

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

Publication Date: December 23, 2013

"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. (7) No’lu Emek Varlık Finansman Fonu”** are the debt securities secured by the assets in the Fund portfolio.

This issue, bearing similar attributes with those of 6 prior ones realized on October 20, 2011, January 27, 2012, May 2, 2012, September 28, 2012, February 15, 2013 and June 28, 2013 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. (7) No’lu Emek Varlık Finansman 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.

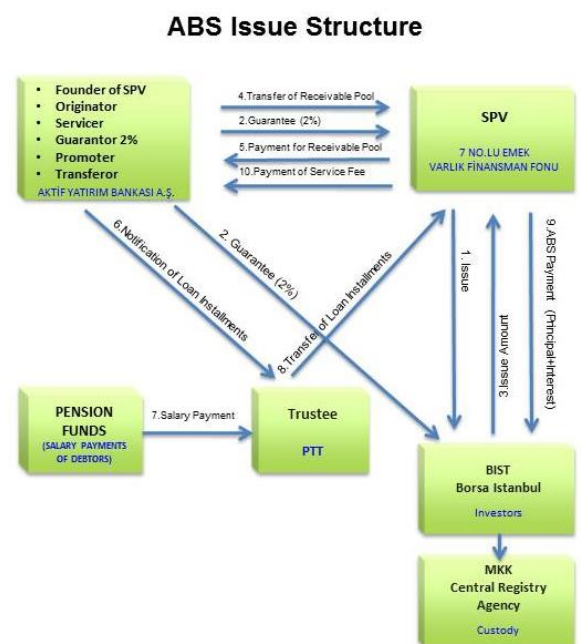
The probability of default risk for payments is reduced through the homogeneous structure and multitudinous profile of the loans which constitute the receivable pool content, the low level of risk concentrations, the pool’s immunity to interest and exchange risks, the high collectability and existence 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. (7) No’lu Emek Varlık Finansman 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 TRY204,335,032, which are subject to securitization with the exception of an irrevocable guarantee of 2% of the ABSs issue. 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. (7) No’lu Emek Varlık Finansman 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 TRY254,000,000, including interest accruals of TRY39,312,441, between the period March 26, 2014 and April 20, 2018 shall be encashed by “Aktif Yatırım Bankası A.Ş. (7) No’lu Emek Varlık Finansman Fonu” and quoted on the Borsa Istanbul (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	17.01.2014				
Code Of Securities	Maturity	Nominal	Principals	Interest	Days
VDMK_26_03_2014	26.03.2014	18.000.000	17.717.778	282.222	68
VDMK_26_06_2014	26.06.2014	26.800.000	25.730.729	1.069.270	160
VDMK_26_09_2014	26.09.2014	24.700.000	23.116.762	1.583.239	252
VDMK_26_12_2014	26.12.2014	22.700.000	20.592.629	2.107.371	343
VDMK_26_03_2015	26.03.2015	21.500.000	18.984.382	2.515.618	433
VDMK_26_06_2015	26.06.2015	20.800.000	17.858.802	2.941.198	525
VDMK_28_09_2015	28.09.2015	17.900.000	14.946.919	2.953.081	619
VDMK_28_12_2015	28.12.2015	15.200.000	12.350.681	2.849.319	710
VDMK_28_03_2016	28.03.2016	14.200.000	11.228.322	2.971.678	801
VDMK_27_06_2016	27.06.2016	14.000.000	10.790.689	3.209.311	892
VDMK_26_09_2016	26.09.2016	13.000.000	9.767.179	3.232.821	983
VDMK_26_12_2016	26.12.2016	10.900.000	7.984.412	2.915.588	1.074
VDMK_27_03_2017	27.03.2017	9.800.000	7.001.946	2.798.054	1.165
VDMK_28_06_2017	28.06.2017	9.400.000	6.547.570	2.852.430	1.258
VDMK_26_09_2017	26.09.2017	7.200.000	4.893.811	2.306.189	1.348
VDMK_25_12_2017	25.12.2017	4.700.000	3.117.875	1.582.125	1.438
VDMK_20_04_2018	20.04.2018	3.200.000	2.057.073	1.142.927	1.554
TOTAL		254,000,000	214,687,559	39,312,441	564.98 (AVERAGE DAYS)

The average maturity of the securities in the 17 tranches is 564.98 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.

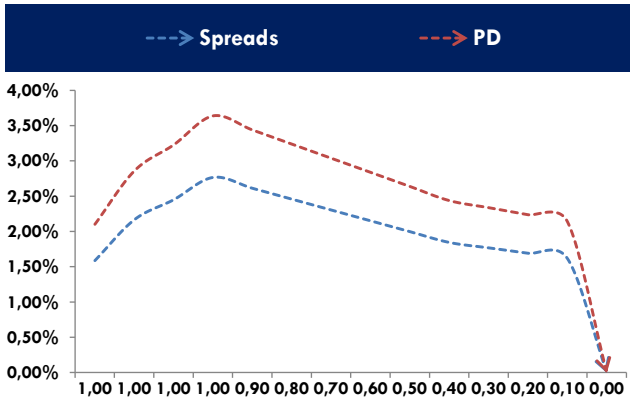
On the other hand, when comparing the current interest rates of government bonds with similar maturities, which are assumed to be risk-free, and these ABSs planned to be issued by the Fund with yields between 125 and 250 BPS over the risk-free government bonds, there arise the spreads as seen in the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

From spreads to one-year PDs					
Rates	Continuously compounded	Yearly compounded	Rates	Continuously compounded	Yearly compounded
Risk-free	8,83%	9,24%	Risk-free	9,15%	9,59%
Risky	10,96%	11,58%	Risky	12,44%	13,24%
Spread	2,13%	2,35%	Spread	3,28%	3,66%
k=(1-LGD)	PD		k=(1-LGD)	PD	
0%	2.103%		0%	3.229%	
Rates	Continuously compounded	Yearly compounded	Rates	Continuously compounded	Yearly compounded
Risk-free	9,00%	9,42%	Risk-free	9,21%	9,64%
Risky	11,91%	12,64%	Risky	12,91%	13,78%
Spread	2,90%	3,22%	Spread	3,71%	4,14%
k=(1-LGD)	PD		k=(1-LGD)	PD	
0%	2.860%		0%	3.640%	

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

From PDs to (continuously compounded) spreads			
PD	k	LGD=1-k	Spreads
2,10%	0.00%	100.00%	2,13%
2,86%	0.00%	100.00%	2,90%
3,23%	0.00%	100.00%	3,28%
3,64%	0.00%	100.00%	3,71%
3,64%	10.00%	90.00%	3,33%
3,64%	20.00%	80.00%	2,95%
3,64%	30.00%	70.00%	2,58%
3,64%	40.00%	60.00%	2,21%
3,64%	50.00%	50.00%	1,84%
3,64%	60.00%	40.00%	1,47%
3,64%	70.00%	30.00%	1,10%
3,64%	80.00%	20.00%	0,73%
3,64%	90.00%	10.00%	0,36%
3,64%	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)	8,83%	9,00%	9,15%	9,21%
Rating A category (JCR-ER Benchmark Level)	9,53%	9,70%	9,90%	10,01%
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	10,96%	11,91%	12,44%	12,91%
Rating A category (JCR-ER Benchmark Level)	9,53%	9,70%	9,90%	10,01%
Spread	1,43%	2,20%	2,53%	2,91%
EL-Expected loss rates	1,42%	4,31%	7,32%	8,35%
Difference	0,72%	2,92%	5,09%	5,98%

III. Parties of the Securitization

a) Originator, Parent, Promoter & Servicer Quality

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

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

Currency grade was limited by the recently upgraded 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 a significant growth during the previous four years, as indicated by cumulative asset and equity growth rates of 1,252% and 179%, respectively in TRY basis between 2008 and 2012. 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 2012. As of FYE2012, the asset size of Aktif Bank was TRY3.52 bn (FYE2011: TRY2.55 bn on solo basis) and its capital adequacy ratio was 12.34% (FYE2011: 13.94%).

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 TRY204,335,032, 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. (7) No'lu Emek Varlık Finansman 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 guarantor status, guarantees 2% of the nominal value of each ABS tranche to be issued by "**Aktif Yatırım Bankası A.Ş. (7) No'lu Emek Varlık Finansman Fonu**". The corresponding amounts to the guaranteed portion shall be deposited in an institution other than Aktif Bank itself in the form of cash or Turkish government bonds and released subsequent to each redeemed 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. (7) No.lu Emek Varlık Finansman Fonu**" has a SPV status. The Fund submitted an application to SPK (CMB-Capital Market Board) on July 24, 2013 for establishment with a property of TRY300 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. (7) No'lu Emek Varlık Finansman 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 6 issues.

It is decided in the Fund regulations that "**Aktif Yatırım Bankası A.Ş. (7) No'lu Emek Varlık Finansman 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. (7) No'lu Emek Varlık Finansman 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) Guarantor

Within the content of the guarantor agreement between the founder Aktif Yatırım Bankası A.Ş. and "**Aktif Yatırım Bankası A.Ş. (7) No'lu Emek Varlık Finansman Fonu**", the originator guarantees 2%

against defaults of the nominal values of the each ABS tranche to be issued by SPV secured through the transferred loans. The guaranteed amounts shall be deposited in a separate bank in the form of cash or Turkish government bonds and released subsequent to each redeemed 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 guarantee.

e) Transferor

Cash flows and transfers of foreign investors regarding the ABSs to be issued by “Aktif Yatırım Bankası A.Ş. (7) No’lu Emek Varlık Finansman 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. (7) No’lu Emek Varlık Finansman Fonu” shall be under the custody of MKK (Central Registry Agency) within a custody agreement.

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 31,407 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 February 17, 2014 and April 23, 2018 within 1,526 days. The number of loans are 37,285 and the principal amount of loans is TRY204,335,032. A loan interest amount of TRY49,690,329 shall be collected from this receivable pool until April 23, 2018. 98.54% 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 TRY260 and the average loan amount is TRY8,088.18. These low amounts ensure the payment and collection facilities for both obligors and receivable pool and indicate a significantly low level of risk concentration. 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) and “Axa Hayat ve Emeklilik A.Ş.” 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.

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	0,075%	0,012%	0,088%
50-60	0,281%	0,035%	0,316%
60-65	0,067%	0,022%	0,089%
66-Above	0,000%	0,000%	0,000%
TOTAL	0,4249%	0,0698%	0,4947%

The probability of default risk shall be **0.4947%**, 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.

In the event that part of the assets in the receivable pool becomes subject to execution, the Fund board has the right to make a decision to transfer it to the guarantor within the framework of transactions to improve the quality of the Fund portfolio.

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.

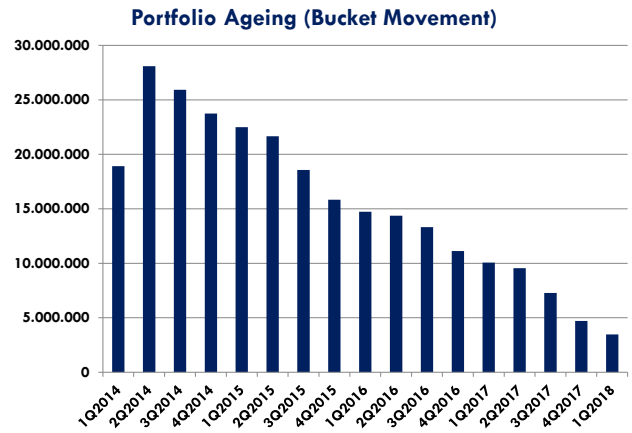
These legal regulations are components which improve the payment safety and capability of the receivable pool.

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 1,526 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) and "Axa Hayat ve Emeklilik A.Ş." 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.

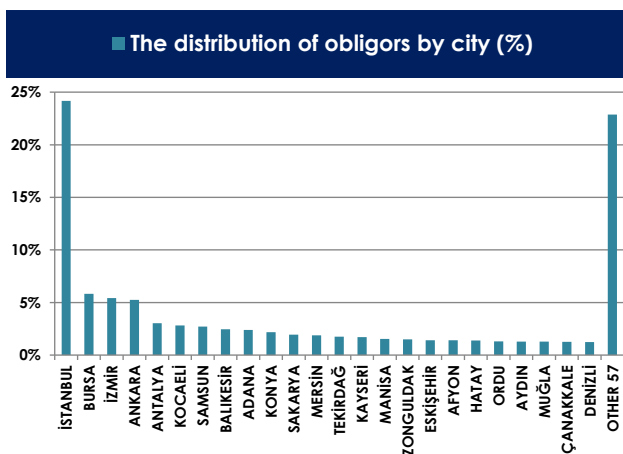
Information relating to the amount by which the assets in the portfolio are insured and the part of which is ceded to the reinsurer could be obtained partially. Based on this information, diversification of risks is also attained to a great extent considering conservation criteria and general retention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

The fact that Aktif Bank, within the content of the guarantor agreement, guarantees, as the originator, 2% against credit defaults of the nominal values of each ABS tranche to be issued by SPV secured through the transferred loans is another guarantee component for the ABS investors. The corresponding amounts to the guaranteed portion shall be deposited in an institution other than Aktif Bank itself in the form of cash or Turkish government bonds and released subsequent to each redeemed tranche – hence improving the functionality and protection of the guarantee.

On the other hand, interest revenues expected to accumulate within “Aktif Yatırım Bankası A.Ş. (7) No’lu Emek Varlık Finansman 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 37,285, 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 24.17% 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. 75.54% of the loans were utilized by male pensioners and the remaining 24.46% by female pensioners.

Loan Distribution			
Age Group Of Obligators	Male	Female	Total
0-25	0,00%	0,00%	0,00%
26-40	1,49%	0,35%	1,84%
41-50	31,54%	10,04%	41,59%
51-60	38,11%	10,78%	48,89%
61-65	4,40%	3,29%	7,69%
66-Above	0,00%	0,00%	0,00%
TOTAL	75.54%	24.46%	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 guarantee for 2% for each tranche of the ABS 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 April 20, 2018 with 8% interest income is expected to be TRY2.08 mn.

Code Of Securities	Reserve Account / Nominal Value of Securities Issued		Reserve Account-TRY (*)
	For each issue	Cumulative	
VDMK_26_03_2014	0,40%	0,40%	71.742,87
VDMK_26_06_2014	0,64%	1,04%	207.338,45
VDMK_26_09_2014	1,29%	1,94%	198.965,05
VDMK_26_12_2014	1,62%	2,91%	183.619,64
VDMK_26_03_2015	2,25%	3,87%	169.788,74
VDMK_26_06_2015	2,61%	4,85%	177.464,88
VDMK_28_09_2015	3,97%	6,58%	168.625,82
VDMK_28_12_2015	4,73%	8,70%	144.806,74
VDMK_28_03_2016	5,54%	10,27%	135.604,27
VDMK_27_06_2016	5,84%	11,38%	135.937,87
VDMK_26_09_2016	7,43%	13,28%	132.138,04
VDMK_26_12_2016	9,46%	16,89%	115.076,10
VDMK_27_03_2017	10,40%	19,86%	105.087,08
VDMK_28_06_2017	11,48%	21,89%	110.999,04
VDMK_26_09_2017	18,40%	29,89%	94.812,82
VDMK_25_12_2017	-2,52%	15,89%	72.537,61
VDMK_20_04_2018	67,45%	64,93%	-146.674,84
(*) Calculated assuming 8% interest p.a.		Total	2.077.870,16

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. (7) No'lu Emek Varlık Finansman 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. (7) No'lu Emek Varlık Finansman Fonu" shall transfer to Aktif Yatırım Bankası A.Ş. the ABSs values of TRY214,687,559 (nominal: TRY254,000,000) 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_26_03_2014	26.03.2014	18.000.000	17.717.778
VDMK_26_06_2014	26.06.2014	26.800.000	25.730.729
VDMK_26_09_2014	26.09.2014	24.700.000	23.116.762
VDMK_26_12_2014	26.12.2014	22.700.000	20.592.629
VDMK_26_03_2015	26.03.2015	21.500.000	18.984.382
VDMK_26_06_2015	26.06.2015	20.800.000	17.858.802
VDMK_28_09_2015	28.09.2015	17.900.000	14.946.919
VDMK_28_12_2015	28.12.2015	15.200.000	12.350.681
VDMK_28_03_2016	28.03.2016	14.200.000	11.228.322
VDMK_27_06_2016	27.06.2016	14.000.000	10.790.689
VDMK_26_09_2016	26.09.2016	13.000.000	9.767.179
VDMK_26_12_2016	26.12.2016	10.900.000	7.984.412
VDMK_27_03_2017	27.03.2017	9.800.000	7.001.946
VDMK_28_06_2017	28.06.2017	9.400.000	6.547.570
VDMK_26_09_2017	26.09.2017	7.200.000	4.893.811
VDMK_25_12_2017	25.12.2017	4.700.000	3.117.875
VDMK_20_04_2018	20.04.2018	3.200.000	2.057.073
TOTAL		254,000,000	214,687,559

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. (7) No'lu Emek Varlık Finansman Fonu" within PTT A.Ş..

"Aktif Yatırım Bankası A.Ş. (7) No'lu Emek Varlık Finansman 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 8% interest on TRY deposits, the interest income to be earned until the transfer days of loan installments to ABS investors is figured at TRY2.08 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:

- Quarterly service fees in an amount corresponding to 80% of the net asset value to be paid in three days after the redemption of the last ABS,
- 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 TRY70,000 to the independent audit firm and rating agency for the four years,
- An amount of nearly TRY300,000 to SPK for registration fees,
- An amount of TRY65,000 to Aktif Bank for intermediation commission.

IX. Legal and Regulatory Risks and Documentation Review

The Communiqué Serial: III, No:35 named "Principles Regarding Asset Finance Funds and Asset Backed Securities" published in the Official Gazette dated August 27, 2008 and No: 26980 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 assigned for the Republic of Turkey with Stable outlooks on May 23, 2013. 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 17.01.2014

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_26_03_2014	26.03.2014	18.000.000	17.717.778	282.222	risk-free government bonds/bills+125-250 BPS	68	13.062.445,08	4.880.199,24	17.942.644,32
VDMK_26_06_2014	26.06.2014	26.800.000	25.730.729	1.069.270	risk-free government bonds/bills+125-250 BPS	160	19.944.690,39	6.790.985,15	26.735.675,54
VDMK_26_09_2014	26.09.2014	24.700.000	23.116.762	1.583.239	risk-free government bonds/bills+125-250 BPS	252	18.633.012,92	6.079.208,61	24.712.221,53
VDMK_26_12_2014	26.12.2014	22.700.000	20.592.629	2.107.371	risk-free government bonds/bills+125-250 BPS	343	17.245.083,08	5.419.449,81	22.664.532,89
VDMK_26_03_2015	26.03.2015	21.500.000	18.984.382	2.515.618	risk-free government bonds/bills+125-250 BPS	433	16.736.086,24	4.800.433,36	21.536.519,60
VDMK_26_06_2015	26.06.2015	20.800.000	17.858.802	2.941.198	risk-free government bonds/bills+125-250 BPS	525	16.625.885,57	4.191.832,10	20.817.717,67
VDMK_28_09_2015	28.09.2015	17.900.000	14.946.919	2.953.081	risk-free government bonds/bills+125-250 BPS	619	14.222.192,12	3.623.000,62	17.845.192,74
VDMK_28_12_2015	28.12.2015	15.200.000	12.350.681	2.849.319	risk-free government bonds/bills+125-250 BPS	710	12.094.202,70	3.111.323,89	15.205.526,59
VDMK_28_03_2016	28.03.2016	14.200.000	11.228.322	2.971.678	risk-free government bonds/bills+125-250 BPS	801	11.520.300,78	2.676.725,03	14.197.025,81
VDMK_27_06_2016	27.06.2016	14.000.000	10.790.689	3.209.311	risk-free government bonds/bills+125-250 BPS	892	11.670.378,81	2.247.087,99	13.917.466,80
VDMK_26_09_2016	26.09.2016	13.000.000	9.767.179	3.232.821	risk-free government bonds/bills+125-250 BPS	983	11.145.320,17	1.811.868,56	12.957.188,73
VDMK_26_12_2016	26.12.2016	10.900.000	7.984.412	2.915.588	risk-free government bonds/bills+125-250 BPS	1.074	9.413.622,98	1.427.178,12	10.840.801,10
VDMK_27_03_2017	27.03.2017	9.800.000	7.001.946	2.798.054	risk-free government bonds/bills+125-250 BPS	1.165	8.748.283,50	1.091.906,80	9.840.190,30
VDMK_28_06_2017	28.06.2017	9.400.000	6.547.570	2.852.430	risk-free government bonds/bills+125-250 BPS	1.258	8.632.316,33	764.261,21	9.396.577,54
VDMK_26_09_2017	26.09.2017	7.200.000	4.893.811	2.306.189	risk-free government bonds/bills+125-250 BPS	1.348	6.733.195,71	457.197,91	7.190.393,62
VDMK_25_12_2017	25.12.2017	4.700.000	3.117.875	1.582.125	risk-free government bonds/bills+125-250 BPS	1.438	4.429.807,67	229.056,02	4.658.863,69
VDMK_20_04_2018	20.04.2018	3.200.000	2.057.073	1.142.927	risk-free government bonds/bills+125-250 BPS	1.554	3.478.208,09	88.614,81	3.566.822,90
TOTAL		254,000,000	214.687.559	39.312.441		564.98 (AVG. DAYS)	204,335,032	49,690,329	254,025,361

(*) differing between 8.55% and 13.05% 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	3.027.444	724.934	754.873	160.040	3.782.317	884.975	4.667.292
41-50	64.329.371	20.372.435	15.802.168	5.132.674	80.131.539	25.505.110	105.636.649
51-60	78.041.662	21.959.478	18.764.333	5.422.535	96.805.995	27.382.013	124.188.008
61-65	9.160.432	6.719.274	2.019.094	1.634.612	11.179.526	8.353.886	19.533.413
Total	154.558.910	49.776.122	37.340.468	12.349.861	191.899.378	62.125.984	254.025.361

Receivables Pools

Institution that pays pension of obligors	Total Receivables	Share %
BAG-KUR-Social Security Agency	3.715.712	1.46%
SSK-Social Insurance Agency	250.309.649	98.54%
Total	254,025,361	100.00%