

Investor Presentation

2020 First Half

AKL *lease*



Content

01 Akbank Overview

02 AKLease Overview

03 Respond to Challenges of Covid-19

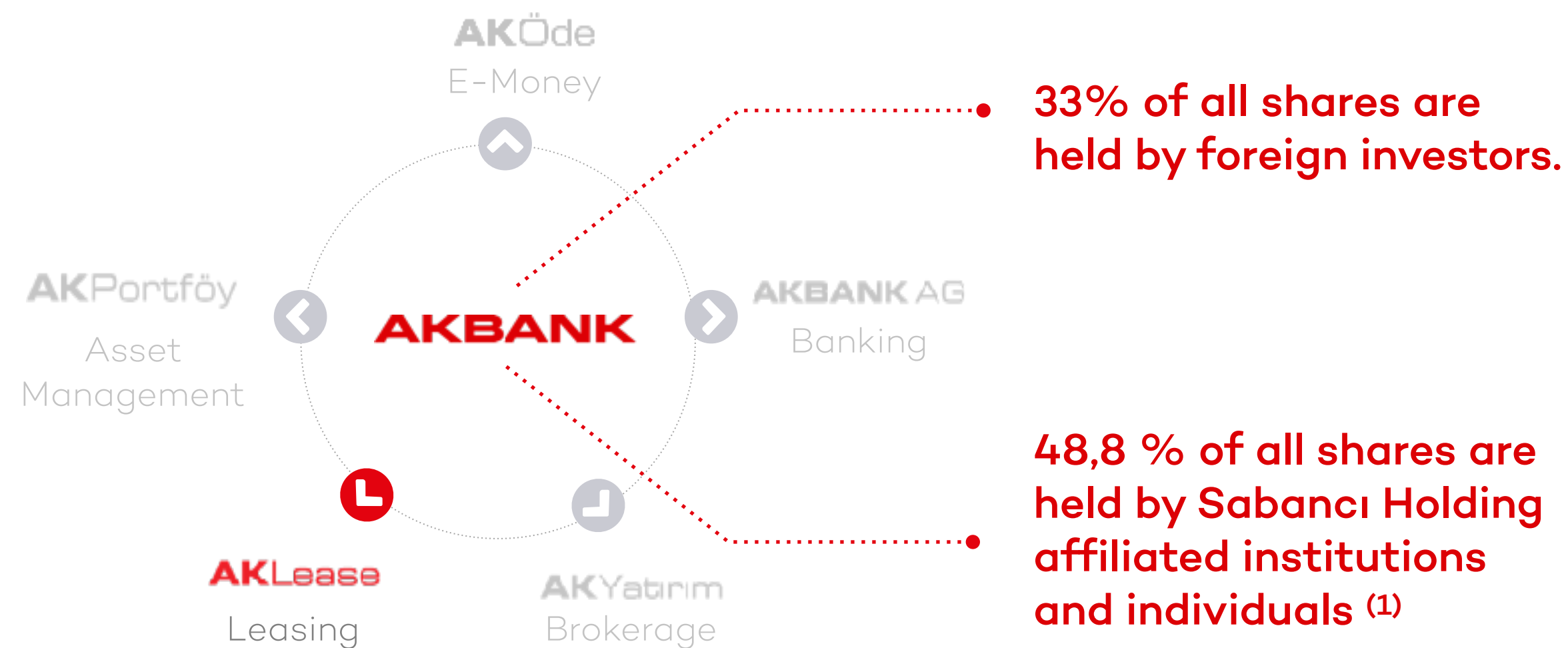
04 People & Culture

05 AKLease Financials

06 Operating Environment

Strong shareholder with long term vision

History and Shareholding Structure



Established in 1988

AKLease was established as BNP-AK-Dresdner Leasing in November **1988**, a joint venture between Akbank, Dresdner and BNP

Renamed in 2005

Akbank acquired the entirety of AKLease in **2005** and subsequently renamed it AKLease

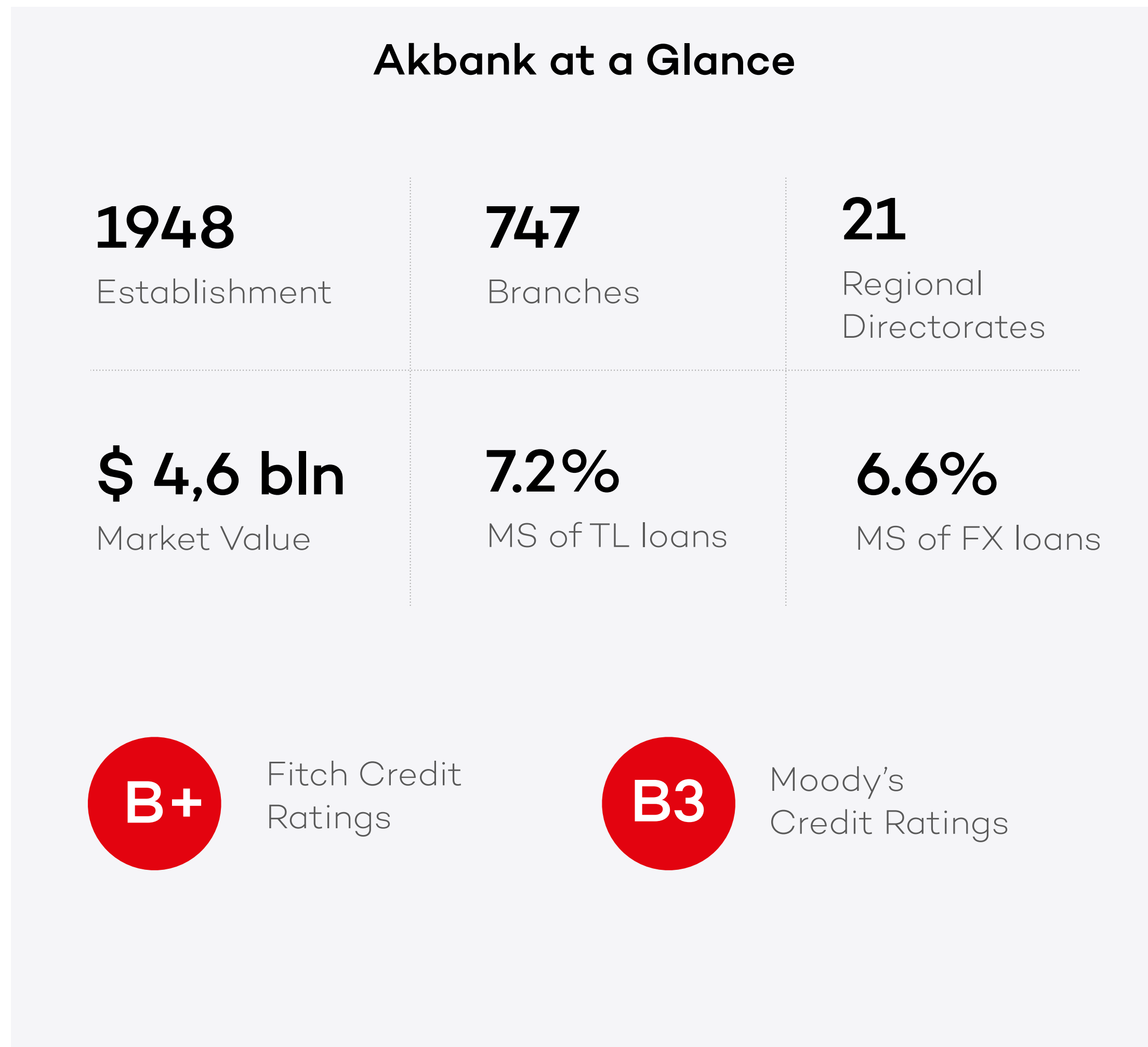
Owned by Akbank

AKLease is **99,985%** owned by Akbank, with the remainder (0,015%) owned by Sabancı Group affiliates

Sabancı Holding

- One of the two largest multi-business enterprises in Turkey with total assets of **US\$ 68 bn**
- **8% of BIST** capitalization with **11** public companies and the Holding itself
- Controlled by **Sabancı Family**, who is the majority shareholder
- Mainly operates in **financial services, energy, building materials, retail, cement and industrial businesses**
- Market leader in **building materials & energy** distribution
- Joint-ventures with some of the **most well-established** companies in the world
 - Including; Ageas, Aviva, Bridgestone, Carrefour, E.ON, Heidelberg Cement, Marubeni and Philip Morris
- **Akbank** is the flagship of the Sabancı Group with the highest share in revenues and profitability in the Group

Synergies from relationship with Akbank



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AKLease

Our core values



01

To be trusted brand of financial services



02

Focus on customer satisfaction



03

Provide innovative financial solutions



04

Simple and smart digital processes



05

Supporting sustainable businesses and healthy environment

BOD and Management Chart



Chairman
Mehmet Hakan Tugal

EVP, Commercial
Banking, Akbank



Member
Çetin Düz

AKLease CEO



Member
Türker Tunalı

CFO, Akbank



Member
**Gamze Şebnem
Muratoğlu**

EVP, Treasury, Akbank



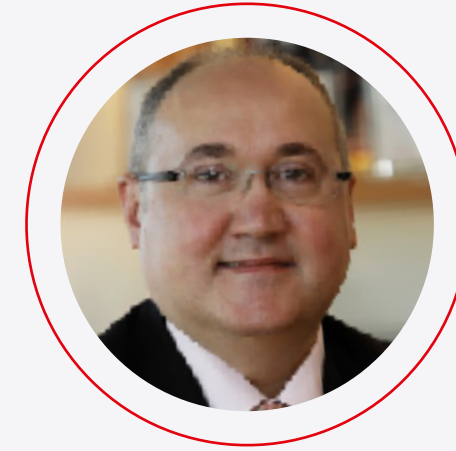
Deputy Chairman
Yunus Emre Özben

EVP, Credit
Underwriting, Akbank



Member
Emre Kahraman

Chief Risk Officer,
Akbank



Member
Savaş Külcü

Head of Internal Audit,
Akbank

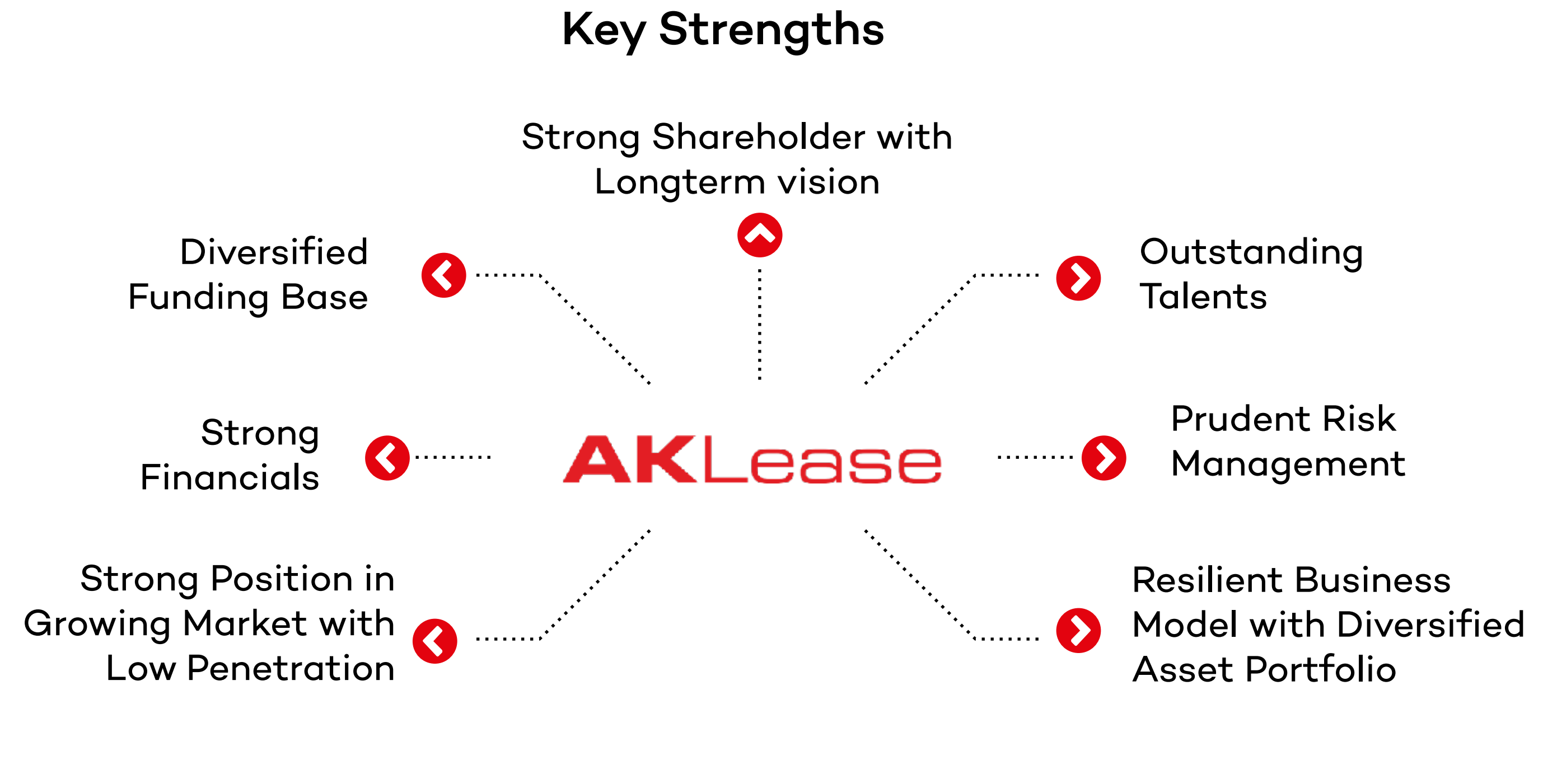


Member
Ege Gültekin

EVP, Credit Monitoring
and Collections, Akbank

Key strengths

Profile	
<p>32 Years Experience</p>	<p>Number 1 in Air Craft Leasing in Turkey</p>
<p>99.99% Owned by Akbank</p>	<p>\$3 Billion Establishment of Global Medium Term Note (GMTN) Program with Akbank</p>
<p>Top 3* Ranks by Asset Size</p>	
<p>12 Branches</p>	<p>9,2% Market Share</p>



Awards

The leasing company of the year



Awarded by economic journal Ekovitrin

Rating

**LTFC
IDR B+**



Rated by Fitch

AKLease

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Policy response to address challenges of Covid-19

Monetary Policy

- Policy rate decreased to 8.25%
- All liquidity need of the banking sector will be met by the central bank
- For the banks, whose credit activities are within the stated limits, required reserve ratios for FX deposits are decreased by 500 basis point at all maturities*.
- Additional targeted liquidity facilities are provided for banks. In this respect; funding at interest rates 100 bps-150 bps below policy rate will be provided via repo and fx swap transactions
- Rediscount credit activities are extended with longer maturities.

Fiscal Policy

- 100 bn TL (15.0 bn \$) fiscal package was announced; 2.1% of GDP
- Credit Guarantee Fund limit increased from 25 bn TL to 50 bn TL
- Tax payment postponements for sectors, that are directly affected by the virus
- Tax reductions for hotels and domestic flights
- Postponement option for bank credit repayment installments
- 1,117TL monthly financial support for people who lost their jobs or are at unpaid leave. The ban for cancellation of labor and service agreements is extended
- Minimum monthly pension salary is set at 1,500 TL

* CBRT increased FX reserve requirement ratios by 300 basis point on 18 July, as a step in policy normalization process

Policy response to address challenges of Covid-19

Regulatory & Other Steps

- Critical delay period for banks to move loans into non-performing book is extended from 90 days to 180 days
- Banks can use 2019 year-end fx rates for fx-denominated assets in their capital adequacy estimations
- As of 22 March, unrealized losses may not be accounted in shareholder equity estimations
- Public banks announced a new credit package to support employment. In the first 6 months there would be no payments; interest rate is set at 7.5%. To access these credit lines, firms must not reduce their headcount level after the end of February
- Public banks announced a credit program for retail clients with monthly income of less 5,000 TL. In this respect; they will extend loans up to 10,000 TL and with maturities up to 36 months with no repayment in the first six month
- Minimum payment obligation for credit cards decreased from 30%-40% to 20%
- Asset Ratio: BRSA announced a new regulation to support credit activity, named as asset ratio. This ratio is expected to be higher than 100% for banks*

Our proactive Covid-19 measures

For Our People

- No face to face meetings, no business travel
- Protective measures to support those working on-site
- Robust internal communication to inform and guide
- Rapid adaptation of remote working, with gradual and cautious transition back to office

For Our Customers

- Extensive 1-1 communication with customers to understand their needs
- Prudently extending loans to support on-going businesses
- Deferring loan installment payments to alleviate customers' cash flow burden

Our Business Continuity

- Immediate remote working adaptation
- Proactive measures taken to ensure business continuity and service quality
- Daily planning to keep branch network active

Looking forward



2020 Vision

01 **Running AKLease**

- ✓ Risk & return focused **sustainable growth** and market share
- ✓ **Maintain** high asset quality
- ✓ **Strong** capital and robust liquidity
- ✓ **Synergy** with Akbank and Sabanci Group

02 **Building Future**

- ✓ **Leverage** digitalization + **Robust** infrastructure = **Transforming** business processes
- ✓ **Diversify** funding base
- ✓ **Create** high customer experience with tailor made solutions
- ✓ **Remain** healthy and profitable in a high competitive environment

AKLease

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People & Culture: Investing in our people

39

Average
Age

%37

Female
employees

%19

PhD & Masters
Degree:

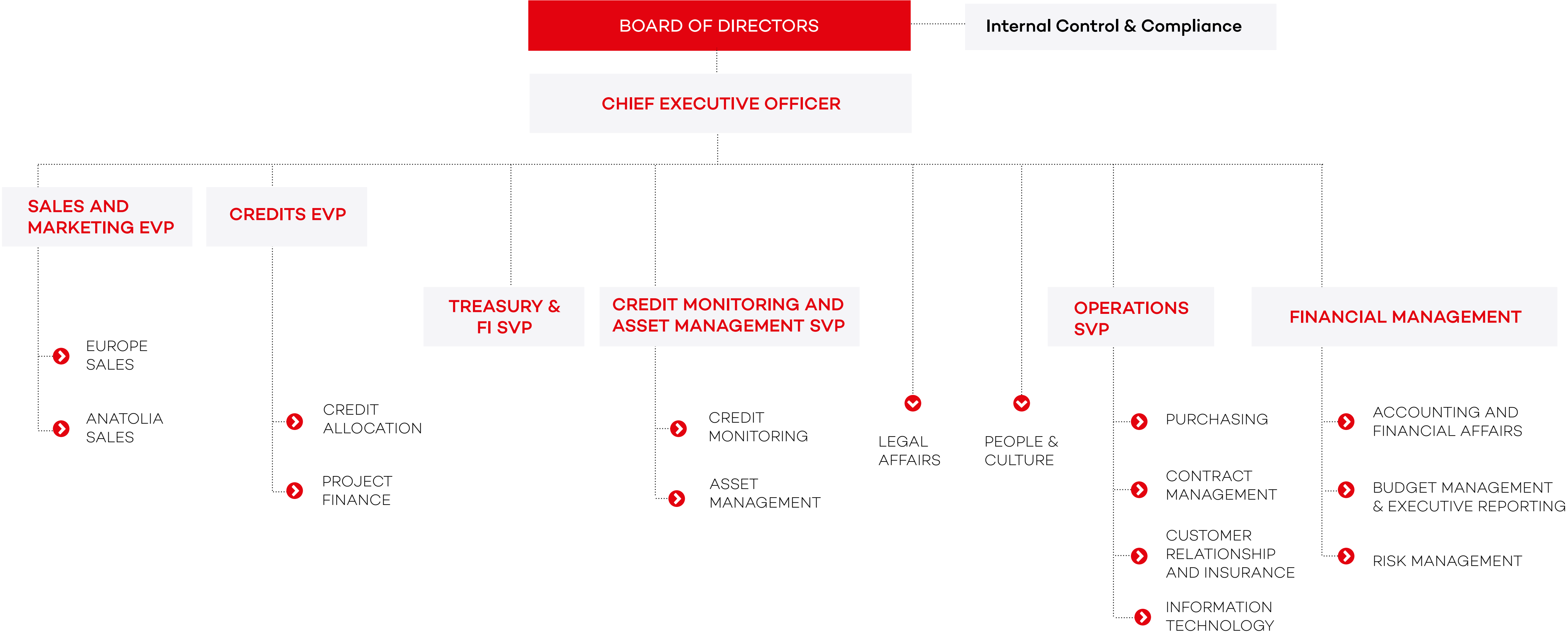


High employee
engagement score

Experienced &
Dynamic Team

End to end talent
management

People & Culture: Organization chart



Environmental and social management policy

AKLease is committed in financing a wide range of environmentally conscious and sustainable projects.

**Installed Power: 90 MW WPP,
150 MW SPP**

AKLease's environmental policies set forth are a part of its corporate lending guidelines as of April 2011 and updated in May 2019 .

- ✓ Contributing to sustainable development in Turkey and supporting projects that encourage positive environmental impact.
- ✓ Priority is given to loans regarding investments in renewable energy, eco-friendly technological projects, investments in waste recycling, carbon emission reduction projects, and productivity-enhancing investments
- ✓ Customers are required to follow all principles of the UN Global Compact
- ✓ AKLease ensures compliance with environmental and social issues, occupational safety and health regulations, and safety and security regulations within the scope of all national laws and regulations.
- ✓ We have the utmost respect and give unconditional support to protecting human rights. All national standards regarding child abuse of forced labor are in compliance unequivocally and to the highest degree.

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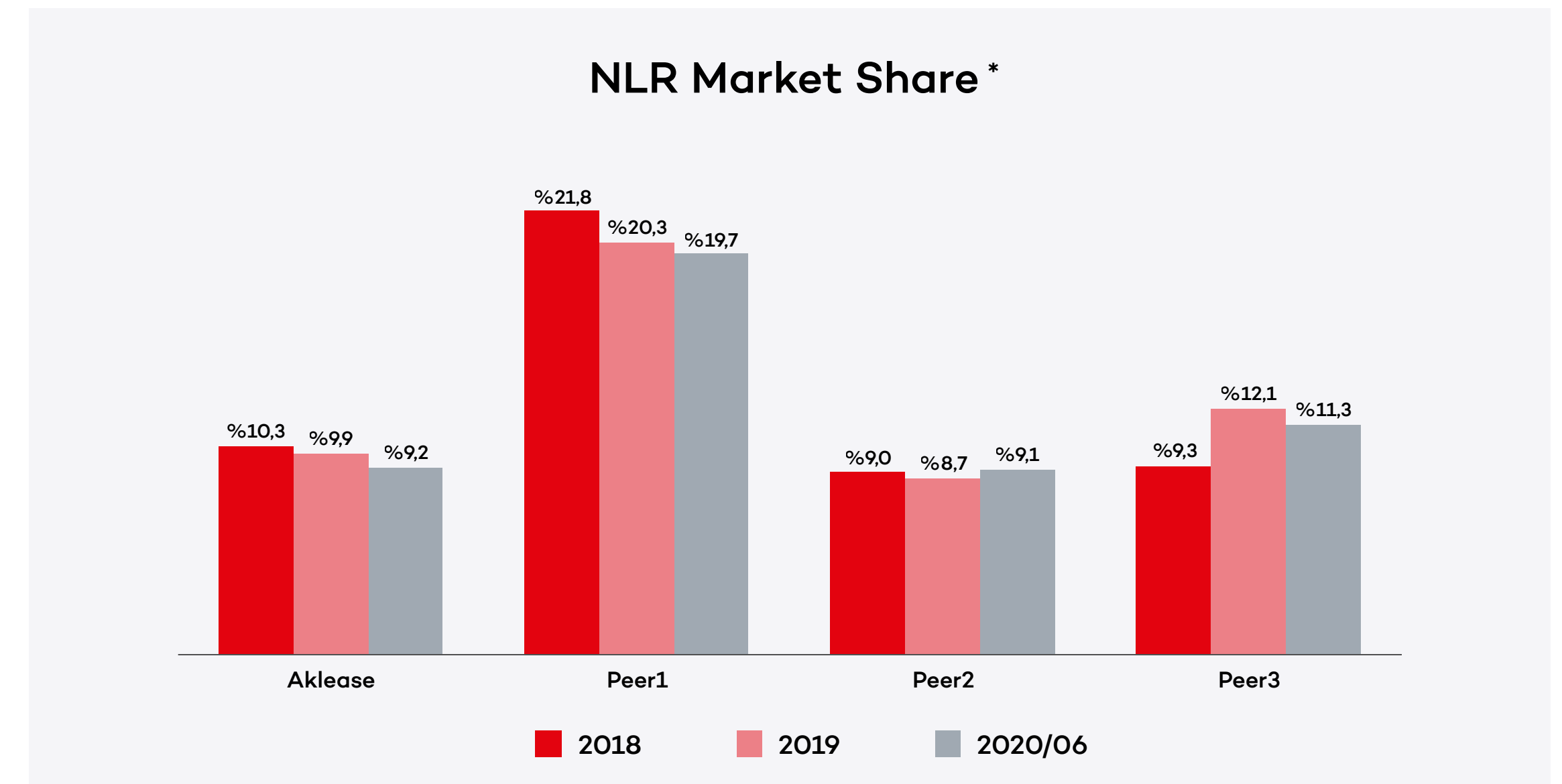
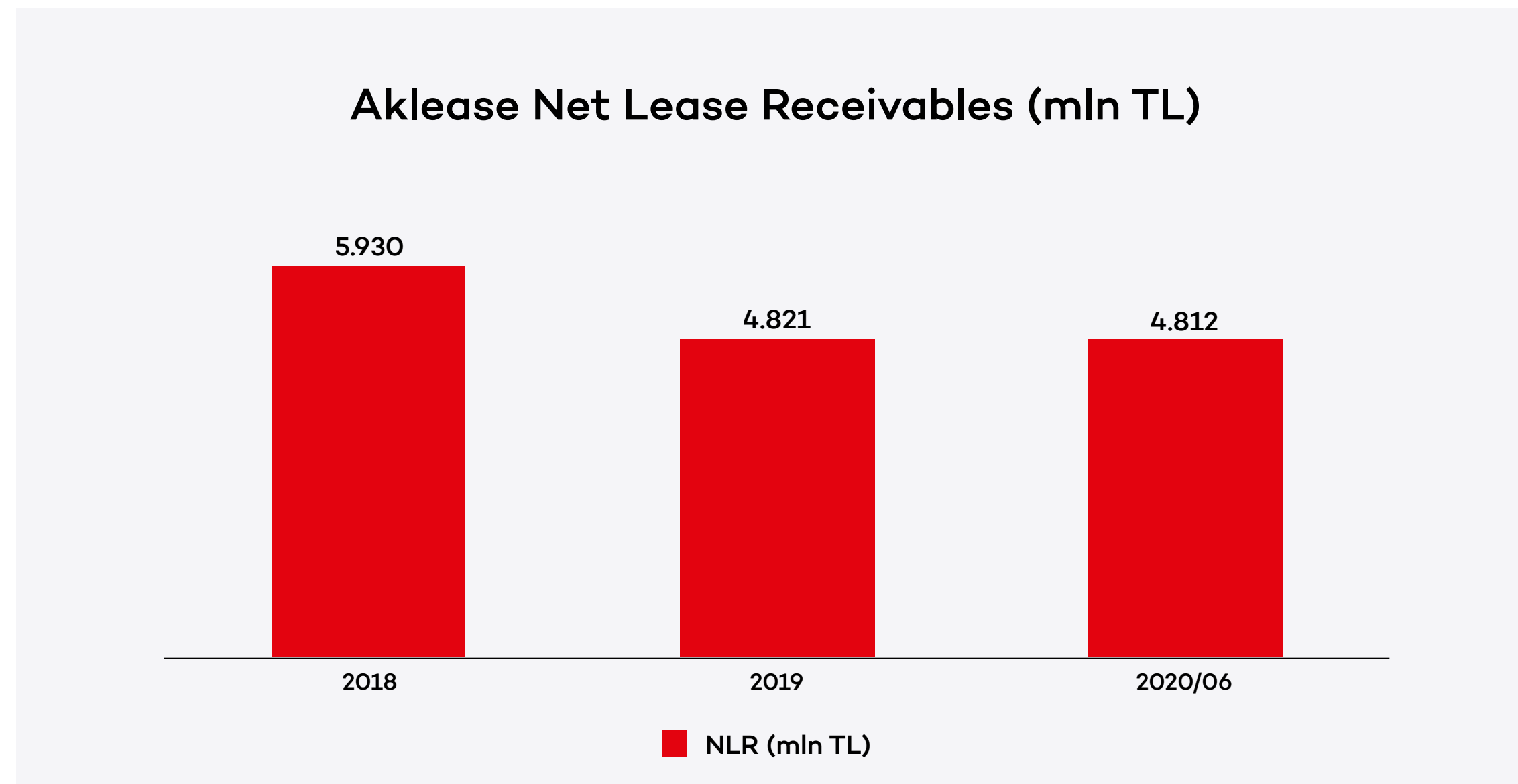
Snapshot of results

Income Statement mln TL	2018	2019	2020/06
Net interest income	138	149	103
Net commission income	14	14	4
Other operating income	-4	40	10
Gross operating income	147	204	118
Provision expense	171	43	25
Other operating expense	49	43	16
Profit before tax	-72	117	77
Net profit	-55	95	61
Balance Sheet mln TL			
Lease receivable	5.806	4.821	4.812
NPL	600	573	592
Provision (-)	489	402	383
Net Lease Receivable	5.917	4.993	5.022
Assets held for sale	162	30	92
Other assets	578	812	974
Total Assets	6.657	5.834	6.087
Borrowings	5.512	4.590	4.785
Other Liabilities	418	296	294
Equity	727	948	1.009
Total Liabilities	6.657	5.834	6.087

Key Performance Indicators(%)

	2018	2019	2020/06
Cost to Income	33,2	21,0	13,9
NPL	9,4	10,6	11,0
Cost to Assets	0,7	0,7	0,6
Cost of Credit	2,7	0,6	1,1
Equity to Gross Debt	13,2	20,6	21,1
RoA	-0,8	1,5	2,1
RoE	-6,8	11,4	12,5
NIM*	2,7	2,8	4,6

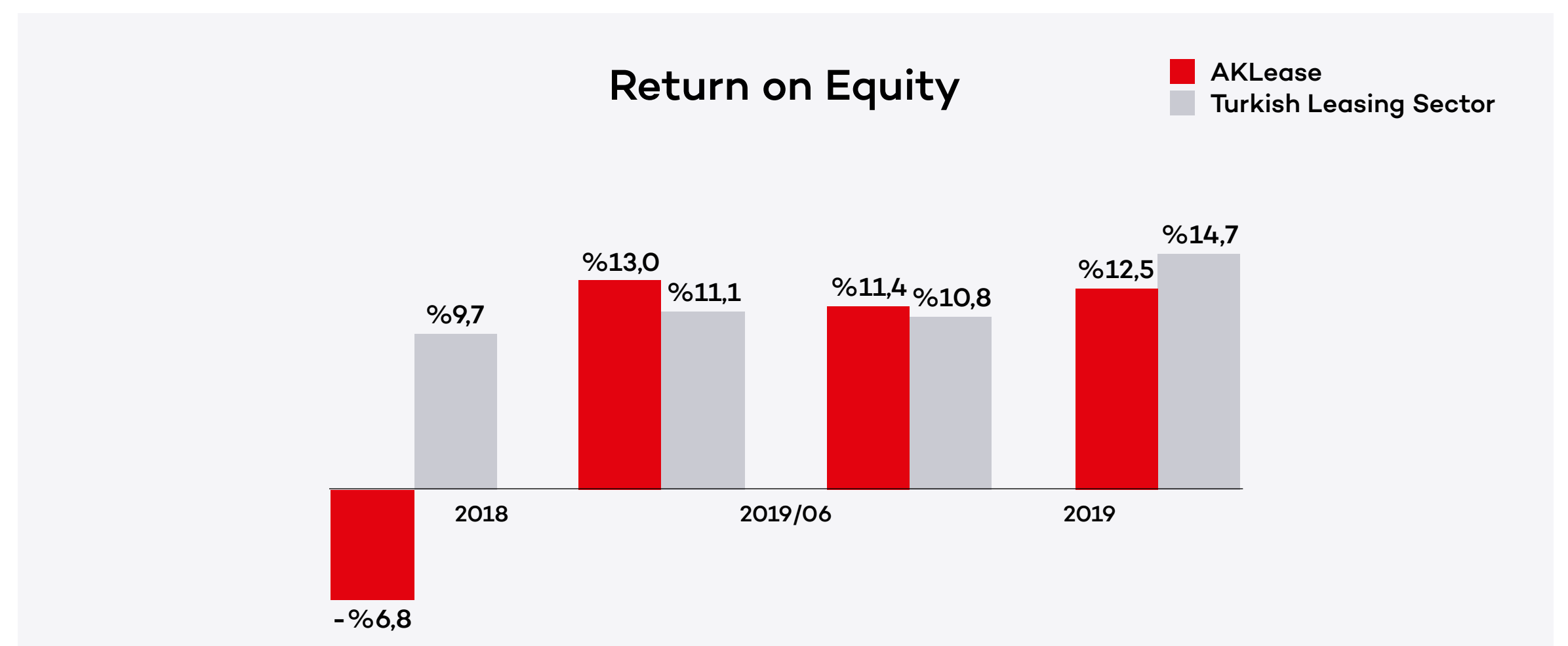
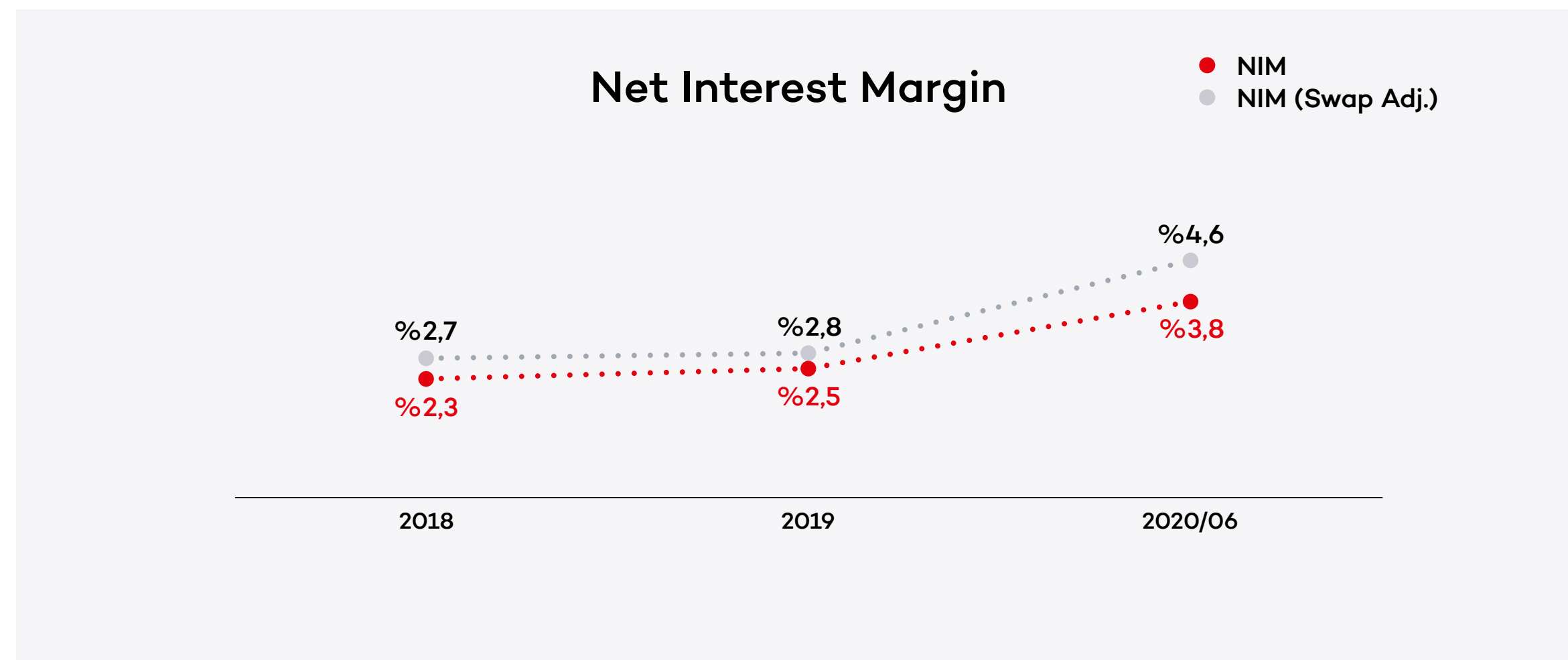
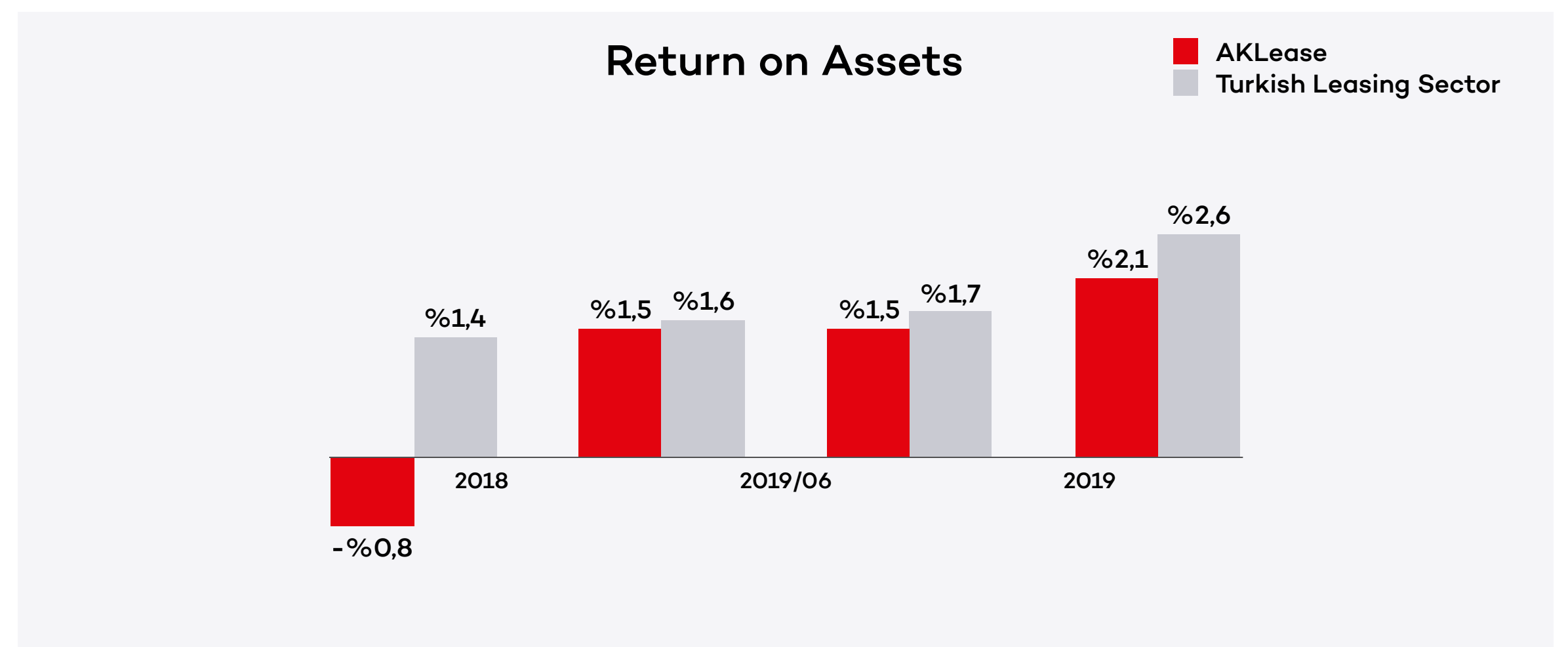
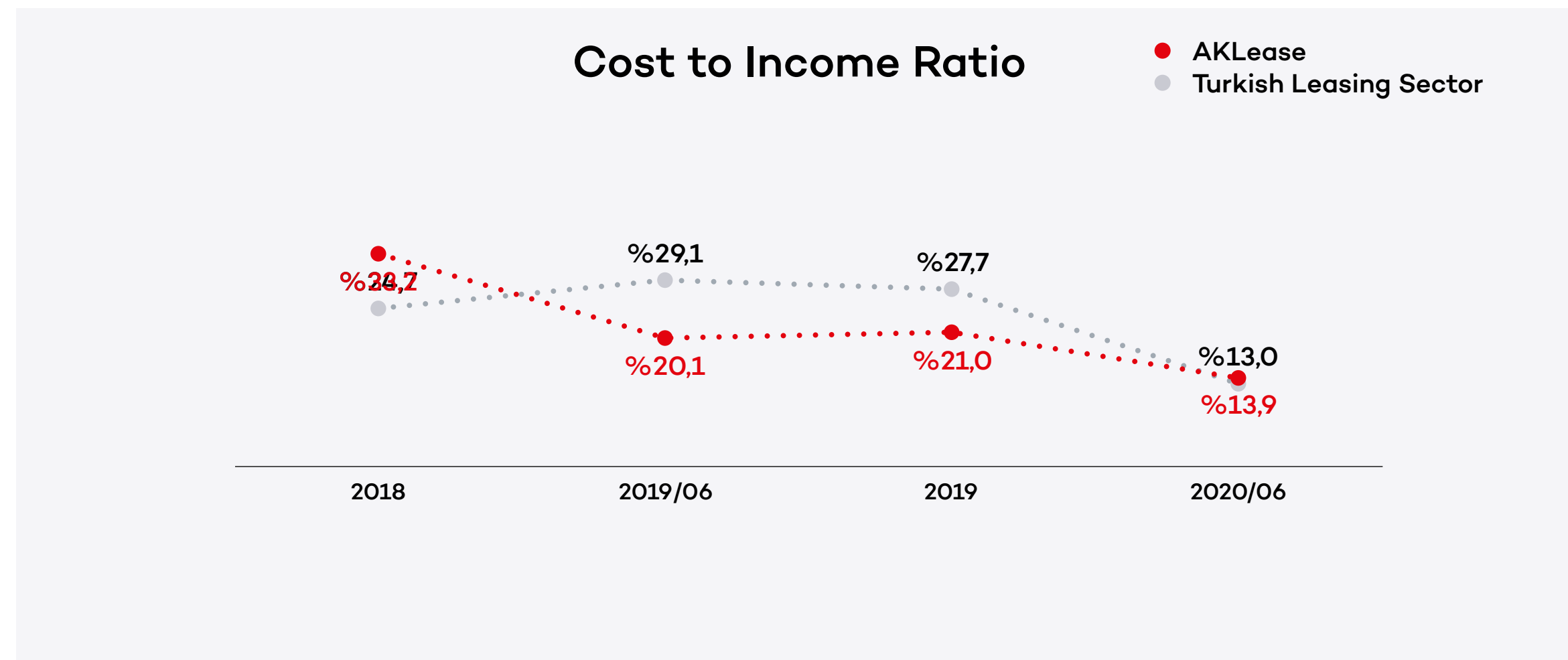
Well positioned in the market



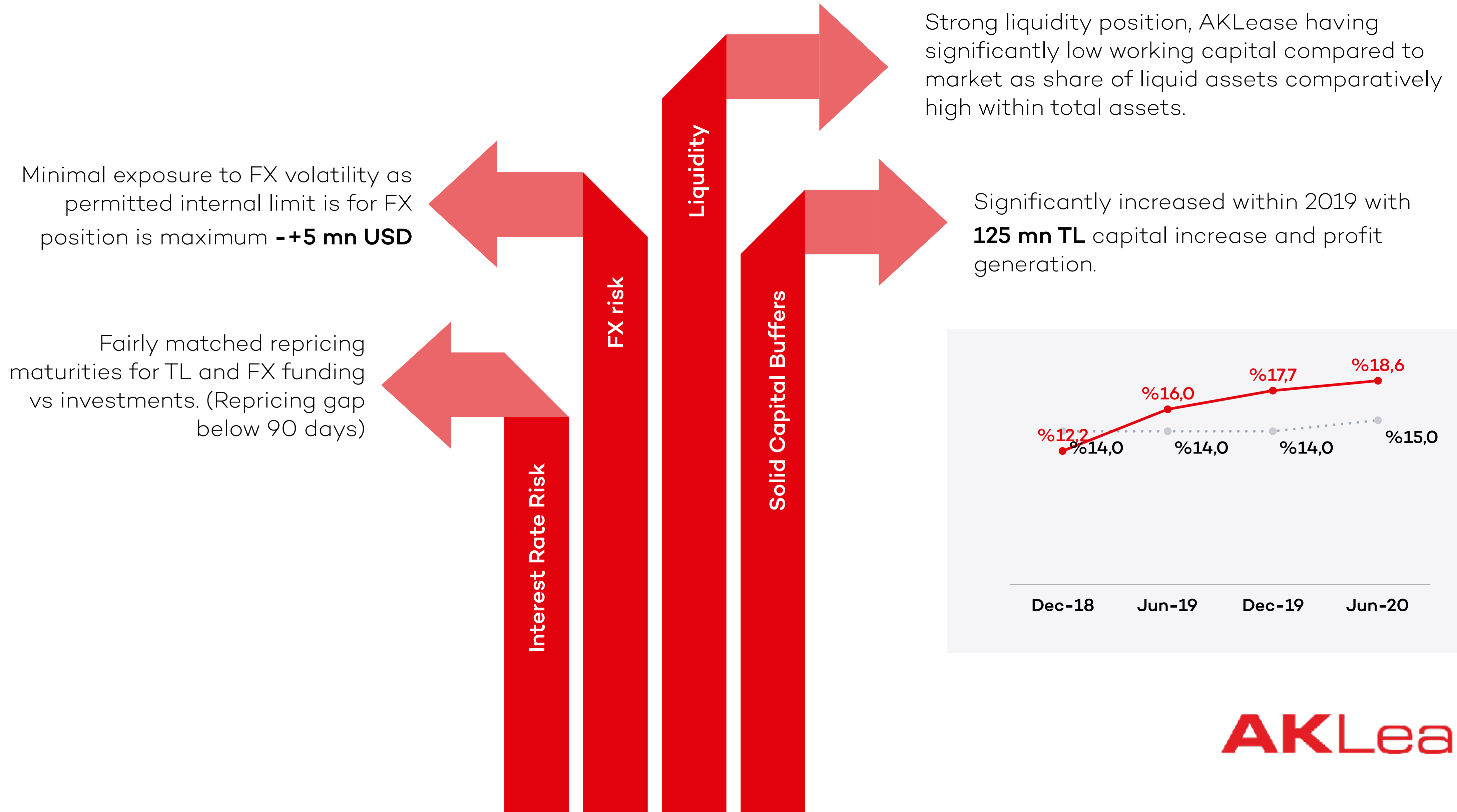
Ranking*

	2018	2019	2020/06
Return on Equity	4	2	2
Asset Quality	3	3	3
Net Lease Receivables	2	3	3

Strong operating performance



Strong resilience to financial risks



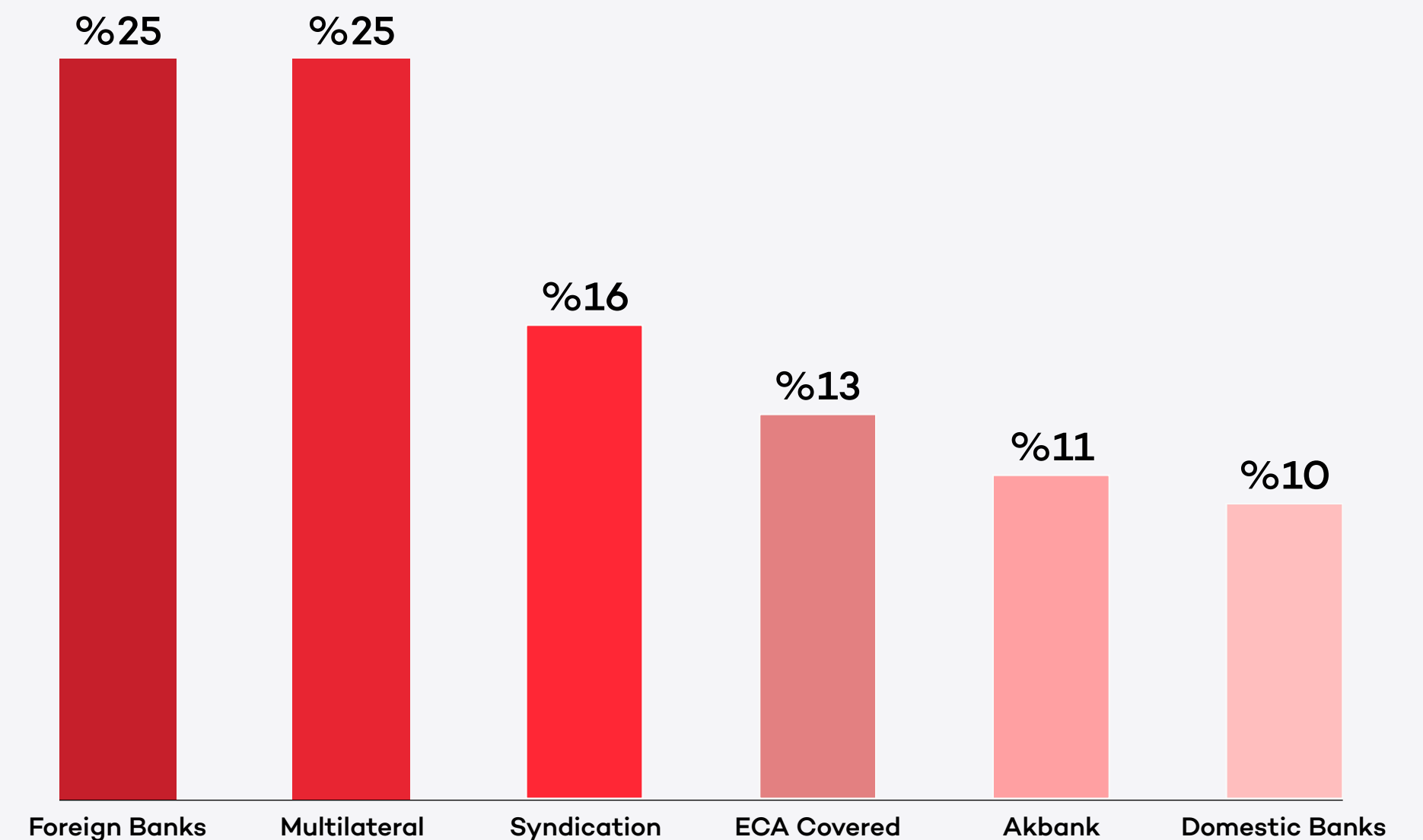
Well established wholesale funding profile

The First

Successful Wholesale Borrowings

- **Financial leasing company** in Turkey to issue long-term TL bonds in the capital markets
- **Leasing company** in Turkey to issue short and long term FC bonds in the capital markets
- **First Eurobond issuance** is executed with 3.3 times over subscription of the targeted size USD 250 Million with 5 years maturity is done in 2013. The demand came across a diversified lender base from Europe, UK, Asia and Middle East.
- **Financial leasing company** in Turkey to receive 5-year multi-tranche multi-currency market Syndicated deal (December 2017)

Profile of Wholesale Funding



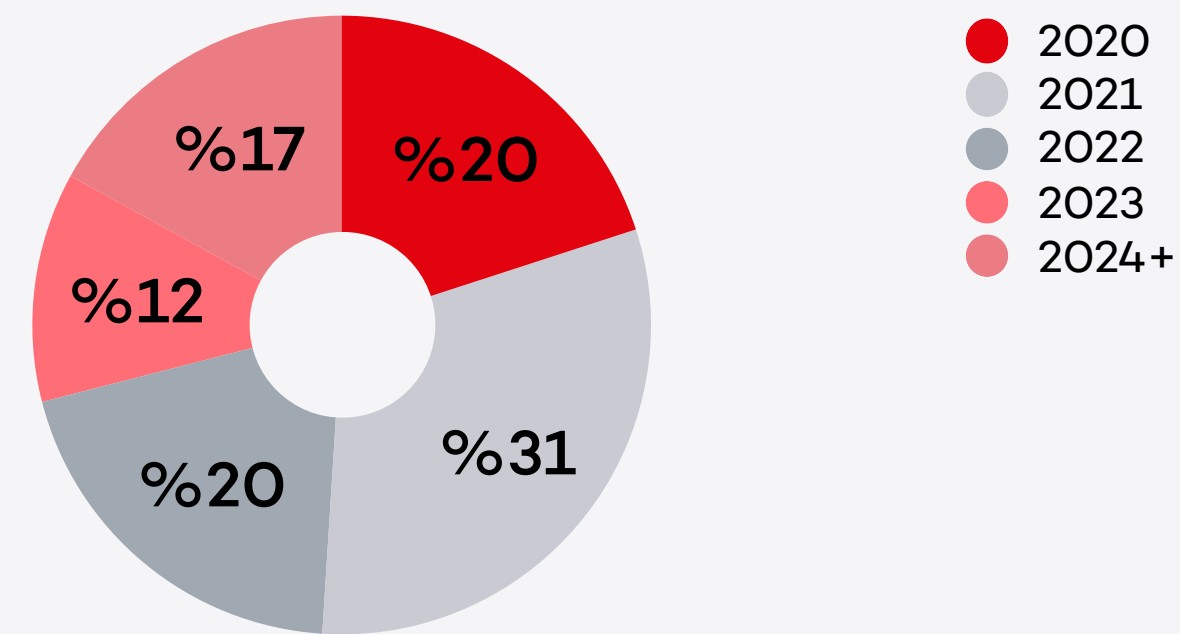
* Funding by Source FC (%)

* ECA Covered refers to loans obtained under coverage of export credit agencies.

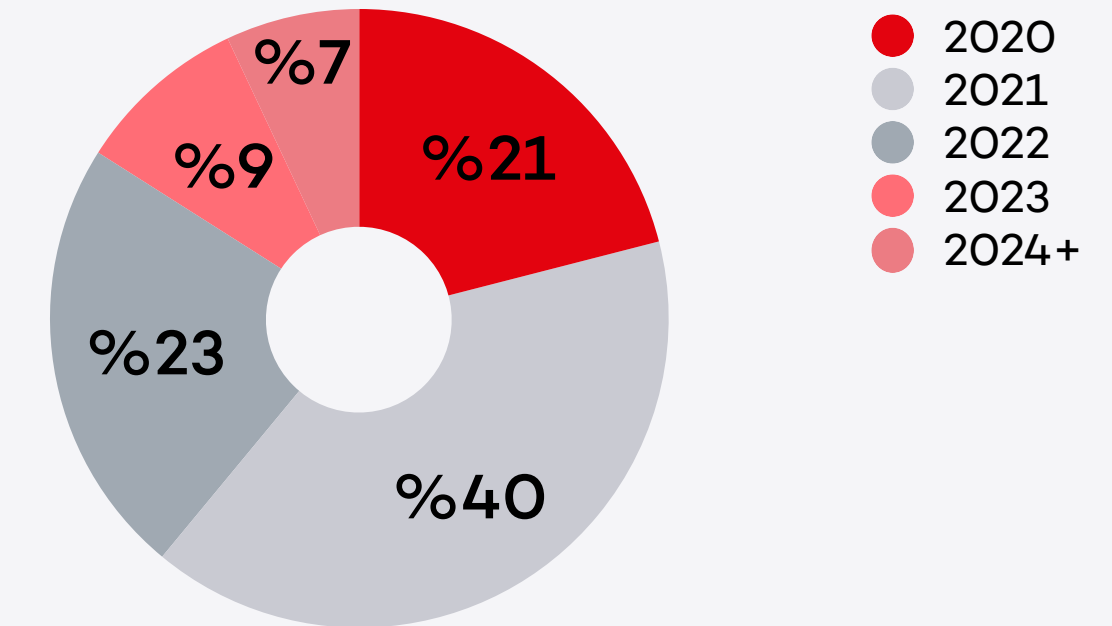
* Multilateral refers to loans provided by the multilateral financial institutions.

Maturity & currency breakdown

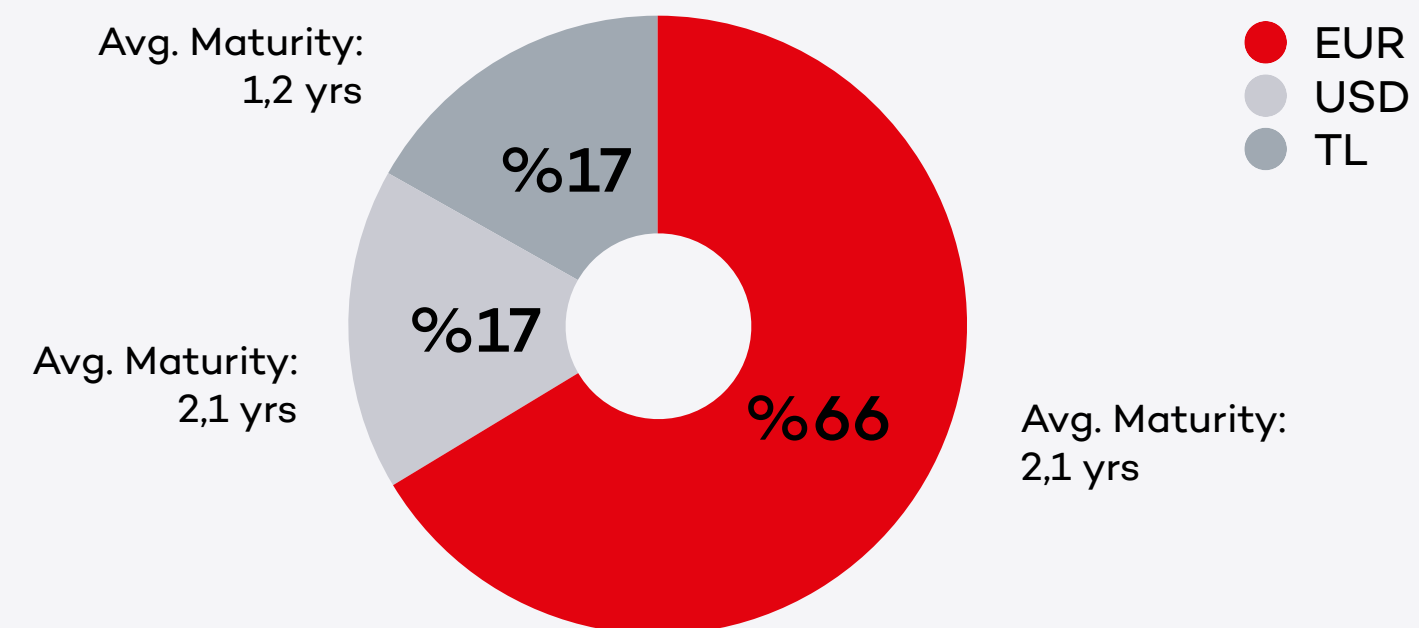
Portfolio Maturity (2020/06)



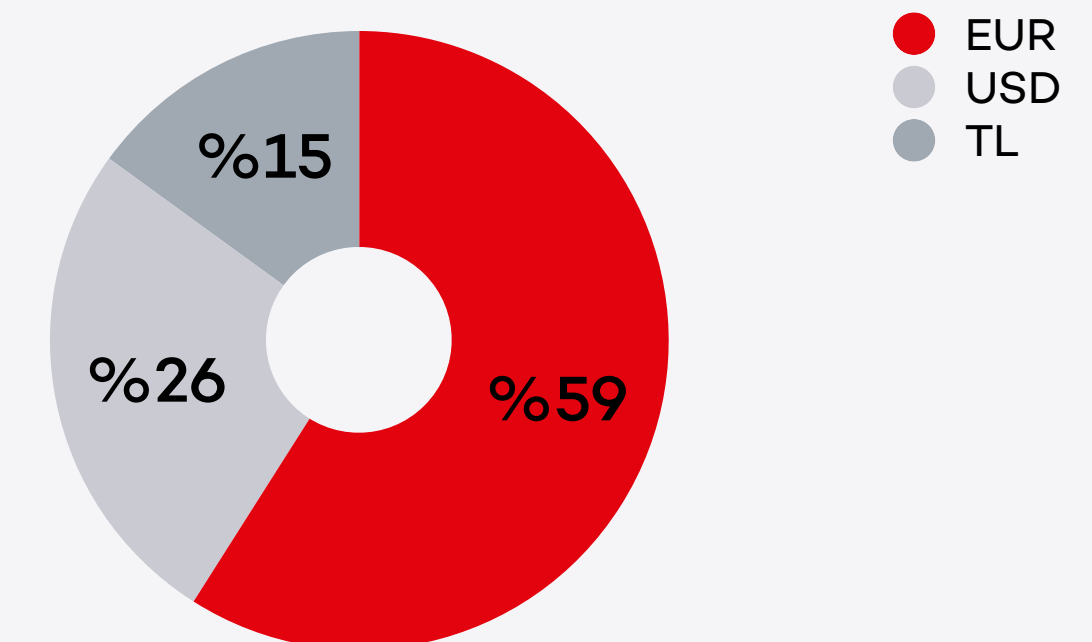
Funding Maturity Breakdown (2020/06)



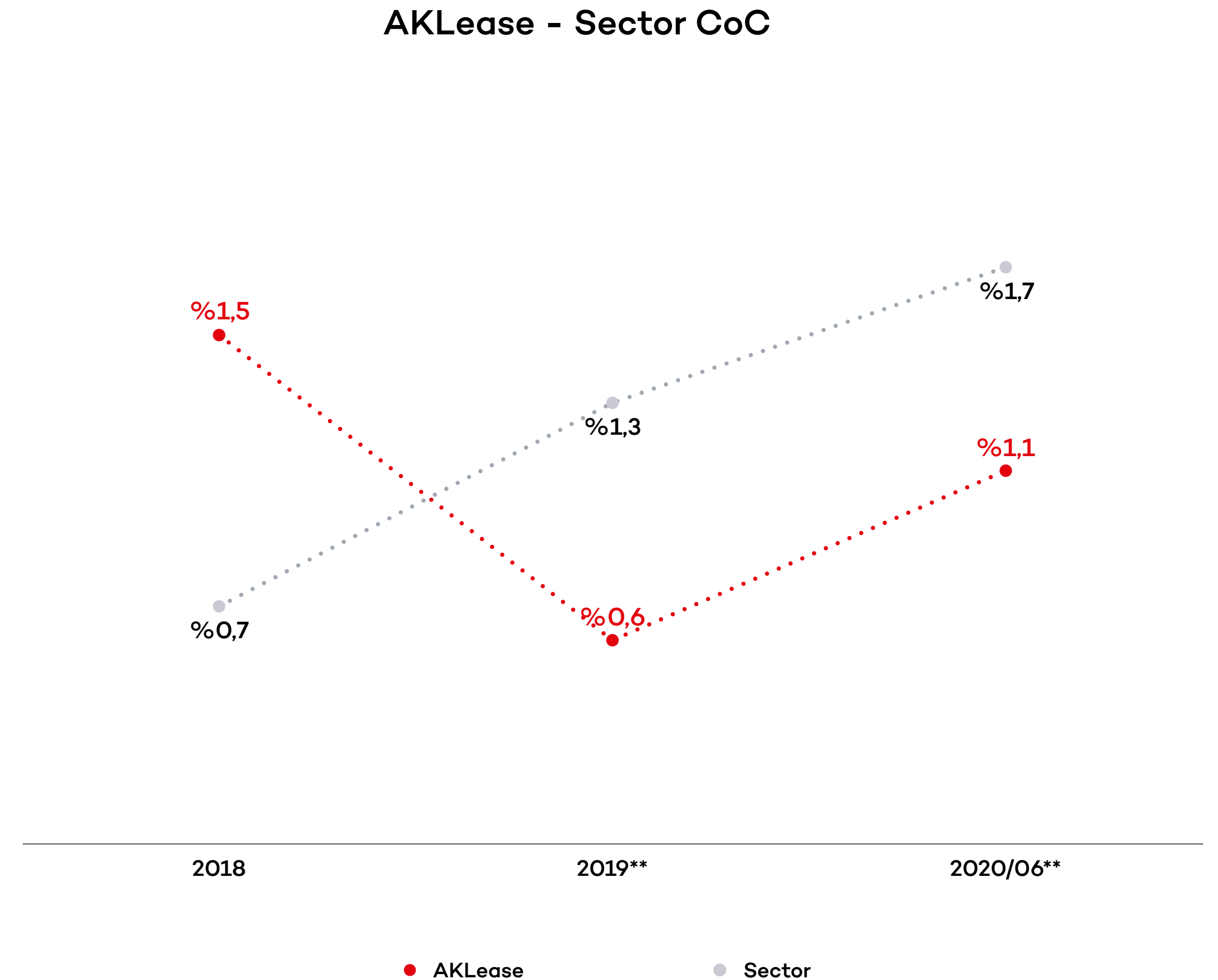
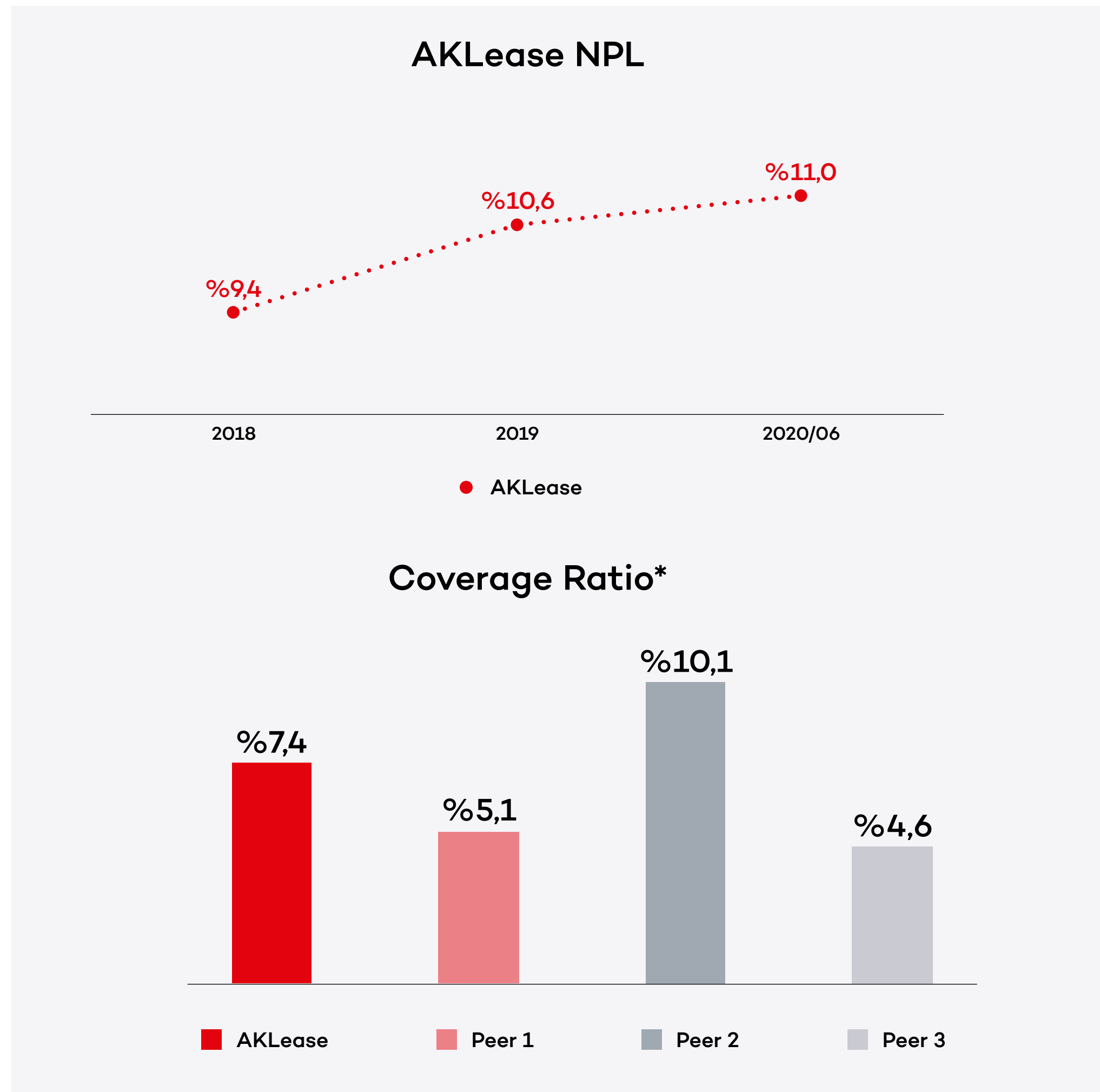
Portfolio Currency Composition (2020/06)



Funding Currency Breakdown (2020/06)

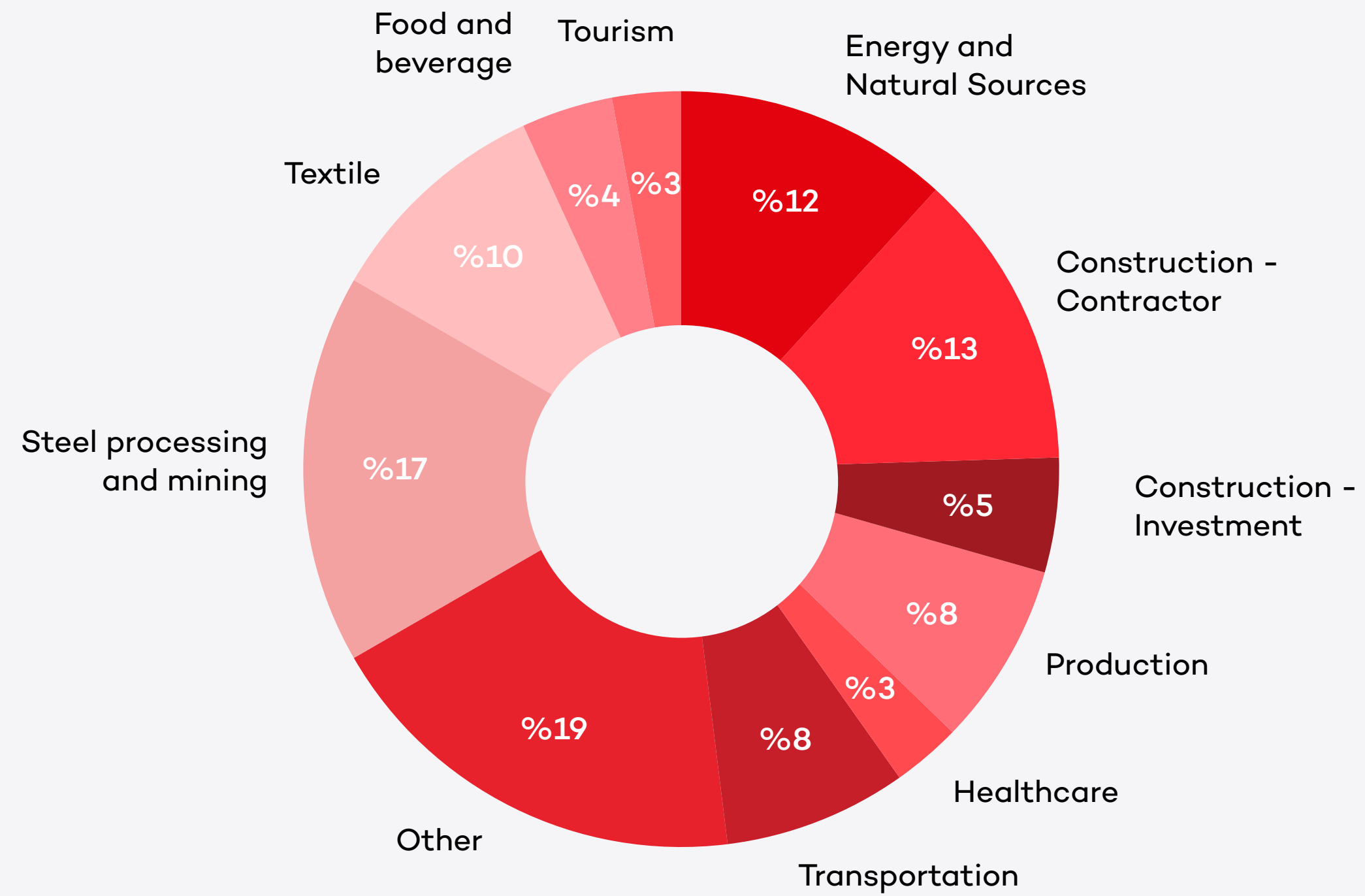


NPL, Cost-of-Risk

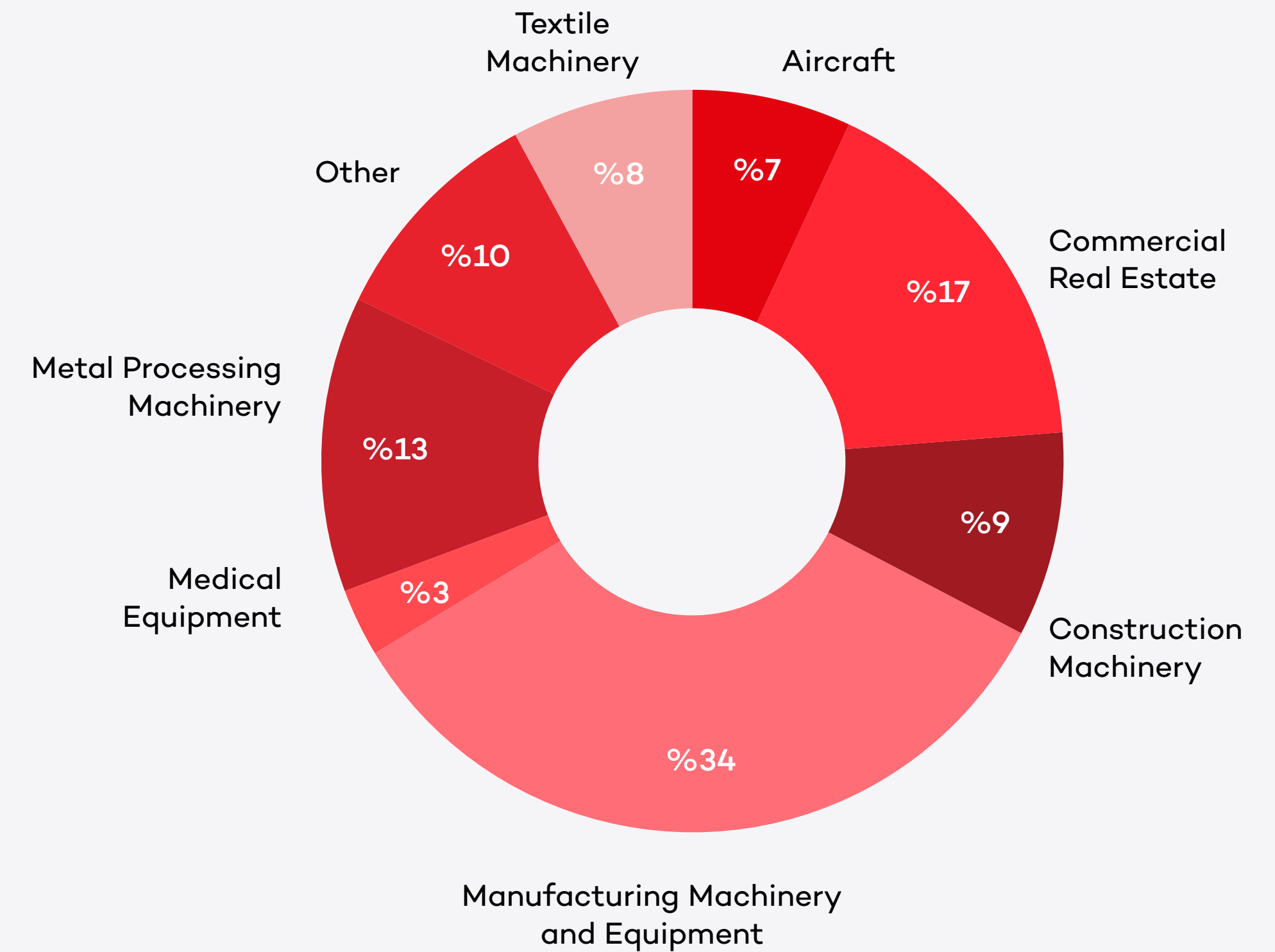


Balanced loan portfolio

Industry Breakdown

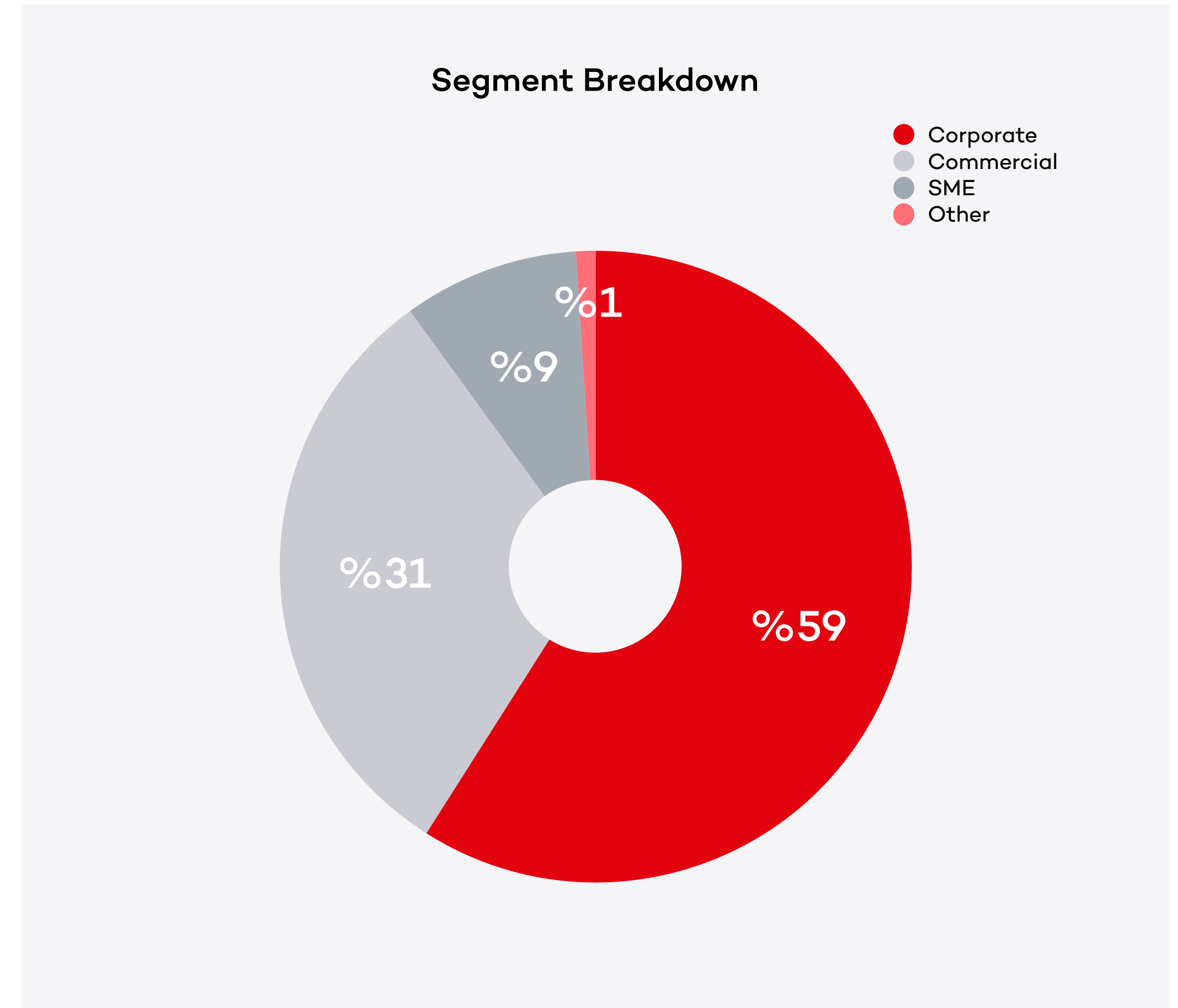


Asset Breakdown



Lease portfolio structure by segments

Customer Segment		Turnover
Corporate		>300 mln TL
Commercial		<300 mln TL >120 mln TL
SME	Large SMEs	<120 mln TL >40 mln TL
	Medium Size SME	<40 mln TL >10 mln TL
	Small Size SME	<10 mln TL >1 mln TL
Micro		<1 mln TL



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Turkish financial leasing sector: Regulatory framework and key features

01 AKLease is a highly regulated entity; the Banking Regulation Supervision Agency (BRSA) is the main regulator of financial leasing sector in Turkey

02 Establishment and operation of financial leasing companies subject to separate authorisation from BRSA

03 Main legislation - Financial Leasing, Factoring and Financing Companies Law No. 6361 of 2012 (abolished the Financial Leasing Law No. 3226 of 1985)

04 Secondary legislation – Regulations and Communiqués issued by BRSA mainly relate to:

- ✓ Establishment and working principles of financial leasing companies
- ✓ Financial leasing agreements
- ✓ Accounting principles and financial statements

05 Key legal advantages of financial leasing: Ability to reclaim the asset on default (bankruptcy or otherwise), as legal and beneficial title is retained

06 Law No. 6361 of 2012 introduced the following additional features to financial leasing in Turkey:

- ✓ sale-leaseback, software leasing and leasing of complementary parts (e.g. aircraft's engine), are now allowed in Turkey;
- ✓ financial leasing companies are allowed to provide operating leases;
- ✓ there is no requirement for a minimum lease term, after which the legal ownership could be transferred to the lessee; and
- ✓ financial leasing companies are allowed to lend cash loans to customers at an amount not exceeding 1% of the total paid-in capital.

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AKLease

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