

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

Publication Date: September 15, 2014

"Global Knowledge supported by Local Experience"

I. Rating Rationale

This preliminary rating report has been based on the information, documents and assumptions provided by the issuer prior to the issue and does not reflect the final ratings as it shall become definitive and acquiesced as the final rating report provided that the planned issue be materialized in line with the ratiocinations in this report. Otherwise, it should be noted by the investors that JCR-ER shall reassess undergoing amendments in the terms of the issue and their effects therein.

ABSs, of which “Aktif Yatırım Bankası A.Ş.” has been originator and parent, to be issued with a pay-through mechanism by “Aktif Yatırım Bankası A.Ş. (1) No’lu Varlık Finansmanı Fonu” are the debt securities secured by the assets in the Fund portfolio.

This issue, bearing similar attributes with those of 7 prior ones realized on October 20, 2011, January 27, 2012, May 2, 2012, September 28, 2012, February 15, 2013, June 28, 2013 and January 17, 2014 is based on a receivable pool consisting of identical loans of Aktif Yatırım Bankası A.Ş. and also by the participation of the identical parties with identical legal statuses.

In addition to performance of analyses by JCR-ER of parent, portfolio, static pool and collateral within the framework of credit risk and liquidity risks which are included in this structuring and issuing process, such macroeconomic risks as the general outlook of the economy and market variables were analyzed as well within the content of sovereign risks. Within the counterparty risk analysis, analyses of all parties, particularly of the servicer, were performed. Planned transaction structure and documents were also evaluated in terms of legal risks.

Assets of “Aktif Yatırım Bankası A.Ş. (1) No’lu Varlık Finansmanı Fonu” cannot be pledged, collateralized, confiscated for the purpose of collection of public receivables, subject to preliminary injunction or included within bankruptcy estate for any purpose whatsoever until the ABSs are redeemed.

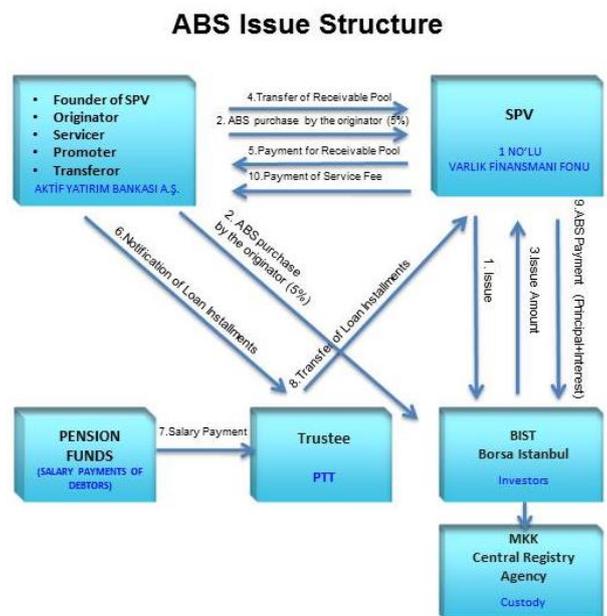
The probability of default risk for payments is reduced through the homogeneous structure and multitudinous profile of the loans which constitute the receivable pool content, the low level of risk concentrations, the pool’s immunity to interest and exchange risks, the high collectability and existence of life insurance policies to cover risks in case of any deceases of obligors. Additionally, homogeneity of the assets in the receivable pool creates a symmetry in the risks that ABS tranches

denote and hence that of expected returns. Though on one hand this symmetry eases the management of the pool, it impedes the differentiation of price (interest) and investor on the other.

Delinquencies are expected to be reduced through sufficiency of the originator and trustee in terms of infrastructure and human resources as well as an effective internal structuring of the SPV to contribute to the performance of its obligations toward ABS investors. Based on these grounds, the ABSs to be issued by “Aktif Yatırım Bankası A.Ş. (1) No’lu Varlık Finansmanı Fonu” were assessed with a very low level of risk category, and were rated as “AAA” (Trk) on the National scale and “BBB-“ on International Foreign Currency scale, as the latter is limited by the recently upgraded country ceiling.

II. Type of Asset-Backed Securities to be Issued & Transition Structure

ABSs to be issued are of a type of pay-through certificates. “Aktif Yatırım Bankası A.Ş.” shall not bear any obligation for loan installments in the principal amount of TRY158,638,818. Additionally, the installments shall not be maintained within the assets of “Aktif Yatırım Bankası A.Ş.” and shall be irrevocably transferred to the SPV “Aktif Yatırım Bankası A.Ş. (1) No’lu Varlık Finansmanı Fonu”. The outline of the ABS issue structure is shown in the diagram below:



As ownership of the assets in the portfolio belonging to the investors, securities shall be issued based on a pool

with similar attributes in terms of maturity, interest rate and asset quality.

Asset-backed securities, based on the assets in this receivable pool, to be issued in 17 tranches in the nominal value of TRY197,850,000, including interest accruals of TRY30,860,819, between the period December 29, 2014 and December 28, 2018 shall be encashed by “Aktif Yatırım Bankası A.Ş. (1) No’lu Varlık Finansmanı Fonu” and quoted on the Borsa İstanbul (BIST), bearing an expected interest rate between risk-free Turkish government bonds + 125 and 250 BPS spread. Details of the securities in the 17 tranches are shown in the following table:

Estimated Date of Issue	30.09.2014				
Code Of Securities	Maturity	Nominal	Principals	Interest	Days
VDMK_29_12_2014	29.12.2014	14,100,000	13,773,622	326,378	90
VDMK_27_03_2015	27.03.2015	20,150,000	19,193,401	956,599	178
VDMK_29_06_2015	29.06.2015	19,000,000	17,617,549	1,382,451	272
VDMK_30_09_2015	30.09.2015	17,950,000	16,200,361	1,749,639	365
VDMK_29_12_2015	29.12.2015	17,350,000	15,244,431	2,105,569	455
VDMK_31_03_2016	31.03.2016	16,550,000	14,149,474	2,400,526	548
VDMK_29_06_2016	29.06.2016	15,150,000	12,614,344	2,535,656	638
VDMK_29_09_2016	29.09.2016	14,000,000	11,345,219	2,654,781	730
VDMK_29_12_2016	29.12.2016	13,650,000	10,748,727	2,901,273	821
VDMK_29_03_2017	29.03.2017	12,150,000	9,329,989	2,820,011	911
VDMK_29_06_2017	29.06.2017	8,900,000	6,661,309	2,238,691	1,003
VDMK_29_09_2017	29.09.2017	6,400,000	4,664,723	1,735,277	1,095
VDMK_29_12_2017	29.12.2017	6,200,000	4,414,257	1,785,743	1,186
VDMK_29_03_2018	29.03.2018	6,000,000	4,172,360	1,827,640	1,276
VDMK_29_06_2018	29.06.2018	5,150,000	3,489,186	1,660,814	1,368
VDMK_28_09_2018	28.09.2018	3,150,000	2,081,615	1,068,385	1,459
VDMK_28_12_2018	28.12.2018	2,000,000	1,288,614	711,386	1,550
TOTAL		197,850,000	166,989,181	30,860,819	613.52 (AVERAGE DAYS)

The average maturity of the securities in the 17 tranches is 613.52 days. Cash flow matching of dates of loan installments in the receivable pool and maturity dates of nominal values of the ABSs to be disbursed to investors is attained throughout the structure.

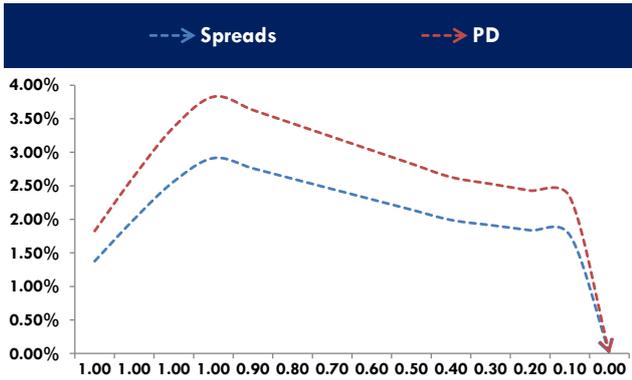
On the other hand, when comparing the current interest rates of government bonds with similar maturities, which are assumed to be risk-free, and these ABSs planned to be issued by the Fund with yields between 125 and 250 BPS over the risk-free government bonds, there arise the spreads as seen in the following table:

From spreads to one-year PDs					
Rates	Continuously compounded	Yearly compounded	Rates	Continuously compounded	Yearly compounded
Risk-free	8.93%	9.35%	Risk-free	8.92%	9.33%
Risky	10.78%	11.38%	Risky	12.36%	13.16%
Spread	1.85%	2.04%	Spread	3.44%	3.83%
k=(1-LGD)	PD		k=(1-LGD)	PD	
0%	1.829%		0%	3.382%	
Rates	Continuously compounded	Yearly compounded	Rates	Continuously compounded	Yearly compounded
Risk-free	9.01%	9.43%	Risk-free	8.93%	9.34%
Risky	11.70%	12.41%	Risky	12.84%	13.70%
Spread	2.69%	2.98%	Spread	3.91%	4.36%
k=(1-LGD)	PD		k=(1-LGD)	PD	
0%	2.652%		0%	2.832%	

The larger the spreads, the higher the PDs calculated for the ABSs.

From PDs to (continuously compounded) spreads			
PD	k	LGD=1-k	Spreads
1.83%	0.00%	100.00%	1.85%
2.65%	0.00%	100.00%	2.69%
3.38%	0.00%	100.00%	3.44%
3.83%	0.00%	100.00%	3.91%
3.83%	10.00%	90.00%	3.51%
3.83%	20.00%	80.00%	3.11%
3.83%	30.00%	70.00%	2.72%
3.83%	40.00%	60.00%	2.33%
3.83%	50.00%	50.00%	1.93%
3.83%	60.00%	40.00%	1.54%
3.83%	70.00%	30.00%	1.16%
3.83%	80.00%	20.00%	0.77%
3.83%	90.00%	10.00%	0.38%
3.83%	100.00%	0.00%	0.00%

As a matter of fact, considering the LGD (Loss Given Default) values estimated to arise regarding distinct values between 100% and 0%, PDs fall in the scenario of decreasing spreads.



Depending on the calculations between benchmark interest rates predicated on by JCR-ER for A category debt securities in Turkey and specified interest rates of the ABSs to be issued, EL (Expected Loss) values are acceptable and consistent with peer groups assigned with high rating grades.

	1 year	2 years	3 years	4 years
Treasury (Risk Free)	8.93%	9.01%	8.92%	8.93%
Rating A category (JCR-ER Benchmark Level)	9.63%	9.71%	9.67%	9.73%
Spread	0.70%	0.70%	0.75%	0.80%
EL-Expected loss rates	0.70%	1.39%	2.22%	2.37%
	1 year	2 years	3 years	4 years
Risky	10.78%	11.70%	12.36%	12.84%
Rating A category (JCR-ER Benchmark Level)	9.63%	9.71%	9.67%	9.73%
Spread	1.15%	1.99%	2.69%	3.11%
EL-Expected loss rates	1.14%	3.90%	7.75%	8.90%
Difference	0.44%	2.51%	5.53%	6.53%

III. Parties of the Securitization

a) Originator, Parent, Promoter & Servicer Quality

Aktif Yatırım Bankası A.Ş. is the originator, parent, servicer, promoter, transferor and risk retainer throughout this ABS process.

JCR Eurasia Rating affirmed the investment grade rating note of **AA (Trk)** in the Long Term National scale with a Stable outlook of Aktif Yatırım Bankası A.Ş.. On the other hand, the Long Term International Foreign

Currency grade was limited by the country ceiling of **BBB-**.

Aktif Bank, incorporated as an investment bank under the name Çalık Yatırım Bankası A.Ş. in July, 1999 as a subsidiary of Çalık Holding, one of the prominent conglomerates in Turkey with stakes in various industries with a primary focus in the construction, textiles, finance, media, telecom, energy and mining sectors and changing its title to Aktif Yatırım Bankası A.Ş. in August, 2008 in line with its redefined strategy, has displayed exceptional performance in all core banking activities and posted significant growth rates during the previous five years. Thanks to its comprehensive and innovative projects based on information technologies and alternative service channels, the Bank enlarged its geographical outreach to areas where its own branch network has not yet been established. The Bank's process of generating internal equity based on the efficiency continued during 2013. As of FYE2013, the asset size of Aktif Bank was TRY5.09 bn (FYE2012: TRY3.52 bn on solo basis) and its capital adequacy ratio was 13.23% (FYE2012: 12.34%).

With regard to the service agreement between the Fund Board and Aktif Bank, the latter shall pursue repayments of loans in due time and transfer these funds to the accounts of the Fund, perform all administrative duties including insurance, tax, etc., supervise and monitor the obligors' solvencies and make the necessary notifications when required, report all activities to the Fund Board, which might pertain to the cash flows, offer services of IT, legal advisory, accounting, operations, custody and in other managerial fields to the Fund, invest the balances in the Fund's accounts in line with instructions by the Fund, and perform other duties to be assigned by capital market legislation and CMB regulations.

As a parent entity during this ABS process, Aktif Bank shall redeem the assets for substitution in the event that the assets to be transferred to the SPV are subsequently determined to violate appropriate qualifications stated in the Fund Rules. However, Aktif Yatırım Bankası A.Ş. shall not bear any obligation for loan installments in a principal amount of TRY158,638,818, which are subject to securitization, not to be maintained within the assets of Aktif Yatırım Bankası A.Ş. and to be irrevocably transferred to the SPV "**Aktif Yatırım Bankası A.Ş. (1) No'lu Varlık Finansmanı Fonu**".

With regard to fulfilling its servicer status, Aktif Bank has the adequate experience, human resources, and

management and information technologies to perform daily managerial duties of the assets in the SPV's portfolio although the securities to be issued are not ubiquitous in Turkish financial markets.

Aktif Bank, in a risk retainer status, will purchase 5% of each tranche to be issued by "**Aktif Yatırım Bankası A.Ş. (1) No'lu Varlık Finansmanı Fonu**" within the context of credit risk retention mechanism. Parts of the disbursements in the redemption dates of the ABS tranches corresponding to the ABSs to be held by Aktif Yatırım Bankası A.Ş. in this regard will be realized provided that sufficient balance exists in the Fund's assets after all of the disbursements are made to the all of the other ABS holders of the same tranche.

b) Special Purpose Vehicle

SPVs in Turkey are identified under the name "Asset Finance Fund" in the relevant legislation. Asset finance fund is a separate property which is formed with the proceeds of ABSs issued, in accordance with the principle of fiduciary ownership. Funds must be established within the borders of the Republic of Turkey without any legal entity. Fund assets are separate from those of the Founder, servicer and other originators. In the ABS issue process based on the assets of Aktif Yatırım Bankası A.Ş., "**Aktif Yatırım Bankası A.Ş. (1) No'lu Varlık Finansmanı Fonu**" has a SPV status. The Fund submitted an application to SPK (CMB-Capital Market Board) on March 7, 2014 for establishment with a property of TRY200 mn for an infinite term and management by a pay-through mechanism.

Sufficient location, technical facilities, organizational structure and human resources have been designated for the management of assets in the Fund portfolio and ABS. In this respect, the founding bank established a Fund board of 3 members including an independent member. Mr.Veyssel ŞAHİN, Mr.Kagan CANDAN and Mr.Murat BARLAS were assigned as Fund board members and Mr.Ercan TAŞKESEN as Fund auditor. In addition, Aktif Yatırım Bankası A.Ş. was determined as operations manager.

Board members meet conditions of university graduation with at least five years of experience in banking or capital markets fields and dignified characteristics required to become a board member. Additionally, at least one of them holds a "Capital Market Activities Advanced Level License" and "Derivative Instruments License" in accordance with the Board licensing regulations.

"**Aktif Yatırım Bankası A.Ş. (1) No'lu Varlık Finansmanı Fonu**", as a SPV, set up internal control system procedures, bookkeeping, the organization for documentation and safekeeping of the information and documents. In implementation phase, JCR-ER's opinion that these systems shall function effectively is further strengthened by the performance in the previous 7 issues.

It is decided in the Fund regulations that "**Aktif Yatırım Bankası A.Ş. (1) No'lu Varlık Finansmanı Fonu**" can utilize loan for cash management purposes on behalf and account of the Fund.

c) Trustee

Collections regarding loan receivables which secure ABSs to be issued by "**Aktif Yatırım Bankası A.Ş. (1) No'lu Varlık Finansmanı Fonu**" are deposited in PTT A.Ş.. The source of these collections is the monthly pensions disbursed by social security institutions to accounts of pensioners. Under an agreement with PTT A.Ş., the pension amounts are deposited by SSK and Bag-Kur in PTT A.Ş. to the individual pensioner accounts throughout Turkey. Thus, payment redirection risk regarding pensioners' right to claim individually to redirect their pensions to institutions other than PTT A.Ş. is eliminated.

The transactions of collecting the loan installment amounts from the pensions and transferring these to postal cheque account of the Fund are performed by PTT A.Ş. as the trustee. The contracts signed with the pensioners include a written engagement that obligors are not permitted to transfer their pensions to another bank during the term of the loan.

Pursuant to a file of loan installment payments to be submitted by Aktif Bank, PTT A.Ş. shall initially collect the amount of loan installment from the pensions and by precluding the withdrawal of this amount by the obligor (including weekends) shall transfer these amounts collectively to the Fund postal cheque account. In addition, PTT A.Ş. shall transfer to Aktif Bank the end-of-day event file which relates to the collections of loan installments and the transfer of these to the Fund account.

d) Risk Retainer

Within the content of the credit risk retention mechanism, the originator, in a risk retainer status, will purchase 5% of each tranche to be issued by "**Aktif Yatırım Bankası A.Ş. (1) No'lu Varlık Finansmanı**

Fonu". Parts of the disbursements in the redemption dates of the ABS tranches corresponding to the ABSs to be held by Aktif Yatırım Bankası A.Ş. in this regard will be realized provided that sufficient balance exists in the Fund's assets after all of the disbursements are made to the all of the other ABS holders of the same tranche.

It is believed that Aktif Yatırım Bankası A.Ş. has the relevant and adequate financial strength and reputation with respect to functionality and performance of this mechanism.

e) Transferor

Cash flows and transfers of foreign investors regarding the ABSs to be issued by "Aktif Yatırım Bankası A.Ş. (1) No'lu Varlık Finansmanı Fonu" shall be implemented by Aktif Yatırım Bankası A.Ş.. Therefore, Aktif Yatırım Bankası A.Ş. becomes a transferor.

f) Custody

Assets other than deposits, receivables and loans in the portfolio of the SPV "Aktif Yatırım Bankası A.Ş. (1) No'lu Varlık Finansmanı Fonu" shall be under the custody of MKK (Central Registry Agency) within a custody agreement.

According to the Social Security Law no. 506 and Bag-Kur Law no. 1,479, pensions cannot be distrained as a rule except alimony, public social security premium receivables and excessive salary payments by mistake. In the event of distraintment due to alimony, there is no limitation as the alimony is determined by court considering the financial strengths of the parties. Therefore, the only probabilities for the existence of alimony receivables and public receivables constitute a default event regarding the loan installments to be paid from pensions. However, in judicial practice in Turkey, sometimes distraintment for pensions is implemented for cases other than alimony when the laws are construed differently. In the event of deceases of pensioners, the level of default risk is covered through life insurance policies.

In such a case, on the other hand, insurance companies' willingness to compensate and their strengths become important. Risk levels of "MetLife Emeklilik ve Hayat A.Ş." (an affiliate of MetLife), "Axa Hayat ve Emeklilik A.Ş." and Vakıf Emeklilik which insured the receivable pool have not been assessed by JCR-ER. In this respect, TUIK (TurkStat-Turkish Statistical Institute) data was used to evaluate probabilities of default to be reflected by mortality rates of the age groups in Turkey in the receivable pool.

IV. Type of Assets in the Receivable Pool/Collateral

a) Credit Quality of the Securitized Assets

The receivable pool is constituted of retail and consumer loans utilized by 23,831 pensioners within Social Security Law no. 506 and Bag-Kur Law no. 1,479. The amount of loans in the receivable pool shall be completely repaid in installments between November 16, 2014 and December 28, 2018 within 1,503 days. The number of loans are 29,888 and the principal amount of loans is TRY158,638,818. A loan interest amount of TRY39,299,956 shall be collected from this receivable pool until December 28, 2018. 98.66% of these receivables are to be deducted from the pensions paid by Social Security Institution named SSK and the remaining by Bag-Kur.

The average loan installment amount per obligor is TRY249.94 and the average loan amount is TRY8,305.94. These low amounts ensure the payment and collection facilities for both obligors and receivable pool and indicate a significantly low level of risk concentration.

Expected Default Rate of Receivables Pool			
Age Group Of	Obligors	Obligors	Obligors
Obligors	(Male)	(Female)	Total
	PD	PD	PD
0-25	0.000%	0.000%	0.000%
26-40	0.001%	0.000%	0.001%
41-50	0.065%	0.011%	0.076%
50-60	0.270%	0.033%	0.303%
60-65	0.064%	0.023%	0.087%
66-Above	0.000%	0.000%	0.000%
TOTAL	0.4003%	0.0670%	0.4673%

The probability of default risk shall be **0.4673%**, which is very low even in the event that life insurance becomes nonfunctional. In conclusion, the receivable pool portfolio risk is considerably low.

Additionally, the quality of the assets which constitute the receivable pool is substantially high and these assets are appropriate for securitization for the following reasons:

- Homogeneous maturities,
- Multitudinous profile,

- Payments realized in installments and identical installments,
- Similarity of creditworthiness of obligors,
- Large receivable portfolio with fixed interest rate,
- Determinate cash flows, consistency of the disbursements regarding securities and their high predictability level,
- Well defined repayment schedule.

Likewise, geographical distribution concentration and obligor distribution concentration are negligible. Borrower profile is homogeneous to a great extent. With respect to these, the credit risk of the pool is considerably low.

Assets of the Fund cannot be pledged, collateralized, confiscated even for the purpose of collection of public receivables, subject to preliminary injunction and included within bankruptcy estate for any purpose whatsoever until the ABSs are redeemed.

In cases where the Fund experiences repayment difficulties, the board may request that the members of the Fund board be changed. In cases where repayment difficulties continue, the board may decide for the Fund to be transferred to another founder. In cases where the transfer to another founder is not possible, the board may decide that the management and representation of the Fund may be executed by the Investors Protection Fund or by another Fund board to be appointed. In such cases, where the first founder has provided the guarantee, the founder shall still be obliged to pay the portion of the ABS which cannot be met by the Fund assets in a timely and precise manner.

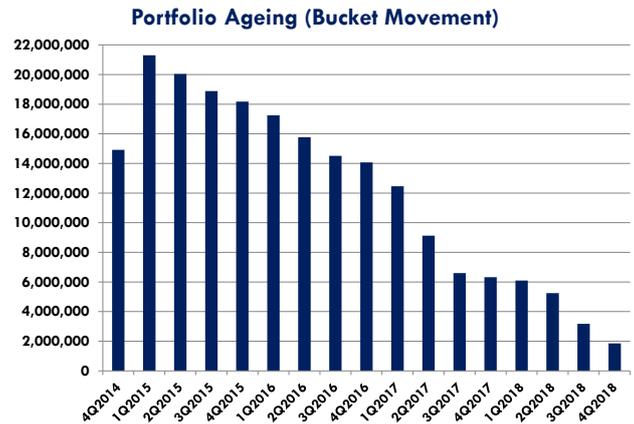
These legal regulations are components which improve the payment safety and capability of the receivable pool.

b) Collection Efficiency

The collections of the retail loans in the receivable pool are to be realized via deductions from the obligors' monthly pensions received from social security institutions namely SSK and Bag-Kur. SSK and Bag-Kur shall deposit the pensions in PTT A.Ş. and the installments are to be deducted by PTT A.Ş. to be transferred to the postal cheque account of the Fund. The fact that the pensions are to be deposited each month automatically improves the collection efficiency.

c) Portfolio Ageing (Bucket movement)

The installment amounts of the receivables within the portfolio follow a downward sloping trend following the first tranche as they are aged in three-month periods.



The concentration in the initial periods (with the exception of the first period) within a total of 1,503 days provides the SPV with a substantial liquidity facility.

d) Prepayments

The monthly installments of the loans in the receivable pool and their payment dates are fixed at the loan utilization stage although prepayments regarding the obligors are allowed. Existence of a provision in the Fund's regulations allowing the replacement of prepaid loans with identical earning assets further curbs the prepayment risk even in case of prepayments. On the other hand, pre-collections regarding investors during this ABS issue process is not a mechanism planned to be utilized notwithstanding the originator's capability to do so.

e) Collateral Analysis

The monthly pensions from the social security institutions constitute the collaterals for the assets included as loans in the receivable pool. Other than the deceases of the obligors during the terms of the loans, the functionality of these collaterals shall be effectively maintained. In the event of any decease, the collateral function shall be realized by creditworthiness and financial strengths of "MetLife Emeklilik ve Hayat A.Ş." (an affiliate of MetLife), "Axa Hayat ve Emeklilik A.Ş." and Vakıf Emeklilik within the content of life insurance policies. However, the risk level and financial strength of these life insurance companies have not been assessed by JCR-ER. In the event that

parts of assets included as loans in the receivable pool are determined to be inappropriate, Aktif Bank shall redeem the assets for substitution. This function of Aktif Bank was also assessed as the collateral of the receivable pool.

Information relating to the amount by which the assets in the portfolio are insured and the part of which is ceded to the reinsurer could be obtained partially. Based on this information, diversification of risks is also attained to a great extent considering conservation criteria and general retention ratios and policies of the insurance companies.

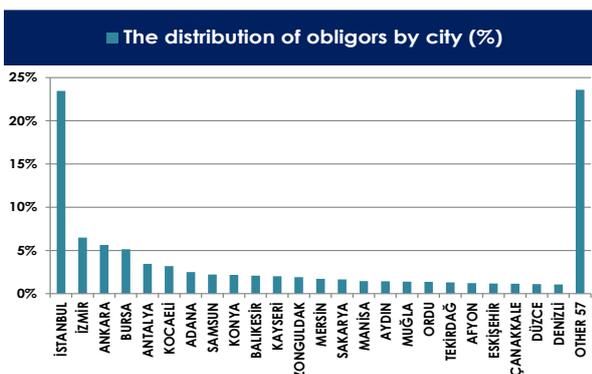
The fact that the originator, in a risk retainer status, will purchase 5% of each tranche to be issued by “Aktif Yatırım Bankası A.Ş. (1) No’lu Varlık Finansmanı Fonu” is another support component for the ABS investors.

Parts of the disbursements in the redemption dates of the ABS tranches corresponding to the ABSs to be held by Aktif Yatırım Bankası A.Ş. in this regard will be realized provided that sufficient balance exists in the Fund’s assets after all of the disbursements are made to the all of the other ABS holders of the same tranche – hence improving the functionality and protection of the credit risk retention mechanism.

On the other hand, interest revenues expected to accumulate within “Aktif Yatırım Bankası A.Ş. (1) No’lu Varlık Finansmanı Fonu” reserve account were assessed as an additional guarantee component for ABS investors.

V. Obligor Credit Quality

The numbers of the loans in the receivable pool are 29,888, which were utilized by individual pensioners of SSK and Bag-Kur in 81 cities in Turkey. The geographical distribution is mainly concentrated in Istanbul by a rate of 23.45% in terms of the amount of the loans including interest and the distribution by city is shown in the following graph:



In consequence, geographical distribution is concentrated in big cities, particularly in Istanbul.

It is believed that the obligors are homogeneous to a certain extent, do not fall under high income brackets and shall not attempt to have additional financial risk appetite although their individual risk profiles were not analyzed. 75.52% of the loans were utilized by male pensioners and the remaining 24.48% by female pensioners.

Loan Distribution			
Age Group Of Obligors	Male	Female	Total
0-25	0.00%	0.00%	0.00%
26-40	1.44%	0.47%	1.92%
41-50	29.05%	9.20%	38.25%
51-60	40.49%	11.18%	51.67%
61-65	4.54%	3.62%	8.16%
66-Above	0.00%	0.00%	0.00%
TOTAL	75.52%	24.48%	100.000%

The above distribution is expected to curb the risk level in deceases.

VI. Credit Enhancement

As for internal and external credit enhancement mechanisms, the following structures were not constituted for this issue:

- ✓ Senior Subordinated Structure/Waterfalls
- ✓ Overcollateralization
- ✓ Standby Letter of Credit
- ✓ Recourse to Seller
- ✓ Surety Bond
- ✓ Pool Insurance

Aktif Yatırım Bankası A.Ş., as the originator, extends the risk retention facility for 5% for the ABSs to be issued. Additionally, as a result of cash flows over the course of time, the reserve account to be developed through the spread account with interest revenues shall constitute additional collateral for ABS. The amount that the reserve account shall reach by December 28, 2018 with 7% interest income is expected to be TRY2.01 mn.

Code Of Securities	Reserve Account / Nominal Value of Securities Issued		Reserve Account-TRY (*)
	For each issue	Cumulative	
VDMK_29_12_2014	0.49%	0.49%	68,483.86
VDMK_27_03_2015	0.69%	1.17%	167,669.66
VDMK_29_06_2015	1.42%	2.11%	163,800.67
VDMK_30_09_2015	1.69%	3.11%	158,634.73
VDMK_29_12_2015	2.42%	4.12%	155,774.36
VDMK_31_03_2016	2.81%	5.23%	151,902.67
VDMK_29_06_2016	3.88%	6.69%	146,996.06
VDMK_29_09_2016	4.37%	8.25%	141,169.33
VDMK_29_12_2016	5.11%	9.48%	139,500.31
VDMK_29_03_2017	6.61%	11.72%	130,201.35
VDMK_29_06_2017	10.63%	17.24%	110,204.14
VDMK_29_09_2017	14.76%	25.39%	90,308.39
VDMK_29_12_2017	12.86%	27.61%	87,435.68
VDMK_29_03_2018	17.21%	30.07%	92,230.06
VDMK_29_06_2018	19.50%	36.71%	86,357.48
VDMK_28_09_2018	42.78%	62.28%	71,199.62
VDMK_28_12_2018	57.97%	100.75%	53,119.01
(*) Calculated assuming 7% interest p.a.		Total	2.014.987,38

The closer the maturity, the higher safety level to be achieved by these reserve accounts.

VII. Issue details

The issue process has been designated as follows:

- ABSs representing the Fund amount to be sold to local qualified investors or investors domiciled abroad by invitation or private placement without any public offering
- ABSs to be traded in Borsa Istanbul's Offerings Market for Qualified Investors
- ABSs sales to be realized through the intermediation of Aktif Yatırım Bankası A.Ş.
- ABSs not to be printed and delivered physically and to be traced by MKK as dematerialized securities on a customer basis
- ABSs may be sold to the founder Aktif Bank upon its acceptance or request
- ABSs to be sold as discounted on their nominal values
- Transfer of cash flows in the same day received through loan installments to the accounts of "Aktif Yatırım Bankası A.Ş. (1) No'lu Varlık Finansmanı Fonu" without any suspension
- Transfer of ABS values by the Fund to the accounts of investors at maturity dates

VIII. Payment Structure and Cash Flow Mechanics

"Aktif Yatırım Bankası A.Ş. (1) No'lu Varlık Finansmanı Fonu" shall transfer to Aktif Yatırım Bankası A.Ş. the ABSs values of TRY166,989,181 (nominal: TRY197,850,000) to be issued in 17 tranches by collecting the amounts from investors in exchange for the loans it would acquire.

Code Of Securities	Maturity	Nominal TRY	Principal TRY
VDMK_29_12_2014	29.12.2014	14,100,000	13,773,622
VDMK_27_03_2015	27.03.2015	20,150,000	19,193,401
VDMK_29_06_2015	29.06.2015	19,000,000	17,617,549
VDMK_30_09_2015	30.09.2015	17,950,000	16,200,361
VDMK_29_12_2015	29.12.2015	17,350,000	15,244,431
VDMK_31_03_2016	31.03.2016	16,550,000	14,149,474
VDMK_29_06_2016	29.06.2016	15,150,000	12,614,344
VDMK_29_09_2016	29.09.2016	14,000,000	11,345,219
VDMK_29_12_2016	29.12.2016	13,650,000	10,748,727
VDMK_29_03_2017	29.03.2017	12,150,000	9,329,989
VDMK_29_06_2017	29.06.2017	8,900,000	6,661,309
VDMK_29_09_2017	29.09.2017	6,400,000	4,664,723
VDMK_29_12_2017	29.12.2017	6,200,000	4,414,257
VDMK_29_03_2018	29.03.2018	6,000,000	4,172,360
VDMK_29_06_2018	29.06.2018	5,150,000	3,489,186
VDMK_28_09_2018	28.09.2018	3,150,000	2,081,615
VDMK_28_12_2018	28.12.2018	2,000,000	1,288,614
TOTAL		197,850,000	166,989,181

The collections of the retail loans in the receivable pool to be realized by PTT A.Ş. via deductions from the monthly pensions received from social security institutions shall be transferred to the postal cheque account of "Aktif Yatırım Bankası A.Ş. (1) No'lu Varlık Finansmanı Fonu" within PTT A.Ş..

"Aktif Yatırım Bankası A.Ş. (1) No'lu Varlık Finansmanı Fonu" shall receive interest revenue by depositing these amounts in the banks until the maturity dates of the ABSs which it shall issue. By an assumption of 7% interest on TRY deposits, the interest income to be earned until the transfer days of loan installments to ABS investors is figured at TRY2.01 mn.

At the maturity dates of the ABSs, the amounts accumulated through the collections of the loan

installments in the receivable pool shall be disbursed to ABS investors on nominal values.

The SPV shall also pay the following commissions and fees, which do not exceed current market prices:

- An amount of TRY50,000 to Aktif Yatırım Bankası A.Ş. for service fees,
- An annual amount of TRY6,000 to the operations manager Aktif Yatırım Bankası A.Ş.,
- An annual amount of 0,005% (five in hundred thousand) to MKK,
- A total amount of nearly TRY120,000 to the independent audit firm and rating agency for the four years,
- An amount of nearly TRY250,000 to SPK for registration fees,
- An amount of nearly TRY50,000 to Aktif Bank for intermediation commission.

IX. Legal and Regulatory Risks and Documentation Review

The Communiqué Serial: III, No:58.1 named “Principles Regarding Asset and Mortgage Backed Securities” published in the Official Gazette dated January 9, 2014 and No: 28877 and issued under the Capital Market Law dated 28/7/1981, no.2499 forms the legal ground of the ABSs to be issued. ABSs are debt securities issued as secured by the assets in the fund portfolio. As a principle, payments to ABS holders shall be paid essentially from the cash inflows from the assets in the fund portfolio. However, such facilities as additional loans, resorting to the guarantor, claims against insurance companies and other existing collaterals can be utilized.

Assets of the Asset Finance Funds cannot be pledged, collateralized, confiscated even for the purpose of collection of public receivables, subject to preliminary injunction and included within bankruptcy estate for any purpose whatsoever until the ABSs are redeemed.

Different than the case where debts and obligations in the balance sheets of the companies arising through security issues are not ranked in a high priority level, payment delay risks that arise from the arrangement of debts shall not apply to this ABS process due to the inclusion of the issued ABSs within the obligations of the asset finance fund in a SPV position and the fact that assets of the fund cannot be deposited, pledged, collateralized, confiscated even for the purpose of collection of public receivables.

It is believed that all of the agreements signed among the parties to the ABS issue process and internal regulations of the SPV are arranged with compliance to relevant legal regulations by SPK and other institutions. Factors to generate additional risks particularly with respect to the implementations of the Law of Obligations and the Law of Bankruptcy are eliminated.

The fact that each stage of the process and all of the documents are subject to the permission and approval by SPK reduces the risks to be incurred with respect to legal documentation.

X. Market Risk

As interest on all loans in the receivable pool is fixed and principal and interest amounts are denominated on the local currency TRY, the ABS process does not include interest and exchange risk.

However, the ABSs to be issued include interest risk with regard to alternative profit or loss within their maturities. The main features of this period through which the ABSs shall be issued are the upside risks on interest rate levels and unpredictability, which are in turn expected to generate alternative gains or losses of interest earnings. This situation rouses the swell of volatility and uncertainty in the 2nd, 3rd, 4th and 5th year of this ABS issue.

XI. Sovereign Risk Issues

a) General

Within the framework of the sovereign rating action by JCR (Japan Credit Rating Agency, Ltd.), Long Term Foreign and Local Currency ratings of BBB- were affirmed for the Republic of Turkey with Stable outlooks on July 11, 2014. The foreign currency grade of the ABSs to be issued was also limited by this country ceiling.

b) Transfer and Convertibility Risk

Foreign exchange markets in Turkey are considerably integrated with global markets and facilitate perfect competition. However, foreign exchange trading margins and their volatilities, the revaluation and devaluation of the local currency against foreign currencies, the amount of foreign currency reserves of the country, the balance of payments and the current account deficit/surplus structure are the subcomponents

of transfer and convertibility risks in terms of profit/loss.

On the other hand, the convertibility of the TRY is considerably high thanks to the absence of government interventions or legal restrictions on foreign exchange trading.

Consequently, the ABSs to be issued bear very low transfer and convertibility risks regarding investors.

c) Redirection Risk

Subject of redirection risks is nonfulfillment of mutual obligations by the parties to the ABS issue and redirection of these obligations to other irrelevant organizations or parties through such reasons as public enforcement or other. Within the context of redirection risk, JCR-ER associates two types of risk with the ABS issue: receivable diversion risk and payment diversion risk. These risks may occur rather in payments and receivables in foreign currency denominations.

In recent years in Turkey, there has been no evidence as to constitution of receivable diversion risk elements through public enforcement based on economic reasons for Turkish governments have not been willing or urged by any economical exigency necessitating redirection of assets in receivable pools to Central Bank or to any other public institutions by legal enforcement. However, public authorities may be in a position of redirecting pension payments in ABS issue from SSK and Bag-Kur to other entities other than PTT A.Ş. only by procedural reasons other than economical imperatives.

On the other hand, it is not to be discussed in Turkey that there is any economic necessity to redirect the payments by the obligors to public institutions other than the trustee through public enforcement. In this regard, payment diversion is a negligible risk element for foreign investors in the near future.

d) Nature of Product Risk

The risks to be generated within the innate structure of receivable pools and the individual risks to be generated through financial weaknesses or deceases have been analyzed in the above headings. However, some financial weaknesses may arise from macroeconomic conditions of a country. Such reasons as high unemployment rates and current account deficit or international economic developments may exert pressure on Turkey's economic growth. These developments may result in adversely affecting the collateral structure of the receivable portfolio including but not limited to reductions in the pensions of the obligors. However, such

a risk level in Turkey in the near future seems least probable.

Estimated Date of Issue 30.09.2014

Asset-Backed Securities to be issued
Loans in the receivable pool

Code Of Securites	Maturity	Nominal	Principal	Interest *	Expected Interest Rate	Days	Principal	Interest	Total
VDMK_29_12_2014	29.12.2014	14,100,000	13,773,622	326,378	risk-free government bonds/bills+125-250 BPS	90	9,996,180	4,098,274	14,094,454
VDMK_27_03_2015	27.03.2015	20,150,000	19,193,401	956,599	risk-free government bonds/bills+125-250 BPS	178	14,518,028	5,653,227	20,171,255
VDMK_29_06_2015	29.06.2015	19,000,000	17,617,549	1,382,451	risk-free government bonds/bills+125-250 BPS	272	13,945,460	5,080,763	19,026,223
VDMK_30_09_2015	30.09.2015	17,950,000	16,200,361	1,749,639	risk-free government bonds/bills+125-250 BPS	365	13,446,332	4,528,000	17,974,332
VDMK_29_12_2015	29.12.2015	17,350,000	15,244,431	2,105,569	risk-free government bonds/bills+125-250 BPS	455	13,389,846	3,989,720	17,379,566
VDMK_31_03_2016	31.03.2016	16,550,000	14,149,474	2,400,526	risk-free government bonds/bills+125-250 BPS	548	13,108,725	3,451,185	16,559,911
VDMK_29_06_2016	29.06.2016	15,150,000	12,614,344	2,535,656	risk-free government bonds/bills+125-250 BPS	638	12,245,733	2,934,328	15,180,061
VDMK_29_09_2016	29.09.2016	14,000,000	11,345,219	2,654,781	risk-free government bonds/bills+125-250 BPS	730	11,570,163	2,451,696	14,021,859
VDMK_29_12_2016	29.12.2016	13,650,000	10,748,727	2,901,273	risk-free government bonds/bills+125-250 BPS	821	11,686,248	1,985,743	13,671,991
VDMK_29_03_2017	29.03.2017	12,150,000	9,329,989	2,820,011	risk-free government bonds/bills+125-250 BPS	911	10,641,852	1,517,244	12,159,096
VDMK_29_06_2017	29.06.2017	8,900,000	6,661,309	2,238,691	risk-free government bonds/bills+125-250 BPS	1,003	7,772,348	1,131,408	8,903,757
VDMK_29_09_2017	29.09.2017	6,400,000	4,664,723	1,735,277	risk-free government bonds/bills+125-250 BPS	1,095	5,552,844	869,229	6,422,074
VDMK_29_12_2017	29.12.2017	6,200,000	4,414,257	1,785,743	risk-free government bonds/bills+125-250 BPS	1,186	5,519,457	673,393	6,192,850
VDMK_29_03_2018	29.03.2018	6,000,000	4,172,360	1,827,640	risk-free government bonds/bills+125-250 BPS	1,276	5,522,311	477,201	5,999,512
VDMK_29_06_2018	29.06.2018	5,150,000	3,489,186	1,660,814	risk-free government bonds/bills+125-250 BPS	1,368	4,901,346	285,330	5,186,676
VDMK_28_09_2018	28.09.2018	3,150,000	2,081,615	1,068,385	risk-free government bonds/bills+125-250 BPS	1,459	3,017,831	134,175	3,152,006
VDMK_28_12_2018	28.12.2018	2,000,000	1,288,614	711,386	risk-free government bonds/bills+125-250 BPS	1,550	1,804,114	39,038	1,843,153
TOTAL		197,850,000	166,989,181	30,860,819		613.52 (AVG. DAYS)	158,638,818	39,299,956	197,938,774

(*) differing between 9.61% and 13.00% across the tranches

Breakdown of Receivable Pool

Age Group Of Obligors	Principal-TRY		Interest-TRY		Total-TRY		Grand Total
	Male	Female	Male	Female	Male	Female	
26-40	2,286,245	781,434	568,406	158,624	2,854,651	940,058	3,794,709
41-50	45,905,216	14,597,229	11,591,546	3,617,186	57,496,763	18,214,415	75,711,178
51-60	64,388,682	17,691,481	15,758,920	4,432,492	80,147,601	22,123,973	102,271,575
61-65	7,239,461	5,749,068	1,750,863	1,421,920	8,990,324	7,170,988	16,161,312
Total	119,819,604	38,819,213	29,669,735	9,630,222	149,489,339	48,449,435	197,938,774

Receivables Pools

Institution that pays pension of obligors	Total Receivables	Share %
BAG-KUR-Social Security Agency	2,643,692	1.34%
SSK-Social Insurance Agency	195,295,083	98.66%
Total	197,938,774	100.00%