

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	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
Registration	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	Finans Emeklilik ve Hayat A.Ş. Aegon Emeklilik Ve Hayat A.Ş.
Insurance Agencies for Investors	None
Issue Nom. Size/Aggregate Issuance	TRY628 mn (Aggregated)(in 18 separate tranches)
Coupon %	No Coupon
Coupon Type	No Coupon
Payment Frequency-Principal & Interest	At maturity
Tenor /Final Maturity	2.53 to 55.66 Months
Estimated Issue Date	May 13, 2020
Average Life	726.49 Days

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Strengths

- Appropriateness level of assets in the receivable pool in terms of their low level of default probability
- High immunity and liquidity level of portfolio structure attained through effective matching terms and few conditionalities
- Concentration risk lowered to minimum via homogeneous and multitudinous profile of obligors in the receivable pool
- Perfect track record and redemption performance of the past 14 issues of ABSs since October, 2011
- Regulatory requirement of 5% risk retention mechanism serving as an additional support component for the ABS investors
- 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 Local Currency		BBB-	A-3	
National Note		AAA(Trk)	A-1+(Trk)	
Sovereign*	Foreign Currency	BB+	-	
	Local Currency	BB+	-	
	Outlook	FC	Negative	-
		LC	Negative	-

* Assigned by Japan Credit Rating Agency, JCR on April 10, 2020

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 30, 2019, 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 TRY30 bn since 2009. The Bank has also realized 14 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, 17 tranches on January 17, 2014, 17 tranches on November 12, 2014, 10 tranches on December 15, 2016, 13 tranches on September 15, 2017, 15 tranches on December 8, 2017, 14 tranches on March 19, 2018, a single tranche on July 16, 2018 and 9 tranches on October 16, 2019.

Approved asset amount of the **Fund** is TRY800 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 18 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 qualified investors by invitation in domestic market 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
- The securities to be issued still lacking ubiquity in Turkish financial markets albeit being the 15th consecutive issue of identical structure
- Symmetrical risk profiles impeding investor diversity regarding absence of tranches and waterfall structures

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