

Structured Finance

Asset-Backed Securities (Preliminary Report)

SPV-Special Purpose Vehicle

Aktif Yatırım Bankası A.Ş. (1) No'lu Varlık Finansmanı 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. (1) No'lu Varlık Finansmanı Fonu
Trustee	PTT A.Ş.
Promoter	Aktif Yatırım Bankası A.Ş.
Issuer	Aktif Yatırım Bankası A.Ş. (1) No'lu Varlık Finansmanı Fonu
Custody	Merkezi Kayıt Kuruluşu A.Ş.
Transferor	Aktif Yatırım Bankası A.Ş.
Risk Retainer	Aktif Yatırım Bankası A.Ş. (5% of the issue amount)
Insurance Agencies for Obligors	MetLife Emeklilik ve Hayat A.Ş./Axa Hayat ve Emeklilik A.Ş./Vakıf Emeklilik
Insurance Agencies for Investors	None
Issue Nom. Size/Aggregate Issuance	TRY197.85 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	2.96 to 50.92 Months
Estimated Issue Date	30.09.2014
Average Life	613.52 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 7 issues of ABSs since October, 2011
- Facility of credit risk retention mechanism through amounts to be purchased by the originator
- 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. (1) No'lu Varlık Finansmanı 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	-

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

Overview

"Aktif Yatırım Bankası A.Ş. (1) No'lu Varlık Finansmanı 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 20, 2014, 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 TRY13 bn since 2009. The Bank has also realized 7 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, 17 tranches on June 28, 2013 and 17 tranches on January 17, 2014.

Approved asset amount of the **Fund** is TRY200 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
- Although being the 8th 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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