

## Structured Finance Rating

### Asset Lease Certificates – Sukuk (*Preliminary Report*)

New Update

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#### Aktif Bank Sukuk Varlık Kiralama A.Ş. Lease Certificate Issue for YEDAŞ Electricity Distribution Investment Revenues

Type of Securities	Asset Lease Certificates - Sukuk
Asset Lease Company	Aktif Bank Sukuk Varlık Kiralama A.Ş.
Issuer	Aktif Bank Sukuk Varlık Kiralama A.Ş.
Originator	Yeşilirmak Elektrik Dağıtım A.Ş. (YEDAŞ)
1 <sup>st</sup> Musharik	Yeşilirmak Elektrik Dağıtım A.Ş. (YEDAŞ)
2 <sup>nd</sup> Musharik	Aktif Bank Sukuk Varlık Kiralama A.Ş.
Type of Sukuk	Sukuk al Musharaka <i>Contractual Partnership (Shirkat al-aqd)</i>
Specific Applicable Laws	- The CMB Communiqué "III-61.1 Kıra Sertifikalarını Tebliği" named "Lease Certificates" - Electricity Market Law No.6446
Trustee	Aktif Bank Sukuk Varlık Kiralama A.Ş.
Listing	Merkezi Kayıt Kuruluşu A.Ş.
Investment Bank	Aktif Yatırım Bankası A.Ş.
Takaful	None
Underlying Revenues / Assets	Electricity Distribution Investment Revenues over Regulated Asset Base
Issue Principal Size	TRY 135 million (aggregated in 6 tranches)
Expected Rate of Return	Differing between 10.25% to 13.50% (Annual)
Payment Frequency - Principal	At maturity
Payment Frequency - Return	At maturity
Tenor (Year)/ Final Maturity	3, 6, 9, 12, 15 and 18 Months
Expected Offering Date	June 26, 2020

## RATINGS

Aktif Bank Sukuk Varlık Kiralama A.Ş. TRY 135 million Lease Certificates		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	-
		LC	-
		Negative	-
		Negative	-

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

## Overview

"Aktif Bank Sukuk Varlık Kiralama A.Ş." (hereinafter to be referred as Asset Lease Company or 2<sup>nd</sup> Musharik) was established on April 22, 2013 for an infinite term by Aktif Yatırım Bankası A.Ş. (Aktif Bank) (the latest rating action by JCR-ER on June 2, 2020, denoting AA+(Trk) Stable outlook in the Long Term National Scale) solely to issue asset lease sukuk certificates.

The lease certificates issuance has been based on Electricity Distribution Investment Revenues over the Regulated Asset Base owned by Yeşilirmak Elektrik Dağıtım A.Ş. (YEDAŞ) through the Project (Subject of Partnership) of collection of electricity bills from individual consumers by incumbent supply company Yeşilirmak Elektrik Perakende Satış A.Ş. (YEPAŞ) and transfer of these amounts to the Originator, collection and monitoring of project revenues, and realization and management of electricity distribution investments within the framework of the investment program approved by EPDK (EMRA-Republic of Turkey Energy Market Regulatory Authority).

Within a framework of a contractual partnership based on a Sukuk al Musharaka structure, Yeşilirmak Elektrik Dağıtım A.Ş. (YEDAŞ) is the Originator and the 1<sup>st</sup> Musharik. Aktif Bank Sukuk Varlık Kiralama A.Ş. is the Issuer, Trustee and the 2<sup>nd</sup> Musharik. The Project Revenues have already been accrued and construction of the assets regarding the revenues has already been completed within the relevant applicable law.

The lease certificates to be issued will be offered to qualified investors.

## Strengths

- Regulated Asset Base constituting the baseline for the Project Revenues already having been completed & owned by the Originator
- Cash inflows secured to a great extent through EPDK approval for the investment and CPI-linked revenues and homogeneous & multitudinous profile of individual invoice payers
- Existence of an assignment agreement to establish rights for the ALC to predetermined parts of revenues flowing to YEDAŞ
- Surplus OC over committed one
- Originator, with regard to performance of 1<sup>st</sup> Musharik title, possessing necessary expertise, sufficient know-how and management skills to manage the project revenues with high collection capacity of invoices supported by vitality of electricity usage
- ALC, with regard to the performance of its 2<sup>nd</sup> Musharik title, possessing a structure and experience to act to the favor of the investors
- Absence of any encumbrances on the project of any restrictive or qualifying kind whatsoever

## Constraints

- Recourse facility being limited to the proceeds of the assets and not to cover any other obligors in that related institutions under Calik Group will not have any obligation regarding repayment of the Sukuk certificates and repayment is only linked to collection performance of the project revenues whereof any institution under Calik Group will not consolidate
- Project revenues partially exposed to market risk
- Symmetrical risk profiles across the LC tranches and absence of secondary market impeding investor diversity
- Narrow scope and diversity of default events