash or Turkish government bonds in another bank
- Facility to be provided by the originator to replace the prepaid loans with identical ones abating prepayment risks
- Possible collection risk arising from the decease of the borrowers to be covered by life insurance policies

ABSs to be issued by "Aktif Yatırım Bankası A.Ş. (7) No'lu Emek Varlık Finansman Fonu"		Long Term	Short Term	
International Foreign Currency		BBB-	A-3	
National Local Currency		AAA(Trk)	A-1+(Trk)	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

*Assigned by Japan Credit Rating Agency, JCR on May 23, 2013

Overview

"Aktif Yatırım Bankası A.Ş. (7) No.lu Emek Varlık Finansman Fonu" (hereinafter referred as **Asset Finance Fund**, the **Fund** or **SPV**) is established for an infinite term by **Aktif Yatırım Bankası A.Ş. (Aktif Bank)** (the latest rating action by JCR-ER on May 31, 2013, denoting AA(Trk) Stable outlook in the Long Term National Scale) to issue asset-backed securities. As the first Turkish bank to issue bank bond, Aktif Bank has successfully arranged unsecured bond issuance cumulatively at the amount of **TRY9.1 bn** since 2009. The Bank has also realized 6 ABS issues of this type: in 7 tranches on October 20, 2011, in 8 tranches on January 27, 2012, in 10 tranches on May 2, 2012, in 15 tranches on September 28, 2012, 17 tranches on February 15, 2013 and 17 tranches on June 28, 2013.

Approved asset amount of the **Fund** is TRY300 mn and its originator is **Aktif Yatırım Bankası A.Ş.**, trustee is **PTT A.Ş.** (The General Directorate of Post and Telegraph Organization) and obligors are individual pensioners of Social Security Institutions.

Planned to be issued in 17 separate maturity tranches by a **pay-through mechanism** and without any seniority thereamong, ABSs (asset-backed securities) shall be sold at a discount on the nominal values to local qualified investors or investors domiciled abroad by invitation or private placement without any public offering.

Constraints

- Expanding swell of volatility in fixed income securities and benchmark interest rates through persisting unpredictability in national and global market dynamics – particularly affecting developing economies
- Although being the 7th consecutive issue of identical structure, the securities to be issued still lacking ubiquity in Turkish financial markets
- Regarding absence of waterfall structures, symmetrical risk profiles across the tranches impeding investor diversity

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